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SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN DIEGO

Coordination Proceeding Special Title (Rule 1550(b))	JUDICIAL COUNCIL COORDINATION PROCEEDING NO. 4095
FIREARM CASE	San Francisco Superior Court No. 303753 Los Angeles Superior Court No. BC210894 Los Angeles Superior Court No. BC214794
Including actions:	
People, et al. v. Arcadia Machine & Tool, Inc., et al.	NOTICE OF LODGMENT TO PLAINTIFFS' OPPOSITION TO MANUFACTURERS' MOTION FOR SUMMARY JUDGMENT
People, et al. v. Arcadia Machine & Tool, Inc., et al.	Date: March 7, 2003 Time: 8:30 a.m. Dept: 65
People, et al. v. Arcadia Machine & Tool, Inc., et al.	Hon. Vincent P. DiFiglia

DOCUMENTS REFERENCED HEREIN FILED UNDER SEAL

Volume 2

Pursuant to Rule 319 of the California Rules of Court, plaintiffs hereby lodge the following documents in support of their Opposition to Defendants' Motion for Summary Judgment:

Exhibit 1	Curriculum Vitae of Whit Collins;
Exhibit 2	Curriculum Vitae of James Alan Fox;
Exhibit 3	Fox – CD;
Exhibit 4	Fox Task 1 Table;
Exhibit 5	Fox Task 2;
Exhibit 6	Fox Task 3;
Exhibit 6a	California Dealer Profile;
Exhibit 6b	Defendant Manufacturer to Dealer Profile;
Exhibit 6c	Defendant Distributor to Dealer Profile;
Exhibit 6d	Defendant Distributor and Dealer Profile;
Exhibit 7	Curriculum Vitae of Gregory T. Gundlach;
Exhibit 8	Gundlach – Material Considered;
Exhibit 9	Gundlach – Firearms Industry, Diversion and Safeguards for Responsible Distribution: Analysis Outline;
Exhibit 10	Resume of Steve Higgins;
Exhibit 11	Higgins – Documents "Relied on" List;
Exhibit 12	Curriculum Vitae of Carter K. Lord;
Exhibit 13	Lord – Evaluation of Compatibility Chart;
Exhibit 14	Curriculum Vitae of Gerald A. Nunziato;
Exhibit 15	Nunziato – ATF Data Provided to California Jurisdictions v. Data Not Provided;
Exhibit 16	Nunziato – CD;
Exhibit 17	Nunziato – Defendant Manufacturer Profile;
Exhibit 18	Nunziato – Defendant Distributor and Dealer Profile;
Exhibit 19	Nunziato – California Dealer Profile;
Exhibit 20	Nunziato – California Dealer Final Sale Profile;
Exhibit 21	Nunziato – Defendant Manufacturer to Dealer Profile;

Exhibit 22	Nunziato – Defendant Distributor to Dealer Profile;
Exhibit 23	Nunziato – Crime Code Table;
Exhibit 24	Nunziato – Duplicates Table;
Exhibit 25	Nunziato – Suspect Completion Code Table;
Exhibit 26	Curriculum Vitae of Stephen P. Teret;
Exhibit 27	Curriculum Vitae of Joseph J. Vince, Jr.;
Exhibit 28	Curriculum Vitae of Franklin E. Zimring;
Exhibit 29	*Firearms Legislation: Hearings before the Subcomm. on Crime of the House Judiciary Comm.*, 94th Cong. (1975);
Exhibit 30	H.R. Rep. No. 94-1103 (1976);
Exhibit 31	Bureau of Alcohol, Tobacco and Firearms, *Project Identification: A Study of Handguns used in Crime* (1976);
Exhibit 32	FFL Newsletters;
Exhibit 33	Bureau of Alcohol, Tobacco and Firearms, *Operation Snapshot* (June 1993) and attached *Operation Snapshot Final Report* (July 12, 1993);
Exhibit 34	*Federal Firearms Licensing: Hearing Before the Subcomm. on Crime and Criminal Justice of the House Judiciary Comm.*, 103d Cong. (1993);
Exhibit 35	Memorandum from the Special Agent in Charge, Los Angeles Field Division, Bureau of Alcohol, Tobacco and Firearms, to the Chief, Firearms Division, Bureau of Alcohol, Tobacco and Firearms (Nov. 28, 1994);
Exhibit 36	Dep't of Treasury/Bureau of Alcohol, Tobacco and Firearms, *1994 Firearms Enforcement Investigative Report* (1995);
Exhibit 37	Bureau of Alcohol, Tobacco and Firearms, Los Angeles Field Division, *Sources of Crime Guns in Southern California* (1995);
Exhibit 38	Bureau of Alcohol, Tobacco and Firearms, *1996 Firearms Enforcement Report*;
Exhibit 39	Gen. Acct'g Office, *Federal Firearms Licensees: Various Factors Have Contributed to the Decline in the Number of Dealers* (1996);
Exhibit 40	Bureau of Alcohol, Tobacco and Firearms, *Youth Crime Gun Interdiction Initiative, Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Markets in 17 Communities* (1997) (National Report; Inglewood, Salinas);
Exhibit 41	Bureau of Alcohol, Tobacco and Firearms, *A Progress Report: Gun Dealer Licensing & Illegal Gun Trafficking* (1997);

Exhibit 42	Bureau of Alcohol, Tobacco and Firearms, Crime Gun Analysis Branch, *CGAB Shots* (Dec. 1997; Jan., Feb., Mar., May, July, Aug., Sept., Oct., Nov. and Dec. 1998);
Exhibit 43	Bureau of Alcohol, Tobacco and Firearms, *Safety and Security Information for Federal Firearms Licensees* (1998);
Exhibit 44	Bureau of Alcohol, Tobacco and Firearms, *Operation Shapshot: An Analysis of the Retail Regulated Firearms Industry* (1998);
Exhibit 45	Dep't of Treasury/Bureau of Alcohol, Tobacco and Firearms, *Gun Shows: Brady Checks and Crime Gun Traces* (1999);
Exhibit 46	Dep't of Treasury/Bureau of Alcohol, Tobacco and Firearms, *Gun Crime in the Age Group 18-20* (1999);
Exhibit 47	Bureau of Alcohol, Tobacco and Firearms, *Youth Crime Gun Interdiction Initiative, Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Market in 27 Communities* (1999) (National Report; Los Angeles, Inglewood, Salinas;
Exhibit 48	Bureau of Alcohol, Tobacco and Firearms, *The Youth Crime Gun Interdiction Initiative Performance Report* (1999);
Exhibit 49	Bureau of Alcohol, Tobacco and Firearms, *Commerce in Firearms in the United States* (2000);
Exhibit 50	Bureau of Alcohol, Tobacco and Firearms, Press Release, *Treasury, ATF Release Firearms Report, Gun Trafficking Actions*, Feb. 4, 2000;
Exhibit 51	Bureau of Alcohol, Tobacco and Firearms, *Following the Gun: Enforcing Federal Laws Against Firearms Traffickers* (2000);
Exhibit 52	Bureau of Alcohol, Tobacco and Firearms, *Youth Crime Gun Interdiction Initiative, Crime Gun Trace Reports (1999)* (2000) (National Report; Los Angeles, San Jose, Oakland);
Exhibit 53	Bureau of Alcohol, Tobacco and Firearms, *2000-2005 Strategic Plan* (2000);
Exhibit 54	Dep't of Justice, *Gun Violence Reduction: National Integrated Firearms Violence Reduction Strategy* (2001);
Exhibit 55	Bureau of Alcohol, Tobacco and Firearms, *Firearms Commerce in the United States* (2001/2002);
Exhibit 56	Bureau of Alcohol, Tobacco and Firearms, *Youth Crime Gun Interdiction Initiative, Crime Gun Trace Reports (2000)* (2002) (National Report, Los Angeles, Oakland, Salinas, San Jose, Stockton, Anaheim/Long Beach/Santa Ana);
Exhibit 57	*Hayward Man Admits Illegal Gun Trafficking*, S.F. Examiner, Oct. 6, 1999;

Exhibit 58	Americans for Gun Safety Foundation, *Broken Records: How America's Faulty Background Check System Allows Criminals to Get Guns* (2002);
Exhibit 59	Matt Bai, *A Gunmaker's Agony*, Newsweek, May 22, 2000;
Exhibit 60	Allen Beck, et al., *Survey of State Prison Inmates, 1991*, Dep't of Justice, Office of Justice Programs, Bureau of Justice Statistics (1993);
Exhibit 61	Steven Brill, Police Foundation, *Firearms Abuse: A Research and Policy Report* (1977);
Exhibit 62	John Christoffersen, *Inquiry Opens Into Gun Firms*, (Ft. Lauderdale) Sun-Sentinel, Apr. 6, 2000;
Exhibit 63	Philip J. Cook and Thomas B. Cole, *Strategic Thinking About Gun Markets and Violence*, 275 JAMA 1765 (1996);
Exhibit 64	Philip J. Cook and Anthony A. Braga, *Comprehensive Firearms Tracing: Strategic and Investigative Uses of New Data on Firearms Markets*, 43 Ariz. L. Rev. 277 (2001);
Exhibit 65	Marjorie Hardy, *Behavior-Oriented Approached to Reducing Gun Violence*, 12 Future of Children 101 (2002);
Exhibit 66	Caroline Wolf Harlow, *Firearm Use by Offenders*, Dep't of Justice, Office of Justice Programs, Bureau of Justice Statistics (2001, revised 2002);
Exhibit 67	Marilyn Heins, et al., *Gunshot Wounds in Children*, 64 Am. J. Pub. Health 326 (1974);
Exhibit 68	Arthur Kellermann, et al., *Suicide in the Home in Relation to Gun Ownership*, 327 New Eng. J. Med. 467 (1992);
Exhibit 69	Arthur Kellermann, et al., *Gun Ownership as a Risk Factor for Homicide in the Home*, 329 New Eng. J. Med. 1084 (1993);
Exhibit 70	Myron Levin, *Corrupt dealers Expose Weakness in Gun Laws*, L.A. Times, June 1, 2000;
Exhibit 71	Eric Lichtblau, *Wal-Mart Tightens Gun Policy Business*, L.A. Times, July 3, 2002;
Exhibit 72	Bob Lockett, *The Implications of New York City*, Shooting Sports Retailer, July/Aug. 1999;
Exhibit 73	David B. Ottaway and Barbara Vobejda, *Gun Manufacturer Requires Dealer to Sign Code of Ethics*, Wash. Post, Oct. 22, 1999;
Exhibit 74	Laura Parker, *'It was easy': Confessions of a Gun Trafficker*, USA Today, Oct. 28, 1999;

Exhibit 75	Glenn L. Pierce, et al., *The Identification of Patterns in Firearms Trafficking: Implications for Focused Enforcement Strategies* (Northeastern Univ. 1995);
Exhibit 76	Seth Rosenfeld, *East Bay Gun Ring Biggest in Nation*, S.F. Examiner, May 29, 1999;
Exhibit 77	Report of Sen. Charles Schumer, *A Few Bad Apples: Small Number of gun Dealers the Source of Thousands of Crimes* (June 1999);
Exhibit 78	Report of Sen. Charles Schumer, *Crime Guns Sold by High Crime Gun Dealers Quickly Change Hands and Are Rarely Used by Original Buyer of the Gun* (Dec. 1999);
Exhibit 79	Joseph F. Sheley and James D. Wright, *Gun Acquisition and Possession in Selected Juvenile Samples*, Dep't of Justice, Nat'l Inst. of Justice, Office of Juvenile Justice and Delinquency Prevention (1993);
Exhibit 80	Peter Slevin, *Gun Dealer Verification Loophole Shut*, Wash. Post, Sept. 24, 2000;
Exhibit 81	Jon Vernick, et al., *Regulating Firearm Advertisements that Promise Home Protection*, 277 JAMA 1391 (1997);
Exhibit 82	Julius Wachtel, *Sources of Crime Guns in Los Angeles*, 21 Policing: An Int'l J. of Police Strategies & Mgmt. 220 (1998);
Exhibit 83	Tim Weiner and Ginger Thompson, *U.S. Guns Smuggled Into Mexico Aid Drug War*, N.Y. Times, May 19, 2001;
Exhibit 84	Garen J. Wintemute, *When Children Shoot Children: 88 Unintended Deaths in California*, 257 JAMA 3107 (1987);
Exhibit 85	Franklin E. Zimring, *Firearms and Federal Law: The Gun Control Act of 1968*, 4 J. Legal Studies 133 (1975);
Exhibit 86	Franklin E. Zimring, *Street Crime and New Guns: Some Implications for Firearms Control*, 4 J. Crim. Justice 95 (1976);
Exhibit 87	Minutes of SAAMI Exec. Comm. Mtg., June 8, 1976 (Sanetti *Hamilton* Dep. Ex. 57);
Exhibit 88	*The U.S. Market for Firearms and Accessories*, The Paumanok Group (1992) (excerpts);
Exhibit 89	Alliance Voice magazine (excerpts);
Exhibit 90	SAAMI Gov't Relations/Media Relations Preliminary Planning Meeting, May 11, 1994, Draft Agenda; Mem. from R. Delfay, SAAMI Exec. Dir., to May 11 SAAMI Meeting Participants, May 13, 1994;
Exhibit 91	Fax from Gene Chrz to Rob Silinski (Colt's Manufacturing), Aug. 25, 1994;

Exhibit 92	Documents from *United States v. Efren Armandico Alquiza, et al.,* Case No. 96-712 (C.D. Cal. 1996);
Exhibit 93	Letter from John R. Freeman, Analyst, Crime Gun Analysis Branch, Bureau of Alcohol, Tobacco and Firearms, to Matt Newton, Research Associate, Center to Prevent Handgun Violence, Aug. 17, 1998;
Exhibit 94	Attachment A from case involving Dempsey Blue Richmond, et al.;
Exhibit 95	Documents from *United States v. John Raymond Thompson*, Case No. 99-1025 (C.D. Cal. 1998-2000);
Exhibit 96	Mem. from Robert T. Delfay, NSSF Pres. and CEO, to Members of the U.S. Senate re: "The Firearms Industry is United Behind the National Rifle Association" (May 12, 1999);
Exhibit 97	Mem. from Bob Delfay to NSSF Board of Govs., SAAMI Exec. Committee and Hunting and Shooting Sports Heritage Foundation re: "We Have a Problem. A Serious and Urgent Problem" (May 25, 1999);
Exhibit 98	Mem. from Bob Delfay to Georgia Nichols, Jay Hansen, Paul Januzzo and Ray Oeltjen re: Reigning [sic] in Ricker (June 4, 1999);
Exhibit 99	Colt Market Overview (undated);
Exhibit 100	Smith & Wesson Agreement (Mar. 17, 2000);
Exhibit 101	Boston Agreement (Dec. 11, 2000);
Exhibit 102	Letter from Forest G. Webb, ATF Special Agent in Charge, Nat'l Tracing Ctr., to Simon Bloom, Esq., Taurus Int'l Mfg., Inc., Mar. 23, 2000 (w/attached Jan. 28, 2000 letter from Bloom to Colleen Davis, ATF Specialist);
Exhibit 103	Letter from Simon Bloom, Esq., Taurus Int'l Mfg., Inc., to Forest G. Webb, ATF Special Agent in Charge, Nat'l Tracing Ctr., Apr. 11, 2000;
Exhibit 104	Videotape – "Wayne County and City of Detroit – Gun Litigation";
Exhibit 105	Ad for Taurus Security System;
Exhibit 106	Hearing Transcript (Aug. 2, 2002) (excerpts);
Exhibit 107	Distributor and Dealer Agreements produced by defendants;
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Exhibit 109	Documents produced by Defendant American Shooting Sports Council, Inc.;
Exhibit 110	Documents produced by Defendant Andrews Sporting Goods;
Exhibit 111	Documents produced by Defendant B.L. Jennings, Inc.;
Exhibit 112	Documents produced by Defendant Beretta U.S.A., Inc.;

Exhibit 113	Documents produced by Defendant Colt's Manufacturing, Inc.;
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Exhibit 118	Documents produced by Defendant SIG Arms, Inc.;
Exhibit 119	Documents produced by Defendant Smith & Wesson Corp.;
Exhibit 120	Documents produced by Defendant Sporting Arms and Ammunition Manufacturers' Institute, Inc.;
Exhibit 121	Documents produced by Defendant Sturm, Ruger & Co., Inc.;
Exhibit 122	Documents produced by Defendant Taurus Int'l Mfg., Inc.;
Exhibit 123	Documents produced by U.S. Repeating Arms Co. in *Boston v. Smith & Wesson*, Civil Action No. SUCV1999-02590-C (Mass. Super. Ct.);
Exhibit 124	Deposition of Ugo Gusalli Beretta, *Firearm Case*, JCCP No. 4095, taken on Jan. 25, 2002 (excerpts);
Exhibit 125	Deposition of Sy Bloom, *Firearm Case*, JCCP No. 4095, taken on Feb. 20, 2002 (excerpts);
Exhibit 126	Deposition of Robert Bonaventure, *Firearm Case*, JCCP No. 4095, taken on Dec. 14, 2001 (excerpts);
Exhibit 127	Deposition of Ronald Borgio, *Firearm Case*, JCCP No. 4095, taken on June 28, 2002 (excerpts);
Exhibit 128	Deposition of David Brazeau, *Hamilton v. Accu-Tek*, No. 95 CV 0049 (JBW), taken on Apr. 8, 1998 (excerpts);
Exhibit 129	Deposition of David Eugene Brazeau, *Firearm Case*, JCCP No. 4095, taken on Oct. 29, 2001 (excerpts);
Exhibit 130	Deposition of Seth Bredbury, *Firearm Case*, JCCP No. 4095, taken on Nov. 12, 2002 (excerpts);
Exhibit 131	Deposition of Charles L. Brown, *Firearm Case*, JCCP No. 4095, taken on Dec. 20, 2001 (excerpts);
Exhibit 132	Deposition of Donald H. Campbell, *Firearm Case*, JCCP No. 4095, taken on Jan. 15, 2002 (excerpts);

Exhibit 133	Deposition of Raymon H. Crow Jr., *Firearm Case*, JCCP No. 4095, taken on Aug. 8, 2002 (excerpts);
Exhibit 134	Deposition of Jimmy Lee Davis, *Firearm Case*, JCCP No. 4095, taken on Jan. 14, 2002 (excerpts);
Exhibit 135	Deposition of Robert Delfay, *Firearm Case*, JCCP No. 4095, taken on June 18-19, 2002 (excerpts);
Exhibit 136	Deposition of Gabriele de Plano, *Firearm Case*, JCCP No. 4095, taken on Nov. 28, 2001 (excerpts);
Exhibit 137	Deposition of Christopher Dolnack, *Firearm Case*, JCCP No. 4095, taken on Dec. 18, 2001 (excerpts);
Exhibit 138	Deposition of Kevin Foley, *Firearm Case*, JCCP No. 4095, June 7, 2002 (excerpts);
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Exhibit 141	Deposition of Renee Goldman, *Boston v. Smith & Wesson Corp.*, Civil Action No. SUCV1999-02590-C, taken on Apr. 3, 2001 (excerpts);
Exhibit 142	Deposition of Charles Guevremont, *Firearm Case*, JCCP No. 4095, taken on Oct. 22, 2001 (excerpts);
Exhibit 143	Aff. of Robert I. Hass, *Hamilton v. Accu-Tek*, No. 95 CV 0049 (JBW) (E.D.N.Y. Feb. 20, 1996);
Exhibit 144	Deposition of Robert I. Hass, *Boston v. Smith & Wesson Corp.*, Civil Action No. SUCV1999-02590-C, taken on Feb. 26, 2002 (excerpts);
Exhibit 145	Deposition of Richard Herdtner, *Firearm Case*, JCCP No. 4095, taken on Jan. 18, 2002 (excerpts);
Exhibit 146	Deposition of George Hood, *Firearm Case*, JCCP No. 4095, taken on Aug. 7, 2002) (excerpts);
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Exhibit 150	Deposition of Bruce Jennings, *Boston v. Smith & Wesson Corp.*, Civil Action No. SUCV1999-02590-C, taken on Sept. 24, 2001 (excerpts);

Exhibit 151	Deposition of Janice Jennings, *Firearm Case*, JCCP No. 4095, taken on Aug. 3, 2001 (excerpts);
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Exhibit 155	Deposition of Hermann H. Kloetzer, *Boston v. Smith & Wesson Corp.*, Civil Action No. SUCV1999-02590-C, taken on Nov. 13, 2001 (excerpts);
Exhibit 156	Deposition of Roger Koening, *Boston v. Smith & Wesson Corp.*, Civil Action No. SUCV1999-02590-C, taken on Apr. 18, 2001 (excerpts);
Exhibit 157	Deposition of Chris August Larsen, *Firearm Case*, JCCP No. 4095, taken on Aug. 2-3, 2001 (excerpts);
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Exhibit 159	Deposition of Robert Lockett, *Firearm Case*, JCCP No. 4095, taken on Aug. 9, 2002 (excerpts);
Exhibit 160	Deposition of Charles Lynn Lowder, *Firearm Case*, JCCP No. 4095, taken on Dec. 18, 2001 (excerpts);
Exhibit 161	Deposition of Craig Mariani, *Firearm Case*, JCCP No. 4095, taken on Aug. 7, 2002 (excerpts);
Exhibit 162	Deposition of James McGarry, *Firearm Case*, JCCP No. 4095, taken on Jan. 30, 2002 (excerpts);
Exhibit 163	Deposition of John T. Meyer, Jr. *Firearm Case*, JCCP No. 4095, taken on Jan. 9, 2002 (excerpts);
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Exhibit 166	Deposition of Paul J. Pluff, *Firearm Case*, JCCP No. 4095, taken on Nov. 6-7, 2001 (excerpts);
Exhibit 167	Deposition of Jeffrey K. Reh, *Firearm Case*, JCCP No. 4095, taken on Nov. 7-8-2001 (excerpts);
Exhibit 168	Deposition of Michael P. Reissig, *Firearm Case*, JCCP No. 4095, taken on Feb. 6, 2002 (excerpts);

Exhibit 169	Deposition of Stephen L. Sanetti, *Firearm Case*, JCCP No. 4095, taken on Sept. 11, 2001 (excerpts);
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Exhibit 175	Deposition of Ronald Stewart, *Firearm Case*, JCCP No. 4095, taken on Jan. 24, 2002 (excerpts);
Exhibit 176	Deposition of Stephen Teret, *Firearm Case*, JCCP No. 4095, taken on Dec. 12, 2002 (excerpts);
Exhibit 177	Deposition of Robert J. Thompson, *Firearm Case*, JCCP No. 4095, taken on July 17, 2002 (excerpts);
Exhibit 178	Deposition of Sylvan C. Wiley, *Firearm Case*, JCCP No. 4095, taken on Aug. 7, 2002 (excerpts);
Exhibit 179	Deposition of Joseph J. Zajk, *Firearm Case*, JCCP No. 4095, taken on Apr. 16, 2002 (excerpts);
Exhibit 180	Declaration of Jason Baker in Support of Plaintiffs' Motion for Summary Adjudication as to Defendants Ellett Brothers, Inc., MKS Supply, Inc., and Southern Ohio Gun Distributors, Inc., Jan. 15, 2003;
Exhibit 181	Declaration of Whit Collins in Support of Plaintiffs' Motion for Summary Adjudication as to Defendants Ellett Brothers, Inc., MKS Supply, Inc., and Southern Ohio Gun, Inc., Jan. 15, 2003;
Exhibit 182	Declaration of William Gage in Support of Plaintiffs' Motion for Summary Adjudication as to Defendants Ellett Brothers, Inc., MKS Supply, Inc., and Southern Ohio Gun, Inc., Jan. 15, 2003;
Exhibit 183	Reply Brief in Support of Defendants' Consolidated Demurrers and Motion to Strike Plaintiffs' Complaint, Sept. 8, 2000;
Exhibit 184	Ellett Brother's, Inc.'s Second Supplemental Responses to Plaintiffs' Third Set of Request for Production of Documents, Oct. 31, 2002;

Exhibit 185	Defendant H&R 1871, Inc.'s Further Supplemental Objections and Responses to Plaintiffs' First Set of Special Interrogatories, Oct. 1, 2001;
Exhibit 186	MKS Supply, Inc.'s Second Supplemental Responses to Plaintiffs' Third Set of Request for Production of Documents, Oct. 25, 2002;
Exhibit 187	Southern Ohio Gun Distributors, Inc.'s Third Set of Supplemental Responses to Plaintiffs' Third Request for Production of Documents, Nov. 27, 2002;
Exhibit 188	Deposition of Forest Webb, JCCP, taken Nov. 21, 2002 (excerpts);
Exhibit 189	Documents produced by RSR;
Exhibit 190	Dick Metcalf, *Smith & Wesson's New President Speaks Out*, Shooting Times, Aug. 2000, at 58;
Exhibit 191	Documents produced by Defendant Phoenix Arms, Inc.;
Exhibit 192	Deposition of John Badowski, *Boston v. Smith & Wesson Corp.*, Civil Action No. SUCV1999-02590-C, taken on Nov. 29, 2001 (excerpts);
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Exhibit 200	*Shooting Industry*, SHOT Show Super Issue (Dec. 1999);
Exhibit 201	Sept./Oct. 1993 article from Trade Associations' magazine, *Shot Business*;
Exhibit 202	Ads regarding "Assc's Updated Guide to 105th Congress" from *Shooting Industry* and *Women & Guns*;
Exhibit 203	Deposition of John Carr Adkins, *Firearms Case*, SFSC No. 303753, taken Dec. 3, 1999 (excerpts), pp. 91, 92, 93;

Exhibit 204	Deposition of Tony Cucchiara, JCCP No. 4095, taken June 27, 2001 (excerpts);
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Exhibit 209	Deposition of Jayme Williams, AMT, SFSC No. 303753, taken June 11, 2002 (excerpts);
Exhibit 210	*United States v. Wheeler*, No. CR-95-707-HLH (C.D. Cal.);
Exhibit 211	1999 memo from BATF to FFL holders re: straw purchases;
Exhibit 212	AP Wire, *Officials Praise Smith & Wesson*, Mar. 17, 2000;
Exhibit 213	Jackie Koszczuk, *NRA to Isolate Smith & Wesson*, Mar. 23, 2000;
Exhibit 214	Peter Slevin and Sharon Walsh, *Conn. Subpoenas Firms in Antitrust Probe*, Wash. Post, Mar. 31, 2000;
Exhibit 215	Deposition of Kenneth D. Green, *Boston v. Smith & Wesson*, taken Dec. 7, 2001 (excerpts);
Exhibit 216	Memorandum from Steven Sliwa to Zilkha Partners dated June 28, 1999;
Exhibit 217	Deposition of Stephen Sanetti, *Hamilton v. Accu-tek*, taken Nov. 27, 1995 (excerpts);
Exhibit 218	Fox Butterfield and Raymond Hernandez, *Gun Maker's Accord on Curbs Bring Pressure from Industry*, N.Y. Times, Mar. 30, 2000;
Exhibit 219	*Under the Gun*;
Exhibit 220	Plaintiffs' Fact and Expert Witness Lists;
Exhibit 221	Documents produced by Southern Ohio Gun Distributors;
Exhibit 222	*United States v. Twomey*, No. CR 99-40128-CW (N.D. Cal.);
Exhibit 223	Deposition of Debra Bowling, JCCP No. 4095, taken Mar. 1, 2002 (excerpts);
Exhibit 224	Deposition of Tom Deeb, *Boston v. Smith & Wesson*, taken Aug. 20, 2001 (excerpts);

Exhibit 225	Deposition of George E. Loney, JCCP No. 4095, taken May 2, 2002 (excerpts);
Exhibit 226	Deposition of Randal Spatharos, JCCP No. 4095, taken May 3, 2002 (excerpts);
Exhibit 227	Deposition of Dan Stone, JCCP No. 4095, taken Mar. 1, 2002 (excerpts);
Exhibit 228	Documents produced by Los Angeles County.

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EXHIBIT 9

FIREARMS INDUSTRY, DIVERSION AND SAFEGUARDS FOR RESPONSIBLE DISTRIBUTION: ANALYSIS OUTLINE

Last updated: October 23, 2002 (4:33 pm)

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MATERIAL CONSIDERED

ACADEMIC PERSPECTIVES ON MARKETING DISTRIBUTION CHANNEL COORDINATION AND INFORMATION SYSTEMS: AN EXTENSION TO DISTRIBUTION SAFEGUARDS

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MARKETING CHANNELS

1. **Definition**
   a. Marketing distribution channels can be viewed as sets of interdependent organizations involved in the process of making a product or service available for consumption or use (Academic-1: 1)

2. **Role**
   a. Not only do marketing channels satisfy demand by supplying goods and services, but they also stimulate demand through promotional activities (Academic-1:2)
   b. Carrying inventory, demand generation or selling, physical distribution, after sale service, extending credit (Academic-1:8)

3. **Flows**
   a. Definition
      i. A set of functions performed in sequence by channel members (Academic-1: 10).
   b. The eight universal flows or functions are as follows:
      i. Physical, possession ownership, promotion, negotiation, financing, risking, ordering, payment (Academic-1: 10)

4. **Evolution**
   a. **Generally**
      i. Marketing channels evolve over time in response to forces of change and this evolutionary process is continuous. (Academic-1:15).
      ii. The survival and growth of certain channel members and the demise of others is best explained by viewing the channel as an open system. Channel members must adapt to a changing environment. As they alter their functions and adjust their organizations and programs to comply with the changing environment, they impact the entire channel organization. (Academic-1:16)

   b. **Forces that influence process of change:**
      i. The evolution of channel systems is an ongoing adaptation of organizations to economic, technological and socio-political forces both with the channel and from the external environment. (Academic-1: 16).
      ii. **Importance of non-economic variables influencing evolution.**
         (1) Explanations of channel structure in terms of economic variables alone are obviously insufficient, even though such economic models provide an appropriate starting point for understanding why specific structures emerge (Academic-1: 21-22).
         (2) **Example of non-economic influence**:
            (a) The growing emphasis on "green marketing" is leading more channel members not only to conceive of products that are environmentally sound, but also to design and orchestrate reverse marketing channels for recycling products after use or consumption. (Academic-1:14).

   c. **Effect of laws and regulations**
      i. Local, state and federal laws can influence channel structure directly and indirectly (Academic-1:21).

MARKETING CHANNEL RELATIONSHIPS

5. **Rationale for emergence of intermediaries relationships**
   a. Intermediaries can improve process efficiency, better adjust the discrepancy of assortment through the performance of the sorting process, provide for the routinization of the process and facilitate the search process (Academic-1:3)

6. **Types of intermediary relationships (nature/purpose)** (Academic-1: 24-29)
   a. **Transaction relationship**
      i. Occur when the customer and supplier focus on the timely exchange of basic products for highly competitive prices (Academic-1: 24-29).
      ii. The relationship is ad hoc and operational (Academic-1: 24-29).
   b. **Cooperative**
      i. The relationship between the customer and supplier is ongoing and operational (Academic-1: 24-29).
   c. **Partnerships**
      i. The relationship is ongoing and strategic. (Academic-1: 24-29)
      ii. Extensive social, economic, service and technical ties. Require communication, cooperation, trust and commitment. Partnerships are an in-depth collaboration.... and in some cases, zealously adopt radically new ways of sharing responsibilities .. The result is major changes ... Require shift from "push" to "pull." Require recognition of interdependence, close cooperation, careful specification of roles and functions, coordinated effort on common goals, trust and commitment between members (Academic-1: 24-29)
   d. **Alliance**
      i. The relationship between the customer and supplier is ongoing and strategic. (Academic-1: 24-29).

PERFORMANCE IMPLICATIONS OF COORDINATION IN MARKETING CHANNEL RELATIONSHIPS

7. **Performance qualities of coordinated versus independent channel relationship systems**
   a. **Independent/myopic systems are less effective and less efficient.**
      i. Myopic channel members are most concerned about the dealings that take place with those channel members immediately adjacent to them, from who they buy and to whom they sell. In this sense, such channel intermediaries are not in fact acting as enlisted components of a distribution system, ... (Academic-1: 30)
      ii. Although and independent orientation on the part of any channel member may indeed be warranted at times, it is put into effect only at the risk of sacrificing the levels of coordination necessary for overall channel effectiveness, efficiency, growth and long run survival. (Academic-1:28-30)
      iii. Thus, a high degree of independent, sub-optimizing behavior on the part of individual channel participants serves as a detriment to the viability of the total channel network. (Academic-1:28-30)
   b. **Collaborative systems are more effective and efficient.**
      i. If within a given marketing channel, an institution or agency does not see fit to coordinate effectively and efficiently with other members of the same network, but rather pursue its own goals in an independent, self-serving manner, it is possible to predict the eventual demise of the channel alignment. (Academic-1: 29)
      ii. Ideally, then, channel members should attempt to coordinate their objectives, plans and

programs with other members in such a way that the performance of the total distribution system to which they belong to is enhanced. (Academic-1:29)

8. **Nature of performance efficiencies and improved effectiveness obtained from coordinated channel systems**
   a. **Efficiencies**
      i. **Marketing channels can improve the efficiency of the process of exchange** (Academic-1:3).
         (1) A decentralized system of exchange is less efficient than a centralized network that uses intermediaries (Academic-1:4).
      ii. **Examples of efficiencies created by coordinated channel systems**
         (1) **Lower costs**
            (a) Coordinated partnerships in the channel can lower total costs (Academic-1:25).
         (2) **Facilitate search process** (Academic-1:3).
         (3) **Increase spatial convenience** (Academic-1:16)
         (4) **Reduce transportation requirements and costs** (Academic-1:16)
         (5) **Reduce waiting time** (Academic-1:16)
            (a) The time period that the industrial or household consumer must wait between ordering and receiving goods. The longer the waiting time, the more inconvenient (Academic-1:16).
         (6) **Provide routinization of transactions** (Academic-1:7)
            (a) Routinization facilitates the development of the exchange system (Academic-1:7).
            (b) Leads to standardization of goods and services whose performance characteristics can be easily compared and assessed (Academic-1:7).
   b. **Effectiveness**
      i. **Examples of effectiveness benefits created by coordinated channel systems**
         (1) **Satisfy demand** (Academic-1:2)
            (a) Provides goods and services at the right place, quantity, quality and price.
            (b) Creates value for end-users by generating form, possession, time, and place utilities (Academic-1:2).
         (2) **Stimulate demand** (Academic-1:2)
            (a) Promotional activities that the channel members engage in to sell product or services (Academic-1:2).
         (3) **Sorting function** (Academic-1:6)
            (a) Sorting out (Academic-1:6)
               (i) breaking down a heterogenous supply into separate stocks that are relatively homogenous (Academic-1:6).
            (b) Accumulation (Academic-1:6)
               (i) Concerns bringing similar stocks from a number of sources together into a larger homogeneous supply (Academic-1:6).
            (c) Allocation (Academic-1:6)
               (i) Refers to breaking a homogenous supply down into smaller and smaller lots (Academic-1:6).
            (d) Assorting (Academic-1:6)
               (i) This is the building up of an assortment of products for resale in association with each other (Academic-1:6).
               (ii) The greater the assortment, the greater the variety available (Academic-1:16).
         (4) **Routinization of transactions** (Academic-1:7)

(a) Routinization facilitates the development of the exchange system (Academic-1:7).
(b) Leads to standardization of goods and services whose performance characteristics can be easily compared and assessed (Academic-1:7).

(5) **Increase value**
(a) Coordinated partnerships in the channel can increase value for the channel (Academic-1:25).

(6) **Competitive advantage**
(a) Partnerships can create competitive advantages (Academic-1:27).

9. **Trend: coordinated systems are increasing exponentially.**
a. Such highly integrated action up and down a marketing channel is increasing in frequency exponentially. (Academic-1: 28-29)

GENERAL APPROACHES FOR ACHIEVING COORDINATION IN MARKETING CHANNEL RELATIONSHIPS

10. **Overview of approaches for achieving coordinated channel system**
a. Generally
i. Ownership
(1) Vertical integration
(a) Two methods
(i) Internal expansion - the creation of a new business function by existing firms (Academic-1:374).
(ii) Merger - the acquisition of the stock or the assets of other firms (Academic-1:374).

ii. Administerd (Non-ownership)
(1) Contracts
(a) Virtually every transaction among businesses and between businesses and individuals is covered by some form of contract, either explicit or implied (Academic-1:244).
(i) Contracts specify, in writing, the roles and obligations to be assumed by each party to the contract.
(b) Contractual vertical marketing systems can be viewed as networks in which the channel members have disparate goals but where there exists some formal organization for inclusive goals (Academic-1:244).
(c) Channel members are willing to trade some degree of autonomy to gain scale economies and market impact (Academic-1:244).
(d) The organizer hopes to gain all of the benefits of "hard" vertical integration without sustaining all of its costs (Academic-1:244).

(2) Power
(a) Definitions
(i) The ability to get someone to do something he or she would not have done otherwise (Academic-20:63).
(ii) A firm's power in a dyadic channel relationship is its potential for influence on the other firm's beliefs, attitudes, and behaviors (Academic-21:229)

(3) Normative
(i) The setting of standards for appropriate attitudes, beliefs, and behaviors and the delivery of rewards and punishments in accordance with people's conformity to or deviation from these standards (Academic-22:630).

11. **Ownership approach**

a. **Vertical integration** (Academic-1: 159-198) (Academic-2: 506)(Academic-2: 505-506)

i. **Economic reasons for integration**

(1) Efficiency is traditional rationale for integration (Academic-1: 168)

ii. **Economic reasons to not integrate (outsource)** (Academic-1: 169-172)

(1) Motivation.

(a) Outside parties are motivated to provide service levels and are held accountable for the agreed upon service levels.

(2) Specialization.

(a) Can remain focused on improving their manufacturing expertise as a competitive advantage versus spending resources on acquiring the needed resources to become a distribution function as well.

(3) Survival of fittest.

(a) The potential distribution channel members have survived and therefore are likely to continue to be ongoing concern.

(4) Economies of scale.

(a) Pool of demand from multiple manufacturers allows distribution cost structures to be lower.

(5) Market coverage.

(a) Ability to obtain access to markets and customers that manufacturer would not be able to.

(6) Independence for any single mfg.

(a) Customer advocate versus manufacturer advocate enables best solution approach to customer service.

iii. **Contingent implications of idiosyncratic and specific assets for vertical integration.** Presence of company specific assets favors vertical integration given potential opportunism. (Academic-1: 176)

(1) Example company specific assets (Academic-1:225)

(a) A company's terms procedures, and products are unique, and lots of training would be required to bring another party up to speed (Academic-1:225).

(b) Close coordination is essential for the performance of a marketing activity (Academic-1:225).

(c) It would take a very long time and be very costly to switch to new channel partners if the existing channel partners fail to perform (Academic-1:225).

(d) There are few outsiders available that can perform specific activities satisfactorily.

(e) The buying decision is complex and highly involved.

(f) Close coordination is essential for the performance of a marketing activity.

(g) Buyers form strong loyalties with salespeople, not companies.

(h) Economies of scale are present in the performance of marketing activities or flows.

(i) The environment is highly uncertain.

(j) It is extremely difficult to monitor the performance of "outsiders".

(k) It is very easy for channel members to "free ride" on the efforts of others.

(l) Transactions are sizable and frequent.

(2) **Contingent implications of assets/uncertainty for vertical integration** (Academic-1: 186)

(a) Uncertainty and an absence of specificity favors outsourcing

(Academic-1: 186)

(b) Uncertainty and presence of specificity favors integration (Academic-1: 186)

12. **Administered (Non-ownership) approaches**

a. **Contracts** (Academic-2: 506) (Academic-3: 546-547)

i. **Principal types of contractual vertical marketing systems**

(1) Contractual systems involving forward integration

(a) Wholesaler-sponsored voluntary groups

(b) Wholesaler- sponsored programmed groups.

(c) Supplier franchise programs for individual brands and specific departments

(d) Supplier franchise program covering all phases of the licensee's operation

(e) Nonprofit shipping associations

(f) Leased department arrangements

(g) Producer marketing cooperatives

(2) Contractual Systems Involving Backward Integration

(a) Retailer-sponsored cooperative groups

(b) Retailer/wholesaler-sponsored buying groups

(c) Retailer-sponsored promotional groups

(d) Nonprofit shipping associations

(e) Retailer/wholesaler resident buying offices

(f) Industrial, wholesale, and retail procurement contracts

(g) Producer buying cooperatives.

(3) Franchise Systems

(a) Types of Franchise Systems (Academic-1:250)

(i) Territorial franchise

1) The holder of the franchise assumes the responsibility for setting up and training individual franchises within the assigned territory and obtains an "override" on all sales in the territory.

(ii) Operating franchise

1) Runs own franchise and deals directly with the parent organization or with the territorial franchise holder.

(iii) Mobile franchise

1) Dispenses product from a moving vehicle which is either owned by the franchisee or leased from the franchisor.

(iv) Distributorship

1) The franchisee takes title to various goods and further distributes them to sub-franchisees. The distributor has exclusive coverage of a wide geographical area and acts as a supply house for the franchisees who carry the product.

(v) Co-ownership

1) The franchisor and franchisee share the investment and profits.

(vi) Co-management

1) The franchisor controls the major part of the investment. The partner-manager shares profits proportionately.

(vii) Leasing
1) The franchisor leases the land, buildings, and equipment to franchisees. Leasing is used in conjunction with other provisions.

(viii) Licensing
1) The franchisor licenses the franchisee to use his trademarks and business techniques. The franchisor either supplies the product or provides franchisees with a list of approved suppliers.

(ix) Manufacturing
1) The franchisor grants a franchise to manufacture ites product through the use of specified materials and techniques. The franchise distributes the product, using the franchisor's techniques. The method enables a national manufacturer to distribute regionally when distribution costs from central manufacturing facilities are prohibitive.

(x) Service
1) The franchisor describes patterns by which a franchisee suppliers a professional service, as exemplified by employment agencies.

ii. **Contracts are a source of legitimate power** (Academic-1: 211)
(1) Formalization of the division of marketing "labor" within the channel so that the responsibility for performing specific tasks are clearly placed.

b. **Power** (Academic-2: 506)
i. **Definition.**
(1) Ability of one channel member to get another channel member to do something it otherwise would not have done. Simply put power is a potential for influence (Academic-1: 200)

ii. **Power required to achieve system goal** (Academic-1: 202)
(1) Left alone, most channel members will not fully cooperate to achieve some system level goal (Academic-1: 203)

iii. **Power as the mirror image of dependence** (Academic-1: 203)
(1) **Dependence**
(a) Greater utility A gets from B and the fewer alternative sources of that utility B can find (Academic-1: 203)
(b) Arises from investments in specific assets because they make the focal exchange partner irreplaceable, or replaceable only at a cost (Academic-13:35).

iv. **Sources of power** (Academic-1: 206)
(1) **Reward power** (Academic-1: 206-207)
(a) Ability to grant rewards (Academic-1: 206-207)
(2) **Coercive power** (Academic-1: 208-209)
(a) Ability to sanction punishment (Academic-1: 208)
(3) **Expert power** (Academic-1: 209-211)
(a) Ability to dispense specialized knowledge or useful expertise (Academic-1: 209)
(4) **Legitimate power** (Academic-1: 211-214)
(a) Felt obligation to comply (Academic-1: 211)
(i) Types (Academic-1: 211)
1) Legal legitimate power
2) Contract or other (Academic-1: 211-213)

3) Traditional/normative contracts
4) Norms or values (e.g., solidarity, mutuality, role integrity) (Academic-1: 213-214)

(5) **Referent power** (Academic-1: 214)
(a) Identification with party as standard of reference (Academic-1:214)

v. **Combinations of power sources** (Academic-1: 215-216)
(1) Coercive and non-coercive (Academic-1: 215)
(a) Coercive are punishments
(b) Non-coercive are rewards
(2) Power bases used in combination can create certain synergistic effects (Academic-1:299)
(a) There also may be conflict between certain power bases (Academic-1:300).

vi. **Power exercise strategies** (Academic-16:41)
(1) **Indirect Influence Strategies** (Academic-16:41)
(a) **Information exchange:** An actor uses discussions on general business issues relating to the channel program where information and/or opinions are presented on its inherent desirability (Academic-16:41).
(b) **Information control:** An actor uses discussions on general business issues relating to the channel program, where objective information on its inherent desirability is either withheld or manipulated in some way (Academic-16:41).
(c) **Modeling:** An actor provides examples of other boundary personnel, similar to the one in question, which have (a) a positive attitude on the inherent desirability of the channel program, and (b) accepted it (Academic-16:41).
(2) **Direct, Unmediated Influence Strategies** (Academic-16:41)
(a) A specific action is implied, if not specifically requested (Academic-16:41).
(b) **Recommendation**: An actor stresses that participation in the channel program and its effective implementation is very desirable, as this will enhance the goal attainment of the boundary person's firm because of a favorable customer reaction (Academic-16:41).
(c) **Warning**: An actor stresses that failure to participate in the channel program and effectively carry it out is very undesirable, as this will hamper the goal attainment of the boundary person's firm because of foregoing a favorable customer reaction (Academic-16:41).
(d) **Positive normative**: An actor indicates that boundary person participation in the program would be in conformity with channel norms, stating or implying a "good" or "loyal" channel member "ought to" participate (Academic-16:41).
(e) **Negative normative**: An actor indicates that boundary person failure to participate in the program is in violation of channel norms, stating or implying only a "poor" or "disloyal" channel member would not participate (Academic-16:41).
(3) **Direct Un-weighted Strategy or Request (Academic-16:41)**
(a) The actor merely communicates desires or wishes concerning boundary personnel acceptance of the channel program; no consequences of acceptance or rejection are mentioned or implied (Academic-16:41).
(4) **Direct Mediated Strategies** (Academic-16:41)
(a) A specific action is requested; consequences of acceptance or rejection are stressed and are based on the mediation of the actor and/or the focal

organization (Academic-16:41).

(b) **Personal plea:** The actor stresses to the boundary person that either their friendship or debts he/she is owed require acceptance of the program, implying that its acceptance will improve their personal working relationship while its rejection will worsen their personal working relationship (Academic-16:41).

(c) **Promise**: The actor indicates the boundary person's firm will receive future mediated inducements (e.g., more cooperation on product allocation) for the acceptance of the program (Academic-16:41).

(d) **Threat:** The actor indicates negative sanctions will be applied to the boundary person's firm (e.g., give less cooperation on product allocation) should the program be rejected (Academic-16:41).

(e) **Legalistic reference:** The actor refers to some legal standard existing in the relationship and argues that it implies that boundary personnel should participate in the channel program (Academic-16:41).

c. **Normative** (Academic-13:34)

i. **Norms specify relational conduct**

(1) Norms are expectations about behavior that are at least partially shared by a group (Academic-13:34).

(2) A defining characteristic of norms is their ability to designate permissible limits on behavior (Academic-13:35).

(3) Norms serve as a general protective device against deviant behavior (Academic-13:35).

(4) Norms prescribe behaviors directed toward maintaining the system or relationship as a whole and curtailing behavior promoting the goals of the individual parties (Academic-13:35).

(5) Relational norms constitute a safeguard against exploitative use of decision rights (Academic-13:35).

ii. **Norm types**

(1) **Norm of Solidarity** (Academic-15:230)

(a) A bilateral expectation that behaviors are directed toward relationship maintenance and a high value is placed on the joint relationship (Academic-15:230).

(b) A feeling of mutuality that assures the parties that issue that arise in the course of the relationship will be treated as joint concerns (Academic-15:230).

(c) Shifts the focus of a supplier from self-centered behaviors to behaviors that foster unity arising from common responsibilities and interests (Academic-15:230).

(2) **Norm of information exchange** (Academic-15:230)

(a) Expectation that the parties will freely and actively provide useful information to each other (Academic-15:230).

(b) Obtaining confidential and critical information from the retailer enables the supplier to cope with the vulnerability associated with inventory decisions and product and pricing strategies, which thus increases the supplier's commitment (Academic-15:230).

(3) **Norm of Participation** (Academic-15:230)

(a) The joint expectation that both parties will share and make decisions and set goals regarding all aspects of the exchange (Academic-15:230).

(b) Suppliers involved in retail relationships with greater levels of participative decision making and joint goal setting are more likely to be committed than those in relationships characterized by lesser

participation and joint planning (Academic-15:230).

A PROCESS FRAMEWORK FOR MANAGING COORDINATION WITHIN MARKETING CHANNEL RELATIONSHIPS

13. **Relationship coordination through design of channel structure and management of channel relationships**
    a. Channel management aids in the coordination of activities in the channel to ensure that total quality distribution is achieved in the channel (Academic-1: 115).

14. **Marketing channel system structure**
    a. **Seven phases (Academic-23:146)**
        i. **Recognizing the need for a channel design decision**
            (1) Examples of conditions that necessitate the need for a channel design decision (Academic-23:146)
                (a) Developing a new product
                (b) Aiming an existing product at a new target market
                (c) Making a major change in some other component of the marketing mix.
                (d) Establishing a new firm
                (e) Existing intermediaries changing their policies so as to inhibit the attainment of a firm's distribution objectives.
                (f) Changing availability of particular kinds of intermediaries.
                (g) Opening up new geographical marketing areas.
                (h) Occurrence of major environmental changes
                (i) The occurrence of conflict or other behavioral problems
                (j) Reviewing and evaluating
        ii. **Setting and coordinating distribution objectives (Academic-23:149).**
            (1) To set distribution objectives that are well coordinated with other marketing and firm objectives and policies, channel managers need to perform three tasks (Academic-23:149).
                (a) They should familiarize themselves with the objectives and policies in the other marketing mix areas and any other relevant objectives and policies of the firm.
                (b) They should set distribution objectives and state them explicitly
                (c) They should check to see if the distribution objectives they have set are congruent with marketing and other general objectives and policies of the firm.
        iii. **Specifying the distribution tasks (Academic-23:153)**
            (1) nature of the tasks should be explicitly specified (Academic-23:153).
        iv. **Developing alternative channel structures (Academic-23:155)**
            (1) The allocation alternatives should be in the terms of the following three dimensions (Academic-23:155)
                (a) Number of levels
                (b) Intensity of the various levels
                    (i) Generally three categories
                        1) Intensive - as many outlets as possible are used at each level of the channel
                        2) Selective - Not all possible intermediaries at a particular level are used, but rather that those included in the channel are carefully chosen.
                        3) Exclusive - very highly selective pattern of

distribution in which only one intermediary in a particular market area is used.

4) Exclusive

(c) Types of intermediaries

v. **Evaluating the variables affecting channel structure (Academic-23:158)**

(1) Six basic categories can be formed in the analysis of alternative channel structures

(a) Market variables

(i) Market geography

(ii) Market size

(iii) Market density

(iv) Market behavior

(b) Product variables

(c) Company variables

(d) Middlemen variables

(e) Environmental variables

(f) Behavioral variables

vi. **Choosing the "best" channel structure** (Academic-23:166)

(1) A channel manager should choose a channel structure alternative which is optimal.

(a) Would offer desired level of effectiveness in performanign the distribution tasks at the lowest possible cost.

(b) If the firm's goal is to maximize its long term profits, an optimal channel structure would be completely consistent with that goal (Academic-23:166)

15. **Marketing channel relationship process management** (Academic-2:499-504)

a. **Process models of distribution channel relationship management**

i. **Process model for relationship marketing** (Parvatiyar and Sheth 2000)(Academic-14:15)

(1) **Formation process** (Academic-14:15)

(a) Involves decisions that must be made regarding the initiation of relationship marketing activities for a firm with respect to a specific group of customers or an individual customer with whom the company wishes to engage in a cooperative and collaborative relationship.

(2) **Management and governance process** (Academic-14:21)

(a) The process of managing and governing the programs and individual relationships within the relationship marketing programs (Academic-14:21).

(3) **Performance evaluation process** (Academic-14:26)

(a) Involves the decision process relating to continuation, termination, enhancement, and modifications of the relationship engagement (Academic-14:26)

ii. **Dimensions and forms of inter-firm governance** (Heide 1994) (Academic-13:72)

(1) **Relationship initiation**

(a) Seek to eliminate goal divergence and align incentives ex ante, through a form of cultural initiation or socialization process (Academic-13:76).

(2) **Relationship maintenance activities** (Academic-13:76)

(a) The ongoing maintenance of inter-firm relationships requires that certain sub-processes be carried out (Academic-13:76).

(b) Initial system for assigning decision rights among the parties to a relationship must be crafted (Academic-13:76).

(c) Roles must be specified and allocated to the different exchange partners (Academic-13:76).
(d) Development of a planning mechanism or system by which future contingencies and consequential rights and responsibilities are spelled out (Academic-13:76).
(e) Adjustment mechanisms must be designed to adapt to ongoing relationship to changing circumstances (Academic-13:76).
(f) Some form of monitoring system by which to ascertain the degree to which contractual performance has taken place (Academic-13:76).
(g) An incentive system that allocates rewards to the parties on the basis of observed performance levels (Academic-13:76).
(h) The presence of explicit enforcement mechanisms above and beyond the incentive system itself, to ensure that contractual obligations are upheld (Academic-13:76).

(3) **Relationship termination**
(a) The completion of the relationship (Academic-13:75).

16. **Synthesis of process models of marketing channel relationship management**
a. **Selection phase**
i. The strategies and activities associated with selecting customer partners (or parties with whom to engage in cooperative and collaborative relationships) (Academic-14:18)
(1) Activities
(a) Criteria.
(b) Identification, assessment and choice.
(c) Substantiation.
b. **Management phase**
i. The strategies and activities associated with managing the relationship so that goals may be attained.
(1) Activities
(a) Role responsibility and goals
(b) Operational guidelines, programs and strategies.
(c) Incentives and monitoring.
(d) Conflict resolution and enforcement.
(e) Integration and commitment.
c. **Modification/termination phase**
i. The strategies and activities associated with adjusting, and terminating the relationship
(1) Activities
(a) Adaptation
(b) Termination

17. **Selection phase**
a. **Criteria** (Academic-1:192)
i. **Definition**: Establishment of requirements to be met by a distribution partner.
ii. **Example activities**
(1) **Assessing end-users**
(a) End user need discovery (Academic-1:196).
(i) Learning what the end-users want in the way of service outputs, regardless of the outlets from which they are to obtain the firm's products or services (Academic-1:196).
(2) **Segmenting markets**
(a) Use needs to group end-users into discrete segments (Academic-1:197).

(i) Use quantitative analysis to assess need segmentation (Academic-1:198).

(3) **Validating options**

(a) Ask end-users their anticipated satisfaction and comfort levels with different channel options (Academic-1:198).

(4) **Examples of criteria for choosing channel partners**

(a) Financial strength of prospective channel partner
- (i) Revenue, profit, and loss
- (ii) Balance sheet

(b) Sales strength
- (i) Number of sales agents
- (ii) Sales and technical competence

(c) Product lines
- (i) Competitive products
- (ii) Compatible products
- (iii) Complementary products

(d) Reputation
- (i) Leadership
- (ii) Well established
- (iii) Community standing
- (iv) Background of key executives
- (v) Level of expertise

(e) Market coverage
- (i) Geographic coverage: outlets per market area
- (ii) Industry coverage
- (iii) Call frequency or intensity of coverage

(f) Sales performance
- (i) Performance of related lines
- (ii) General sales performance
- (iii) Growth prospects
- (iv) Ability to penetrate accounts
- (v) Success in reaching target markets/individuals
- (vi) After-sales follow-up

(g) Management strength
- (i) Planning
- (ii) Employee relations
- (iii) Marketing orientation
- (iv) Strategic direction

(h) Advertising and sales promotion programs

(i) Training programs
- (i) Self-administered
- (ii) Willingness to allow suppliers to participate

(j) Sales compensation programs

(k) Plant, equipment, and facilities
- (i) Transportation/delivery methods and record
- (ii) Inventory
  - 1) kind and size
  - 2) inventory minimums: safety stocks
  - 3) service levels
- (iii) Warehousing
  - 1) supplied in field
  - 2) ability to handle shipments efficiently

(l) Ordering and payment procedures
(m) Installation and repair services
(i) After-sales follow-up
(ii) Warranty work
(n) Quality of demonstrator programs
(o) Willingness to commit resources to individual lines/brands
(p) Willingness to cooperate in joint programs
(q) Willingness to share data
(i) Customers
(ii) Sales force
(iii) Inventory
(iv) Delivery
(r) Willingness to accept a quota

b. **Identification, Assessment, and Choice**

i. **Definition**: Identification, evaluation, and selection of distribution partners who could meet safeguard requirements.

ii. **Example activities**

(1) **Identification of pool viable candidates**
(a) Developing risk reduction strategies by having preliminary discussion with multiple potential partners (Academic-18:340).
(b) Weighing the obligations, benefits and burdens, and the possibility of exchange with a potential distribution channel member (Academic-8:16).

(2) **Screening** (Academic-12:6)
(a) A principal must choose an information-gathering strategy to determine accurately a potential agent's true characteristics (Academic-12:6).
(b) Assessment the potential partner's reputation for performance and trustworthiness (Academic-18:340).

(3) **Selecting potential partners**
(a) Hire agents on the basis of the imperfect information provided by their signals, and then learn from subsequent experience the true characteristics of the agents hired (Academic-12:6).

(4) **Initiation of qualification**
(a) Information exchange (Academic-18:341).

(5) **Appraisal design**
(a) Design programs specifically to test and cultivate relationship specific attitudes above and beyond the development of particular product knowledge (Academic-7:76).

(6) **Evaluation**
(a) Evaluation of potential exchange partners (Academic-7:75)
(b) Assessment of skills, qualifications, attitudes, or values of other party (Academic-7:76)
(c) Assessment of the quality of a potential partner (Academic-18:340).

(7) **Trials**
(a) Trial transactions (Academic-8:16).
(i) As part of the evaluation process, one party may make trial purchases in order to better evaluate the other party (Academic-8:16).

(8) **Selection**
(a) The selection of customer partners (or parties with whom to engage in cooperative and collaborative relationships) (Academic-14:18).
(b) Selection approaches

(i) Select by service output demands (Academic-1:64)
  1) Generate list of all service outputs that apply to the particular product and market (Academic-1:64).
  2) Once list is identified, selection can be predicated on how well potential channel member meets what the list would require.

(ii) Examples of service outputs (Academic-1:66)
  1) References and credentials
  2) Financial stability
  3) Longevity
  4) Proactive advice and consulting
  5) One stop solutions
  6) Training support

(iii) Select by purchase patterns (Academic-1:110)
  1) Generate list of all service outputs that apply to the particular product and market (Academic-1:110).
  2) Then identify end-users shopping and buying habits.
  3) Once list is identified, selection can be predicated on how well potential channel member meets what the list would require (Academic-1:111).
  4) Selection dependent on the ability of channel members to perform the entire necessary channel flows to product target end-user demanded service outputs (Academic-1:112).
  5) Would include (Academic-1:112)
    a) Running its own warehousing facilities
    b) Employing its own sales force
    c) Creating its own advertising and other promotional capabilities
    d) Maintaining its own personnel, programs, technologies to provide any necessary pre- and post sale service
    e) Having sufficient financial strength to finance unsold inventory as well as offer relevant payment terms to end-users buying the manufacturer's products
    f) Using its own ordering and payment systems.

c. **Substantiation**
  i. **Definition:** Confirmation that distribution partner meets requirements.
  ii. **Example activities**
    (1) **Authentication of selection**
      (a) Verification efforts (Academic-18:340).
        (i) The amount of effort to verify the suppliers' ability to perform as expected (Academic-18:340).
      (b) Source legitimization (Academic-18:341).

18. **Management phase**
  a. **Role responsibilities and goals**
    i. **Definition**: Determination of distribution partner's ongoing responsibilities and establishment of performance goals.
    ii. **Example activities**

(1) **Role specification** (Academic-14:22)

(a) The determination of the roles of partners in fulfilling the relationship marketing tasks as well as the roles of specific individuals or teams in managing the relationships and related activities (Academic-14:22).

(b) Describes the manner in which decisions and functions are assigned to the parties in a relationship (Academic-7:76).

(2) **Boundary definition** (Academic-18:341)

(a) Defines the degree to which each partner penetrates the other organization and achieves joint action (Academic-18:341).

b. Operational guidelines, programs and strategies.

i. **Definition**: Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

ii. **Example activities**

(1) **Distribution of knowledge**

(a) Communication and dissemination of organizational knowledge (Academic-14:21; 11:39)

(i) Dissemination of organizational knowledge is defined as the extent of the distribution of information to the membership about the organization's goals and values; culture; and politics, processes, and personnel (Academic-11:39).

(ii) Helps in relationship development, fosters trust, and provides the information and knowledge partners need to undertake the cooperative and collaborative activities of relationship marketing (Academic-14:23).

(b) Training and education (Academic-1:283).

(c) Socialization (Academic-10:47)

(i) Socialization processes are used to make the agent internalize the principal's goals (Academic-10:47).

(ii) Examples (Academic-10:47)

1) McDonald's uses its management institute, commonly referred to as "Hamburger University," both to teach business skills and to promote its corporate philosophy.

2) Toyota and other firms organize special seminars for dealers during which greater emphasis is placed on the firm's values than on strategy and selling skills per se.

3) In a comprehensive analysis, it was demonstrated that systematic socialization efforts are the foundations on which companies such as Amway, Tupperware, and Mary Kay Cosmetics base their strategies.

(iii) Complete socialization would permit a party to tolerate vulnerability in the form of lock-in and information asymmetry (Academic-10:47).

(2) **Planning**

(a) Development of a planning mechanism or system by which future contingencies and consequential rights and responsibilities are spelled out (Academic-7:77).

(b) Decisions about the degree to which customers need to be involved in the planning process (Academic-14:23).

(c) The process by which future contingencies and consequential duties and responsibilities in relationship have been made explicit ex ante

(Academic-7:76).

(d) The planning process (Academic-5:173)

(i) Define objectives

(ii) Determine where you stand with regard to the objectives

(iii) Develop premises regarding future conditions

(iv) Implement the plan and evaluate the results.

(3) **Relationship programs**

(a) Developing programs (or relational activity schemes) for relationship marketing engagement (Academic-14:19).

(b) Establishing a common ground upon which to build social bonds and a trusting relationship (Academic-18:341).

(i) Social bonding (Academic-18:340).

1) The degree of mutual personal friendship and liking shared by the buyer and seller (Academic-18:339).

2) Individuals may develop strong personal relationships that tend to hold a relationship together (Academic-18:339)

(ii) Trust development (Academic-18:341).

1) Trust is the belief that a party's word or promise is reliable and a party will fulfill his/her obligations in an exchange relationship (Academic-8:18).

c. **Incentives and monitoring**

i. **Definition**: Encouragement of distribution partner activities and assessment of distribution partner performance toward responsibilities and performance goals.

ii. **Example activities**

(1) **Measure development**

(a) Development of performance measures (Academic-14:24).

(i) Without a proper performance metric against which to evaluate relationship marketing efforts, it is hard to make objective decisions regarding continuation, modification, or termination of relationship marketing programs (Academic-14:24).

(2) **Performance measurement**

(a) Explicitly measuring outputs or behaviors (Academic-7:77)

(b) Periodic evaluations of goals and results (Academic-14:23)

(c) Using monitoring procedures and policies (Academic-7:77).

(d) Establishing the extent to which contractual compliance has taken place (Academic-7:77).

(i) Can be established externally by explicitly measuring outputs or behavior, or internally, by aligning the incentives of decision makers ex ante to reduce the need for performance measurement altogether (Academic-7:77).

(3) **Motivation**

(a) Implement reward and punishment strategies (Academic-16:41)

(i) Rewards or punishments are directly given to boundary personnel and their firms with no prior notice. No corresponding action is asked for on their part (Academic-16:41).

1) Economic reward: A form of financial reward is given to the boundary person and/or the firm (e.g., a special "bill back" percentage, a special advertising allowance) (Academic-16:41).

2) Non-economic reward: A form of non-financial reward is given to the boundary person and/or the firm (e.g., a improvement in the "delivery system"), although it could serve to improve the firm's subsequent financial go attainment (Academic-16:41).

3) Economic punishment: A form of financial, penalty is given to the boundary person and/or the firm (e.g., lowered advertising allowance) (Academic-16:41).

4) Non-economic punishment: A form of non-financial penalty is given to the boundary person and/or the firm (e.g, a worsened delivery system), although it could serve to influence adversely the firm's subsequent financial goal' attainment (Academic-16:41)

(ii) Designing and implementing explicit enforcement mechanisms above and beyond the incentive system itself, to ensure that contractual obligations are upheld (Academic-7:78).

(b) Develop incentive systems (Academic-7:77).

(i) Incentives are made contingent on specific aspects of performance and depend on the display of system-relevant attitudes as well as on overt behavior (Academic-7:77).

(ii) Incentives distributed on the basis of displayed commitment to the system and overt compliance (Academic-7:77).

(iii) Incentives can also be created by means of price or margin premiums (a form of an efficiency wage) (Academic-10:43).

(iv) Buyers compensate suppliers for quality maintenance by paying price premiums that exceed the short-term payoff from opportunistic quality debasement (Academic-10:43).

(v) Similarly, manufacturers can pay their resellers margin premiums as an incentive to comply with assigned territorial restrictions (Academic-10:43).

(vi) Incentives for retailer participation in programs can be crafted through both (Academic-10:60):

1) For example, in motivating retailers to participate in POP programs, manufacturers typically offer promotional allowances for the product being promoted or for other products (Academic-19:60).

2) Incentive premiums can be used to influence compliance also. If the premium given to the retailer is sufficiently large, it promotes participation, because the retailers short-term payoff from not participating is less than the future stream of premium payments from good faith (Academic-19:60).

(vii) The manner in which the incentives are administered (Academic-19:60).

1) Common methods (Academic-19:60).

a) Invoice deductions

b) Credit memos

c) Accounts payable checks

d) Payments ex post by allowances to improve margins for products sold

d. **Conflict resolution and enforcement**
   i. **Definition:** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve responsibilities and performance goals.
   ii. **Example activities**
      (1) **Customer feedback programs**
         (a) Performance metering (Academic-8:24)
            (i) The seller can improve the conduits of communication from customers via customer service desks, toll free hotlines, salesperson follow-up are examples and obtain, unobtrusively, high quality information on customer priorities and satisfactions within the exchange association (Academic-14:24).
      (2) **Conflict management and problem solving**
         (a) Creation of a system for discussing problems and resolving conflicts (Academic-14:21).
         (b) Problem solving (Academic-7:76)

e. **Integration and commitment**
   i. **Definition:** Efforts to further deepen the distribution partner relationship to achieve responsibilities and performance goals.
   ii. **Example activities**
      (1) **Facilitation of customer effectiveness**
         (a) Partnering between customers and marketers to serve end-user needs (Academic-14:21).
         (b) The marketer and distributor customers cooperate and collaborate to manage inventory and supply logistics (Academic-14:21).
      (2) **Systems sharing**
         (a) Creation of shared technology
            (i) Degree to which one partner values the technology contributed by the other partner to the relationship (Academic-18:339).
            (ii) May range from product level technology to the linking of computer systems (Academic-18:339).
         (b) Exchange of hostages (Academic-8:19).
            (i) Bilateral exchange of transaction-specific human or physical assets (Academic-8:19).
            (ii) Significant economic, communication and/or emotional resources may be exchanged (Academic-8:19).
         (c) Creation of structural bonds (Academic-18:339)
            (i) Vector of forces that create impediments to the termination of the relationship (Academic-18:339).
            (ii) Vertical restraints (Academic-12:14)
               1) One way a manufacturer might prevent its retailers from engaging in opportunistic actions in such situations is by imposing constraints on their behavior. Such constraints might (conceptually, at least) take the form of exclusive territory assignments or resale price maintenance (Academic-12:14).
            (iii) Exit barriers (Academic-8:25)
               1) Relational marketing requires an exchange structure that makes termination of the association

unattractive. Consistent delivery of economic and psycho-social benefits in each transaction is critical but, as further motivation for the parties to resolve conflict to maintain their relationship, it may be helpful to create structural disincentives for relational dissolution (Academic-7:25).

19. **Modification/Termination phase**
    a. **Adaptation**
        i. **Definition:** Modification of the distribution partner relationship to achieve responsibilities and performance goals.
        ii. **Example activities**
            (1) **Adaptation of processes, products, and investments** (Academic-14:23; 7:77).
                (a) Based on processes of mutual adjustment in which the parties are prepared to show flexibility and will negotiate adjustments as environmental events unfold (Academic-7:77).
    b. **Termination**
        i. **Definition:** Cessation of the distribution partner relationship where responsibilities and performance goals are not met.
        ii. **Example activities**
            (1) **Relationship closure safeguards**

EXTENSION OF THE FRAMEWORK FOR COORDINATING DISTRIBUTIONAL SAFEGUARDS IN MARKETING CHANNEL RELATIONSHIPS

20. **Distributional safeguards**
    a. **Definition**
        i. Efforts to coordinate distribution activities so as to protect against some specified occurrence or outcome.

21. **Managing coordination in market channel relationships to achieve distributional safeguards**
    a. **Marketing channels exist to achieve distribution goals**
        i. The marketing channel exists as a means of achieving distribution goals (Academic-23:5).
    b. **Channel coordination aids in achievement of system goals and objectives** (Academic-1:3).
        i. The goal for actors within any distribution network is to cooperate in developing an inter-organizational system that will minimize sub-optimization so that a high degree of channel coordination is attainable. (Academic-1: 24-29)
    c. **Goals for a distribution channel can be many.**
        i. Distribution objectives (Academic-23:151)
            (1) Statements describing what part distribution is expected to play in achieving the firm's overall marketing objectives (Academic-23:151).
        ii. Hierarchy of objectives and policies in the firm (Academic-23:152)
            (1) First level
                (a) Firm's overall objectives
            (2) Second level
                (a) General marketing objectives and policies
            (3) Third level
                (a) Product objectives and policies
                (b) Pricing objectives and policies

(c) Promotion objectives and policies
(d) Distribution objectives and policies.

d. **Example distribution system level goals**
   i. Profit improvement goals (Academic-1:147)
      (1) Economic reasons are the foremost determinants of channel structures (Academic-1:3).
   ii. Revenue goals
      (1) Positioning stocks fo goods in locations and facilities where they can be delivered reliably and swiftly to a customer will generally lead to higher sales revenues.
   iii. Expense related goals
      (1) All cost-incurring activities and their interdependence must be assessed within the "total cost" approach (Academic-1:150)
   iv. Market share goals
   v. Social and public policy goals
      (1) Environmental
      (2) Safeguard against diversion
   vi. Customer service standards and goals
      (1) Key elements of customer service (Academic-1:152)
         (a) Pre-transaction elements - Provide the opportunity to establish a climate for good customer service (Academic-1:152).
         (b) Transaction elements - Those activities that are directly associated with the delivery of the product to the customer (Academic-1:152).
         (c) Post-transaction - Those activities that support the product after it has been sold; protect customers from defective products; provide for the return of packages; and handle complaints, claims, and returns (Academic-1:152).

e. **Congruency of goals and objectives**
   i. A congruency check in the context of channel design involves verifying that the distribution objectives do not conflict with objectives in the other areas of the marketing mix (product, price, and promotion) and with the overall marketing and general objectives and policies of the firm (Academic-23:152).

22. **Framework for coordinating distributional safeguards**

a. **Selection**
   i. **Criteria**. Establishment of safeguard requirements to be met by a distribution partner.
   ii. **Identification, assessment and choice**. Identification, evaluation, and selection of distribution partners who could meet safeguard requirements.
   iii. **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

b. **Management**
   i. **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.
   ii. **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.
   iii. **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.
   iv. **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

v. **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

c. **Modification/Termination**
   i. **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.
   ii. **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

THE ROLE OF INFORMATION AND INFORMATION SYSTEMS IN COORDINATING MARKETING CHANNEL RELATIONSHIPS

23. **Nature of information and information flows in marketing channels**
   a. **Information basically flows in two directions** (Academic-24:2).
      i. There is outbound information about the supplier's offering through advertising and promotional literature (Academic-24:2).
      ii. There is inbound information about the needs of customers, coming (among other sources) from customer satisfaction surveys and studies of buying and ownership behaviors (Academic-24:2)
   b. **A complete analysis of information flows should uncover not just what does flow, but what could flow** (Academic-25:160).

24. **Importance of information in marketing channels**
   a. **Efficiency and effectiveness**
      i. The collection, creation, management, and communication of information are critical to the efficiency and effectiveness of any marketing channel (Academic-1:401)
   b. **ROI**
      i. The return on investment in information systems in manufacturing is 54% and the gains appear to come not just from cost reduction but also from revenue enhancement.
   c. **Impact**
      i. The impact of information systems on distribution channels can be far-reaching (Academic-1:401).
         (1) They can redefine market boundaries.
         (2) Alter the fundamental rules and basis of competition.
         (3) Redefine business scope.
         (4) Provide a new set of competitive weapons.
         (5) They can change the emphasis in inter-organizational relations from separation to unification.
            (a) Physical distances become irrelevant in the face of electronic means of communication and information exchange (Academic-1:401).
   d. **Mutual understanding**
      i. Effective two-way information flow creates mutual understanding and, eventually, a bond of loyalty between supplier and customer that is hard to break (Academic-24:2).

25. **Importance of information for marketing channel coordination**
   a. **Generally**
      i. Information technology investments have impact not only on the costs of running a channel, but also on the coordination of the channel.
   b. **Information sharing as key to coordination**
      i. The key to coordination of channel flows is information sharing among channel members.

26. **Channel system aspects of information exchange**
    a. **Involvement of all members**
        i. Manufacturers, wholesalers, retailers and other channel members deploy information required to coordinate the channel and enhance customer service. (Academic-1:12).
    b. **Scale advantages to manufacturers**
        i. Manufacturers can no longer delegate information gathering. They often have the scale advantages to gather and employ customer information for strategic and tactical purposes (Academic-24:2)
    c. **System cooperation to achieve full benefit**
        i. The full benefits of what a channel information system has to offer can only be enjoyed if the channel members involved cooperate with each other in the best interests of the whole channel instead of pursuing their own narrow interests (Academic-1:428).
        ii. This is because the full exploitation of the benefits of information technology requires sharing of the information acquired to help all channel members minimize costs of providing adequate service output levels (Academic-1:428).

27. **Information systems in marketing channels**
    a. **Interorganizational information system are automated information systems shared by two or more companies** (Academic-25:155).
        i. This spread across organizational boundaries has several implications.
            (1) It must provide incentives for use to all intended participants.
            (2) Since the participants typically have different goals and interests, an IS must include provisions for reliability, data security, user privacy, and system integrity that exceed what might be built into an internal system.
            (3) It is not sufficient for an IOS to improve the overall efficiency of an industry; it must provide some positive return to its sponsor.
    b. **Why information systems**?
        i. In some cases it is used as a competitive advantage (Academic-25:154).
        ii. The adoption of a channel information system heightens channel members' awareness that the pursuit of superordinate goals, not individual ones, will maximize benefits of the system (Academic-1:429).
            (1) When the retailer shares its prior sales, the manufacturer was able to plan more accurately what its production levels should be. In return, the manufacturer is more willing to adapt to its business methods to retailers since it was given the information to meet the retailer's demands more efficiently.
            (2) Database of all prior purchases can be used to forecast future needs with great precision reducing the need for large inventories of supplies and decreasing systemwide costs (Academic-1:429).

28. **The process of searching for opportunities to use information systems (Academic-25:159)**
    a. **Define the business purpose**: Ask why.
    b. **Define the intended participants to be affected or relationships to forge.**
        i. Either customers, dealers, suppliers, or competitors
        ii. Or Specific functions to be performance and specific performer within each.
    c. **Define the function of the information system**
        i. For example:
            (1) Boundary transactions
            (2) Retrieve and analyze shared information
            (3) Internal use system
    d. **Define what the system is intended to improve**
        i. For example
            (1) Search related costs

(2) Unique product features
(3) Switching costs
(4) Internal efficiency
(5) Inter-organizational efficiency.

29. **Overall implication of information systems within coordinated marketing channels**
a. **Closer channel relationships**
i. Information systems can change the emphasis in inter-organizational relations from separation to unification (Academic-1:401-402).
ii. A channel member can be so closely allied with its upstream supplier or downstream customer that the very lines separating the organization appear to blur. (Academic-1:401-402).
iii. Improved customer service (Academic-1:409).
(1) Lower spare parts inventories
b. **Enhanced performance**
i. Effective use of a channel information system produces lower total channel operating costs while maintaining or even increasing the level of end user service outputs. (Academic-1:415).
ii. Information systems can help to deliver inventory with shorter lead times. (Academic-1:431).
iii. Information systems can strengthen internal linkages in the firm. (Academic-1:431).
iv. Channel information systems improve sales force productivity and aid in internal cost control (Academic-1:431).
v. Increased sales (Academic-25:161)
(1) Increased sales by:
(2) Enlarged scope (access to more customers) (Academic-25:161)
(3) New kinds of customers, reachable economically.
(4) Larger product line made possible by improved ability to process ales and inventory data (Academic-25:161).
(5) Increased customer awareness, due to favorable display position, substitution for competitors's products (Academic-25:161).
(6) May expose a company to completely new opportunities for close relationships with its customers (Academic-25:162).
vi. A better understanding of consumer behavior patterns, their buying habits, responses to promotions (Academic-1:409).
vii. Shortened waiting and delivery times (Academic-1:412).
viii. Spatial convenience (Academic-1:412)
(1) Makes it easier for manufacturers to communicate directly with consumers.
ix. Effective use of a channel information system produces lower total-channel operating costs while maintaining or even increasing the level of end-user service outputs.
c. Improved channel related flows (Academic-1:415-425)
i. Inventory related flows
(1) The majority of information systems impacts have been felt in the channel flows involving the creation, movement, and holding of inventory.
(a) One very noticeable effect on the inventory related flows is the extent to which costs have decreased throughout the whole channel.
(b) Just in time, EDI, and quick response all refer to sets of technologies and methods that reduce the time any product spends winding its way through the distribution channel to the end-user. The less time a product spends in the channel, the lower the overall costs of physical possession and ownership are likely to be (Academic-1:416).
(c) POS and Inventory replenishment (Academic-1:416)

(i) The costs of ordering and inventory replenishment fall through effective use of point-of sale data.

(2) Promotion related flows (Academic-1:420)

(a) The combination of demographic and purchase data into one integrated database creates a powerful tool to improve the effectiveness of promotional efforts in the channel.

(3) Intra-channel negotiations have also changed as a result of the adoption and use of various information technologies.

(a) Because of the automation of many purchasing functions, less manual attention needs to be paid to purchasing paperwork (Academic-1:421).

(b) Another change in negotiation patterns is the ability of both manufacturer and retailers to use hard performance data to negotiate contracts (Academic-1:422).

(4) Information technology has given manufacturers and retailers a powerful tool to decrease production risk.

(a) Retailers can provide suppliers with up-to-date sales and inventory information so that they can better plan their production runs (Academic-1:422).

(5) The channel costs of payment flows is also falling (Academic-1:423).

(a) Because payments to a supplier can be made electronically, less paperwork is generated and personnel costs fall.

(b) Electronic funds transfer can even be automated so that payment occurs when a shipment is received without any human intervention at all.

d. **Pursuit of superordinate goals**

i. The adoption of a channel information system can heighten channel members awareness that the pursuit of superordinate goals, not individual ones, will maximize the benefits of the system. (Academic-1:428-429).

e. **Better competitive position**

i. The major potential losers are those channel members who do not adoption channel information systems and thus fall behind the technology curve set in their industry.

ii. These firms will find it increasingly hard to compete and ultimately may be forced out of business (Academic-1:435).

iii. Can be used so that a better variety of products that fit consumers demands are provided (Academic-1:412).

(1) Lessens the need for an extra channel member to hold safety stocks of inventory (Academic-1:430).

iv. Competitive advantages (Academic-25:157-158)

(1) Provides comparative efficiency

(a) Allows an organization to produce its goods or services more cheaply than its competitors.

(b) The attempt to improve comparative efficiency should begin by examining existing flows of information across organizational boundaries: orders, invoices, specifications, bids, inquiries, confirmations, notices, claims, and so on. The goal is not so much to automate what exists as to uncover the source, content, and destination of each flow.

(2) Bargaining power

(a) Allows are firm to resolve bargaining situations with its customers and suppliers to its own advantage.

(3) Causal model of competitive advantage using information systems.

(a) Comparative efficiency

(i) Internal Efficiency

1) Lower inventory costs by allowing "just-in-time" delivery
2) Encourage standardization of data representation, making data easier to manipulate and analyze internally
3) Capture data more quickly, leading to faster analysis and shorter response time

(ii) Interorganizational Efficiency
1) "Export work" by getting customers or suppliers to do data entry and editing
2) Allow customers to "shop" and check order status electronically, without tying up customer service representatives.
3) Provide benefits of vertical integration (more control, coordination, lower costs) without requiring actual ownership of other organizations.
4) Facilitate cross-selling of additional or higher margin products.
5) Permit inexpensive, rapid electronic transmission of sales and service messages.
6) Increase sales of company products, due to ease and efficiency of ordering and to favorable display on order-entry screens.
7) Remove a level of the distribution chain by going direct to customer or user rather than through an intermediary.
8) Capture more precise, timely usage data, allowing production scheduling according to use rather than according to sale or shipment.
9) Evaluate quickly and economically the effects or advertising, rebates, and other marketing programs
10) Extend market reach to customers who could not be economically served by conventional field sales calls
11) Relate sales message, including price and other terms, to buyer's previous experience with seller and with product
12) Ship in more economical lots and be prepared to receive incoming goods communicating with transportation companies.
13) Deliver products or services
14) Observe ordering pattern for, and usage of, competitors' products

(b) Bargaining power

(i) Raising Switching Costs
1) Raise user's need to retrain personnel, to modify operating procedures, or to invest in new or additional hardware or software if they change to a different system
2) Threaten change in status of personnel if automated system is replaced by nonautomated system

(ii) Unique Product Features
1) Make product easier or less expensive to select,

order, handle, use or account for
2) Enhance product image as state-of-the-art
3) Improve customer service by identifying and reporting problems more quickly, allowing more accurate diagnosis and faster response
4) Provide immediate feedback on product availability and price
5) Lower required inventory levels

(iii) Search-Related Costs
1) Lower cost of "shopping" via links to suppliers; control, observe, or profit from shopping via links to customers.
2) Improve customers' ability to shop for a third-party product that generates fee income or additional sales of primary product
3) Suggest alternative product specifications that reduce customers' costs or improve customers' performance
4) Alert customers to opportunities to obtain volume discounts by altering order patterns slightly

30. **Creating and managing integrated marketing communication systems (Academic-26:285)**
a. **Definition**
i. Strategic, two way communication targeted to specific customers and their needs, all coordinated through a variety of media (Academic-26:285).
ii. Coordination is a powerful element of an integrated marketing communications strategy
b. **Integrated marketing strategic planning process**
i. **Set communication goals** (Academic-26:285)
(1) Based on strategic marketing goals
(2) Understanding goals helps communications planners determine the audience for marketing communications.
(3) What should communication do (Academic-26:285)?
(a) To understand better must understand the hierarchy of effects.
(i) Hierarchy of effects - describes stages through which the audience progresses when interacting with marketing communications.
1) Awareness - created when potential buyers become acquainted with the product or brand.
2) Interest - reflects the buyers' desrie to learn more about what is being discussed.
3) Desire - the recognition by the buyer that when the needs occur, that is the brand or product to buy.
4) Action - the desired behavior that we want the audience to do.
(4) Types of communication goals
(a) Strategic goals (Academic-26:286)
(i) What you want the overall strategy to accomplish.
1) Set to drive the planning of messages and media selection.
(b) Tactical goals (Academic-26:286)
(i) Desired outcomes for specific communications.
(c) Action goals (Academic-26:287)
(i) Cause the receiver to take an action, the ultimate step inthe

hierarchy of effects.

ii. **Determine roles for each medium** (Academic-26:289)
- (1) Advertising (Academic-26:289)
  - (a) One-way communication (Academic-26:289)
  - (b) Strengths (Academic-26:290)
    - (i) low cost per contact
    - (ii) an ability to reach inaccessible or unknown buying influences,
    - (iii) ability to reach large numbers of potential buyers.
- (2) Direct Response (Academic-26:290)
  - (a) Communication delivered directly to the prospect to obtain an action outcome.
  - (b) Delivery mechanism:
    - (i) mail
    - (ii) fax
    - (iii) internet
    - (iv) catalogs
  - (c) Also used for obtaining feedback from potential and current customers.
- (3) Public relations (Academic-26:291)
  - (a) Focuses on the relationships and communications with individual and groups in order to create mutual goodwill.
  - (b) Public relations plays a supportive role and is used to inform audiences about the company and its products.
- (4) Trade shows (Academic-26:291)
  - (a) Temporary exhibitions of products and services
  - (b) 26% of all trade show attendees actually buy something and 76% ultimately buy something that they saw at the trade show (Academic-26:292).
- (5) Telemarketing (Academic-26292)
  - (a) Systematic and continuous program of personally communicating with potential and current customers via telephone and/or other electronic media.
  - (b) Includes feedback
- (6) Personal selling (Academic-26:292)
  - (a) Interpersonal communication in which one person attempts to secure a purchase from another person.
  - (b) On a cost-per-contact basis personal selling is very expensive.

iii. **Create the message** (Academic-26:293)
- (1) Coordinating the contribution of each medium (Academic-26:293).
- (2) Entails the following (Academic-26:293)
  - (a) What do buyers currently think and do?
    - (i) Marketing communication never starts with a blank slate. Buyers enter the market with preconceived ideas based on experience, education, competitors' communications, and other factors.
  - (b) What information do they need?
    - (i) Marketing communication must serve the buyer as well as the seller.
  - (c) What are the competitors' actions?
    - (i) Marketing strives to create a position in the mind of the buyer and so are their competitors.
- (3) Types of communication strategies (Academic-26:294)
  - (a) Customer retention strategies (Academic-26:294)

(i) Customer retention and growth through current customers is an important element in a business marketing strategy.

(ii) Strategy is to increase value of purchase by lowering costs (actual and processing).

(iii) Principles associated with customer retention strategies (Academic-26:294)

1) Communicate proactively (Academic-26:294)

a) Proactive communication identify every communication opportunity and incorporate them into the overall communication strategy.

2) Make communication easy (Academic-26:297)

a) Make it easy for the customer to communicate with you.

3) Make it easy to respond.

(b) Customer acquisition communication (Academic-26:297)

(i) Same principles as customer retention strategies but also must convince the buyer to receive the communication.

(ii) There is not an established link of communication.

iv. **Measure results**

v. **Make adjustments in messages and/or media**

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INDUSTRY SELECTION CRITERIA

1. **Products whose use may involve death**
   a. **National Safety Council: Types of accidental deaths, U.S., 1990**
      i. **Automobile, pharmaceutical**: Motor vehicle appears in first place with 93,500 deaths, poisoning by solids and liquids (drugs -legal and not-, medicines, mushrooms and shellfish), appear in third place with 5,700 deaths (Criteria-1: Web)
   b. **Drug War Facts Project: Annual Causes of Death in the U.S.**
      i. **Tobacco, alcohol, pharmaceutical**: Tobacco appears in first place with 430,700 deaths, alcohol in second place with 110,640 deaths and prescription drugs in third place with 32,000 deaths (Criteria-5: Web)
   c. **Official 1989 estimates from the National Center for Health Statistics**
      i. **Tobacco, alcohol, automobile**: Tobacco appears in third place with 320,000 deaths, alcohol in fifth place with 120,000 deaths and motor vehicles accidents in eleventh place with 47,000 deaths, as causes of death (Criteria-6: Web)
   d. **U.S Department of Health and Human Services: ICD-10 Cause-of-Death Lists for Tabulating Mortality Statistics (Updated November 2001)**
      i. **Automobile, explosives**: In the list of 358 selected causes of death, motor vehicles accidents and accidental explosions are listed (Criteria-7: Web)
   e. **FBI Academy**
      i. **Alcohol**: Percent of youth homicide victims with positive toxicology findings (N=306). Alcohol appears in first place with 32.0% (Criteria-8: Web)
   f. **Lynna Goch (2000) "Accidents Are Leading Cause of Death in Young Americans", Best's Review, v100, i9, pg 86**
      i. **Automobile**: The leading causes of injury-related deaths in America are motor vehicles crashes (Criteria-9: 1)
   g. **(1994) "Actual Causes of Death in the US", American Family Physician, v49, n6 p1513 (1)**
      i. **Tobacco, alcohol**: Tobacco use was the leading underlying cause, accounting for over 400,000 deaths per year as a result of cancer, heart disease, lung disease, low birth weight and burns. Alcohol use, through both direct systemic effects, such as cirrhosis of the liver, and its role in motor vehicle crash fatalities, was fourth, with 100,000 related deaths (Criteria-10: 1)
   h. **(1996) "The American Way of Death", The Economist (UK), V340 N7976 P42 (1)**
      i. **Automobile**: Leading causes fo death in the US include heart disease, cancer, automotive accidents, AIDS and suicide (Criteria-11: 1)
   i. **Kevin Heubusch (1998) "Crashes, Fires, and Falls", American Demographics**
      i. **Automobile, chemicals**: Motor vehicles are by far the leading cause of fatal accidents. In fact, over 46 percent of injury deaths were motor-vehicle-related in 1996, according to the NSC. Falls are the second-leading cause of accidental death, at 15 percent of all accidental deaths. Poisonings due to solids and liquids are the third-leading cause of accidental death, at 11 percent in 1996 (Criteria-12: 2)
   j. **National Safety Council's Website: Odds of Death Due to Unintentional Injury Selected Causes Ranking (1996)**
      i. **Automobile, chemicals, explosives, fireworks**: Motor-vehicles appear in first place with 43,649 deaths, explosive materials appear in position number thirty with 130 deaths and fireworks in place number forty four with 9 deaths (Criteria-13: Web)
2. **Products whose use may involve injury**
   a. **Consumer Product Safety Commission: Estimated Number of Injuries in U.S., Selected Products, 1991**
      b. **Pharmaceuticals**: Drugs (legal and not) appear in eleventh place with 113,511 estimated

injuries among the causes of injury in the US in 1991. This estimates are based on patients reported causes of injury (Criteria-1: Web)

c. **Causes of Injuries, Diseases and Conditions Directory**

i. **Automobile, tobacco, chemicals**: Automobile and motorcycle accidents, cigarettes and tobacco, drugs, pool accidents, toxic and hazardous substances like asbestos, lead, MTBA... are listed as causes of injury in alphabetical order (Criteria-2: Web)

d. **NCHS, National Mortality Followback Survey – Provisional Data, 1993**

i. **Automobile**: Motor vehicle appears as a mechanism of injury with 26.2 % (Criteria-3: Web)

e. **Paul H. Rubin, R. Dennis Murphy and Gregg Jarrell "Risky Products, Risky Stocks"**

i. **Automobile, pharmaceutical, tobacco, pesticides**: The CPSC regulates all consumer products that are not specifically under the jurisdiction of another federal regulatory agencies. Since most dangerous products like automobiles, boats, guns, drugs, foods, cigarettes and pesticides, are regulated elsewhere, the CPSC is limited by law to regulating comparatively safe products (Criteria-4: Web)

3. **Products identified by other criteria**

a. **Hamilton Expert Witness Report by David Stewart (May 1, 1998)**

i. **Scuba Diving, ATVs, chemicals** (98: 2)

SAFEGUARDS AND STANDARDS OF CARE FOUND IN OTHER INDUSTRIES - ORGANIZED BY FRAMEWORK

4. **Selection**

a. **Criteria**. Establishment of safeguard requirements to be met by a distribution partner.

i. **Alcohol**

(1) **Requirements for Becoming a Coors Distributor** - Adolph Coors requires that all potential distributors obtain all state and federal permits and that they act in accordance with the Coors Distributorship agreement. Coors prefers that potential distributors have beverage experience and requires that the applicant be able to actively manage the distributorship including day-to-day operations (Alcohol/Primary Data -1)

ii. **Atv**

(1) **Finances First** - When Polaris is selecting dealers, they are not looking at safety attributes. That comes into play once the dealer becomes a Polaris dealer as each dealer must go through a specific safety program. Potential dealers are evaluated more on finances and facilities. The owner must be able to run a business. Safety is developed second. (ATV/Primary Data-1)

iii. **Chemicals**

(1) According to the American Chemistry Council, there is no set criteria manufacturers use for identifying distribution partners with regards to safeguards. However, under the Responsible Care Product Stewardship code, the manufacturer is required to concern itself with what happens downstream (Chemicals/Primary Data- 1)

iv. **Explosives**

(1) Manufacturer cannot provide explosives to any distributor who does not have a license. To get a license, the distributor must comply with a number of guidelines. Currently, a background check law is being considered. There is not one currently in place.) In federal law, there is a list of prohibited persons who cannot have explosives - (one must be over 21, one cannot be an illegal alien, etc..) To get the license, a distributor needs to have proper storage. The storage facilities are verified by federal government. (Explosives/Primary Data-1)

v. **Fireworks**

(1) J.G.Dapkus wants to make sure dealers are over 21, have appropriate licenses, and that they will distribute fireworks properly, not out of a deadbeat operations. As a result, they don't tend to work with outfits that have never sold fireworks before. They get seasoned fireworks companies(Fireworks/Primary Data-1)

vi. **Scuba Diving**

(1) Potential retailer must have a full time retail operation that supplies instruction through a nationally recognized organization, offer air so people can have their tanks filled there, and have rental equipment (Scuba/Primary Data-1)

b. **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

i. **Alcohol**

(1) **Application Process for Coors Distributors** -All prospective distributors must complete an application to the appropriate field business area. (Alcohol/Primary Data -1)

(2) **Evaluation of Potential Coors Distributors** - The prospect must complete an application to field business area. Field business area conducts an interview with the applicant. The interview is the last step of the evaluation process. (Alcohol/Primary Data -1)

(3) **Coors' Static Number of Distributors** - Coors has 590 distributors in US–

virtually the same number since Coors began. If a particular distributor wants to be a distributor for Coors or own another Coors distributorship, it has to purchase one that is selling out or retiring. Thus, the number of Coors distributorships in the US never goes above 590. (Alcohol/Primary Data-1)

ii. **Chemicals**

(1) **Degree of inspection is related to the degree of the hazard** - Manufacturers may pose a few questions over the phone. They may ask the distributor to fill out a questionnaire. They may require the distributor to go through an inspection. If the distributor also subscribes to Responsible Care and the product is not too bad, then the manufacturer will just take it as a given that the distributor is responsible for this particular type of chemical. (Chemicals/Primary Data-1)

(2) **Direct to Consumer** - In some cases there are chemicals that will not go through distributors but rather, will be distributed directly to the customer. This is what is expected under Responsible Care when the material is of an extreme hazard. For example - Ethylene oxide is a highly flammable explosive that was once used as a sterilizing agent for hospitals. Dow stopped selling this since there were so many accidents. When they did sell ethylene oxide, Dow used to qualify each customer with a direct visit to ensure they had appropriate transfer facilities, all the right safeguards, and that they knew what they were doing. (Chemicals/Primary Data-1)

iii. **Explosives**

(1) There are about six or seven major manufacturers of explosives in the US. They have a network of subsidiaries. These subsidiaries are wholly owned or 50-50 joint ventures. There are few independent distributors. (Explosives/Primary Data-1)

iv. **Fireworks**

(1) Dapkus will not send a price list to you unless you provide them your license number. (Fireworks/Primary Data-1)

v. **Scuba Diving**

(1) If there is a local area representative, he goes on site and verifies that a prospective dealer is reputable. Apollo asks for photos if they don't have a representative in the area and they verify with yellow page software (Scuba/Primary Data-1)

c. **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

i. **Alcohol**

(1) Coors does not have a trial period for new distributor relationships. A distributor either is or is not a Coors distributor (Alcohol/Primary Data-1)

5. **Management**

a. **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

i. **Alcohol**

(1) **Levels of distributorship** - Field service areas are a part of Coors that are in charge of distributorships. Field business areas know when there are problems Distributorships are in charge of local areas of retailers. Coors sales managers are present at the distributorships to tell distributors how to go about using Coors' programs. These managers will also train retailers to make sure they are aware of the programs and marketing practices associated with Coors products. (Alcohol/Primary Data-1)

(2) **Role Restrictions** - Suppliers cannot give anything of value to the retailers. They can give to wholesalers who will give to retailers. That's the way the law is designed. Very strict roles. Collaboration is primarily between wholesaler and

retailer. Alcohol beverage laws were created to protect the independence of the retailer and create more of a local presence. The lawmakers were very concerned about unpresent retailers and too much power of wholesaler/manufacturer. (Alcohol/Primary Data -2)

(3) **Strawman purchases** - The General Counsel of the Beer Institute believes outside law enforcement is required to stop strawman purchase. There are obvious things to look for but distributors alone cannot stop every straw transaction. In California, they have the "Shouldertap" Program- police stake out stores and watch for those types of straw purchases one at a time. However, it is tough to go that route. Especially when folks are getting alcohol through their families. (Alcohol/Primary Data-2)

ii. <u>Atv</u>

(1) **Train the trainer** -Dealers of Polaris ATVs must go through safety training because they will ultimately train the consumer. Salespeople must go through the owner's manual with the consumer. Salespeople must have each customer watch a safety video at the dealership. Salespeople must have the customer go through a demo ride to show the he can safely ride. If the consumer does not go through this aspect of safety training, he will not receive a warranty on his Polaris ATV (ATV/Primary Data -1)

(2) **Annual Meeting** - Polaris hosts and annual meeting to launch next year's models. All dealers go to seminars, one of which is safety. The safety seminar serves to reinforce what dealers are doing and why. (ATV/Primary Data -1)

iii. <u>Explosives</u>

(1) All manufacturers that belong to IME have policies that their distributors will not sell to someone they do not know. (Explosives/Primary Data-1)

iv. <u>Fireworks</u>

(1) According to the American Pyrotechnics Association, the reality of the industry is that there are a lot of small retailers out there with no clue what the regulations are. Very critical for the big guy to teach the little one (Fireworks/Primary Data- 3)

b. **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

i. <u>Alcohol</u>

(1) **Distributor Community Involvement** - <u>Adolph Coors encourage his distributors to join in the company's commitment to community responsibility</u>. In fact, leadership through community involvement is one of the criteria the company uses to evaluate distributor best practices. Its Distributor Standard explicitly states, "It is particularly important that distributor's avoid any activities that support or even appear to condone underage drinking, drunk driving or alcohol abuse" (Alcohol/Secondary Data-7: Web)

(a) **Effect:**

(i) Involving retailers in addressing alcohol issues in their communities allows them to become leaders in reducing such negative behaviors as drunk driving, over consumption, and underage drinking (Alcohol/Secondary Data-8: Web)

(2) **Training in Intervention Procedures for Servers of Alcohol (TIPS)** - Coors retailers who implement company point-of-sale materials and education programs have the opportunity to access <u>TIPS training</u> curriculum for alcohol servers. The TIPS program is designed to teach acceptable standards of practice for serving alcohol (Alcohol/Secondary Data-10: Web)

(a) **Effect**

(i) TIPS gives server and sellers of alcohol beverages skills for serving responsibly, including checking IDs, managing intoxication levels and reducing incidents of drunk driving (Alcohol/Secondary Data-10: Web)

(3) **Point-of-Sale Materials (21 Means 21 Materials, Legal Age Calendars and Pocket-Sized We I.D. Cards)** - 21 Means 21 materials discourage underage customers from attempting to purchase alcohol beverage. This means that not only should those under 21 wait until they turn 21 to consider drinking, but people older than 21 should not purchase alcohol for anyone who is underage (Alcohol/Secondary Data-9: Web); Legal age calendars: Coors also makes available to retailers a legal age calendar that helps cashiers easily determine the age of customers making an alcohol beverage purchase, thereby helping to eliminate underage sales and promoting legal responsible drinking (Alcohol/Secondary Data-9: Web); Pocket-sized WE I.D. laminated cards provide cashiers with a quick reference of what to look for a valid ID (Alcohol/Secondary Data-9: Web)

(4) **Brand-Specific Point of Sale Materials** - Coors provides T-shirts and point of sale materials for its distributors of Zima. The materials have messages such as "ID, PleaZe, " and "Adult HumanZ Only" (Alcohol/Primary Data -1)

(5) **Server Training (Guinness UDV initiatives)** - A server of alcoholic beverages has an important role to play in creating an environment that promotes the safe and responsible enjoyment of alcoholic beverages. Some server training initiatives that Diageo has been involved in include: Training for Intervention Procedures (TIPS) in the US (Alcohol/Secondary Data-18: Web)

(6) **Bar Code program** -This program is part of the multidimensional training program for restaurants managers provided by the National Restaurant Association's Educational Foundation. Its curriculum focuses on preventing alcohol abuse situations, including underage purchases. The course is available through various colleges and universities and state restaurant associations (Alcohol/Secondary Data-15: 2)

(7) **Good Sport Program** - Through communication, training, and management techniques, the "Good Sport" program helps stadium operators, team owners, and concessionaires prevent disruptive crowd behavior at stadium events, street festivals, concerts and other special events (Alcohol/Secondary Data-15:2)

(8) **Winners Drink Safely Campaign** - Coors provides wristbands for its distributors to give to arena/event management to pass out at concerts. This program is used primarily for events on college campuses (Alcohol/Secondary Data-1)

(9) **Techniques for Effective Alcohol Management Coalition (TEAM)** - In 1985, a group of concerned business executives and government officials came together and formed the TEAM Coalition to provide a safer, more enjoyable entertainment atmosphere, with more effective alcohol management in public assembly facilities and stronger highway safety issues concerning attendance to events (Alcohol/Secondary Data-15:3)

(10) **Training in Intervention Procedures for Servers of Alcohol (TIPS)** - Developed by Dr. Morris Chafetz, founding director of the National Institute on Alcohol Abuse and Alcoholism, TIPS trains servers and seller of alcohol beverages in techniques for serving alcohol responsibly by properly checking IDs, preventing drunk driving and avoiding other alcohol abuse situations. The industry is responsible for training nearly 250 servers per day in TIPS techniques throughout the year (Alcohol/Secondary Data-15:3)

(a) **Effects**

(i) In 1999, drinking among teens reached the lowest level ever recorded in this survey. The percentage of teens, ages 12 through 17, who report having a drink in the last 30 days is 53% lower in 2000 than it was in 1982 (Alcohol/Secondary Data-16:1)

(ii) In 2000, beer drinking among college freshmen reached the lowest level ever recorded in this survey. The percentage of college freshmen that say they drink beer frequently or occasionally is 34% lower in 2000 that it was in 1982 (Alcohol/Secondary Data-16:2)

(iii) Fatalities in drunk driving crashes decreased 37% from 1982 to 2000, despite fluctuations in the total number of traffic fatalities (Alcohol/Secondary Data-16:3)

(iv) Fatalities in crashes involving drunk teenage drivers (age 16-20) decreased 62% from 1982 to 2000 (Alcohol/Secondary Data-16:3)

(11) **Operation I.D. program** - This program provides a variety of materials to support retail establishments, including a driver's license identification guide with examples from all 50 states, snap-on plastic wristbands, and pocket-sized "WE I.D. cards" in an effort to end underage drinking (Alcohol/Secondary Data-15:3)

(12) **We I.D. Card** - This special, pocket-size information card contains tips for retail clerks and alcohol servers to better enforce the laws prohibiting underage purchases (Alcohol/Secondary Data-20: Web)

(13) **Training Courses for Licensed Beverage Servers** - NBWA sponsors and participate in many community-based efforts such as training courses for licensed beverage servers (Alcohol/Secondary Data-22: Web)

(14) **Annual Distributor Meetings** - Coors holds an annual 3-day conference for representatives from all distributorships. New marketing strategies, sales strategies are introduced. Any questions are answered. Coors reiterates the safety programs such as 21 means 21 at these meetings. (Alcohol/Primary Data-1)

(15) **Driver's License Guide Distribution** - Brewers distribute drivers license guides to wholesalers, to the police, or to the Beer Institute who represents the industry with law enforcement personnel at various events. (Alcohol/Primary Data-2)

ii. <u>Automobile</u>

(1) **Protecting Our Older Child Passengers Recommendations** - <u>Recommendation</u> # 3 Retailers should stock, display and promote the use of a full range of booster seat models (Automobile/Secondary Data-23:4)

(2) **Boost America!** - With this in mind, Ford Motor Company and 29 leading national organizations created Boost America!, a highway safety campaign designed to send the message to parents and children that booster seats are the safe and fun way to ride in a vehicle (Automobile/Secondary Data-9 :Web). Boost America! will increase booster seat usage through the distribution of one million booster seats, half through the United Way to needy families and half through vouchers distributed by participating Ford Motor Company dealers and Boost America! partners and other organizations. Ford has committed $3 million to partner with states and dealers to augment and expand state instructional and fitting station programs so parents and other caregivers better understand how to install and use all child safety seats.

(3) **Sesame Street Coloring Books** - Ford dealers have assisted in delivering the

safety message by making special "Sesame Street" coloring books available at their dealerships (Automobile/Secondary Data-10: Web)

(4) **Saturn "Seat Check" Program** - Saturn is sponsoring "seat check" events in conjunction with its UAW partners and the Safe Kids Coalition. Local Saturn retailers will offer free child safety seat checks to the public (Automobile/Secondary Data-12: Web)

(5) **Child Safety Awareness Day** - An annual event sponsored by participating American Honda dealerships, Child Safety Awareness Day gives parents and their kids the opportunity to learn about important safety topics in a fun and relaxed atmosphere. On Saturday, May 19, 2001, participating Honda dealers across the nation hosted the 4th Annual Child Safety Awareness Day (Automobile/Secondary Data-14: Web)(Automobile/Secondary Data-15: Web)

(6) **Fit for a Kid** - Daimler Chrysler opens its free Child Safety Seat Inspection Service To Every Child in America. Participating Fit for a Kid dealers will inspect your child safety seat at no charge. The service is now open at almost 400 participating Five Star DaimlerChrysler dealerships in 80 markets throughout the country with a total of 650 trained inspectors. Fit for a Kid will be available in 1,000 Five Star dealerships by the end of the year-creating the capacity to inspect an estimated 800,000 child safety seats a year. DaimlerChrysler created Fit for a Kid in the summer of 1999 with a pilot program in 51 dealers in four cities (Automobile/Secondary Data-18: 1-3)

(a) **Effects:**

(i) By making its Fit for a Kid child safety seat fitting stations available to every family in America, DaimlerChrysler will save countless children from needless injury and death (Automobile/Secondary Data-18:2)

(7) **Retrofits** - People who own a 1993 or newer Volkswagen or Audi that does not have the upper tether anchors and who wish to install a child restraint equipped with a top tether attachment in their vehicle are welcome to visit or call their respective local dealers to schedule the retrofits (Automobile/Secondary Data-20: Web)

(8) **Educational Programs** - Numerous dealer education programs are being initiated by vehicle manufacturers. NHTSA is also working cooperatively with the Emergency Nurses Association in a dealer education effort (Automobile/Secondary Data-22:2)

iii. <u>Atv</u>

(1) **Voluntary Action Plan filed with the CPSC** - Polaris has filed with the CPSC a Voluntary Action Plan under which Polaris undertook to continue various activities including age recommendations, dealer monitoring for ascertaining dealer compliance with safety obligations including age recommendations and training requirements, warning labels, point of purchase materials, hands on training and an information education effort (ATV/Secondary Data-4: 8) Polaris DSMs (dealer sales managers) work with dealers. Before dealer can sell his first unit, Polaris' sales reps, who are certified safety trainers, train the dealer/owner and anyone who will sell a Polaris ATV. They go over all safety issues. They talk about the warnings. They watch a video which they can take home with them. DSMs demonstrate safe ways to ride. Dealer's salespeople are required to go through this training because they will ultimately train the consumer (ATV/Primary Data -1)

(2) **Training** - Suzuki highly recommends that all riders get proper training by signing up for a training course. We will even pay for it. For safety and training

course information, see your local dealer or call the SVIA at 1-800-852-5344 (ATV/Secondary Data-11 :Web)

(3) **Recall of automatic transmission Eiger ATVs** - In cooperation with the U.S. Consumer Product Safety Commission, Suzuki Motor Corporation is conducting a voluntary recall of the 2002 model year Eiger ATVs with automatic transmission - models LT-A400K2 (two-wheel drive; MSRP $4399) and LT-A400FK2 (four-wheel drive; MSRP $5199) -sold from early September through mid-October, 2001. If you own one of the affected ATVs, your Suzuki dealer will call you to make an appointment to bring your ATV (ATV/Secondary Data-12: Web)

(4) **Recall of manual transmission Eiger ATVs** - In cooperation with the U.S. Consumer Product Safety Commission, Suzuki Motor Corporation is conducting a voluntary recall of the 2002 model year Eiger ATVs with manual transmission -models LT-F400K2 (two-wheel drive; MSRP $4199) and LT-F400FK2 (four-Wheel drive ; MSRP $4999) -sold from early September through mid-October, 2001. If you own one of the affected ATVs, call your Suzuki dealer today and make an appointment to have your ATV inspected and repaired. The inspection and repair will be performed at no cost to you for recall service parts or labor (ATV/Secondary Data-13: Web)

(5) **Training Course Information** - Arctic Cat recommends that all riders take a training course, and that they read and understand their owner's manual before operation. For safety or training information, see your dealer or call the ATV Safety Institute at 1-800-887-2887 (ATV/Secondary Data-15: Web)

(6) **Recall of ATVs products** - Cannondale Corp., of Bethel, Conn., is voluntarily recalling about 630 model year 2001 and 2002 All-Terrain Vehicles. The Cannondale "FX 400" and Cannondale "Cannibal" are four-wheeled all-terrain vehicles (ATV/Secondary Datas). Consumers should stop riding these ATVs and contact their local Cannondale dealer to schedule an appointment to have the ball joints and tie-rod assemblies replaced free of charge (ATV/Secondary Data-17: Web)

(7) **Training Course Information** - ATVs can be hazardous to operate. Beginning riders should receive instruction before they start riding. For safety and training course information, see your local dealer (ATV/Secondary Data-19: Web)

(8) **ATV Rider Course** - The training program is promoted through many of the distributors' communications with consumers, including vehicle labels, hang tags and other point-of-purchase materials, owner's manuals, a safety video and promotional advertisements in print and broadcast media (ATV/Secondary Data-22: Web)

(9) **Suzuki Binder** - All dealers every year get a dealer binder at the Suzuki Dealer convention (if they cannot go, it is mailed to them). The binder has different chapters on both motorcycles and ATVs. This is one way the dealers learn about how to communicate to customers and what is expected about communicating safety and responsibility. In addition to the binders, each dealer receives information on proper advertising practices with respect to safety. (ATV/Primary Data-2)

(10) **Dealer Training Video** - New dealers receive information about ATV age requirements through a video tape that is common to members of SVIA. The tape was produced jointly by member companies. Video goes through numerous scenarios to expect in dealerships. It explains how to resist pressure from customers who want dealers to sell the wrong size ATV for a child. (ATV/Primary Data -2)

(11) **Free Rider Training for Dealers** - Suzuki offers a free ½ day rider training course to dealers of ATVs so they can offer insight and make the training sound exciting to the customers as they have already gone through it. (ATV/Primary Data -2)

(12) **Point of Sale Materials** - All Suzuki customers receive a CD-ROM computer game, ATV Rally. ATV distributors made them with funding from the manufacturers. The game is geared toward kids. Has them go through maneuvering on a virtual ride. *Ride Safe Ride Smart* is a video that encourages customers to go to Rider Safety Training. Made through SVIA."Parents, Youngsters, and ATVs" is a book available at dealerships. All of these items are available at the dealerships. (ATV/Primary Data-2)

iv. <u>Chemicals</u>

(1) **BASF Corporation supports the Responsible Care initiative** (Chemical/Secondary Data-6: Web) - In 1988, the American Chemistry Council launched Responsible Care® to respond to public concerns about the manufacture and use of chemicals. Through Responsible Care®, member companies are committed to support a continuing effort to improve the industry's responsible management of chemicals. Responsible Care® is an obligation of membership in the American Chemistry Council, and requires member companies to (Chemical/Secondary Data-7: Web)

(a) Continually improve their health, safety and environmental performance (Chemical/Secondary Data-7: Web)

(b) Listen and respond to public concerns (Chemical/Secondary Data-7: Web)

(c) Assist each other to achieve optimum performance (Chemical/Secondary Data-7: Web)

(d) Report their goals and progress to the public (Chemical/Secondary Data-7: Web)

(2) **Responsible Care Guiding Principles** - Among the guiding principles of Responsible Care is:

(a) To work with customers, carriers, suppliers, distributors and contractors to foster the safe use, transport and disposal of chemicals (Chemical/Secondary Data-8: Web)

(3) **Communication of hazards** - The minimum legal requirement for a manufacturer is that MSDS (Material Safety Data Sheets) and labels are passed on. Manufacturer required to make those available to the distributors and the distributors must pass those on. Beyond that, manufacturers put together product brochures. They may ask distributors to share those with customers. (Chemicals/Primary Data-1)

v. <u>Explosives</u>

(1) **Misuse of Product Prevention Practices** - As manufacturers of explosive materials, we have a special interest in doing everything possible to prevent the misuse of our products. <u>Our industry promotes the safe storage of explosives and licensing of all purchasers</u>, in order to keep industrial explosives out of the hands of terrorists (Explosives/Secondary Data-6: Web)

(2) **Information and Training** - Orica Explosives' commitment is to provide appropriate information and/or training on the sale, use and disposal of its products to their customers and consumers (Explosives/Secondary Data-4: Web)

(3) **International Society of Explosives Engineers Training** - International Society of Explosives Engineers has training programs for blasters and distributors. They have video tapes and workshops. Some companies may

require that their distributors take these training courses. (Explosives/Primary Data - 1)

(4) **IME Safety Library Publications** - The Institute for Makers of Explosives produces a series of Safety Library Publications for distributors. Recommendations are published in these booklets. The IME prescribes specifics for storage, security, transportation, site handling, and use. (Explosives/Primary Data-1)

(5) **Tracking Numbers** - 25 years ago, IME made a regulation that all explosives would have a code on them so they could be tracked. Adopted in federal regulation. The federal code is required on all products made by each US manufacturer. For the past three years, imports have been on the increase, particularly from South America, China, and Spain. These products have no numbers. Through the IME, the manufacturers petitioned the government to change the regulation so all products in the US would have to be traced no matter where they came from. Not heavily resisted but it has not been easy to get ATF to change the rule. (Explosives/Primary Data-1)

vi. **Fireworks**

(1) **Safety Guidelines** - Each season, safety guidelines on bags or sacks, safety handouts, buttons, stickers, and posters to distribute to consumers, are provided to firework vendors throughout the state for distribution to consumers. Licensed retailers are assigned responsibility to encourage consumers to follow these basic safety guidelines (Fireworks/Secondary Data-10: Web)

(a) Find out what fireworks, if any, can be legally used in your area (Fireworks/Secondary Data-10: Web)

(b) Buy fireworks only from licensed retail outlets.

(c) Don't buy fireworks that do not have a safety label on either the product or package (Fireworks/Secondary Data-10: Web)

(d) Before you enjoy fireworks, get permission from the property owner (Fireworks/Secondary Data-10: Web)

(e) Close adult supervision is always recommended.

(f) Read and follow label directions carefully (Fireworks/Secondary Data-10: Web)

(g) Use fireworks outdoors, on a flat surface away from dry grass and buildings (Fireworks/Secondary Data-10: Web)

(h) Keep a bucket of water, wet towels, and a garden hose nearby (Fireworks/Secondary Data-10: Web)

(i) Light one firework at a time, then move back quickly.

(j) Never shoot fireworks from metal or glass containers.

(k) Never carry fireworks in your pocket (Fireworks/Secondary Data-10: Web)

(l) Never point or throw fireworks at people or animals.

(m) Never experiment with homemade or illegal fireworks.

(n) Don't re-ignite malfunctioning fireworks (Fireworks/Secondary Data-10: Web)

(o) Store fireworks in a cool, dry place (Fireworks/Secondary Data-10: Web)

(p) Dispose of fireworks safely (Fireworks/Secondary Data-10: Web)

(2) **Recalls** - TPA voluntarily removed stick rockets and missiles with fins and rudders, even though these items traditionally comprised 40% of all retail sales (Fireworks/Secondary Data-10: Web)

(3) **Annual Training** - Companies often have spring or annual training for distributors and employees. (Fireworks/Primary Data-3) Anyone who sells J.G.

Dapkus products has to go to an 8-hour seminar at their headquarters in CT. They demonstrate all of the products. They have lesson plans. They bring in a state fire marshal who goes over laws. They go over how to use and how to sell. They do some role playing. They will give each participant a product and ask him how he would sell and explain it to a consumer. That is the final test at the end of the day. (Fireworks/Primary Data-1)

(4) **Point of Sale Materials** - Point of Sale materials are often distributed from the American Pyrotechnics Association to member companies to provide to distributors. (Fireworks/Primary Data-3) Pamphlets from APA (American Pyrotechnics Association) and the National Council on Fireworks Safety given for every sale by J.G.Dapkus. Given to distribute to customers. Not everyone will remember what was said at the seminar so these are reminders.(Fireworks/Primary Data-1)

(5) **APA Recommendation** - The American Pyrotechnics Association encourages the We Card Program. They encourage dealers to post signs that state the legal age. Distributors make their own signs. (Fireworks/Primary Data-3)

(6) **Brochures** - Patriotic Fireworks has safety brochures available at their headquarters where buyers may pick up fireworks. If a price list is requested, they may send a safety brochure with it. The safety brochures state all common sense things. (Fireworks/Primary Data-2)

(7) **Advice to dealers** - J. G. Dapkus tells its dealers to treat fireworks no differently than they would liquor or cigarettes. No ID. No sale. Go with gut is the message they give. Everyone is liable.(Fireworks/Primary Data-1)

(8) **Training**- Patriotic Fireworks has no independent distributor training of its own but refers people to the American Pyrotechnic Association. (Fireworks/Primary Data-2)

(9) **Storage Guidelines** - On behalf of its members, the APA is in the process of creating guidelines for how fireworks are to be displayed and stored in distributors' facilities. (Fireworks/Primary Data-3)

vii. <u>Pesticides</u>

(1) **Responsible supply of products** - Its mission include to advocate responsible development, manufacture, supply, use and final disposal of our industry's products (Pesticides/Secondary Data-9: Web)

(2) **Responsible Care** - Responsible Care is a voluntary initiative within the global chemical industry to safely handle our products from inception in the research laboratory, through manufacture and distribution, to ultimate disposal, and to involve the public in our decision-making processes (Pesticides/Secondary Data-6: Web)

(3) **Product packaging and delivery systems improvement** - The member companies of CropLife America are dedicated to safety, protecting the environment and serving people through science in agriculture (Pesticides/Secondary Data-8: Web). Among their activities are:

(a) Improve product packaging and delivery systems to minimize both applicator exposure and environmental impact (Pesticides/Secondary Data-8: Web)

viii. <u>Pharmaceutical</u>

(1) **Continuing Education** - Abbot laboratories is stepping up its efforts to help doctors and pharmacists deal with the illicit drug seeker "We are committed to supporting continuing education aimed at awareness of illicit drug use" (Pharma/Secondary Data-9: Web)

(2) **Healthcare Professional Education** - These non-promotional educational programs, led by renowned faculty, teach healthcare professionals how to

properly assess and treat patients suffering from real pain and how to recognize and reduce diversion of prescription drugs by drug traffickers and abusers (Pharma/Secondary Data-14: Web)

(3) **Abuse and diversion brochures** - provide valuable information on how healthcare professionals can recognize and help prevent abuse and diversion of prescription medicines (Pharma/Secondary Data-14: Web)

(4) **Tamper-Resistant Prescription Pads** - Tamper-resistant prescription pads are being offered by Purdue Pharma to physicians at no cost in states with the highest reported incidence of drug diversion. The pads have several security features intended to thwart common types of prescription fraud (Pharma/Secondary Data-14: Web)

(5) **Opioid Documentation Kits / Medical Guidelines** - Purdue Pharma had been providing physicians with important information about the proper prescribing of opioid analgesics. Purdue Pharma representatives have distributed opioid therapy documentation kits since 1997 as well as hundreds of thousands of copies of guidelines on the proper use of controlled substances published by the Federation of State Medical Boards, the American Pain Society, and numerous state health agencies. These materials emphasize the need to properly evaluate patients, help teach physicians about proper documentation, and alert healthcare professionals to the possibilities of abuse and diversion (Pharma/Secondary Data-14: Web)

ix. **Scuba Diving**

(1) **Recalls and Replacement Programs** - All these gear manufacturers (U.S. Divers, Poseidon Industries, UnderSea Industries, Trident, Trelleborg Viking and Sea Quest), in cooperation with US Consumer Product Safety Commission, implemented voluntary recall and replacement programs aimed at their authorized dealers and consumers (Scuba/Secondary Data-6: Web)

(2) **Training** - Most scuba manufacturers offer both marketing and technical training to dealers. They address how to sell, how to repair and how to maintain. Diving equipment manufacturers have an annual trade show. Some companies have regional seminars. Invite dealers in for one-two days and talk about safety issues. (Scuba/Primary Data-1)

(3) **Voluntary Corrective Action Program** - Sea Quest, Inc., went further in their voluntary recall effort, implementing, in cooperation with US CPSC, Voluntary Corrective Action Program that included the following steps (Scuba/Secondary Data-7: Web)

(a) Important safety notice about scuba regulator hazards mailed to all Sea Quest dealers and instructors that used Sea Quest scuba regulators. The company requested the dealers to prominently display the notice in their dive shops (Scuba/Secondary Data-7: Web)

(b) Recall Rework Kit, Spectrum Scuba Regulator Field Rework Report, and a Technical Bulletin mailed to all Sea Quest dealers (Scuba/Secondary Data-7: Web)

(c) **Effect**

(i) More than 3500 scuba regulators were recalled or reworked. Manufacturer of the imported rubber parts of potentially hazardous scuba regulators re-designed the product, as requested. After the Voluntary Protective program launch in 1994, the US CPSC was satisfied with its progress and officially notified Sea Quest Inc. about closing the investigation (Scuba/Secondary Data-7: Web)

x. **Tobacco**

(1) **Action Against Access** - In June of 1995, Philip Morris U.S.A. launched Action Against Access, a voluntary, comprehensive initiative designed to help prevent youth access to cigarettes. The objective was to foster an environment where cigarette purchases are possible only after proof-o-age has been verified in person (Tobacco/Secondary Data-29: Web) (IT CAN ALSO BE PROGRAMS AND STRATEGIES)

(2) **Advertising Campaign** - In 1999, U.S. Smokeless Tobacco Company began an advertising campaign directed at tobacco retailers featuring the Age of Purchase Icon. We take great pride in this campaign. The campaign tells retailers exactly where we stand - our products are intended for adults only. We say it, we print it, we mean it, and it's not open for interpretation (Tobacco/Secondary Data-35: Web)

(3) **Self-Service Sales of Cigarettes** - Reynolds Tobacco encourages general retail outlets – such as drug stores, convenience stores or grocery stores – to use cigarette displays that allow adult smokers to view the product but do not permit direct consumer access to the product. This can be accomplished by using displays outfitted with clear plastic shields on the front counter. In general retail outlets, our company pays retailers equally for merchandising our brands on the service counter near the cash register – the most secure and well-supervised area of a store – or for non-self-service space on the back bar directly behind the counter. In stores that sell only tobacco products, we offer retailers an incentive to display our brands in ways that are accessible to the stores' adult clientele (Tobacco/Secondary Data-25: Web) (THIS CAN ALSO FALL UNDER MOTIVATION AND CONTROL SYSTEMS)

(4) **Youth Non-Smoking Programs** (General Approach)

(a) Our programs are designed to reach middle and junior-high school students, retailers, and parents who wish to talk to their children about not smoking (Tobacco/Secondary Data-24: Web).

(b) Currently, across the country, the various programs have reached more than 90% of public middle and junior-high schools, 275,000 retailers, and thousands of parents (Tobacco/Secondary Data-27: Web)

(5) **Support the Law... It Works** - R. J. Reynolds Tobacco Company developed in 1992 a comprehensive retail access control program called "Support the Law...It Works" to help retailers and their employees comply with the minimum-age laws. It provided a number of items for use by retailers, including a videotape and brochure to train salespeople and store signage to remind customers that the retailer will not sell tobacco products to underage people. More than 70,000 stores received "Support the Law" materials or information (Tobacco/Secondary Data-24: Web)

(6) **We Card Program** - In 1995, R.J. Reynolds Tobacco Company joined with the Coalition for Responsible Tobacco Retailing to introduce the "We Card" program (Tobacco/Secondary Data-24: Web)

(7) **Youth Smoking Prevention Program (YSPP)** - The YSPP takes a three-pronged approach, targeting not only kids and their parents but also access to tobacco products at the retail level (Tobacco/Secondary Data-33: Web)

(8) **Age of Purchase Icon** - U.S. Smokeless Tobacco Company created the Age of Purchase Icon proclaiming our policy – Not for sale to minors. The Company voluntarily places this icon on print and point of sale ads for its smokeless tobacco products, as well as on millions of pieces of direct mail to adult consumers (Tobacco/Secondary Data-35: Web)

(9) **In-store Training** - We provide a detailed Employee Guide and training video. The guide and video include such useful information as (Tobacco/Secondary

Data-26: Web)

(a) How to ask for ID (Tobacco/Secondary Data-20: Web)
(b) How to say "No!" (Tobacco/Secondary Data-20: Web)
(c) How to spot fake IDs (Tobacco/Secondary Data-20: Web)
(d) State law information (Tobacco/Secondary Data-20: Web)
(e) Federal regulations (Tobacco/Secondary Data-20: Web)

(10) **Training Seminars** - The "We Card" program has held hundreds of sessions and has trained literally tens of thousands of retailers across America. The Coalition has intensified its efforts to reach even more retailers. In these sessions, a professional trainer teaches tested techniques that clerks can use to reject attempts to buy tobacco illegally. In addition, attenders receive "We Card" materials that will help store owners/managers teach their employees (Tobacco/Secondary Data-20: Web)

(11) **In-store Signage** - Retailers receive door and window decals, counter signs, employee pins, minimum-age calendars, and hand-outs for customers who have questions about the state law (Tobacco/Secondary Data-20: Web)

(a) **Effect:**

(i) The Coalition for Responsible Tobacco Retailing believes heightened awareness, more intensive training, and uniform retail policies will improve compliance with minimum-age laws. They believe that sales clerks who are aware of their state's minimum-age laws and store policy and who have received intensive training are better equipped to reject attempted purchases by minors (Tobacco/Secondary Data-19: Web)

(ii) "We've had several consumer affairs audits and we've passed a lot of them - a lot more than we used to pass. That tells me we are getting results. For the most part, we seem to have raised awareness." said Lowell Rader, District Manager for Duane Reade, an 80-store drug chain in Manhattan (Tobacco/Secondary Data-21: Web)

(iii) A study by the California State University found that when retailers asked for age identification, underage customers were refused the sale 99 percent of the time. The study concluded that success in preventing sales to minors can be improved by enhancing efforts to increase merchants' requests for identification (Tobacco/Secondary Data-22: Web)

(iv) A study investigating underage tobacco conducted by the University of Idaho for the Idaho Department of Health reflects directly on the impact of the "We Card" program. In this study, retailers using "We Card" materials were measured as a group against retailers using other types of materials, or no materials at all. The major findings of the study in relation to "We Card" are as follows (Tobacco/Secondary Data-22: Web):

1) The violation rate among retailers using "We Card" materials was 7.22 percent, while the violation rate of the control group was 16.96 percent (Tobacco/Secondary Data-22: Web)

2) Outlets displaying "We Card" materials were 12.9 times more likely to ask for identification than not as compared to those not displaying "We Card"

materials, which were only 4.9 times more likely to ask for identification (Tobacco/Secondary Data-22: Web)

(v) A study conducted for the Wyoming Department of Health found that violations by retailers decreased from 42 percent in 1996 to 33.4 percent in 1997 (Tobacco/Secondary Data-22: Web)

(vi) New York Attorney General Dennis Vacco has said that compliance checks by his office found that retailers not using "We Card" sold tobacco to minors 35 percent of the time, versus 25 percent sold by retailers using "We Card" (Tobacco/Secondary Data-22: Web)

(vii) In Alabama, Sergeant John Roberts of the Alabama Alcoholic Beverage Control board credited "We Card" training for helping to decrease the percentage rate for tobacco sales to minors from 25.1 percent to 18 percent (Tobacco/Secondary Data-22: Web)

c. **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

i. Alcohol

(1) **Being an Alcohol Responsible Server (BARS)** - BARS is an incentive based "secret shopper" program. It helps retailer of alcohol beverages manage the underage drinking issue by ensuring that their sellers/servers are vigilant about checking identification of customers who appear to be under the legal purchase age (Alcohol/Secondary Data-11: Web). Coors gives bar employees prizes as incentives through the BARS program. Coors actually had to get permission from the state to be able to fund this due to legal restrictions on relationships between manufacturers and retailers in the alcohol industry (Alcohol/Primary Data -2)

(2) **Customer Service Hotline** - Coors has a 1-800 number for consumers to call about all concerns. If a customer calls to report that a retailer has sold beer to an underage buyer, the customer service representative will record the information and pass it along (Alcohol/Secondary Data -1)

ii. Atv

(1) **CPSC Monitoring** - The CPSC (Consumer Product Safety Commission) randomly monitors consumers to make sure they went through the safety program. CPSC notifies Polaris if there is a problem dealer. Polaris will then address the situation and tell the dealer he is on probation. The dealer must respond to the claim within a specified period of time to explain why training/etc. was not offered to this consumer (ATV/Secondary Data -1)

(2) **Mystery shoppers** - Both Suzuki and the CPSC perform undercover dealer surveys in which they send undercover shoppers posing as parents trying to buy an ATV for a child. The dealer must find out the age of the child and make the correct recommendation. Punishment and rewards are provided based on the results of these mystery shops. (ATV/Primary Data -2)

(3) **Rider Safety Monitoring** - Suzuki monitors % of customers per dealership who go through ½ day Rider Safety training (ATV/Primary Data-2)

iii. Chemicals

(1) **Distributors' Practices Reviews** - Commensurate with product risk, Bayer Corporation works with and periodically reviews distributors' practices to foster proper product use, handling, recycling and disposal and transmittal of

appropriate product information to downstream users (Chemical/Secondary Data-11: Web)

(2) **Uncertainty regarding incentive programs** - One ACC representative does not know of any formal incentive programs for safe practices in the industry. Expectation is that these things would be monitored. Qualifying a distributor to receive a product should be ongoing. Manufacturers will repeat the initial investigation at particular intervals to make sure the distributor is still meeting the requirements. (Chemicals/Primary Data-1)

iv. <u>Explosives</u>

(1) **Facility Checks** - The manufacturers may inspect the distributor's facilities even though it is not required in the law. (Explosives/Primary Data-1)

v. <u>Fireworks</u>

(1) **Inability to Monitor Safe Distribution Practices** - Patriotic Fireworks cannot watchdog everyone. That is like asking the local pharmacist to make sure people don't overdose on aspirin. They cannot police any more than that. They can advise against improper use but they have absolutely no control over it. (Fireworks/Primary Data-2)

(2) **No Monitoring** - J.G. Dapkus does not have systems in place to monitor distribution practices after the products are sold to the dealers. (Fireworks/Primary Data-1)

vi. <u>Scuba Diving</u>

(1) **Dealer Monitoring** - Apollo verifies the company is on the same page as its dealers through phone calls and on-site visits. At an on-site visit, Apollo representatives check out physical layout of the store and how they are doing. They are not really checking up on safety though (Scuba/Primary Data, Apollo)

(2) **Self-regulating industry** - Customers report unauthorized dealers to the manufacturer because the relationship is so strong. An authorized dealer will report unauthorized dealers as well. They police each other. Authorized dealers are vigilant and they will report unauthorized dealers to the manufacturer. They aren't required to do so but that's just the nature of the relationship they have. (Scuba/Primary Data- Apollo)

(3) **No safety incentive programs** - Apollo Sports has no incentive programs that rewards/punishes dealers for safe/unsafe practices (Scuba/Primary Data-1)

vii. <u>Tobacco</u>

(1) **Self-Service Sales of Cigarettes** - Reynolds Tobacco encourages general retail outlets – such as drug stores, convenience stores or grocery stores – to use cigarette displays that allow adult smokers to view the product but do not permit direct consumer access to the product. This can be accomplished by using displays outfitted with clear plastic shields on the front counter. In general retail outlets, <u>our company pays retailers equally</u> for merchandising our brands on the service counter near the cash register – the most secure and well-supervised area of a store – or for non-self-service space on the back bar directly behind the counter. In stores that sell only tobacco products, <u>we offer retailers an incentive to display our brands</u> in ways that are accessible to the stores' adult clientele (Tobacco/Secondary Data-25: Web)

(2) **Merchandising Benefits Denial** - Philip Morris U.S.A. denies merchandising benefits on an incremental basis to retailers who are fined or convicted of violating the state law against selling cigarettes to minors. To date, we have taken action with regard to 1,214 convictions and implemented 138 suspensions of merchandising benefits (Tobacco/Secondary Data-28: Web)

(3) **Self-Service Displays Supervised by Clerk** - If a retailer chooses to maintain self-service displays, the Philip Morris USA Retail Leaders program requires

that such displays be within the line-of-sight of, and therefore supervised by, a clerk. Philip Morris's highest merchandising payments are equally available to retailers who merchandise behind the counter (Tobacco/Secondary Data-28: Web)

(4) **Non-Self Service Display** - We support decisions by retailers to merchandise cigarettes from behind the sales counter or from non-self-service displays. Since 1999, this option was included in Philip Morris USA's Retail Leaders trade merchandising program. In fact, we offer a non-self service display that allows for easy stocking and display of cigarettes from behind the sales counter, out of reach of all customers (Tobacco/Secondary Data-28: Web)

d. **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements to achieve safeguard responsibilities and performance goals.

i. <u>Alcohol</u>

(1) **Rules Regarding Distribution Conflicts at Coors** -Distributor takes care of retailer if there are problems at that level. Retailers must work out issues with distributors. If they cannot, they are not allowed to go through other distributorships. That's the rule. The field business area will step in to investigate (Alcohol/Primary Data -1)

ii. <u>Chemicals</u>

(1) The way the Responsible Care code is written is that you can't just terminate relationships, you want to correct the problem. However, it is always possible to terminate relationship between manufacturers and distributors. (Chemicals/Primary Data-1)

e. **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

i. <u>Alcohol</u>

(1) **Coors Management Presence at Distributorships** -There are Coors sales managers at each distributorship. There is one sales manager for each of 6 separate field business areas. Each field business area covers 6-7 states. (Alcohol/Primary Data -1)

ii. <u>Atv</u>

(1) **ATV Discount Program** - Suzuki makes ATVs available to dealers to lend to safety courses at a discount. These ATVs are available to people who may not be able to bring their own ATVs to the safety course. The dealer can take back after the ATV after a year and sell as a used machine. This process is highly profitable for the dealer and it encourages them to form relationships with the area safety training courses. (ATV/Primary Data -2)

iii. <u>Chemicals</u>

(1) **Industrial hygiene services** - Manufacturer will often pay for this for direct customers. They may sometimes do this for distributors as well. This is done in the case of high hazard material, particularly when used in industries where the end product is rather innocuous so users may not understand the dangers of the intermediates. (Chemicals/Primary Data-1)

6. **Modification/Termination**

a. **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

i. <u>Atv</u>

(1) **Probation** - If the CPSA has identified a distributor as a dealer that did not offer safety training to a consumer, the dealer is placed on probation by Polaris. Probation means that nothing changes but if another situation occurs in a year, Polaris has the right to terminate the relationship with the dealer. (ATV/Secondary Data -1)

ii. **Chemicals**

(1) The way the Responsible Care code is written is that you can't just terminate relationships, you want to correct the problem. However, it is always possible to terminate relationship between manufacturers and distributors. (Chemicals/Primary Data-1)

b. **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

i. **Atv**

(1) Termination is potential punishment that is based on monitoring through the secret shopper program. (ATV/Primary Data -2)

ii. **Explosives**

(1) ATF inspects distributor's books. If a manufacturer suspects irregularities, the company can refuse to sell to the distributor. (Explosives/Primary Data-1)

iii. **Tobacco**

(1) **Gray market cigarettes** - Reynolds Tobacco has sued a number of wholesalers and retailers of gray market cigarettes, and they will continue to vigorously work with law enforcement to stop the distribution and sale of gray market cigarettes (Tobacco/Secondary Data-26: Web)

SAFEGUARDS AND STANDARDS OF CARE FOUND IN OTHER INDUSTRIES: ORGANIZED BY INDUSTRY

7. **General approach**: Manufacturers and industry associations have employed a variety of product distribution mechanisms that recognize and attempt to deal with inherent dangers ... these include franchising to insure control over retail sales, distribution contracts, promulgation of safe sales practices at retail, industry wide distribution enforcement mechanisms (98: 3710)
8. **Alcohol Industry**
   a. **Manufacturers**
      i. **Adolph Coors**: Its principal holding, Coors Brewing, is the third-largest brewer in the US (after Anheuser-Busch and Philip Morris' Miller Brewing) (Alcohol/Secondary Data-6: Web)
         (1) **Distributor Community Involvement** - Adolph Coors encourage his distributors to join in the company's commitment to community responsibility. In fact, leadership through community involvement is one of the criteria the company uses to evaluate distributor best practices. Its Distributor Standard explicitly states, "It is particularly important that distributor's avoid any activities that support or even appear to condone underage drinking, drunk driving or alcohol abuse" (Alcohol/Secondary Data-7: Web)
            (a) **Effect:**
               (i) Involving retailers in addressing alcohol issues in their communities allows them to become leaders in reducing such negative behaviors as drunk driving, over consumption, and underage drinking (Alcohol/Secondary Data-8: Web)
         (2) **Training in Intervention Procedures for Servers of Alcohol (TIPS)** - Coors retailers who implement company point-of-sale materials and education programs have the opportunity to access TIPS training curriculum for alcohol servers. The TIPS program is designed to teach acceptable standards of practice for serving alcohol (Alcohol/Secondary Data-10: Web)
            (a) **Effect**
               (i) TIPS gives server and sellers of alcohol beverages skills for serving responsibly, including checking IDs, managing intoxication levels and reducing incidents of drunk driving (Alcohol/Secondary Data-10: Web)
         (3) **Point-of-Sale Materials (21 Means 21 Materials, Legal Age Calendars and Pocket-Sized We I.D. Cards)** - 21 Means 21 materials discourage underage customers from attempting to purchase alcohol beverage. This means that not only should those under 21 wait until they turn 21 to consider drinking, but people older than 21 should not purchase alcohol for anyone who is underage (Alcohol/Secondary Data-9: Web); Legal age calendars: Coors also makes available to retailers a legal age calendar that helps cashiers easily determine the age of customers making an alcohol beverage purchase, thereby helping to eliminate underage sales and promoting legal responsible drinking (Alcohol/Secondary Data-9: Web); Pocket-sized WE I.D. laminated cards provide cashiers with a quick reference of what to look for a valid ID (Alcohol/Secondary Data-9: Web)
         (4) **Being an Alcohol Responsible Server (BARS)** - BARS is an incentive based "secret shopper" program. It helps retailer of alcohol beverages manage the underage drinking issue by ensuring that their sellers/servers are vigilant about checking identification of customers who appear to be under the legal purchase age (Alcohol/Secondary Data-11: Web). Coors gives bar employees prizes as incentives through the BARS program. Coors actually had to get permission

from the state to be able to fund this due to legal restrictions on relationships between manufacturers and retailers in the alcohol industry (Alcohol/Primary Data -2)

(5) **Requirements for Becoming a Coors Distributor** - Adolph Coors requires that all potential distributors obtain all state and federal permits and that they act in accordance with the Coors Distributorship agreement. Coors prefers that potential distributors have beverage experience and requires that the applicant be able to actively manage the distributorship including day-to-day operations (Alcohol/Primary Data -1)

(6) **Evaluation of Potential Coors Distributors** - The prospect must complete an application to field business area. Field business area conducts an interview with the applicant. The interview is the last step of the evaluation process. (Alcohol/Primary Data -1)

(7) **Coors' Static Number of Distributors** - Coors has 590 distributors in US– virtually the same number since Coors began. If a particular distributor wants to be a distributor for Coors or own another Coors distributorship, it has to purchase one that is selling out or retiring. Thus, the number of Coors distributorships in the US never goes above 590. (Alcohol/Primary Data-1)

(8) **No Relationship Trial Period** - Coors does not have a trial period for new distributor relationships. A distributor either is or is not a Coors distributor (Alcohol/Primary Data-1)

(9) **Levels of distributorship** - Field service areas are a part of Coors that are in charge of distributorships. Field business areas know when there are problems Distributorships are in charge of local areas of retailers. Coors sales managers are present at the distributorships to tell distributors how to go about using Coors' programs. These managers will also train retailers to make sure they are aware of the programs and marketing practices associated with Coors products. (Alcohol/Primary Data-1)

(10) **Brand-Specific Point of Sale Materials** - Coors provides T-shirts and point of sale materials for its distributors of Zima. The materials have messages such as "ID, PleaZe, " and "Adult HumanZ Only" (Alcohol/Primary Data -1)

(11) **Winners Drink Safely Campaign** - Coors provides wristbands for its distributors to give to arena/event management to pass out at concerts. This program is used primarily for events on college campuses (Alcohol/Secondary Data - 1)

(12) **Annual Distributor Meetings** - Coors holds an annual 3-day conference for representatives from all distributorships. New marketing strategies, sales strategies are introduced. Any questions are answered. Coors reiterates the safety programs such as 21 means 21 at these meetings. (Alcohol/Primary Data - 1)

(13) **Customer Service Hotline** - Coors has a 1-800 number for consumers to call about all concerns. If a customer calls to report that a retailer has sold beer to an underage buyer, the customer service representative will record the information and pass it along (Alcohol/Primary Data -1)

(14) **Rules Regarding Distribution Conflicts at Coors** -Distributor takes care of retailer if there are problems at that level. Retailers must work out issues with distributors. If they cannot, they are not allowed to go through other distributorships. That's the rule. The field business area will step in to investigate (Alcohol/Primary Data -1)

(15) **Coors Management Presence at Distributorships** -There are Coors sales managers at each distributorship. There is one sales manager for each of 6 separate field business areas. Each field business area covers 6-7 states.

(Alcohol/Primary Data -1)

ii. **Diageo PLC**: Diageo is one of the world's leading consumer goods companies. Formed in December 1997 through the merger of GrandMet and Guinness, Diageo has an outstanding portfolio of world-famous food and drinks brands including Smirnoff, Johnnie Walker, J&B, Gordon's, Malibu, Baileys, Guinness and Tanqueray. In July 2000, Diageo announced it's strategic intent to focus on growing its beverage alcohol business. At that time, the company agreed to combine its Pillsbury food business with General Mills, and to work towards a partial flotation of Burger King (Alcohol/Secondary Data-17: Web)

(1) **Server Training (Guinness UDV initiatives)** - A server of alcoholic beverages has an important role to play in creating an environment that promotes the safe and responsible enjoyment of alcoholic beverages. Some server training initiatives that Diageo has been involved in include: Training for Intervention Procedures (TIPS) in the US (Alcohol/Secondary Data-18: Web)

b. **Trade Associations**

i. **The Beer Institute**: It was organized in 1986 to represent the industry before Congress, state legislatures and public forums across the country. It is committed to developing sound public policy that focuses on community involvement and personal responsibility (Alcohol/Secondary Data-12: Web). Beer Institute is the leading source for research and information in the brewing industry. Working with brewers, suppliers, consultants and others, Beer Institute provides data and analyses on such matters as taxation, agricultural product supplies, domestic and export sales, trends in per capita consumption and advertising expenditures, and various social indicators as well (Alcohol/Secondary Data-13: Web). Members of the Beer Institute are domestic and International brewers among others (Alcohol/Secondary Data-14: Web)

(1) **Bar Code program** -This program is part of the multidimensional training program for restaurants managers provided by the National Restaurant Association's Educational Foundation. Its curriculum focuses on preventing alcohol abuse situations, including underage purchases. The course is available through various colleges and universities and state restaurant associations (Alcohol/Secondary Data-15:2)

(2) **Good Sport Program** - Through communication, training, and management techniques, the "Good Sport" program helps stadium operators, team owners, and concessionaires prevent disruptive crowd behavior at stadium events, street festivals, concerts and other special events (Alcohol/Secondary Data-15:2)

(3) **Techniques for Effective Alcohol Management Coalition (TEAM)** - In 1985, a group of concerned business executives and government officials came together and formed the TEAM Coalition to provide a safer, more enjoyable entertainment atmosphere, with more effective alcohol management in public assembly facilities and stronger highway safety issues concerning attendance to events (Alcohol/Secondary Data-15:3)

(4) **Training in Intervention Procedures for Servers of Alcohol (TIPS)** - Developed by Dr. Morris Chafetz, founding director of the National Institute on Alcohol Abuse and Alcoholism, TIPS trains servers and seller of alcohol beverages in techniques for serving alcohol responsibly by properly checking IDs, preventing drunk driving and avoiding other alcohol abuse situations. The industry is responsible for training nearly 250 servers per day in TIPS techniques throughout the year (Alcohol/Secondary Data-15:3)

(a) **Effects**

(i) In 1999, drinking among teens reached the lowest level ever recorded in this survey. The percentage of teens, ages 12 through 17, who report having a drink in the last 30 days is

53% lower in 2000 than it was in 1982 (Alcohol/Secondary Data-16:1)

(ii) In 2000, beer drinking among college freshmen reached the lowest level ever recorded in this survey. The percentage of college freshmen that say they drink beer frequently or occasionally is 34% lower in 2000 that it was in 1982 (Alcohol/Secondary Data-16:2)

(iii) Fatalities in drunk driving crashes decreased 37% from 1982 to 2000, despite fluctuations in the total number of traffic fatalities (Alcohol/Secondary Data-16:3)

(iv) Fatalities in crashes involving drunk teenage drivers (age 16-20) decreased 62% from 1982 to 2000 (Alcohol/Secondary Data-16:3)

(v) **Operation I.D. program** - This program provides a variety of materials to support retail establishments, including a driver's license identification guide with examples from all 50 states, snap-on plastic wristbands, and pocket-sized "WE I.D. cards" in an effort to end underage drinking (Alcohol/Secondary Data-15:3)

(5) **Being an Alcohol Responsible Server (BARS)** - BARS is a "secret shopper" program that helps keep servers and sellers vigilant about checking IDS. Participating establishments pay the BARS program to be monitored by BARS checkers (usually ages 21 to 25), who make random visits to their stores and purchase alcohol beverages (Alcohol/Secondary Data-15:2)

(6) **Role Restrictions** - Suppliers cannot give anything of value to the retailers. They can give to wholesalers who will give to retailers. That's the way the law is designed. Very strict roles. Collaboration is primarily between wholesaler and retailer. Alcohol beverage laws were created to protect the independence of the retailer and create more of a local presence. The lawmakers were very concerned about unpresent retailers and too much power of wholesaler/manufacturer. (Alcohol/Primary Data -2)

(7) **Strawman purchases** - The General Counsel of the Beer Institute believes outside law enforcement is required to stop strawman purchase. There are obvious things to look for but distributors alone cannot stop every straw transaction. In California, they have the "Shouldertap" Program- police stake out stores and watch for those types of straw purchases one at a time. However, it is tough to go that route. Especially when folks are getting alcohol through their families. (Alcohol/Primary Data-2)

(8) **Driver's License Guide Distribution** - Brewers distribute drivers license guides to wholesalers, to the police, or to the Beer Institute who represents the industry with law enforcement personnel at various events. (Alcohol/Primary Data - 2)

ii. **Michigan Beer & Wine Wholesalers Association**: The Michigan Beer and Wine Wholesalers Association's membership includes eighty-three beer and wine distribution companies, as well as brewers, vintners, and numerous other related businesses and supporters (Alcohol/Secondary Data-19: Web)

(1) **We I.D. Card** - This special, pocket-size information card contains tips for retail clerks and alcohol servers to better enforce the laws prohibiting underage purchases (Alcohol/Secondary Data-20: Web)

iii. **National Beer Wholesalers Association**: The National Beer Wholesalers Association (NBWA) was founded in 1938 as a trade association for the nations beer wholesalers. The purpose of NBWA is to provide leadership which enhances the independent malt

beverage wholesale industry; to advocate before government and the public on behalf of its members; to encourage the responsible consumption of beer; and to provide programs and services that will enhance members' efficiency and effectiveness (Alcohol/Secondary Data-21: Web)

(1) **Training Courses for Licensed Beverage Servers** - NBWA sponsors and participate in many community-based efforts such as training courses for licensed beverage servers (Alcohol/Secondary Data-22: Web)

9. **Automobile Industry**

a. **Manufacturers**

i. **Ford Motor Company**: Today, Ford Motor Company is the world's largest producer of trucks and the second-largest producer of cars. The company has operations in more than 30 countries, and employs more than 340,000 men and women at its factories, laboratories and offices around the world (Automobile/Secondary Data-8: Web)

(1) **Boost America!** - With this in mind, Ford Motor Company and 29 leading national organizations created Boost America!, a highway safety campaign designed to send the message to parents and children that booster seats are the safe and fun way to ride in a vehicle (Automobile/Secondary Data-9 :Web). Boost America! will increase booster seat usage through the distribution of one million booster seats, half through the United Way to needy families and half through vouchers distributed by participating Ford Motor Company dealers and Boost America! partners and other organizations. Ford has committed $3 million to partner with states and dealers to augment and expand state instructional and fitting station programs so parents and other caregivers better understand how to install and use all child safety seats.

(2) **Sesame Street Coloring Books**: Ford dealers have assisted in delivering the safety message by making special "Sesame Street" coloring books available at their dealerships (Automobile/Secondary Data-10: Web)

ii. **General Motors**: GM, the world's largest vehicle manufacturer, designs, builds and markets cars and trucks worldwide. It employs about 363,000 people globally. The company has manufacturing operations in more than 30 countries (Automobile/Secondary Data-11: Web)

(1) **Saturn "Seat Check" Program** - Saturn is sponsoring "seat check" events in conjunction with its UAW partners and the Safe Kids Coalition. Local Saturn retailers will offer free child safety seat checks to the public (Automobile/Secondary Data-12: Web)

iii. **American Honda Motor Co., Inc.**: Honda began in the U.S. as a small motorcycle company in 1959. Today, we stand as a top manufacturer of motorcycles, power equipment, ATVs, generators, marine engines, and of course, automobiles (Automobile/Secondary Data-13: Web)

(1) **Child Safety Awareness Day** - An annual event sponsored by participating American Honda dealerships, Child Safety Awareness Day gives parents and their kids the opportunity to learn about important safety topics in a fun and relaxed atmosphere. On Saturday, May 19, 2001, participating Honda dealers across the nation hosted the 4th Annual Child Safety Awareness Day (Automobile/Secondary Data-14: Web)(Automobile/Secondary Data-15: Web)

iv. **DaimlerChrysler**: In 1998, two companies steeped in tradition – Daimler-Benz AG and Chrysler Corporation – merged (Automobile/Secondary Data-16: Web)

(1) **Fit for a Kid** - Daimler Chrysler opens its free Child Safety Seat Inspection Service To Every Child in America. Participating Fit for a Kid dealers will inspect your child safety seat at no charge. The service is now open at almost 400 participating Five Star DaimlerChrysler dealerships in 80 markets throughout the country with a total of 650 trained inspectors. Fit for a Kid will

be available in 1,000 Five Star dealerships by the end of the year-creating the capacity to inspect an estimated 800,000 child safety seats a year. DaimlerChrysler created Fit for a Kid in the summer of 1999 with a pilot program in 51 dealers in four cities (Automobile/Secondary Data-18: 1-3)

(a) **Effects:**

(i) By making its Fit for a Kid child safety seat fitting stations available to every family in America, DaimlerChrysler will save countless children from needless injury and death (Automobile/Secondary Data-18 :2)

v. **Volkswagen of America, Inc.**: Volkswagen of America is the US sales arm of Volkswagen AG, one Europe's largest automakers. The company sells Volkswagen and Audi cars through about 600 Volkswagen dealerships and 260 AUDI dealerships in the US. Volkswagen founded the division in the US in 1955 (Automobile/Secondary Data-19: Web)

(1) **Retrofits** - People who own a 1993 or newer Volkswagen or Audi that does not have the upper tether anchors and who wish to install a child restraint equipped with a top tether attachment in their vehicle are welcome to visit or call their respective local dealers to schedule the retrofits (Automobile/Secondary Data-20: Web)

b. **Trade Associations**

i. **Automotive Coalition for Traffic Safety, Inc.**: The mission of ACTS is to educate the general public and targeted audiences about technology-related safety issues and to provide safety-related services to ACTS' members (Automobile/Secondary Data-21: Web). ACTS' members include DaimlerChrysler Corporation, Ford Motor Company, General Motors Corporation, Mazda North American Operations, Nissan North America, Inc., Toyota Motor Sales, U.S.A., Inc., Volkswagen of America, Inc., Alliance of Automobile Manufacturers, Inc., Automotive Occupant Restraints Council, Inc. (Automobile/Secondary Data-21 :Web)

(1) **Educational Programs** - Numerous dealer education programs are being initiated by vehicle manufacturers. NHTSA is also working cooperatively with the Emergency Nurses Association in a dealer education effort (Automobile/Secondary Data-22: 2)

(2) **Protecting Our Older Child Passengers Recommendations** - Recommendation # 3 Retailers should stock, display and promote the use of a full range of booster seat models (Automobile/Secondary Data-23: 4)

10. **All-Terrain Vehicles Industry**

a. **Manufacturers**

i. **Polaris Industries Inc.**: Polaris designs, engineers and manufactures all terrain vehicles ("ATVs"), snowmobiles, motorcycles and personal watercraft ("PWC") and markets them, together with related replacement parts, garments and accessories ("PG&A") through dealers and distributors principally located in the United States, Canada and Europe (ATV/Secondary Data-4:2)

(1) **Voluntary Action Plan filed with the CPSC** - Polaris has filed with the CPSC a Voluntary Action Plan under which Polaris undertook to continue various activities including age recommendations, dealer monitoring for ascertaining dealer compliance with safety obligations including age recommendations and training requirements, warning labels, point of purchase materials, hands on training and an information education effort (ATV/Secondary Data-4: 8) Polaris DSMs (dealer sales managers) work with dealers. Before dealer can sell his first unit, Polaris' sales reps, who are certified safety trainers, train the dealer/owner and anyone who will sell a Polaris ATV. They go over all safety issues. They

talk about the warnings. They watch a video which they can take home with them. DSMs demonstrate safe ways to ride. Dealer's salespeople are required to go through this training because they will ultimately train the consumer (ATV/Primary Data -1)

(2) **Finances First** - When Polaris is selecting dealers, they are not looking at safety attributes. That comes into play once the dealer becomes a Polaris dealer as each dealer must go through a specific safety program. Potential dealers are evaluated more on finances and facilities. The owner must be able to run a business. Safety is developed second. (ATV/Primary Data-1)

(3) **Train the trainer** -Dealers of Polaris ATVs must go through safety training because they will ultimately train the consumer. Salespeople must go through the owner's manual with the consumer. Salespeople must have each customer watch a safety video at the dealership. Salespeople must have the customer go through a demo ride to show the he can safely ride. If the consumer does not go through this aspect of safety training, he will not receive a warranty on his Polaris ATV (ATV/Primary Data -1)

(4) **Annual Meeting** - Polaris hosts and annual meeting to launch next year's models. All dealers go to seminars, one of which is safety. The safety seminar serves to reinforce what dealers are doing and why. (ATV/Primary Data -1)

(5) **CPSC Monitoring** - The CPSC (Consumer Product Safety Commission) randomly monitors consumers to make sure they went through the safety program. CPSC notifies Polaris if there is a problem dealer. Polaris will then address the situation and tell the dealer he is on probation. The dealer must respond to the claim within a specified period of time to explain why training/etc. was not offered to this consumer (ATV/Primary Data -1)

(6) **Probation** - If the CPSA has identified a distributor as a dealer that did not offer safety training to a consumer, the dealer is placed on probation by Polaris. Probation means that nothing changes but if another situation occurs in a year, Polaris has the right to terminate the relationship with the dealer. (ATV/Primary Data -1)

ii. **U.S. Suzuki Motor Corp.**: The US subsidiary of Japan's Suzuki Motor markets Suzuki cars, motorcycles, ATVs, and marine engines in the US. The company markets Suzuki cars through a network of about 420 dealerships in 49 states. Only present in the US automotive market since 1985, American Suzuki's market share is less than 0.5% (ATV/Secondary Data-10: Web)

(1) **Training** - Suzuki highly recommends that all riders get proper training by signing up for a training course. We will even pay for it. For safety and training course information, see your local dealer or call the SVIA at 1-800-852-5344 (ATV/Secondary Data-11 :Web)

(2) **Recall of automatic transmission Eiger ATVs** - In cooperation with the U.S. Consumer Product Safety Commission, Suzuki Motor Corporation is conducting a voluntary recall of the 2002 model year Eiger ATVs with automatic transmission - models LT-A400K2 (two-wheel drive; MSRP $4399) and LT-A400FK2 (four-wheel drive; MSRP $5199) -sold from early September through mid-October, 2001. If you own one of the affected ATVs, your Suzuki dealer will call you to make an appointment to bring your ATV (ATV/Secondary Data-12: Web)

(3) **Recall of manual transmission Eiger ATVs** - In cooperation with the U.S. Consumer Product Safety Commission, Suzuki Motor Corporation is conducting a voluntary recall of the 2002 model year Eiger ATVs with manual transmission -models LT-F400K2 (two-wheel drive; MSRP $4199) and LT-F400FK2 (four-Wheel drive ; MSRP $4999) -sold from early September through mid-October,

2001. If you own one of the affected ATVs, call your Suzuki dealer today and make an appointment to have your ATV inspected and repaired. The inspection and repair will be performed at no cost to you for recall service parts or labor (ATV/Secondary Data-13: Web)

(4) **Suzuki Binder** - All dealers every year get a dealer binder at the Suzuki Dealer convention (if they cannot go, it is mailed to them). The binder has different chapters on both motorcycles and ATVs. This is one way the dealers learn about how to communicate to customers and what is expected about communicating safety and responsibility. In addition to the binders, each dealer receives information on proper advertising practices with respect to safety. (ATV/Primary Data - 2)

(5) **Dealer Training Video** - New dealers receive information about ATV age requirements through a video tape that is common to members of SVIA. The tape was produced jointly by member companies. Video goes through numerous scenarios to expect in dealerships. It explains how to resist pressure from customers who want dealers to sell the wrong size ATV for a child. (ATV/Primary Data -2)

(6) **Free Rider Training for Dealers** - Suzuki offers a free ½ day rider training course to dealers of ATVs so they can offer insight and make the training sound exciting to the customers as they have already gone through it. (ATV/Primary Data -2)

(7) **Point of Sale Materials** - All Suzuki customers receive a CD-ROM computer game, ATV Rally. ATV distributors made them with funding from the manufacturers. The game is geared toward kids. Has them go through maneuvering on a virtual ride. *Ride Safe Ride Smart* is a video that encourages customers to go to Rider Safety Training. Made through SVIA."Parents, Youngsters, and ATVs" is a book available at dealerships. All of these items are available at the dealerships. (ATV/Primary Data-2)

(8) **Mystery shoppers** - Both Suzuki and the CPSC perform undercover dealer surveys in which they send undercover shoppers posing as parents trying to buy an ATV for a child. The dealer must find out the age of the child and make the correct recommendation. Punishment and rewards are provided based on the results of these mystery shops. (ATV/Primary Data -2)

(9) **Rider Safety Monitoring** - Suzuki monitors % of customers per dealership who go through ½ day Rider Safety training (ATV/Primary Data-2)

(10) **ATV Discount Program** - Suzuki makes ATVs available to dealers to lend to safety courses at a discount. These ATVs are available to people who may not be able to bring their own ATVs to the safety course. The dealer can take back after the ATV after a year and sell as a used machine. This process is highly profitable for the dealer and it encourages them to form relationships with the area safety training courses. (ATV/Primary Data -2)

(11) **Termination** - Termination of a relationship with Suzuki is potential punishment that is based on monitoring through the secret shopper program. (ATV/Primary Data -2)

iii. **Arctic Cat**: The company manufactures and markets snowmobiles, all-terrain vehicles (ATV/Secondary Datas), and related products and accessories. Arctic Cat's products are sold through a network of independent dealers throughout the US and Canada and distributed worldwide (ATV/Secondary Data-14: Web)

(1) **Training Course Information** - Arctic Cat recommends that all riders take a training course, and that they read and understand their owner's manual before operation. For safety or training information, see your dealer or call the ATV Safety Institute at 1-800-887-2887 (ATV/Secondary Data-15: Web)

iv. **Cannondale Corp.**: Cannondale Corporation is a leading manufacturer of high-performance bicycles. They have also entered the motorsports market with the production and shipment of our MX400 motocross motorcycle and our FX400 and Cannibal four-wheeled all-terrain vehicles, or ATVs. (ATV/Secondary Data-16:4)

(1) **Recall of ATVs products** - Cannondale Corp., of Bethel, Conn., is voluntarily recalling about 630 model year 2001 and 2002 All-Terrain Vehicles. The Cannondale "FX 400" and Cannondale "Cannibal" are four-wheeled all-terrain vehicles (ATV/Secondary Datas). Consumers should stop riding these ATVs and contact their local Cannondale dealer to schedule an appointment to have the ball joints and tie-rod assemblies replaced free of charge (ATV/Secondary Data-17: Web)

v. **E-ton America**: E-Ton America, the North American subsidiary, was recently founded in order to better serve our U.S. dealers and customers. E-Ton now offers the widest range of small displacement ATV's available. (ATV/Secondary Data-18: Web)

(1) **Training Course Information** - ATVs can be hazardous to operate. Beginning riders should receive instruction before they start riding. For safety and training course information, see your local dealer (ATV/Secondary Data-19: Web)

b. **Trade Associations**

i. **Specialty Vehicle Institute of America (SVIA)**: The ATV Safety Institute (ASI) is a non-profit division of the SVIA. The ASI represents manufacturers and distributors of ATVs. The primary goal of the ASI is to promote the safe and responsible use of ATVs. ASI offers ATV instructor certification, videos, and publications, including a comprehensive 2001 guide entitled "Parents, Youngsters, and All-Terrain Vehicles." (ATV/Secondary Data-21: Web). Four major U.S. ATV distributors (Honda, Kawasaki, Suzuki and Yamaha) established the Specialty Vehicle Institute of America (SVIA) in 1983 to promote the safe and responsible use of ATVs. In 1988, the SVIA formed a new division, the ATV Safety Institute (ASI), to expand the availability of their ATV RiderCourse (ATV/Secondary Data-20: Web)

(1) **ATV Rider Course** - The training program is promoted through many of the distributors' communications with consumers, including vehicle labels, hang tags and other point-of-purchase materials, owner's manuals, a safety video and promotional advertisements in print and broadcast media (ATV/Secondary Data-22: Web)

11. **Chemical Industry**

a. **Manufacturers**

i. **General approach**: Chemical manufacturers association has implemented an extensive program of product safety that includes enforced guidelines for downstream product distribution (98: 3710)

ii. **BASF Corporation**: BASF Corporation is the North American subsidiary of German-based chemicals giant BASF AG. BASF operates through five divisions: plastics and fibers, colorants and finishing products, health and nutrition, chemicals, and oil and gas. It serves a variety of industries and makes an even broader spectrum of products, including fuel additives, automotive refinishes, pharmaceuticals, colorants, textiles, and plastic foams (Chemical/Secondary Data-5: Web)

(1) **BASF Corporation supports the Responsible Care initiative** (Chemical/Secondary Data-6: Web) - In 1988, the American Chemistry Council launched Responsible Care® to respond to public concerns about the manufacture and use of chemicals. Through Responsible Care®, member companies are committed to support a continuing effort to improve the industry's responsible management of chemicals. Responsible Care® is an obligation of membership in the American Chemistry Council, and requires member companies to (Chemical/Secondary Data-7: Web)

(a) Continually improve their health, safety and environmental performance (Chemical/Secondary Data-7: Web)
(b) Listen and respond to public concerns (Chemical/Secondary Data-7: Web)
(c) Assist each other to achieve optimum performance (Chemical/Secondary Data-7: Web)
(d) Report their goals and progress to the public (Chemical/Secondary Data-7: Web)

(2) **Responsible Care Guiding Principles** - Among the guiding principles of Responsible Care is:
(a) To work with customers, carriers, suppliers, distributors and contractors to foster the safe use, transport and disposal of chemicals (Chemical/Secondary Data-8: Web)

iii. **Bayer Corporation**: With hundreds of ways to spell relief, Bayer Corporation, a wholly owned US subsidiary of chemicals and pharmaceuticals conglomerate Bayer AG, makes pharmaceuticals, polyurethanes, engineering plastics, agricultural chemicals, medical diagnostic equipment, fibers, additives, rubber, industrial chemicals, and coatings and colorants. The company's consumer medicines include Bayer Aspirin, Aleve pain reliever, Flintstones and One-A-Day vitamins, Alka-Seltzer antacid and pain reliever, Midol pain reliever, and Phillips' Milk of Magnesia antacid and laxative. Most of Bayer's R&D focuses on health care and life sciences (Chemical/Secondary Data-9: Web)
(1) **Responsible Care** - Bayer Corporation supports the Responsible Care initiative (Chemical/Secondary Data-10: Web)
(2) **Distributors' Practices Reviews** - Commensurate with product risk, Bayer Corporation works with and periodically reviews distributors' practices to foster proper product use, handling, recycling and disposal and transmittal of appropriate product information to downstream users (Chemical/Secondary Data-11: Web)

iv. **E. I. du Pont de Nemours** (DuPont): E. I. du Pont de Nemours (DuPont) is focusing on chemicals and profits. The #1 US chemical maker has undergone a restructuring that consolidated eight business units into six. These segments produce coatings (automotive finishes and performance coatings), crop protection chemicals and genetically modified seeds, electronic materials (LCDs, sensors, and flurochemicals), polymers and resins for packaging and other uses, and safety and security materials and chemicals. The least profitable of DuPont's six segments, Textiles & Interiors (nylon and polyester fibers and intermediates, including the Lycra and Stainmaster brands), could be spun off as a separate company. DuPont has operations in about 70 countries (Chemical/Secondary Data-12: Web)
(1) **Responsible Care** - DuPont supports the Responsible Care initiative (Chemical/Secondary Data-13: Web)

v. **The Dow Chemical Company**: It's a plastic world, thanks in part to Dow Chemical, a world leader in the production of plastics, chemicals, hydrocarbons, and herbicides and pesticides. The #2 chemical company in the US (behind DuPont), Dow also is a leader in performance plastics (adhesives, sealants, and coatings). Other products include polyethylene resins for packaging, fibers, and films, as well as performance chemicals such as acrylic acid for producing other functional ingredients. Dow, which has bolstered its polyethylene operations with the acquisition of Union Carbide, also produces commodity chemicals (chlorine and caustic soda), herbicides (Clincher), insecticides (Dursban), and crude oil-based raw materials (Chemical/Secondary Data-14: Web)
(1) **Responsible Care** - The Dow Chemical Company supports the Responsible Care initiative (Chemical/Secondary Data-15: Web)

vi. **ExxoMobil Chemical Company**: The company's facilities around the world turn

petroleum into a wide variety of petrochemical products and base stocks, from fuel and lubricant additives to chewing gum and Snickers candy wrappers. Its petrochemical division makes olefins and aromatics, which are used to make ethylene, propylene, and polyethylene. The films division produces oriented polypropylene films for food packaging and other uses. The company's chemical products operation makes fuel additives, synthetic lubricant base stocks, zeolite catalysts, and other products. ExxonMobil Chemical is a subsidiary of Exxon Mobil Corporation (Chemical/Secondary Data-16: Web)

(1) **Responsible Care** - ExxoMobil Chemical Company supports the Responsible Care initiative (Chemical/Secondary Data-17: Web)

vii. **Akzo Nobel**: The US subsidiary of Dutch chemicals giant Akzo Nobel N.V., the company develops and makes chemicals, coatings, and health care products. Its chemicals business includes catalysts, functional chemicals, polymers, pulp and paper chemicals, and surfactants. The coatings sector includes car refinishes, decorative coatings, resins, and industrial coatings and finishes. Health care products range from oral contraceptives and antidepressants to veterinary vaccines and pharmaceutical raw materials. Akzo Nobel Inc. ended fiber production when its parent sold the business. The company has operations in the Americas and Asia (Chemical/Secondary Data-18: Web)

(1) **Responsible Care** - Akzo Nobel supports the Responsible Care initiative (Chemical/Secondary Data-19: Web)

viii. **ICI Americas Inc.**: A subsidiary of Imperial Chemical Industries, ICI Americas churns out a variety of concoctions, including adhesives, polymers, food products, industrial starches, electronic and engineering materials, and flavors and fragrances. It also produces specialty chemicals, catalysts, paints and coatings, and refrigerants. The coating division produces popular paint brands (Glidden, Devoe, Spred), which ICI Americas sells from more than 700 company-owned locations in North America and in independent paint stores. Other popular consumer products include Liquid Nails brand adhesives, caulks, and sealants (Chemical/Secondary Data-20: Web)

(1) **Responsible Care** - ICI Americas Inc. supports the Responsible Care initiative (Chemical/Secondary Data-21: Web)

b. **Trade Associations**

i. **American Chemistry Council**: The American Chemistry Council is the voice of the US Chemical Industry.

(1) **Responsible Care** - The American Chemistry Council represents the chemical industry on public policy issues, coordinates the industry's research and testing programs, and administers the industry's environmental, health, and safety performance improvement initiative, known as Responsible Care (Chemical/Secondary Data-22: Web)

(2) **Criteria for Doing Business** -According to the American Chemistry Council, there is no set criteria manufacturers use for identifying distribution partners with regards to safeguards. However, under the Responsible Care Product Stewardship code, the manufacturer is required to concern itself with what happens downstream (Chemicals/Primary Data- 1)

(3) **Analysis of Potential Partners** -Degree of inspection is related to the degree of the hazard. Manufacturers may pose a few questions over the phone. They may ask the distributor to fill out a questionnaire. They may require the distributor to go through an inspection. If the distributor also subscribes to Responsible Care and the product is not too bad, then the manufacturer will just take it as a given that the distributor is responsible for this particular type of chemical. (Chemicals/Primary Data-1)

(4) **Direct to Consumer** - In some cases there are chemicals that will not go through distributors but rather, will be distributed directly to the customer. This

is what is expected under Responsible Care when the material is of an extreme hazard. For example - Ethylene oxide is a highly flammable explosive that was once used as a sterilizing agent for hospitals. Dow stopped selling this since there were so many accidents. When they did sell ethylene oxide, Dow used to qualify each customer with a direct visit to ensure they had appropriate transfer facilities, all the right safeguards, and that they knew what they were doing. (Chemicals/Primary Data-1)

(5) **Communication of hazards-** The minimum legal requirement for a manufacturer is that MSDS (Material Safety Data Sheets) and labels are passed on. Manufacturer required to make those available to the distributors and the distributors must pass those on. Beyond that, manufacturers put together product brochures. They may ask distributors to share those with customers. (Chemicals/Primary Data-1)

(6) **Uncertainty regarding incentive programs** - One ACC representative does not know of any formal incentive programs for safe practices in the industry. Expectation is that these things would be monitored. Qualifying a distributor to receive a product should be ongoing. Manufacturers will repeat the initial investigation at particular intervals to make sure the distributor is still meeting the requirements. (Chemicals/Primary Data-1)

(7) **Resolving Issues** - The way the Responsible Care code is written is that you can't just terminate relationships, you want to correct the problem. However, it is always possible to terminate relationship between manufacturers and distributors. (Chemicals/Primary Data-1)

(8) **Industrial hygiene services** - Manufacturer will often pay for this for direct customers. They may sometimes do this for distributors as well. This is done in the case of high hazard material, particularly when used in industries where the end product is rather innocuous so users may not understand the dangers of the intermediates. (Chemicals/Primary Data-1)

ii. **International Council of Chemical Associations** (ICCA): The International Council of Chemical Associations (ICCA) is a council of leading trade associations representing chemical manufacturers worldwide (Chemical/Secondary Data-23: Web)

(1) **Responsible Care** - ICCA promotes and co-ordinates Responsible Care and other voluntary chemical industry initiatives (Chemical/Secondary Data-23: Web)

12. **Explosives Industry**

a. **Manufacturers**

i. **Orica Explosives**: Orica Explosives is the world's leading supplier of commercial explosives and blasting technology. Orica is a publicly owned Australian chemical company employing around 9,000 staff across 26 countries and with revenue of approximately $A4 billion annually (Explosives/Secondary Data-3: Web)

(1) **Information and Training** - Orica Explosives' commitment is to provide appropriate information and/or training on the sale, use and disposal of its products to their customers and consumers (Explosives/Secondary Data-4: Web)

b. **Trade Associations**

i. **Institute of Makers of Explosives (IME)**: The Institute of Makers of Explosives (IME) is the safety association of the commercial explosives industry in the United States and Canada. IME is a non-profit incorporated association which was founded in 1913 to provide technically accurate information and recommendations concerning commercial explosive materials. Members are explosives manufacturers (Explosives/Secondary Data-5: Web)

(1) **Misuse of Product Prevention Practices** - As manufacturers of explosive materials, we have a special interest in doing everything possible to prevent the

misuse of our products. Our industry promotes the safe storage of explosives and licensing of all purchasers, in order to keep industrial explosives out of the hands of terrorists (Explosives/Secondary Data-6: Web)

(2) **Criteria for Distribution** - Manufacturer cannot provide explosives to any distributor who does not have a license. To get a license, the distributor must comply with a number of guidelines. Currently, a background check law is being considered. There is not one currently in place.) In federal law, there is a list of prohibited persons who cannot have explosives - (one must be over 21, one cannot be an illegal alien, etc..) To get the license, a distributor needs to have proper storage. The storage facilities are verified by federal government. (Explosives/Primary Data-1)

(3) **Structure of Distribution** -There are about six or seven major manufacturers of explosives in the US. They have a network of subsidiaries. These subsidiaries are wholly owned or 50-50 joint ventures. There are few independent distributors. (Explosives/Primary Data-1)

(4) **Policy that Restricts Sales** - All manufacturers that belong to IME have policies that their distributors will not sell to someone they do not know. (Explosives/Primary Data-1)

(5) **International Society of Explosives Engineers Training** - International Society of Explosives Engineers has training programs for blasters and distributors. They have video tapes and workshops. Some companies may require that their distributors take these training courses. (Explosives/Primary Data - 1)

(6) **IME Safety Library Publications** - The Institute for Makers of Explosives produces a series of Safety Library Publications for distributors. Recommendations are published in these booklets. The IME prescribes specifics for storage, security, transportation, site handling, and use. (Explosives/Primary Data-1)

(7) **Tracking Numbers** - 25 years ago, IME made a regulation that all explosives would have a code on them so they could be tracked. Adopted in federal regulation. The federal code is required on all products made by each US manufacturer. For the past three years, imports have been on the increase, particularly from South America, China, and Spain. These products have no numbers. Through the IME, the manufacturers petitioned the government to change the regulation so all products in the US would have to be traced no matter where they came from. Not heavily resisted but it has not been easy to get ATF to change the rule. (Explosives/Primary Data-1)

(8) **Facility Checks**- The manufacturers may inspect the distributor's facilities even though it is not required in the law. (Explosives/Primary Data-1)

(9) **Termination of Sales** - ATF inspects distributor's books. If a manufacturer suspects irregularities, the company can refuse to sell to the distributor. (Explosives/Primary Data-1)

13. **Fireworks Industry**

a. **Manufacturers**

i. **J.G.Dapkus**

(1) **Dealer criteria** - J.G.Dapkus wants to make sure dealers are over 21, have appropriate licenses, and that they will distribute fireworks properly, not out of a deadbeat operations. As a result, they don't tend to work with outfits that have never sold fireworks before. They get seasoned fireworks companies(Fireworks/Primary Data-1)

(2) **No License**. No Prices - Dapkus will not send a price list to you unless you provide them your license number. (Fireworks/Primary Data-1)

(3) **Training** - Anyone who sells J.G. Dapkus products has to go to an 8-hour seminar at their headquarters in CT. They demonstrate all of the products. They have lesson plans. They bring in a state fire marshal who goes over laws. They go over how to use and how to sell. They do some role playing. They will give each participant a product and ask him how he would sell and explain it to a consumer. That is the final test at the end of the day. (Fireworks/Primary Data-1)

(4) **Point of Sale Materials**- Pamphlets from APA (American Pyrotechnics Association) and the National Council on Fireworks Safety given for every sale by J.G.Dapkus. Given to distribute to customers. Not everyone will remember what was said at the seminar so these are reminders.(Fireworks/Primary Data-1)

(5) **Advice to dealers** - J. G. Dapkus tells its dealers to treat fireworks no differently than they would liquor or cigarettes. No ID. No sale. Go with gut is the message they give. Everyone is liable.(Fireworks/Primary Data-1)

(6) **No Monitoring** - J.G. Dapkus does not have systems in place to monitor distribution practices after the products are sold to the dealers. (Fireworks/Primary Data-1)

ii. **Patriotic Fireworks**

(1) **Brochures** - Patriotic Fireworks has safety brochures available at their headquarters where buyers may pick up fireworks. If a price list is requested, they may send a safety brochure with it. The safety brochures state all common sense things. (Fireworks/Primary Data-2)

(2) **Training**- Patriotic Fireworks has no independent distributor training of its own but refers people to the American Pyrotechnic Association. (Fireworks/Primary Data-2)

(3) **Inability to Monitor Safe Distribution Practices** - Patriotic Fireworks cannot watchdog everyone. That is like asking the local pharmacist to make sure people don't overdose on aspirin. They cannot police any more than that. They can advise against improper use but they have absolutely no control over it. (Fireworks/Primary Data-2)

b. **Trade Associations**

i. **Texas Pyrotechnic Association**: The Texas Pyrotechnic Association (TPA) represents firework manufacturers, distributors and approximately 5,000 retailers. Its commitment is to promote safety and education of fireworks (Fireworks/Secondary Data-10: Web)

(1) **Safety Guidelines** - Each season, safety guidelines on bags or sacks, safety handouts, buttons, stickers, and posters to distribute to consumers, are provided to firework vendors throughout the state for distribution to consumers. Licensed retailers are assigned responsibility to encourage consumers to follow these basic safety guidelines (Fireworks/Secondary Data-10: Web)

(a) Find out what fireworks, if any, can be legally used in your area (Fireworks/Secondary Data-10: Web)

(b) Buy fireworks only from licensed retail outlets.

(c) Don't buy fireworks that do not have a safety label on either the product or package (Fireworks/Secondary Data-10: Web)

(d) Before you enjoy fireworks, get permission from the property owner (Fireworks/Secondary Data-10: Web)

(e) Close adult supervision is always recommended.

(f) Read and follow label directions carefully (Fireworks/Secondary Data-10: Web)

(g) Use fireworks outdoors, on a flat surface away from dry grass and buildings (Fireworks/Secondary Data-10: Web)

(h) Keep a bucket of water, wet towels, and a garden hose nearby

(Fireworks/Secondary Data-10: Web)

(i) Light one firework at a time, then move back quickly.

(j) Never shoot fireworks from metal or glass containers.

(k) Never carry fireworks in your pocket (Fireworks/Secondary Data-10: Web)

(l) Never point or throw fireworks at people or animals.

(m) Never experiment with homemade or illegal fireworks.

(n) Don't re-ignite malfunctioning fireworks (Fireworks/Secondary Data-10: Web)

(o) Store fireworks in a cool, dry place (Fireworks/Secondary Data-10: Web)

(p) Dispose of fireworks safely (Fireworks/Secondary Data-10: Web)

(2) **Recalls** - TPA voluntarily removed stick rockets and missiles with fins and rudders, even though these items traditionally comprised 40% of all retail sales (Fireworks/Secondary Data-10: Web)

ii. **American Pyrotechnics Association**

(1) **Industry Understanding** - According to the American Pyrotechnics Association, the reality of the industry is that there are a lot of small retailers out there with no clue what the regulations are. Very critical for the big guy to teach the little one (Fireworks/Primary Data- 3)

(2) **Annual Training** - Companies often have spring or annual training for distributors and employees. (Fireworks/Primary Data-3)

(3) **Point of Sale Materials** - Point of Sale materials are often distributed from the American Pyrotechnics Association to member companies to provide to distributors. (Fireworks/Primary Data-3)

(4) **APA Recommendation** - The American Pyrotechnics Association encourages the We Card Program. They encourage dealers to post signs that state the legal age. Distributors make their own signs. (Fireworks/Primary Data-3)

(5) **Storage Guidelines** - On behalf of its members, the APA is in the process of creating guidelines for how fireworks are to be displayed and stored in distributors' facilities. (Fireworks/Primary Data-3)

14. **Pesticides Industry**

a. **Manufacturers**

i. **General approach**: Major manufacturers say they try very hard to encourage responsible use of the chemicals; they call it 'product stewardship'. There have so far been a number of global industry initiatives - including the Safe Use Campaign and the Responsible Care Initiative. Both aim to raise standards of understanding and practice throughout the distribution chain, from production through to disposal. (Pesticides/Secondary Data-5: Web)

ii. **Dow AgroSciences**

(1) **Responsible Care** - Responsible Care is a voluntary initiative within the global chemical industry to safely handle our products from inception in the research laboratory, through manufacture and distribution, to ultimate disposal, and to involve the public in our decision-making processes (Pesticides/Secondary Data-6: Web)

(2) **Beyond Responsible Care Initiative** - In January 1999, Dow signed on to these more stringent Responsible Care Guiding Principles with other members of the U.S. American Chemistry Council (ACC) (Pesticides/Secondary Data-6: Web):

(a) To provide chemicals that can be manufactured, transported, used and disposed of safely (Pesticides/Secondary Data-6: Web)

(b) To work with customers, carriers, suppliers, distributors and

contractors to foster the safe use, transport and disposal of chemicals (Pesticides/Secondary Data-6: Web)

iii. **Bayer**

(1) **Responsible Care** - Bayer supports the Responsible Care initiative (Pesticides/Secondary Data-7: Web)

b. **Trade Associations**

i. **American Crop Protection Association (ACPA)**: Established in 1933, CropLife America represents the developers, manufacturers, formulators and distributors of plant science solutions for agriculture and pest management in the United States. CropLife America member companies produce, sell and distribute virtually all the crop protection and biotechnology products used by American farmers (Pesticides/Secondary Data-8: Web)

(1) **Product packaging and delivery systems improvement** - The member companies of CropLife America are dedicated to safety, protecting the environment and serving people through science in agriculture (Pesticides/Secondary Data-8: Web). Among their activities are:

(a) Improve product packaging and delivery systems to minimize both applicator exposure and environmental impact (Pesticides/Secondary Data-8: Web)

ii. **Consumer Specialty Products Association (CSPA)**: Members are marketers, suppliers, contract packagers, distributors, testing laboratories and consultants make up the CSPA membership (Pesticides/Secondary Data-9: Web)

(1) **Responsible supply of products** - Its mission include to advocate responsible development, manufacture, supply, use and final disposal of our industry's products (Pesticides/Secondary Data-9: Web)

iii. **American Chemistry Council**: The American Chemistry Council represents the leading companies engaged in the business of chemistry. Council members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. The Council is committed to improved environmental, health and safety performance through Responsible Care, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing (Pesticides/Secondary Data-10: Web)

(1) **Responsible Care** - In 1988, the American Chemistry Council launched Responsible Care@ to respond to public concerns about the manufacture and use of chemicals. Through Responsible Care@, member companies are committed to support a continuing effort to improve the industry's responsible management of chemicals. Responsible Care@ is an obligation of membership in the American Chemistry Council, and requires member companies to (Pesticides/Secondary Data-11: Web):

(a) Continually improve their health, safety and environmental performance (Pesticides/Secondary Data-11: Web)

(b) Listen and respond to public concerns (Pesticides/Secondary Data-11: Web)

(c) Assist each other to achieve optimum performance (Pesticides/Secondary Data-11: Web)

(d) Report their goals and progress to the public (Pesticides/Secondary Data-11: Web)

(2) **Guiding Principles** - Responsible Care@ is comprised of ten elements (Pesticides/Secondary Data-11: Web)

(a) Guiding Principles including (Pesticides/Secondary Data-11: Web)

(i) To provide chemicals that can be manufactured, transported,

used and disposed of safely (Pesticides/Secondary Data-11: Web)

(ii) To work with customers, carriers, suppliers, distributors and contractors to foster the safe use, transport and disposal of chemicals (Pesticides/Secondary Data-11: Web)

(b) Codes of Management Practices including (Pesticides/Secondary Data-11: Web)

(i) The purpose of the Distribution Code of Management Practices is to reduce the risk of harm posed by the distribution of chemicals to the general public; to carrier, distributor, contractor and chemical industry employees; and to the environment (Pesticides/Secondary Data-11: Web)

(ii) The Product Stewardship Code (Pesticides/Secondary Data-11: Web)

(c) Dialogue with the Public (Pesticides/Secondary Data-11: Web)

(d) Self-Evaluations (Pesticides/Secondary Data-11: Web)

(e) Measures of Performance (Pesticides/Secondary Data-11: Web)

(f) Performance Goals (Pesticides/Secondary Data-11: Web)

(g) Management Systems Verification (Pesticides/Secondary Data-11: Web)

(h) Mutual Assistance (Pesticides/Secondary Data-11: Web)

(i) Partnership Program (Pesticides/Secondary Data-11: Web)

(j) Obligation of Membership (Pesticides/Secondary Data-11: Web)

15. **Pharmaceutical Industry**

a. **Manufacturers**

i. **Abbot laboratories**: Founded by a young Chicago physician, Dr. Wallace Calvin Abbott, in 1888, Abbott Laboratories has evolved into a diversified health care company that discovers, develops, manufactures and markets innovative products and services that span the continuum of care B from prevention and diagnosis to treatment and cure. Headquartered in north suburban Chicago, Abbott helps people around the world in more than 130 countries (Pharma/Secondary Data-9: Web)

(1) **Continuing Education** - Abbot laboratories is stepping up its efforts to help doctors and pharmacists deal with the illicit drug seeker "We are committed to supporting continuing education aimed at awareness of illicit drug use" (Pharma/Secondary Data-9: Web)

ii. **Purdue Pharma L.P.**: Headquartered in Stamford, Connecticut, Purdue Pharma L.P. is one of the fastest-growing pharmaceutical companies in the world today. Purdue Pharma L.P., The Purdue Frederick Company, and associated companies are part of an international group of privately held associated companies - including Mundipharma Vertriebsgesellschaft mbH in Germany and Napp Pharmaceuticals Limited in the U.K. - employing approximately 5,000 people in pharmaceutical research, manufacturing, and marketing worldwide (Pharma/Secondary Data-13: Web)

(1) **Healthcare Professional Education** - These non-promotional educational programs, led by renowned faculty, teach healthcare professionals how to properly assess and treat patients suffering from real pain and how to recognize and reduce diversion of prescription drugs by drug traffickers and abusers (Pharma/Secondary Data-14: Web)

(2) **Abuse and diversion brochures** - provide valuable information on how healthcare professionals can recognize and help prevent abuse and diversion of prescription medicines (Pharma/Secondary Data-14: Web)

(3) **Tamper-Resistant Prescription Pads** - Tamper-resistant prescription pads are

being offered by Purdue Pharma to physicians at no cost in states with the highest reported incidence of drug diversion. The pads have several security features intended to thwart common types of prescription fraud (Pharma/Secondary Data-14: Web)

(4) **Opioid Documentation Kits / Medical Guidelines** - Purdue Pharma had been providing physicians with important information about the proper prescribing of opioid analgesics. Purdue Pharma representatives have distributed opioid therapy documentation kits since 1997 as well as hundreds of thousands of copies of guidelines on the proper use of controlled substances published by the Federation of State Medical Boards, the American Pain Society, and numerous state health agencies. These materials emphasize the need to properly evaluate patients, help teach physicians about proper documentation, and alert healthcare professionals to the possibilities of abuse and diversion (Pharma/Secondary Data-14: Web)

b. **Trade Associations**

i. Not found

16. **Scuba Diving Industry**

a. **Manufacturers**

i. **U.S. Divers, Poseidon Industries, UnderSea Industries, Trident, Trelleborg Viking and Sea Quest**

(1) **Recalls and Replacement Programs** - All these gear manufacturers (U.S. Divers, Poseidon Industries, UnderSea Industries, Trident, Trelleborg Viking and Sea Quest), in cooperation with US Consumer Product Safety Commission, implemented voluntary recall and replacement programs aimed at their authorized dealers and consumers (Scuba/Secondary Data-6: Web)

ii. **Sea Quest**:

(1) **Voluntary Corrective Action Program** - Sea Quest, Inc., went further in their voluntary recall effort, implementing, in cooperation with US CPSC, Voluntary Corrective Action Program that included the following steps (Scuba/Secondary Data-7: Web)

(a) Important safety notice about scuba regulator hazards mailed to all Sea Quest dealers and instructors that used Sea Quest scuba regulators. The company requested the dealers to prominently display the notice in their dive shops (Scuba/Secondary Data-7: Web)

(b) Recall Rework Kit, Spectrum Scuba Regulator Field Rework Report, and a Technical Bulletin mailed to all Sea Quest dealers (Scuba/Secondary Data-7: Web)

(c) **Effect**

(i) More than 3500 scuba regulators were recalled or reworked. Manufacturer of the imported rubber parts of potentially hazardous scuba regulators re-designed the product, as requested. After the Voluntary Protective program launch in 1994, the US CPSC was satisfied with its progress and officially notified Sea Quest Inc. about closing the investigation (Scuba/Secondary Data-7: Web)

iii. **Apollo Sports**

(1) **Criteria for New Dealers** - Potential retailer must have a full time retail operation that supplies instruction through a nationally recognized organization, offer air so people can have their tanks filled there, and have rental equipment (Scuba/Primary Data-1)

(2) **Analysis of New Dealers** - If there is a local area representative, he goes on site

and verifies that a prospective dealer is reputable. Apollo asks for photos if they don't have a representative in the area and they verify with yellow page software (Scuba/Primary Data-1)

(3) **Training** - Most scuba manufacturers offer both marketing and technical training to dealers. They address how to sell, how to repair and how to maintain. Diving equipment manufacturers have an annual trade show. Some companies have regional seminars. Invite dealers in for one-two days and talk about safety issues. (Scuba/Primary Data-1)

(4) **Dealer Monitoring** - Apollo verifies the company is on the same page as its dealers through phone calls and on-site visits. At an on-site visit, Apollo representatives check out physical layout of the store and how they are doing. They are not really checking up on safety though (Scuba/Primary Data- 1)

(5) **Self-regulating industry** - Customers report unauthorized dealers to the manufacturer because the relationship is so strong. An authorized dealer will report unauthorized dealers as well. They police each other. Authorized dealers are vigilant and they will report unauthorized dealers to the manufacturer. They aren't required to do so but that's just the nature of the relationship they have. (Scuba/Primary Data-1)

(6) **No safety incentive programs** - Apollo Sports has no incentive programs that rewards/punishes dealers for safe/unsafe practices (Scuba/Primary Data-1)

b. **Trade Associations**

i. Not found

17. **Tobacco Industry**

a. **Manufacturers**

i. **R.J. Reynolds Tobacco**: R.J. Reynolds Tobacco Company is the second-largest tobacco company in the United States, manufacturing one of every four cigarettes sold in the domestic market. Reynolds Tobacco's product line includes four of the nation's ten best-selling brands: Winston, Camel, Salem, and Doral (Tobacco/Secondary Data-23: Web)

(1) **Youth Non-Smoking Programs** (General Approach)

(a) Our programs are designed to reach middle and junior-high school students, retailers, and parents who wish to talk to their children about not smoking (Tobacco/Secondary Data-24: Web).

(b) Currently, across the country, the various programs have reached more than 90% of public middle and junior-high schools, 275,000 retailers, and thousands of parents (Tobacco/Secondary Data-27: Web)

(2) **Support the Law... It Works** - R. J. Reynolds Tobacco Company developed in 1992 a comprehensive retail access control program called "Support the Law...It Works" to help retailers and their employees comply with the minimum-age laws. It provided a number of items for use by retailers, including a videotape and brochure to train salespeople and store signage to remind customers that the retailer will not sell tobacco products to underage people. More than 70,000 stores received "Support the Law" materials or information (Tobacco/Secondary Data-24: Web)

(3) **We Card Program** - In 1995, R.J. Reynolds Tobacco Company joined with the Coalition for Responsible Tobacco Retailing to introduce the "We Card" program (Tobacco/Secondary Data-24: Web)

(4) **Self-Service Sales of Cigarettes** - Reynolds Tobacco encourages general retail outlets – such as drug stores, convenience stores or grocery stores – to use cigarette displays that allow adult smokers to view the product but do not permit direct consumer access to the product. This can be accomplished by using displays outfitted with clear plastic shields on the front counter. In general retail

outlets, our company pays retailers equally for merchandising our brands on the service counter near the cash register – the most secure and well-supervised area of a store – or for non-self-service space on the back bar directly behind the counter. In stores that sell only tobacco products, we offer retailers an incentive to display our brands in ways that are accessible to the stores' adult clientele (Tobacco/Secondary Data-25: Web)

(5) **Gray market cigarettes** - Reynolds Tobacco has sued a number of wholesalers and retailers of gray market cigarettes, and they will continue to vigorously work with law enforcement to stop the distribution and sale of gray market cigarettes (Tobacco/Secondary Data-26: Web)

ii. **Philip Morris U.S.A.**: Since the 1980s, Philip Morris USA has supported a number of efforts to reduce youth access to cigarettes at retail, including state legislative initiatives and retail education programs (Tobacco/Secondary Data-28: Web)

(1) **Action Against Access** - In June of 1995, Philip Morris U.S.A. launched Action Against Access, a voluntary, comprehensive initiative designed to help prevent youth access to cigarettes. The objective was to foster an environment where cigarette purchases are possible only after proof-o-age has been verified in person (Tobacco/Secondary Data-29: Web)

(2) **We card** - Philip Morris USA has supported and promoted the We Card program to the more than 200,000 stores our company calls on directly. Since the launch of the program in 1995, the Coalition has sponsored over 1,145 training seminars, trained more than 57,000 retailers and distributed 705,936 program kits to retailers around the country (Tobacco/Secondary Data-28: Web)

(3) **Merchandising Benefits Denial** - Philip Morris U.S.A. denies merchandising benefits on an incremental basis to retailers who are fined or convicted of violating the state law against selling cigarettes to minors. To date, we have taken action with regard to 1,214 convictions and implemented 138 suspensions of merchandising benefits (Tobacco/Secondary Data-28: Web)

(4) **Self-Service Displays Supervised by Clerk** - If a retailer chooses to maintain self-service displays, the Philip Morris USA Retail Leaders program requires that such displays be within the line-of-sight of, and therefore supervised by, a clerk. Philip Morris's highest merchandising payments are equally available to retailers who merchandise behind the counter (Tobacco/Secondary Data-28: Web)

(5) **Non-Self Service Display** - We support decisions by retailers to merchandise cigarettes from behind the sales counter or from non-self-service displays. Since 1999, this option was included in Philip Morris USA's Retail Leaders trade merchandising program. In fact, we offer a non-self service display that allows for easy stocking and display of cigarettes from behind the sales counter, out of reach of all customers (Tobacco/Secondary Data-28: Web)

iii. **Lorillard Tobacco Co.:** Carolina Group's Lorillard Tobacco is the #4 cigarette maker in the US. Lorillard accounts for about 25% of parent company Loews' sales, but 60% of the profits. Newport, Lorillard's top brand, is the #2 cigarette brand in the US and brings in 80% of Lorillard's sales; its other brands include Kent, True, Old Gold, and Maverick. The company has joined the rest of the tobacco industry in reaching legal settlements with all 50 states; it has also agreed to pay at least $709 million (with two other companies) to Florida smokers. Lorillard was founded in 1760 by French immigrant Pierre Lorillard. Loews has established Carolina Group, which includes Lorillard, as a tracking stock (Tobacco/Secondary Data-32: Web)

(1) **Youth Smoking Prevention Program (YSPP)** - The YSPP takes a three-

pronged approach, targeting not only kids and their parents but also access to tobacco products at the retail level (Tobacco/Secondary Data-33: Web)

(2) **We Card** - Lorillard supports the "We Card" retail programs (Tobacco/Secondary Data-33: Web)

iv. **U.S. Smokeless Tobacco Co.**: USSTC is a subsidiary of UST inc. (NYSE: UST) and is the leading producer and marketer of the only growing segment of the U.S. tobacco industry, moist smokeless tobacco. The company's leading brands, Copenhagen and Skoal, each represent over $1 billion at retail. Other brands include Rooster and Red Seal. The company is currently test-marketing its newest product, Revel, a spitless tobacco product marketed to adult cigarette smokers for times when they can't smoke. The company sells over 1.7 million cans of moist smokeless tobacco per day, or approximately 640 million cans annually (Tobacco/Secondary Data-34: Web)

(1) **Age of Purchase Icon** - U.S. Smokeless Tobacco Company created the Age of Purchase Icon proclaiming our policy – Not for sale to minors. The Company voluntarily places this icon on print and point of sale ads for its smokeless tobacco products, as well as on millions of pieces of direct mail to adult consumers (Tobacco/Secondary Data-35: Web)

(2) **We card** - U.S. Smokeless Tobacco Company is part of the "We Card" Coalition, helping retailers enforce minimum age laws for the purchase of tobacco products (Tobacco/Secondary Data-45: Web)

(3) **Advertising Campaign** - In 1999, U.S. Smokeless Tobacco Company began an advertising campaign directed at tobacco retailers featuring the Age of Purchase Icon. We take great pride in this campaign. The campaign tells retailers exactly where we stand - our products are intended for adults only. We say it, we print it, we mean it, and it's not open for interpretation (Tobacco/Secondary Data-35: Web)

b. **Trade Associations**

i. **The Coalition for Responsible Tobacco Retailing**: The Coalition for Responsible Tobacco Retailing represents a cooperative and dedicated national effort among retailers, wholesalers and manufacturers who all share one common goal: to do everything we can to prevent tobacco sales to minors. Among the members are the major tobacco manufacturers (Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company, Philip Morris USA and R.J. Reynolds Tobacco Company) (Tobacco/Secondary Data-19: Web)

(1) **We card Program** - The We Card program provides a range of retail signage and teaching tools. As of September 2001, more than 785,000 retailer kits have been distributed, and the materials are in place in retail stores throughout the United States. More than 49,000 retailers have been trained in "We Card" training seminars (Tobacco/Secondary Data-20: Web)

(2) **In-store Training** - We provide a detailed Employee Guide and training video. The guide and video include such useful information as (Tobacco/Secondary Data-26: Web)

(a) How to ask for ID (Tobacco/Secondary Data-20: Web)

(b) How to say "No!" (Tobacco/Secondary Data-20: Web)

(c) How to spot fake IDs (Tobacco/Secondary Data-20: Web)

(d) State law information (Tobacco/Secondary Data-20: Web)

(e) Federal regulations (Tobacco/Secondary Data-20: Web)

(3) **Training Seminars** - The "We Card" program has held hundreds of sessions and has trained literally tens of thousands of retailers across America. The Coalition has intensified its efforts to reach even more retailers. In these sessions, a professional trainer teaches tested techniques that clerks can use to

reject attempts to buy tobacco illegally. In addition, attenders receive "We Card" materials that will help store owners/managers teach their employees (Tobacco/Secondary Data-20: Web)

(4) **In-store Signage** - Retailers receive door and window decals, counter signs, employee pins, minimum-age calendars, and hand-outs for customers who have questions about the state law (Tobacco/Secondary Data-20: Web)

(5) **Effect:**

(a) The Coalition for Responsible Tobacco Retailing believes heightened awareness, more intensive training, and uniform retail policies will improve compliance with minimum-age laws. They believe that sales clerks who are aware of their state's minimum-age laws and store policy and who have received intensive training are better equipped to reject attempted purchases by minors (Tobacco/Secondary Data-19: Web)

(b) "We've had several consumer affairs audits and we've passed a lot of them - a lot more than we used to pass. That tells me we are getting results. For the most part, we seem to have raised awareness." said Lowell Rader, District Manager for Duane Reade, an 80-store drug chain in Manhattan (Tobacco/Secondary Data-21: Web)

(c) A study by the California State University found that when retailers asked for age identification, underage customers were refused the sale 99 percent of the time. The study concluded that success in preventing sales to minors can be improved by enhancing efforts to increase merchants' requests for identification (Tobacco/Secondary Data-22: Web)

(d) A study investigating underage tobacco conducted by the University of Idaho for the Idaho Department of Health reflects directly on the impact of the "We Card" program. In this study, retailers using "We Card" materials were measured as a group against retailers using other types of materials, or no materials at all. The major findings of the study in relation to "We Card" are as follows (Tobacco/Secondary Data-22: Web):

(i) The violation rate among retailers using "We Card" materials was 7.22 percent, while the violation rate of the control group was 16.96 percent (Tobacco/Secondary Data-22: Web)

(ii) Outlets displaying "We Card" materials were 12.9 times more likely to ask for identification than not as compared to those not displaying "We Card" materials, which were only 4.9 times more likely to ask for identification (Tobacco/Secondary Data-22: Web)

(e) A study conducted for the Wyoming Department of Health found that violations by retailers decreased from 42 percent in 1996 to 33.4 percent in 1997 (Tobacco/Secondary Data-22: Web)

(f) New York Attorney General Dennis Vacco has said that compliance checks by his office found that retailers not using "We Card" sold tobacco to minors 35 percent of the time, versus 25 percent sold by retailers using "We Card" (Tobacco/Secondary Data-22: Web)

(g) In Alabama, Sergeant John Roberts of the Alabama Alcoholic Beverage Control board credited "We Card" training for helping to decrease the percentage rate for tobacco sales to minors from 25.1 percent to 18 percent (Tobacco/Secondary Data-22: Web)

APPENDIX D: OTHER INDUSTRIES' REPORTS: INDUSTRY OVERVIEW, NATURE OF PRODUCT RISKS, AND CONTACTS

18. **Alcohol industry**
    a. **Industry overview**
        i. **Major Manufacturers**
            (1) Brewers: Anheuser-Busch, Philip Morris' Miller Brewing and Coors Brewing (Alcohol/Primary Data-1)
            (2) Wine: Beringer Vineyards, Canyon Road Winery and Chateau Ste. Michelle (Alcohol/Primary Data-2)
        ii. **Economic Impact**: Beer and Wine Industries
            (1) The beer and wine industries contribute significantly to the economies of both the United States and Michigan. Following are statistics compiled from a variety of economic reports which clearly indicate that impact (Alcohol/Primary Data-3):
                (a) 1,100,000 direct jobs (Alcohol/Primary Data-3)
                (b) $17,000,000,000 wages (Alcohol/Primary Data-3)
                (c) $3,900,000,000 fed. ex. tax (Alcohol/Primary Data-3)
                (d) $5,400,000,000 state & local tax (Alcohol/Primary Data-3)
                (e) $61,800,000,000 retail sales (Alcohol/Primary Data-3)
        iii. **Nature of Distribution Practices**: Three-Tier System
            (1) Since the end of prohibition over 60 years ago, malt beverages, wine and spirits in the United States has been distributed according to a three-tier system composed of licensed suppliers (brewers, vintners and distillers), wholesalers and retailers. The main purpose of this system is to insulate retailers from direct and indirect control by brewers, distillers, and vintners by placing an independent, wholesaler tier between them (Alcohol/Primary Data-5)
        iv. **Drinking Patterns**
            (1) A nationwide study indicated that, after significant decreases from 1984 to 1990, virtually no reduction occurred between 1990 and 1995 in the percentage of Americans who drink, drink frequently, and drink heavily frequently (Alcohol/Primary Data-4:5):
                (a) 64.6% of Americans drank in 1995, compared with 65.0% in 1990 (Alcohol/Primary Data-4:5)
                (b) 27.6% of Americans drank weekly in 1995, compared with 28.6% in 1990 (Alcohol/Primary Data-4:5)
                (c) 4.5% of Americans consumed five or more drinks per week in 1995, compared with 3.9% in 1990 (Alcohol/Primary Data-4:5)
    b. **Nature of Alcohol Risk**
        i. **The Economic costs of Alcohol-Related Injury and Violence**
            (1) Harwood (2000) estimated the costs of alcohol abuse and alcoholism to be $184.6 billion in 1998. Costs include (Alcohol/Primary Data-4:169):
                (a) About $18.9 billion in medical expenditures to treat the medical consequences of alcohol abuse and alcoholism, including (Alcohol/Primary Data-4:169):
                    (i) $5.5 billion for alcohol and drug abuse services (Alcohol/Primary Data-4:169)
                (b) About $134.2 billion due to lost earnings, including (Alcohol/Primary Data-4:169):
                    (i) $36.5 billion due to premature death (Alcohol/Primary Data-4:169)

(ii) $87.6 billion due to impaired productivity (Alcohol/Primary Data-4:169)
(iii) $9.1 billion for the lost productivity of incarcerated people (Alcohol/Primary Data-4:169)
(iv) $1 billion for victims of crime (Alcohol/Primary Data-4:169)

(c) About $31.5 billion for other impacts on society, including (Alcohol/Primary Data-4:169):
(i) $7.5 billion for specialty alcohol services such as alcohol abuse treatment (Alcohol/Primary Data-4:169)
(ii) $6.3 billion for crime costs (other than lost productivity) (Alcohol/Primary Data-4:169)
(iii) $84 million for social welfare administration (Alcohol/Primary Data-4:169)
(iv) $5.7 billion for alcohol-related motor vehicle crashes (other than health care costs) (Alcohol/Primary Data-4:169)
(v) 1.5 billion for fire destruction costs (Alcohol/Primary Data-4:169)

ii. **Unintentional injuries**

(1) Unintentional injuries are the fifth leading cause of death in the U.S., resulting in 90,402 fatalities in 1995. In 1995, 42,452 people died in motor vehicle crashes, 11,275 from falls, 4,235 from fires and burns, and 5,071 from drowning (Centers for Disease Control, National Center for Injury Prevention and Control 1998). A substantial proportion of deaths from unintentional injury involve alcohol (Alcohol/Primary Data-4:61)

(a) Falls
(i) Between 21% and 77% of deaths from falls involved alcohol (Alcohol/Primary Data-4:61)
(ii) Alcohol was involved in between 18% and 53% of non-fatal falls (Alcohol/Primary Data-4:61)

(b) Drownings
(i) The victim had been drinking in between 21% and 47% of drowning deaths (Alcohol/Primary Data-4:61)
(ii) 24% of people who had gone swimming, and 32% of people who had gone boating, in the previous year had consumed alcohol during those activities (Alcohol/Primary Data-4:61)

(c) Fires and Burns
(i) Between 9% and 86% of people who died from burns had been drinking (Alcohol/Primary Data-4:61)
(ii) People who died of burns were more likely to have been drinking than burn victims who did not die (Alcohol/Primary Data-4:61)

(d) Motor Vehicle Injuries
(i) Alcohol was involved in 39% of all fatal traffic crashes in 1997 (Alcohol/Primary Data-4:61)
(ii) Considerable progress has been made in reducing alcohol-related crashes (Alcohol/Primary Data-4:61)
(iii) There is some evidence that the greater the number of alcohol outlets per resident in a community or neighborhood, the greater the rate of drunk driving. One study calculated that a city of 50,000 residents in Los Angeles County with 100 alcohol outlets would experience an additional 2.7 crashes for

each new alcohol outlet opened (Alcohol/Primary Data-4:61)

iii. **Alcohol and violence**

(1) The relationship between alcohol and violence is complex. Violent incidents frequently involve alcohol (Alcohol/Primary Data-4:15):

(a) In 42% to 66% of all homicides and serious assaults the perpetrator, victim, or both had been drinking (Alcohol/Primary Data-4:15)

(b) The offender had been drinking in 13% to 50% of rapes and sexual assaults, according to victims' perceptions and police reports (Alcohol/Primary Data-4:15)

(c) 36% of convicted violent offenders reported drinking at the time of the offense (Alcohol/Primary Data-4:15)

(d) The offender had been drinking in 6% to 85% of incidents of domestic violence, according to victims' perceptions (Alcohol/Primary Data-4:15)

(e) Alcohol consumption is associated with increased risk of suicide in the home. People who drink are twice as likely, and people whose drinking results in trouble at work are six times as likely as others to commit suicide in the home (Alcohol/Primary Data-4:15)

(f) Alcohol availability is related to violent assaults Communities or neighborhoods that have more bars and liquor stores per capita experience more assaults (Alcohol/Primary Data-4:15)

iv. **Youth and Alcohol-Related Injury and Violence**

(1) Youth drinking is widespread in the U.S.(Alcohol/Primary Data-4:97):

(a) 81.7% of students in twelfth grade have had at least one drink of alcohol during their lifetime (Alcohol/Primary Data-4:97)

(b) More than half (52.7%) have had at least one drink in the past 30 days (Alcohol/Primary Data-4:97)

(c) Nearly one-third (31.3%) reported having five or more drinks on one occasion in the past 30 days (Alcohol/Primary Data-4:97)

(d) 29.8% reported having had their first drink (other than a few sips) before the age of 13 (Alcohol/Primary Data-4:97)

(2) The consequences of youth drinking can be devastating (Alcohol/Primary Data-4:97):

(a) People who begin drinking before age 15 are four times as likely to develop alcohol dependence and more than twice as likely to develop alcohol abuse than those who delay drinking until age 21 (Alcohol/Primary Data-4:97)

(b) 21.2% of the nearly 8,000 drivers ages 15-20 who were involved in fatal motor vehicle crashes in 1996 had been drinking, and 13.8% of them were legally intoxicated (blood alcohol concentration greater than 0.10%) (Alcohol/Primary Data-4:97)

(c) 43% of teens admitted with injuries to a Tennessee hospital emergency department tested positive for alcohol (Alcohol/Primary Data-4:97)

(d) While alcohol-related deaths for people aged 15-24 decreased from 33.4 per 100,000 in 1979 to 28.0 per 100,000 in 1989, the rate increased for African-Americans from 38.0 to 45.2 per 100,000 (Alcohol/Primary Data-4:97)

(3) Alcohol is readily available to underage people through licensed alcohol outlets because merchant compliance with minimum drinking age laws is generally lax: underage buyers were able to buy alcohol in 97% of purchase attempts in Washington, DC, 82% of attempts in Westchester County, NY, 44% of attempts

in Schenectady, NY, and 59% of attempts in northwestern New Jersey (Alcohol/Primary Data-4:97)

(4) Alcohol is also readily available to young people today because of its low cost. The real price of alcohol is lower today than it was in 1981. Images promoting alcohol are also pervasive throughout our communities (Alcohol/Primary Data-4:97)

(5) There are many different policies to reduce availability. Here are some facts on three of them (Alcohol/Primary Data-4:97):Minimum legal drinking age (MLDA) laws have proven effective in reducing alcohol-related injuries among youth (Alcohol/Primary Data-4:97)

(6) Compliance checks have proven successful in encouraging merchants to restrict sales to minors (Alcohol/Primary Data-4:97)

(7) There is evidence that raising taxes on alcohol reduces youth's access to alcohol and thus their involvement in injuries and other harm (Alcohol/Primary Data-4:97)

v. **Drinking and Driving**

(1) Alcohol was involved in 41% of all fatal traffic crashes in 1996 (Alcohol/Primary Data-4:73)

c. **Contacts**

i. **Manufacturers**

(1) Adolph Coors

(a) (303) 279-6565 Toll Free: 1-800-642-6116

(2) Diageo PLC

(a) (212) 815-5133

(b) London (Community Relations): + 44 20 7927 5200

ii. **Trade Associations whose members are manufacturers**

(1) The Beer Institute

(a) Art DeCelle, General Counsel. (202) 737-2337

(2) Michigan Beer & Wine Wholesalers Association

(b) (517) 482-5555

(3) National Beer Wholesalers Association

(c) Jenna Ashley (Manager Education and Training). General phone number 703-683-4300

iii. **Others**

(1) The Trauma Foundation

(a) Elizabeth McLoughlin (Sc.D. at the Trauma Foundation). 415-821-8209

(2) Community Anti-Drug Coalitions of America

(a) 1-800-54-CADCA. Please check document to see who is the best one to contact

(3) Center for Science in the Public Interest

(a) 202-332-9110. I sent e-mail asking for the right person to contact about this issue. No reply so far

(4) Michigan Liquor Control Commission

(a) Jean Allison (Server Training Coordinator. Executive Services Division. Lansing Office) 517-322-5186

(5) Michigan Licensed Beverage Association

(a) Roberta Zerfas (Membership/Education Coordinator. Membership, Education Programs & Special Events). 1-800-292-2896 or 517-374-9611 Ext. 3023

19. **Automobile Industry**

a. **Industry Overview**
   i. Industry SICs: 3711: Motor Vehicles and Passenger Car Bodies (Automobile/Primary Data-1)
   ii. **Major Manufacturers**
      (1) General Motors Corporation (Automobile/Primary Data-3)
      (2) Ford Motor Company (Automobile/Primary Data-3)
      (3) DaimlerChrysler AG (Automobile/Primary Data-3)
   iii. **Economic Impact**
      (1) More than 5 percent of America's private sector Gross Domestic Product is generated by motor vehicle production (Automobile/Primary Data-2)
   iv. **Distribution Practices**
      (1) The traditional product distribution model in the industry in the United States has been selling through a network of independent franchised dealers (Automobile/Primary Data-4)
      (2) Right now there are a lot of publications predicting dramatic changes in the way consumers purchase their vehicles. These changes include distribution systems relying on Internet technology and build-to-order techniques, consolidation of dealerships, or dealers being eliminated altogether by expanding the role of manufacturers in the selling process (Automobile/Primary Data-5)

b. **Nature of Product Risk**
   i. In the year 2000, there were an estimated 6,394,000 police-reported traffic crushes, in which 41,821 people were killed (an increase of 0.2 percent from 1999) and 3,189,000 people were injured; 4,286,000 crashed involved property damage only (Automobile/Primary Data-6: 1)
   ii. Regarding cars, light trucks, and vans specifically, the NCSA reports that in 2000, 311,910 occupants of passenger vehicles were killed in traffic crashes and an additional 2,938,000 were injured, accounting for 88 percent of all occupant fatalities (passenger cars – 57 percent) and 96 percent of all occupants injured (passenger cars – 67 percent) (Automobile/Primary Data-6: 10)
   iii. On the other hand, the 2000 Annual Assessment of Motor Vehicle Crashes by the same institution shows that most fatality rates declined in 2000 compared to 1999 and remained at a historic low (Automobile/Primary Data-7: 5-8)

c. **Contacts**
   i. **Manufacturers**
      (1) <u>Ford Motor Company</u>
         (a) 1-800-4-jaguar
         (b) 1-800-637-6837
      (2) <u>General Motors</u>
         (a) 313-556-5000
      (3) <u>American Honda Motor Co., Inc.</u>
         (a) 310-783-2000
      (4) <u>DaimlerChrysler</u>
         (a) 248 576 5741
      (5) Volkswagen of America, Inc
         (a) 1-800-DRIVEVW
   ii. **Trade Associations whose members are manufactures**
      (1) <u>Automotive Coalition for Traffic Safety, Inc</u>
         (a) Christene R. Jennings (Director of Programs). General phone number: 703-243-7501
      (2) <u>The Alliance of Automobile Manufacturers</u>
         (a) Robert Strassburger (Vice President, Safety and Harmonization). General phone number: 202-326-5500

iii. **Others**

(1) National Highway Traffic Safety Administration

(a) 202-366-0123

20. **All-Terrain Vehicles (ATV's)**

a. **Industry Overview**

i. **Definition**

(1) Any motorized off-highway vehicle 50 inches (1270 mm) or less in overall width, with an unladen dry weight of 600 pounds (275 kg) or less, designed to travel on four low pressure tires, having a seat designed to be straddled by the operator and handlebars for steering control, and intended for use by a single operator and no passenger. Width and weight shall be exclusive of accessories and optional equipment. ATV's are subdivided into four categories as follows (ATV/Primary Data-1):

(a) Category G (General Use Model) ATV: An ATV intended for general recreational and utility use (ATV/Primary Data-1)

(b) Category S (Sport Model) ATV: An ATV intended for recreational use by experienced operators only (ATV/Primary Data-1)

(c) Category U (Utility Model) ATV: An ATV intended primarily for utility use (ATV/Primary Data-1)

(d) Category Y (Youth Model) ATV: An ATV intended for recreational off-road use under adult supervision by operators under age 16. Youth model ATV's can further be categorized as follows (ATV/Primary Data-1):

(i) Category Y-6 ATV: A category Y-6 ATV is a youth model ATV which is intended for use by children age 6 and older (ATV/Primary Data-1)

(ii) Category Y-12 ATV: A category Y-12 is a youth model ATV which is intended for use by children age 12 and older (ATV/Primary Data-1)

ii. **Industry trends**

(1) First, from 1980 through 1983, sales increased by more than 50 percent a year and peaked at more than 600,000 units in 1984 and 1985. In 1988, the year the consent decree was signed, ATV sales fell to 217,000 units. Sales declined to less than 130,000 units in 1990 and have increased by approximately ten percent per year since then (ATV/Primary Data-2)

(2) Second, after four-wheeled ATVs were introduced in 1983, their popularity increased rapidly. By 1985, four-wheeled ATVs accounted for 56 percent of ATV unit sales, and by 1987 they accounted for 94 percent of ATV unit sales. Thus, four-wheeled ATVs essentially had made three-wheeled ATVs obsolete by the time the consent decree was signed in 1988. In fact, manufacture of three-wheeled ATVs was discontinued in December 1987 (ATV/Primary Data-2)

(3) Third, although four-wheeled ATVs have represented the major share of ATV unit sales since 1986, a substantial stock of three-wheeled ATVs still remains. Thus, although the consent decree banned the sale of three-wheeled ATVs because of their instability, at the end of 1993 approximately 900,000 remained in use (ATV/Primary Data-2)

iii. **Major Manufacturers/Distributors in the USA**

(1) Arctic Cat, Inc. (ATV/Primary Data-3)

(2) Bombardier, Inc. (ATV/Primary Data-3)

(3) Cannondale Corp. (ATV/Primary Data-3)

(4) Drakart (ATV/Primary Data-3)
(5) E-Ton (ATV/Primary Data-3)
(6) American Honda Motor Co., Inc. (ATV/Primary Data-3)
(7) Husaberg (ATV/Primary Data-3)
(8) Kasea (ATV/Primary Data-3)
(9) Kawasaki Motors Corp., USA (ATV/Primary Data-3)
(10) LEM Motor (ATV/Primary Data-3)
(11) Polaris Industries, Inc. (ATV/Primary Data-3)
(12) Sundiro (ATV/Primary Data-3)
(13) U.S. Suzuki Motor Corp. (ATV/Primary Data-3)
(14) Yamaha Motor Corp,. USA (ATV/Primary Data-3)

iv. **Nature of distribution practices**

(1) Based on the analysis of the Polaris Industries, Inc. December 2000 Annual Report and Arctic Cat, Inc. March 2001 Annual Report, it can be concluded that most participants of the industry sell their ATVs in the USA through a network of dealers under contractual agreements. Companies use independent and affiliated dealers that also specialize in other products (ATV/Primary Data-4: 6) (ATV/Primary Data-14)

b. **Nature of product risk**

i. **Injuries and deaths trends**

(1) Estimated numbers of deaths and injuries for all ATVs generally declined from the late 1980s through the early 1990s; thereafter, there is a gradual increase in the number of deaths. Injuries were relatively stable from 1992 through 1997, but showed statistically significant increases for the years 1997-98 and 1998-99 (ATV/Primary Data-5)

ii. **Injuries and deaths estimates**

(1) The total number of deaths in the United States in the period of January 1, 1982 – December 31, 1999 has been 3,716 (ATV/Primary Data-6). Youth under 16 represented 35% of all ATV-related deaths (ATV/Primary Data-6)
(2) An estimated 54,600 ATV-related injuries were treated in hospital emergency departments during 1997, 70,200 in 1998 and 84,800 in 1999 (ATV/Primary Data-6)
(3) From 1995 to 1999, the estimated number of ATV-related emergency department for U.S. youth under age 16 grew annually from 19,300 to 28,700, a 33% increase (ATV/Primary Data-7)
(4) Nationwide in 1999, youth under 16 represented 34% of all ATV-related emergency department visits (ATV/Primary Data-7)
(5) Youth are commonly injured fatally and non-fatally in rollover crashed, collisions with stationary objects, and by falling off the ATV (ATV/Primary Data-7)
(6) Approximately 70% of fatal injuries to youth under 19 years involve the head and neck. Common non-fatal injuries include broken upper and lower extremities, head injuries, bruises and scrapes (ATV/Primary Data-7)
(7) ATV operators under 16 are nearly four times more likely than ATV operators over 16 to experience an injury requiring emergency room treatment (ATV/Primary Data-7)
(8) A national survey of injured ATV operators found the hospitalization rate for ATV-related injuries was 13%, compared to a hospitalization rate of 4% for other consumer product-related injuries (ATV/Primary Data-7)

c. **Contacts**

i. **Manufacturers**

(1) Arctic Cat, Inc.

(a) Joe Klosterman, VP ATV Sales, (218) 681-8558

(2) Bombardier, Inc.
(a) (514) 861-7053

(3) Cannondale Corp.
(a) (203) 749-7000

(4) American Honda Motor Co., Inc.
(a) +81-3-3423

(5) Kawasaki Motors Corp., USA
(a) 1-949-460-5688

(6) Polaris Industries, Inc.
(a) (763) 542-0500
(b) Sheila Shaughnessy, Director of Dealer Development, (763)417-8613

(7) U.S. Suzuki Motor Corp.
(c) Ken Glaser, Communications Manager, Government Relations
Phone: (714)996-7040 x2203

(8) Yamaha Motor Corp,. USA
(d) 1-800-88-YAMAHA

ii. **Trade Associations whose members are manufacturers**

(1) Specialty Vehicle Institute of America (SVIA)
ATV Safety Institute (ASI) 2 Jennifer Street, Suite 150
Irvine, CA 92718
714-727-3727 or 800-887-2887
Fax 714-727-4216

21. **Chemical industry**

a. **Industry Overview**

i. **Definition**

(1) The Chemicals Industry includes makers of basic and intermediate chemicals, specialty chemicals, agricultural chemicals, petrochemicals, plastics and fibers, and paints and coatings (Chemical/Primary Data-1)

ii. **Major manufacturers**

(1) BASF AG (Chemical/Primary Data-1)
(2) Bayer AG (Chemical/Primary Data-1)
(3) DuPont (Chemical/Primary Data-1)
(4) Dow Chemical (Chemical/Primary Data-1)
(5) ExxonMobil Chemical (Chemical/Primary Data-1)
(6) Akzo Nobel (Chemical/Primary Data-1)
(7) ICI (Chemical/Primary Data-1)

iii. **Industry Characteristics**

(1) U.S. chemical companies produce over 70,000 different chemical substances and account for 24 % of the world's production. Foreign sales account for approximately 50% of total production (Chemical/Primary Data-2)

(2) Key markets for basic chemical producers include the automotive, construction, and manufacturing industries. These three industry sectors are major users of plastics, pigments, and industrial gases. Demand for industrial chemicals is ultimately derived from the demand for consumer goods. Consumers who purchase home furnishings and appliances will stimulate demand for the goods used to manufacture these products (Chemical/Primary Data-2)

(3) Commodity chemicals are used in finished consumer products such as soaps and detergents. Revenue is driven by volume demand and pricing. Profits are determined by a combination of product mix, capacity utilization, and production efficiency. A chemical producers product line can be either broad or

narrow. But its important to meet economies of scale to achieve the greatest cost advantage (Chemical/Primary Data-2)

(a) Cyclical Industry

(i) The chemical business is closely tied to the health of the U.S. economy such as retail sales, exchange rates, and consumer spending. Demand for chemicals is derived from the demand of consumer products. The chemical industry depends heavily on the automobile, manufacturing, and housing business which are very cyclical. These customer segments make the chemical industry cyclical as well. Chemical producers often face supply and demand imbalances as a result of economic cycles. Many are unable to forecast capacity additions which may not match demand (Chemical/Primary Data-2)

(b) Capital Intensity

(i) The chemical industry is very capital intensive . The cost of building a new facility can often be hundreds of millions of dollars. Large plants are needed to build efficient plants and achieve economies of scale (Chemical/Primary Data-2)

(c) Heavy Government Regulation

(i) Chemical producers manufacture a wide variety of industrial solvents, cleaners, liquid wastes, and unwanted byproducts from the manufacturing process. Chemical producers are regulated by the EPA (Environmental Protection Agency) which sets standards on chemical disposing processes (Chemical/Primary Data-2)

(d) Chemicals and allied products industries manufacture more than 50,000 different chemical substances. Most are used as basic materials in other industries, but some are used directly by consumers. These include such diverse products as organic chemicals (including petrochemicals) and inorganic chemicals (including industrial gases and alkalies and chlorine), plastic resins and synthetic rubber, drugs and pharmaceuticals, soaps and detergents, cosmetics, paints and coatings, agricultural chemicals (including fertilizers and pesticides), adhesives and sealants, and a variety of miscellaneous chemicals (including essential oils, salts, and distilled water) (Chemical/Primary Data-2)

(e) The chemical and allied products industry is one of the largest U.S. industries. The industry employs about 850,000 persons, and manufacturing facilities are located in every state. The industry is also the largest U.S. exporting sector and has maintained a positive trade balance for the last decade. This is in part due to its extensive globalization. The U.S. chemical industry had more than $400 billion in sales which accounts for about 24 % of total world chemical production (Chemical/Primary Data-2)

(f) The health of the industry is closely tied to the U.S. and global economy, as reflected in the movements of the GNP, personnel consumption expenditures, retail sales, and exchange rates. Industries such as automobiles, housing, and electronics are have increased chemical industry shipments in 1997. Capacity utilization for the industry was sustained at slightly more than 81 percent, about the same as the previous year's operating rate. Apparent domestic consumption (product shipments plus imports minus exports) rose 1.4 percent,

reflecting a slowdown in domestic economic activity (Chemical/Primary Data-2)

iv. **Segments**

(1) The U.S. chemicals and allied products industry consists of some 9,125 corporations whose primary business is the development, manufacturing, and marketing of industrial chemicals, pharmaceuticals, and other chemical products (Chemical/Primary Data-3)

(a) The industrial chemicals segment of the industry consists of some 1,725 corporations whose primary business is the manufacturing and marketing of alkalis and chlorine, inorganic pigments, industrial gases, and other industrial inorganic chemicals; plastic resins, synthetic rubber, and man-made fibers; and petrochemicals and other industrial organic chemicals (Chemical/Primary Data-3)

(b) The pharmaceuticals segment consists of some 1,225 corporations whose primary business is the development, manufacturing and marketing of medicinal chemicals and botanical; in vitro and other diagnostic substances to diagnose or monitor the state of human or veterinary health; bacterial and virus vaccines, toxoids, serums, plasmas, and other biological products for human and veterinary health; and vitamins and other pharmaceutical preparations for both human and veterinary use (Chemical/Primary Data-3)

(c) Other chemical products consist of some 6,175 corporations whose primary business is the manufacturing and marketing of soaps and detergents; surfactants; specialty cleaning, polishing, and sanitary preparations; perfumes, cosmetics, and other toilet preparations; paints, varnishes, enamels, and other allied products; fertilizers, pesticides, and other agricultural chemicals; and adhesives and sealants, explosives, printing ink, and other specialty chemicals and chemical preparations (Chemical/Primary Data-3)

v. **Industry trends**

(1) U.S. chemical shipments rose 6 percent to $462 billion in 2000, according to the American Chemistry Council. Life Science chemicals (pharmaceuticals and pesticides) rose 7.3 percent; specialty chemicals rose 6.8 percent; while industrial chemicals rose 5 percent to $72.5 billion in 2000 (Chemical/Primary Data-2)

(2) While year 2000 witnessed decent production gains, it does not tell the whole story. The chemical industry will be under increasing pressure in year 2001 due to higher feed stock and energy costs. This will tighten margins substantially. In 2000, industrial/specialty chemical margins were down. The industry is plagued by oversupply and low capacity utilization (Chemical/Primary Data-2)

(3) The chemical industry has been confronted with a number of unusual macroeconomic factors that hurt sales and profitably over the past few years Most notably was the economic problems in Asia that had a devastating impact on chemical sales. Another factor was automobile production that was reduced in June 1998 as a result of strikes at two GM plants. The two plants make fenders, hoods, and instrument panels for virtually energy GM car sold in North America. Subsequently, the strike caused shutdowns in all assembly plants due to a lack of parts (Chemical/Primary Data-2)

b. **Nature of product risk**

i. The chemical revolution of the past 50 years has altered nearly every aspect of our lives. Many of the products we rely upon every day — from plastic bags to computers — would not exist without synthetic chemicals. Most of us believe the chemicals in

consumer products have been tested and approved by some government agency. In fact, until they are proven harmful, most chemicals are presumed safe (Chemical/Primary Data-4)

ii. Of the more than 75,000 chemicals registered with the Environmental Protection Agency, only a fraction have gone through complete testing to find out whether they might cause problems for human health. Many that are produced in enormous quantities have never been tested at all. Usually, it takes dramatic episodes of workplace injuries or wildlife poisonings, combined with rigorous scientific proof of harm and public outcry, before the government will act to restrict or ban any chemical. And that is no accident. The current regulatory system allows synthetic chemicals into our lives unless one is proven beyond doubt to be dangerous (Chemical/Primary Data-4)

iii. Today, while scientific research worldwide is finding that every one of us carries traces of synthetic chemicals in our bodies, scientists know very little about the risks of these low level exposures. We do know some chemicals are highly toxic. Some are carcinogenic. Others interfere with the reproductive system. Many others likely present no health threat at all (Chemical/Primary Data-4)

iv. The problem is that for most chemicals, we simply do not know how safe — or dangerous - they may be. And they are everywhere around us - in the air, soil, and water; in our homes; and in our bodies. Not a single child today is born free of synthetic chemicals (Chemical/Primary Data-4)

v. Poisonings from solids and liquids such as drugs, medicines, poisonous houseplants, cleaning products, and pesticides caused 6,300 deaths in the home in 1998 alone. These deaths are not all among children. Another age group at risk is adults age 25 through 44. Many adults are unintentionally poisoned when they do not follow label directions on medications or household chemicals (Chemical/Primary Data-5)

c. **Contacts**

i. **Manufacturers**

(1) BASF Corporation
  (a) (973) 426-2600

(2) Bayer Corporation
  (a) (412) 777-2000

(3) E. I. du Pont de Nemours (DuPont)
  (a) (302) 774-1000

(4) The Dow Chemical Company
  (a) (989) 636-1000

(5) ExxoMobil Chemical Company
  (a) (281) 870-6000

(6) Akzo Nobel
  (a) (312) 906-7500

(7) ICI Americas Inc.
  (a) (908) 685-5000

ii. **Trade Associations whose members are manufacturers**

(1) American Chemistry Council
  (a) General 703-741-5000
  (b) Larry Rampy, (703)741-5855

(2) International Council of Chemical Associations (ICCA)
  (a) Contact information is not available

22. **Explosive industry**

a. **Industry overview**

i. **Explosives Definition**

(1) This sector covers all commercial enterprises whose primary activities are governed by the Explosives Act, and includes the manufacturing and marketing of explosive accessories and incidental activities (Explosives/Primary Data-1)

ii. **Major manufacturers**

(1) ICI Explosives USA, Dyno Nobel Inc., Mine Equipment & Mill Supply, Inc., ETI Explosives Technologies International, Inc., Dyna Blast, Inc. and E.I., DuPont de Nemours & Co. (Explosives/Primary Data-8)

iii. **Classification of Explosive materials**

(1) Class A: Explosives that detonate or have maximum hazard. Typical examples: dynamites, cast boosters, cap sensitive emulsions, slurries, water gels, and certain initiators and detonators (Explosives/Primary Data-7)

(2) Class B: Explosives that function by rapid combustion rather than detonation. Typical examples: pyrotechnics, certain propellants and fireworks, flash powders, and signal devices (Explosives/Primary Data-7)

(3) Class C: Explosives which contain Class A o B explosives as compo9nents but in restricted quantities that present minimum hazard. Typical examples: safety fuse, igniter cord, certain detonators, and specialty explosive devices (Explosives/Primary Data-7)

(4) Blasting Agents: Explosive materials which have been tested and found to be so insensitive that it is unlikely that they will initiate or detonate in a fire during normal transportation conditions. Typical examples: ANFO, blends, emulsions, slurries, and water gels that are not cap sensitive (Explosives/Primary Data-7)

iv. **Explosives usage**

(1) Approximately 80% of all explosives are used by the mining industry, while the quarrying and construction industry use the remaining 20%. The poor performance of the mining and construction industries in recent years has had a serious impact on the explosives industry (Explosives/Primary Data-1)

v. **Regulatory agencies**

(1) Federal Agencies

(a) Bureau of Alcohol, tobacco and Firearms (BATF) (Explosives/Primary Data-7)

(b) Environmental Protection Agency (EPA) (Explosives/Primary Data-7)

(c) Mine Safety and Health Administration (MSHA) (Explosives/Primary Data-7)

(d) Occupational Safety and Health Administration (OSHA) (Explosives/Primary Data-7)

(e) Office of Surface Mining (OSM) (Explosives/Primary Data-7)

(f) United States Coast Guard (USCG) (Explosives/Primary Data-7)

(g) United States Department of Transportation (USDOT) (Explosives/Primary Data-7)

(2) State and local agencies

(a) Department of Mining and Minerals (Explosives/Primary Data-7)

(b) Department of Natural Resources (Explosives/Primary Data-7)

(c) Department of Environmental Resources (Explosives/Primary Data-7)

(d) Department of Energy (Explosives/Primary Data-7)

(e) Fire Marshal (Explosives/Primary Data-7)

(f) Department of Transportation (Explosives/Primary Data-7)

(g) Department of Labor and Industry (Explosives/Primary Data-7)

(h) Sheriff (Explosives/Primary Data-7)

(i) Sate Police (Explosives/Primary Data-7)

vi. **Industry trends**

(1) In 2000, U.S. explosives production was 2.57 million metric tons (Mt), a 21% increase from that of 1999; sales of explosives were reported in all States. Coal mining, with 67% of total consumption, continued to be the dominant use for explosives in the United States. Kentucky, Virginia, Wyoming, West Virginia, and Pennsylvania, in descending order, were the largest consuming States, with a combined total of 51% of U.S. sales (Explosives/Primary Data-2)

(2) There was a sharp decrease in U.S. explosives production from 1998 to 1999, followed by a corresponding sharp increase from 1999 to 2000 (Explosives/Primary Data-2)

b. **Nature of product risk**

i. There are over 50 people killed each year by explosives (not including major events like Oklahoma City) and approximately 500 people injured each year by explosives. According to the FBI''s Bomb Data Center, California leads the nation in "Explosive Incidents". Most of these "Incidents" occur in residential areas. The most common explosives used are black powder, smokeless powder and fireworks powders. The most common explosive device encountered in the USA is the pipe bomb (Explosives/Primary Data-9)

c. **Contacts**

i. **Manufacturers**

(1) Orica Explosives

(a) Orica International Management Inc. and Orica USA Inc (303) 268-5000

ii. **Trade Associations whose members are manufacturers**

(1) Institute of Maker of Explosives (IME)

(a) J. Christopher Ronay, President (202)266-4320

(b) (202) 429-9280

iii. **Others**

(1) International Society of Explosives Engineers

(a) The International Society of Explosives Engineers (ISEE) is a professional society dedicated to promoting the safe and controlled use of explosives in mining, quarrying, construction, manufacturing, forestry, and many other commercial pursuits. With more than 4,200 members from more than 85 countries, and with 32 Chapters in the US, Canada and Australia, the Society is recognized as a world leader in providing explosives technology and education, and promoting public understanding of the benefits of explosives

(b) (440) 349-4400. Check document for the right contact person

23. **Fireworks industry**

a. **Industry overview**

i. **Product Definition**

(1) The term "fireworks" shall mean and include any composition or device for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation, and which is defined as common or special fireworks by the United States Department of Transportation (DOT). Fireworks are further classified in this law as Class C or Class B. The term "fireworks" shall not include toy cap pistols and caps, blank cartridges, railroad flares and model rockets (Fireworks/Primary Data-1)

ii. **Major manufacturers**

(1) American Fireworks Mfg. Co. Inc (Fireworks/Primary Data-10)

(2) J. G Dapkus C. Inc (Fireworks/Primary Data-10)

(3) Patriotic Fireworks (Fireworks/Primary Data-10)

iii. **Product Classification**

(1) Fireworks are classified into two major categories:

(a) Consumer fireworks (formerly Class C fireworks), which are sold for consumer use only, intended for the general public, and include shells and mortars, cone and cylindrical fountains, roman candles, multiple tube devices, rockets, sparklers, and firecrackers (Fireworks/Primary Data-2)

(b) Display fireworks (formerly Class B fireworks), which are larger fireworks designed primarily for display shows, and which include, but are not limited to, salutes containing more than 130 mg of explosives materials, aerial shells containing more than 40 gms of pyrotechnical composition, and other display pieces which exceed the limits of explosive materials for classification as consumer fireworks (Fireworks/Primary Data-2)

iv. **Industry Performance**

(1) The industry experienced steady growth in fireworks usage year to year through the late 1980's. Another surge in usage occurred in 1990 with increased introduction of special pyrotechnic effects and "close proximity" fireworks. The consumption rate has continued to climb steadily throughout the past decade, where fireworks usage has more than doubled (67.6 million pounds in 1990 to over 152.6 million pounds in 2000). Industry revenue climbed to more than $610 million in 2000, in comparison to a previous high of $425 million in 1998. The American Pyrotechnics Association (APA) predicts a healthy increase in revenue for 2001 to approximately $650 million (Fireworks/Primary Data-3)

v. **Nature of Distribution Practices**

(1) Fireworks in general seem to follow a "traditional" manufacturer/importer-wholesaler/distributor-retailer-end user distribution channel to reach the final user. In the fireworks industry, however, importers play an important role, as more than 85% of the fireworks used in the U.S. are imported, mainly from China. There are approximately 2500 plus fireworks wholesalers and retailers in the country (Fireworks/Primary Data-4)

(2) Manufacturers, importers, and dealers of display fireworks and of explosive materials used in display fireworks require a BATF license (Fireworks/Primary Data-5)

(3) A permit is required by any person acquiring or transporting display fireworks interstate for his own use and not for resale (Fireworks/Primary Data-5)

(4) There are two types of permits:

(a) User permit - allows a permittee to acquire, transport, ship, and receive display fireworks in interstate or foreign commerce for his/her own use and not for resale (Fireworks/Primary Data-5)

(b) User-limited of display fireworks permit - same as above, but issued for a single transaction only (Fireworks/Primary Data-5)

(5) In the case of display fireworks, it is very common that end users contract for display fireworks (ex. 4th of July, other celebrations, marketing events, etc.) from an out-of-state dealer and usually receive a total service, including the services of a pyrotechnician who transport display fireworks in interstate commerce to the site, and conducts or supervises the display. In these instances, the customer purchases the dealer's services rather than the explosive materials themselves, and the service includes cost for the fireworks to be used. In these cases, customers purchasing and receiving the service do not need to obtain Federal explosives licenses or permits (Fireworks/Primary Data-5)

(6) Restrictions for distribution

(a) Display fireworks may NOT be distributed by licensees to any person who (Fireworks/Primary Data-5):
  (i) Is under age 21
  (ii) Has been convicted of a crime punishable by imprisonment for a term exceeding one year
  (iii) Is under indictment for a crime punishable by imprisonment for a term > 1 year
  (iv) Is an unlawful user of, or addicted to, marijuana or any depressant or stimulant drug or narcotic drug
  (v) Has been adjudicated as a mental defective or has been committed to a mental institution
  (vi) Is a fugitive from justice
(b) Dealers must (Fireworks/Primary Data-5):
  (i) Have a federal license
  (ii) Have proper storage facilities
  (iii) Keep accurate and complete records
  (iv) Verify that each out-of-state buyer has a federal license or permit
  (v) Have nonlicensees/nonpermittees execute forms 5400.4 "Explosives Transactions Record"
  (vi) Have employees of buyers or carriers to whom delivery is made at a distributor's premises execute Forms 5400.8 "Explosives Delivery Record"
  (vii) Verify buyers' identities

vi. **Industry Regulation**
(1) The fireworks industry is a highly regulated one, both by federal agencies as well as by state/local agencies (Fireworks/Primary Data-4)
(2) Federal regulators are:
  (a) Bureau of Alcohol, Tobacco, and Firearms (BATF) B regulates the display fireworks (class B), as ATF regulates explosives (Fireworks/Primary Data-4)
  (b) Consumer Product Safety Commission (CPSC) B regulates consumer fireworks (class C) (Fireworks/Primary Data-4)
  (c) Department of Transportation (DOT) B regulates the packaging and transport of explosives and fireworks (Fireworks/Primary Data-4)
  (d) National Fire Protection Administration (NFPA) (Fireworks/Primary Data-4)
(3) After Congress passed in 1993 to make the fireworks industry comply with United Nations' standards, the industry changed the way in which it handles, transports, and manufacture fireworks. Since more than 85% of the fireworks used in the U.S. are imported, lawmakers believed adapting U.N. standards was practical. ATF, DOT and CPSC have their own standards, which results in compliance costs and overlapping paperwork (Fireworks/Primary Data-4)
(4) High regulation of the industry may have forced several companies out of business. The American Fireworks Association and the APA have hired lawmakers to lobby against the mounting regulation (Fireworks/Primary Data-4)

b. **Nature of product risk**
i. The government, under the Federal Hazardous Substances Act, prohibits the sale of the most dangerous types of fireworks to consumers. Banned fireworks include large reloadable mortar shells, cherry bombs, aerial bombs, M-80 salutes and larger firecrackers containing more than two grains of powder. Also banned are mail-order kits designed to build these fireworks (Fireworks/Primary Data-6). Some fireworks are

banned if they look like candy, food, or other banned fireworks devices (i.e. dragon eggs, which look like chocolate candy kisses; cracker balls, which look like breakfast cereal, are banned fireworks devices) (Fireworks/Primary Data-7)

ii. Many states and local governments prohibit or limit consumer fireworks which are the common fireworks and firecrackers sold for consumer use. Each state or county has its own laws pertaining to the sale and uses of consumer fireworks. There is a total of 9 states, including New York, which ban all consumer fireworks, including those which are allowed by CPSC regulations (Fireworks/Primary Data-8)

iii. Illegal fireworks continue to be a serious problem for the industry. Over the past 10 years, 30-33% of the injuries associated with fireworks have typically been caused by illegal explosives or homemade fireworks (Fireworks/Primary Data-8)

iv. Injury Data

(1) Although most fireworks can be relatively safe with proper and careful usage, some fireworks, such as illegal fireworks, as mentioned earlier, present substantial risks that can result in deaths, blindings, amputations, and severe burns (Fireworks/Primary Data-9)

(2) In a report by CPSC, it was concluded that the majority of the injuries from consumer fireworks involved misuse rather than malfunction (Fireworks/Primary Data-9)

(3) In 2000, approximately 11,000 people were treated in hospital emergency rooms for injuries associated with fireworks (55% of which were burns), and most injuries involved the hands, eyes, and head. About one half of the victims were under 15 years of age (Fireworks/Primary Data-9)

(4) In 1999, approximately 8,500 people were treated in hospital emergency rooms for injuries associated with fireworks (55% were burns), and most injuries involved the hands, eyes, and head. About 40% of the victims were under 15 years of age (Fireworks/Primary Data-9)

(5) The figure in 1995 was of 10,900 people, while in 1990 it was of 12,000 people (Fireworks/Primary Data-9)

(6) Some highlights of the 2000 Fireworks Annual Report (included), compiled by the U.S. Consumer Product Safety Commission, are:

(a) Reports of 10 deaths from fireworks in 2000, and 17 deaths on 1999 (Fireworks/Primary Data-9)

(b) Largest increase in injuries was in January 2000, when there were 1000 injuries than in January 1999. In July 2000, there were 800 more injuries than in July 1999 (Fireworks/Primary Data-9)

(c) Estimated emergency department treated injuries for 2000 were significantly higher than during 1997-1999. But injuries were lower than 1992-1994, when the average was almost 12,500 injuries per year (Fireworks/Primary Data-9)

(d) The increase in injuries was most likely related to the increased fireworks sakes for the Millennium celebrations. Also, in many states, the period of time when fireworks could be sold was extended (Fireworks/Primary Data-9)

(e) Firecrackers were associated with the greatest number of injuries at 1,600, followed by rockets at 1,300, and sparklers at 1,200. (year 2000) (Fireworks/Primary Data-9)

(f) About twice as many males were injured as females (year 2000). This is consistent with the data for many years (Fireworks/Primary Data-9)

(g) Injuries to children were a major component of total fireworks-related injuries, with children under 15 accounting for almost half the injuries (Fireworks/Primary Data-9)

(h) Parts of the body most often injured were the eyes (2,000 emergency department visits), hands (1,900), and the head/face body region (1,100) (Fireworks/Primary Data-9)
(i) Over half the injuries involved burns (Fireworks/Primary Data-9)
(j) Serious injuries were associated with
(i) fireworks explosions that were earlier or later than expected by the user (Fireworks/Primary Data-9)
(ii) rockets with errant flight paths (Fireworks/Primary Data-9)
(iii) inappropriate use of fireworks by children (Fireworks/Primary Data-9)

c. **Contacts**
i. **Manufacturers**
(1) American Fireworks Mfg. Co. Inc
(a) (315) 724-9487
(2) J. G Dapkus C. Inc
(a) Mike Dapkus, President, (860) 349-9747
(3) Patriotic Fireworks
(a) 410-287-2365
ii. **Trade associations whose members are manufacturers**
(1) Texas Pyrotechnic Association
(a) rtfire@flash.net
iii. **Others**
(1) American Pyrotechnics Association
(a) Julie L. Heckman, Executive Director. (301) 907-8181
(2) National Council of Firework Safety
(a) (301) 907-7998
(b) Please check document to see who is the best one to contact
(3) National Fireworks Association
(a) (816) 505-3589
(b) Please check document to see who is the best one to contact
(4) Pyrotechnics Guild International
(a) Please check document to see who is the best one to contact
(5) International Pyrotechnics Society
(a) Please check document to see who is the best one to contact

24. **Pesticides Industry**
a. **Industry overview**
i. **Pesticide definition**
(1) Pesticide is any agent used to kill or control undesired insects, weeds, rodents, fungi, bacteria or other organisms. Thus, the term "pesticide" includes insecticides, herbicides, rodenticides, fungicides, nematicides, and acaracides as well as disinfectants, fumigants, wood preservatives and plant growth regulators (Pesticides/Primary Data-1: 2)
ii. **Major manufacturers**
(1) Dow AgroSciences (Pesticides/Primary Data-12)
(2) BASF AG (Pesticides/Primary Data-13)
(3) Bayer AG (Pesticides/Primary Data-13)
(4) DuPont (Pesticides/Primary Data-13)
iii. **Pesticide Types**
(1) There are five common types of pesticide products (Pesticides/Primary Data-2: 4):
(a) Insecticides – used to kill insects (Pesticides/Primary Data-2: 4)

(b) Fungicides – used to kill or otherwise inhibit the growth of organisms that cause mold, rot, and plant diseases (Pesticides/Primary Data-2: 4)

(c) Rodenticides – used to kill rats, mice, rabbits, and related animals Herbicides – used to kill or inhibit the growth of weeds, grass, or plants (Pesticides/Primary Data-2: 4)

(d) Antimicrobials – used to kill germs and other microorganisms. Such products include swimming pool algaecides and household disinfectants (Pesticides/Primary Data-2: 4)

(e) Other types of pesticides include repellents, desiccants, plant and insect growth regulators, and as ingredients in paint (Pesticides/Primary Data-2: 4)

iv. **Pesticide Use Classification**

(1) The U.S. Environmental Protection Agency (EPA) classifies all pesticides into two use categories (Pesticides/Primary Data-2: 4):

(a) General Use Pesticides

(i) Pesticide products that may be purchased and used without any federal license or certification. However, most states require licenses for commercial applications of all pesticides, including general use pesticides (Pesticides/Primary Data-2: 4)

(b) Restricted Use Pesticides

(i) Pesticide products which, under federal law, require a special certification to buy or use because of a particular hazard or risk posed by the product (Pesticides/Primary Data-2: 4)

v. **Pesticide Users**

(1) There are three basic types of pesticide users, from which unused pesticides are generated (Pesticides/Primary Data-2: 4):

(a) Agricultural

(i) Use of conventional pesticides on farms was 770 million pounds of active ingredient in 1997 (Pesticides/Primary Data-2: 4)

(b) Residential

(i) It is estimated that 70 million households purchase 425 million pounds of home and garden pesticides each year in the United States (approximately 6 pounds per household). Use of conventional pesticides by homeowners is estimated at 76 million pounds of active ingredient for 1997 by EPA (Pesticides/Primary Data-2: 4)

(c) Commercial/Institutional

(i) Conventional pesticide use in this category totaled 129 million pounds of active ingredient in 1997 (Pesticides/Primary Data-2: 4)

(d) Other (unconventional) pesticide

(i) Other unconventional pesticide use figures in 1997 include 0.66 billion pounds for wood preservatives; 0.27 billion pounds for specialty biocides; and nearly 2.5 billion pounds for chlorine/ hypochlorites (Pesticides/Primary Data-2: 4)

(2) According to the U.S. EPA, the overall total U.S use for all types of pesticide active ingredients is about 4.6 billion pounds per year (Pesticides/Primary Data-2: 4)

vi. **Quantities Sold, Used, Stored, and Disposed**

(1) Pesticides represent a significant percentage of the toxic portion of the waste stream. Use of conventional pesticides by agricultural operations was 806

million pounds by active ingredient in 1996 alone. According to an October 2000 EPA draft report, the total amount of pesticides collected by all states in Clean Sweep collection events since 1986 to date has been 22 million pounds. EPA estimates that home and garden uses of pesticides in the U.S. totaled 136 million pounds of pesticide active ingredient in 1997. (Home and garden pesticides tend to be less than 10% active ingredient) (Pesticides/Primary Data-2: 5)

(a) Residential

(i) It is estimated that 70 million households purchase 425 million pounds of home and garden pesticides each year in the United States (approximately 6 pounds per household). In King County, Washington, pesticides comprise about 5 percent of the waste stream received at local hazardous waste sites, but 25 percent of the disposal costs due to the need to lab pack and ship to special landfills (Pesticides/Primary Data-2: 5)

(b) Agricultural

(i) EPA estimates that agricultural uses of all pesticides in the U.S. totaled 944 million pounds of active ingredient in 1997 (Pesticides/Primary Data-2: 5)

(c) Commercial/Institutional

(i) EPA estimates that industrial, commercial, and governmental uses of all pesticides in the U.S. totaled 151 million pounds of active ingredient in 1997. Of Massachusetts' 6,600 licensed pesticide applicators, Clean Sweep programs in 1998 and 1999 included 200 participants that brought in 60,000 pounds of unwanted and/or unregistered pesticides. Vermont has collected over 70,000 pounds of pesticides. from 1991-2000, and the annual amount collected continues to grow (Pesticides/Primary Data-2: 5)

vii. **Agencies responsible for regulating pesticides**

(1) All types of pesticides are regulated under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and the Federal Food, Drug, and Cosmetic Act (FFDCA). FIFRA requires the registration (and periodic registration) of pesticides for sale or use in the United States. Under FFDCA, pesticides used on food or feed products must have an approved tolerance, or maximum residue level. EPA is responsible for regulating pesticides in cooperation with other Federal Agencies (such as the Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA) and the States (Pesticides/Primary Data-1: 2)

viii. **Trends in conventional pesticide usage**

(1) Agriculture: Usage of conventional pesticides on farms increased from about 400 million pounds in the mid-1960s to a peak of nearly 850 million pounds around 1980, primarily due to the widespread adoption of herbicides in crop production. Since that time, usage has been somewhat lower and has ranged from a low of 658 million pounds in 1987 to a high of 806 million pounds in 1996 (active ingredient). Pesticide usage in agriculture can vary considerably from year to year depending on weather, pest outbreaks, crop acreage, and economic factors such as crop prices (Pesticides/Primary Data-1: 3)

(2) Other Sectors: In the non-agricultural sectors, conventional pesticide usage reached a peak of about 300 million pounds in 1979 and since has declined rather consistently to a level of just over 200 million pounds in recent years.

Most of this decline is due to less usage in the industrial/commercial/governmental sector (referred to as the professional market) which totaled 129 million pounds in 1997. Usage of conventional pesticides by homeowners is estimated at 76 million pounds for 1997 (Pesticides/Primary Data-1: 4)

(3) World use of pesticides in 1999 was an estimated $28 billion at the user level, an increase of 1% from 1994. The market for herbicide-tolerant and insect-tolerant crops expanded to over $2 billion in 1999, representing a total crop protection market of over $30 billion. This increase was mainly a result of market expansions in the United States, Europe, parts of Asia, and Latin America (Pesticides/Primary Data-3)

(4) By 2004, world pesticide sales will decline to $27 billion annually. This represents a real decline in worldwide use of pesticides (in terms of 1999 dollars) at an average rate of 1% per year. The decline in pesticide usage will likely be offset by increases in pest- and pesticide-tolerant crops (Pesticides/Primary Data-3)

(5) The 1999 sales of pesticides are estimated at 2 million metric tons active ingredient, including user-level sales and exports. Volumes are expected to decrease about 1.0-1.5% per year to 2004, while inflation and higher-unit-value products could add a 2-3% rate of growth per year to the dollar value of the industry over this period (Pesticides/Primary Data-3)

b. **Nature of product risk**

(1) Although pesticides can be beneficial to society, they can be dangerous if used carelessly or if they are not stored properly and out of the reach of children. According to data collected from the American Association of Poison Control Centers, in 2000 alone, an estimated 73,000 children were involved in common household pesticide-related poisonings or exposures in the United States. An additional 25,153 children were exposed to or poisoned by household chlorine bleach (Pesticides/Primary Data-4)

(2) A survey by the U.S. Environmental Protection Agency regarding pesticides used in and around the home revealed some significant findings (Pesticides/Primary Data-4):

(a) Almost half -- 47% -- of all households with children under the age of five had at least one pesticide stored in an unlocked cabinet, less than 4 feet off the ground (i.e., within the reach of children) (Pesticides/Primary Data-4)

(b) Approximately 75% of households without children under the age of five also stored pesticides in an unlocked cabinet, less than 4 feet off the ground (i.e., within the reach of children). This number is especially significant because 13% of all pesticide poisoning incidents occur in homes other than the child's home (Pesticides/Primary Data-4)

(3) Pesticides are one of the more toxic products used and stored in our homes and businesses. In 1995, an estimated 79,000 children were involved in household pesticide-related exposure or poisonings, 22% of which were due to disinfectants. Most poisoning incidents related to household pesticides in the United States are due to disinfectants. Long-term storage of unusable/unwanted pesticides can pose risks to the farmer as well as contaminate the farm as the containers degrade and pesticides are released (Pesticides/Primary Data-2: 5)

c. **Contacts**

i. **Manufacturers**

(1) Dow AgroSciences

(a) (317) 337-3000

(2) Bayer
(a) Bayer U.S. (412) 777-2000

ii. **Trade Associations whose members are manufacturers**
(1) American Crop Protection Association (ACPA)
(a) CropLife America (202) 296-1585
(2) The Consumer Specialty Products Association (CSPA)
(a) The Consumer Specialty Products Association (CSPA) serving makers of formulated products for home and commercial use since 1914 is the premier recognized trade association representing the interests of the consumer specialty products industry. CSPA's members total more than 220, and include companies engaged in the manufacture, formulation, distribution and sale of consumer specialty products for household, institutional and industrial use
(b) CSPA is divided into seven divisions. One of them is pesticide
(c) (202) 872-8110. Check document to see the contact person

iii. **Others**
(1) American Chemistry Council
(a) The American Chemistry Council is the voice of the US Chemical Industry. The American Chemistry Council represents the chemical industry on public policy issues, coordinates the industry's research and testing programs, and administers the industry's environmental, health, and safety performance improvement initiative, known as Responsible Care. The American Chemistry Council is located at 1300 Wilson Boulevard in Arlington, Va. Phone: (703) 741-5000

25. **Pharmaceutical Industry**

a. **Industry overview**

i. **Pharmaceutical Industry Definition**
(1) The pharmaceutical industry is involved in the manufacture, fabricating processing and distribution (excluding wholesale) of drugs, medicines and health-monitoring preparations, including biological products such as bacterial and virus vaccines, serums and plasmas; medicinal chemicals and botanical products such as antibiotics, quinine, strychnine, sulpha drugs, opium and derivatives, adrenal, caffeine, codeine derivatives, vitamins; and pharmaceutical preparations for human or veterinary use; and antiseptics for medical but not for household use, and all operations incidental to these activities (Pharma/Primary Data-1)

ii. **Major players**
(1) The pharmaceutical industry is made up of large multinational companies and a few South African owned companies. The larger companies include: Glaxo SmithKline, Novartis, Roche Products, AstraZeneca, Adcocks, Aspen Pharmacare, Schering Plough, MSD, Aventis, Pfizer Warner Lambert, Bristol Myers Squibb (Pharma/Primary Data-1)

iii. **Distribution Practices**
(1) Pharmaceutical manufacturers' sales are mainly to large drug wholesalers. Wholesalers, in turn, distribute the products to retail pharmacies, hospitals, HMOs, clinics, mail-order companies, and other organizations that fill prescriptions. In 1999, 79.5 percent of sales of human-use ethical pharmaceuticals flowed through wholesalers, up from 78.4 percent in 1997, 71.8 percent in 1990, and 57.3 percent in 1980 (Pharma/Primary Data-3)

(2) In 1999, the retail sector (including independent, chain, food store, and mass-merchandise pharmacies) dispensed more than 2.8 billion prescriptions, according to IMS Health. In terms of dollar sales, retail channels account for over 63.8 percent of dispensed prescription sales in the U.S. Sales by hospital pharmacies account for 11.5 percent of the market; mail-order pharmacies comprise 12.1 percent; clinics 7.0 percent; long-term care pharmacies 3.1 percent; home health-care 1.1 percent; and staff-model HMOs 1.0 percent (Pharma/Primary Data-2)

(3) There are four broadly defined models of drug distribution although numerous additional variations can be defined. The models are delineated according to the number of times the drug product is resold (Pharma/Primary Data-3)

(a) Model 1: Distribution Directly from Manufacturer to Dispensing Organization

(i) Manufacturers sell a portion of their output directly to dispensing organizations, such as large retail pharmacy chains or healthcare organizations. According to a compilation by Pharmaceutical Research and Manufacturers of America (PhRMA), 20 percent of all pharmaceutical drug sales went directly to dispensing organizations. Specifically, 12.4 percent of manufacturer sales went to retailers, 2.1 percent to private hospitals, and 1.4 to healthcare practitioners. The data include sales of both branded and generic drugs, as sold by PhRMA members (Pharma/Primary Data-3)

(b) Model 2: Distribution Through Major Wholesalers

(i) The second model of drug distribution characterizes the movement of the large bulk of pharmaceutical products. Most drug shipments move from the drug manufacturer to several large wholesalers (i.e., the Big Five and regional wholesalers) and then on to dispensers (i.e., health care organizations, retail pharmacy chains, etc.). For these drugs, the number of transactions and the times that the drug product is handled and physically moved is the minimum necessary to reach an eventual consumer. Specifically, perhaps 2 transactions (manufacturer to wholesale distributor to pharmacy chain or other dispenser) are made before the product is consumed (Pharma/Primary Data-3)

(c) Model 3: Distribution from Large to Small Wholesalers to Dispenser

(i) Additional tiers of distribution exist for drugs that are shipped to some of the smaller drug dispensers. As has been noted, the Big Five and even regional wholesalers often have volume requirements that exclude some small dispensers from using their services. In the case of physicians' offices or small healthcare facilities, their demand for drugs is also somewhat limited and/or specialized so that they do not require the services of a full-line distributor. Thus, a hypothetical small wholesaler might report that his customer base consists of several hundred physicians' offices, selected Federal health facilities, selected health care clinics, and miscellaneous other dispensers (Pharma/Primary Data-3)

(ii) For this case, the number of drug transactions made from manufacturer to dispenser might be three or four (full-line to

regional to small sub-regional to perhaps smaller wholesaler) (Pharma/Primary Data-3)

(d) Model 4: Distribution of Discounted Drugs, Via Secondary Wholesalers

(i) Discounted drugs are sometimes sold in substantial volumes and, in order to absorb the supply, dispersed widely throughout the distribution network. In these cases, the number of transactions made before the drug product reaches a dispenser can be quite large (Pharma/Primary Data-3)

(ii) Discounted products are often sold to secondary wholesalers, although the Big Five or regional wholesalers also participate in such sales. The secondary wholesalers are notable, however, for their willingness to absorb the risk of large purchases of discounted products (Pharma/Primary Data-3)

(iii) The second tier of wholesalers are largely in the same position as the original purchaser, although they are handling small volumes of sale products. Nevertheless, they make relatively large capital investments and wish to turn over the discounted product as quickly as possible. In this fashion, the sale product is distributed rapidly and with broad dispersion, throughout the drug distribution industry. This second tier might include any drug wholesale organization, including the Big Five, regional, mail order, or other organizations (Pharma/Primary Data-3)

(4) The breadth of dispersion is indicated by the number of transactions that might occur before the sale product reaches the dispenser. According to one secondary wholesaler, it is not uncommon for his company to be among the third tier of distributors to purchase some of the sale product. Further, this executive judged it likely that the product would trade hands two or three more times before reaching the eventual drug dispenser. Thus, from 5 to perhaps 7 transactions involving the sale product are commonplace (Pharma/Primary Data-3)

iv. **Industry trends**

(1) Domestic spending on prescription drugs continues to expand at a compounded annual rate of 13 to 14 percent. However, the industry could see a setback over the next few years from drugs that generated $40 billion due to patent expirations. First, there are fewer block buster drugs on the horizon. Second, managed care firms are focusing more on cost control, which could hamper profit growth for pharmaceutical companies. Finally, there are new Federal and state regulations aimed at controlling drug costs and encourage the use of less expensive generic drug offerings (Pharma/Primary Data-4)

v. **Industry characteristics**

(1) The pharmaceutical industry is highly profitable because there is very little price elasticity associated with price increases (Pharma/Primary Data-4)

(2) The pharmaceutical industry is one of America's most profitable industries. Gross Profit margins of some of the leading pharmaceutical companies in recent years has been around 70 to 80 percent. In past years, pharmaceutical prices have risen faster than the rate of inflation (Pharma/Primary Data-4)

(3) Pharmaceutical company production costs are relatively low. These high profits are often plowed back into the company to finance further research and development of future products. Drug patents are another way that companies protect their profits. When a company owns a patent for a key drug, there profits

can be even higher since they face no competition. The pharmaceutical industry is not generally affect by economic conditions. Rather, the industry has a tendency to be impacted by Federal regulatory bodies and laws (Pharma/Primary Data-4)

vi. **Illegal diversion of pharmaceutical drugs**

(1) Year after year, Drug Enforcement Administration statistics indicate that pharmaceuticals are almost 30% of the overall drug problem in the United States, running a close second only to cocaine abuse. However, until recently, law enforcement, health care professionals, and the general public have placed little emphasis on this huge problem (Pharma/Primary Data-5)

(2) Typical diversion cases involve physicians who sell prescriptions to drug dealers or abusers, pharmacists who falsify records and subsequently sell the drugs, employees who steal from inventory, executives who falsify orders to cover illicit sales, prescription forgers, individuals who commit armed robbery of pharmacies and drug distributors, and "doctor shoppers." "Doctor shoppers" are those individuals who routinely visit multiple doctors with the same ailment in order to obtain multiple prescriptions for controlled substances, usually "pain killers." These prescriptions are then negotiated at various pharmacies and the drugs sold on the illicit market (Pharma/Primary Data-6)

(3) The most effective way to combat this problem is educating the health care professional and his or her staff. Education that includes being to able to identify the profile of the prescription drug seeker, their scams, how to deal with that person, and sure fire ways to reduce the health care professional of becoming a target (Pharma/Primary Data-5)

vii. **Commonly abused prescription drugs**

(1) Opiods (prescribed for pain) (Pharma/Primary Data-7)

(2) CNS depressants (prescribed for anxiety and sleep disorders) (Pharma/Primary Data-7)

(3) Stimulants (prescribed for narcolepsy, ADHD, obesity) (Pharma/Primary Data-7)

viii. **Trends in prescription drug abuse**

(1) In 1999, an estimated 4 million people, about 2 percent of the population age 12 and older, were currently (use in past month) using prescription drugs non-medically. Of these, 2.6 million misused pain relievers, 1.3 million misused sedatives and tranquilizers, and 0.9 million misused stimulants. While prescription drug abuse affects many Americans, some trends of particular concern can be seen among older adults, adolescents, and women (Pharma/Primary Data-8)

b. **Nature of Product Risk**

i. Prescription drugs can transform lives. For the millions of patients who take them, prescription drugs bring dramatic improvements in health and quality of life. But when abused or misused, many of these medications can have effects that disrupt rather than improve lives. Some prescription medications-particularly opioids, central nervous system (CNS) depressants, and stimulants-alter the brain's activity, and misuse or abuse of these drugs can lead to compulsive drug seeking and use, the hallmark of addiction (Pharma/Primary Data-10)

ii. The use of illicit drugs and the abuse of alcohol and prescription drugs have been definitively shown to have potential health consequences that may be permanent. These consequences include disorders and dysfunctions that affect the central nervous system, reproductive functioning, cardiovascular and pulmonary systems, and endocrine functioning. Specifically, there are both short- and long-term effects on cognition,

memory, retention, information processing, coordination, and athletic and academic performance (Pharma/Primary Data-11)

iii. Prescription drug abuse can have very serious consequences, which vary depending on the type of drug abused. Opioids, which include pain relievers such as Morphine, Codeine, Oxycontin, and Demerol, may lead to severe respiratory depression possibly resulting in death. Opioids are extremely addictive, as the user develops a tolerance to the drug they must take higher doses to achieve the same results (Pharma/Primary Data-12)

iv. CNS depressants, often used to treat anxiety and sleep disorders, include Barbiturates and Benzodiazepines such as Valium and Xanax. These drugs slow down brain activity so that when a user stops taking them, the brain activity races out of control, which can cause seizures. Users can also develop a tolerance to CNS depressants after long-term use (Pharma/Primary Data-12)

v. Stimulants such as Dexedrine and Ritalin encompass the third category of prescription drugs commonly abused. These drugs increase brain activity and are frequently used to treat narcolepsy, attention-deficit hyperactivity disorder (ADHD), and depression. Stimulants increase blood pressure and heart rate and, when abused, may cause cardiovascular failure or seizures (Pharma/Primary Data-12)

c. **Contacts**

i. **Manufacturers**

(1) Glaxo SmithKline

(a) 888-825-5249

(2) Purdue Pharma

(a) James W. Heins, Associate Director, Public Affairs (203) 588-8069

(3) Novartis

(a) (212) 307-1122 1-888-NOW-NOVA

(b) Ed Krajewski, Associate Director of Marketing, (973)781-5759

(4) Roche Products

(a) (973) 235-5000

(5) Schering Plough

(a) (908) 298-4000

(6) Aventis

(a) 1-800-981-2491

(7) Bristol Myers Squibb

(a) (212) 546-4000

(8) Abbott

(a) Corporate Communications, (908)298-7401

ii. **Others**

(1) Pharmaceutical diversion Education, Inc

(a) Pharmaceutical Diversion Education (PDE) can offer extensive education in the area of prescription drug abuse. PDE offers training for health care professionals and their staff, law enforcement, and anyone responsible for reducing the incidents of drug abuse in the workplace. Private consulting work is also available in these same areas. PDE not only offers education on the problems of prescription drug abuse, but can help you identify the problems, and formulate prevention programs

(b) Sergeant John Burke (513) 734-1646

(2) The National Association of Drug Diversion Investigators, Inc. (NADDI)

(a) Established in 1987, the National Association of Drug Diversion Investigators, Inc. (NADDI) is a unique membership organization whose members are responsible for investigating and prosecuting pharmaceutical drug diversion. The organization has proven to be a

valuable asset to law enforcement, the pharmaceutical industry and health regulatory personnel. NADDI's objective is simple: to improve the members' ability to investigate, and prosecute, pharmaceutical drug diversion

(b) Charlie Cichon B President (410) 764-5938

(3) Cincinnati Police Department Pharmaceutical Diversion Squad

(a) PDS has the responsibility of investigating offenses that involve the illegal diversion of pharmaceutical drugs. This encompasses the investigation of forged and altered prescriptions, various deceptions to obtain drugs, including "doctor shoppers", traffickers in prescription drugs, health care fraud, and the diversion of prescription drugs by health care professionals in health care facilities. PDS also plays a major role in the investigation of armed robberies and burglaries occurring in area pharmacies

(b) Sergeant Kerry Rowland, Commander (513) 352-1610

(4) National Institute on Drug Abuse (NIDA)

(a) NIDA's mission is to lead the Nation in bringing the power of science to bear on drug abuse and addiction. This charge has two critical components: The first is the strategic support and conduct of research across a broad range of disciplines. The second is to ensure the rapid and effective dissemination and use of the results of that research to significantly improve drug abuse and addiction prevention, treatment, and policy

(b) 301-443-1124

(5) Substance Abuse and Mental Health Services Administration (SAMHSA)

(a) SAMHSA is the Federal agency charged with improving the quality and availability of prevention, treatment, and rehabilitative services in order to reduce illness, death, disability, and cost to society resulting from substance abuse and mental illnesses

(b) 301-443-5052

26. **Scuba Diving**

a. **Industry overview**

i. **Major manufacturers**

(1) Oceanic Worldwide (Scuba/Primary Data-8)

(2) Apollo Sports U.S.A. Inc (Scuba/Primary Data-8)

(3) Dive Rite (Scuba/Primary Data-8)

(4) DUI (Scuba/Primary Data-8)

(5) Dacor Corporation (Scuba/Primary Data-8)

(6) U.S. Divers (Aqua Lung) (Scuba/Primary Data-8)

(7) ScubaPro/Uwatech (Scuba/Primary Data-8)

(8) CressiSub USA Inc (Scuba/Primary Data-8)

ii. **Some industry facts**

(1) Scuba Diving Equipment is classified as SIC 3949 "Sporting and Athletic Goods, Not Elsewhere Classified" (Scuba/Primary Data-1)

(2) There are more that 5 million certified divers and 500 thousand enter the sport each year in the U.S. (Scuba/Primary Data-2)

(3) In 1999 scuba equipment, travel and training sales totaled $711 million (Scuba/Primary Data-6)

(a) In all regions, the majority of retailers reported that sales were up in 1999 - 61% of U.S retailers overall (Scuba/Primary Data-3)

(4) The fastest growing regions of the country are the North and Rocky mountain regions (Scuba/Primary Data-3)
(5) An estimated 421,000 dive certificates were issued in 1999 (Scuba/Primary Data-3)
(6) 85% of retailers offer a variety of travel related products (Scuba/Primary Data-3)
(7) Equipment rental sales were $37 million (Scuba/Primary Data-3)
(8) The average dive specialty store in the US has annual sales of $355,582 (Scuba/Primary Data-3)
(9) 61% of scuba participants are 25-44 years old; 60% have graduated from college or attended graduate school; 70% are male and 45% have an annual household income of $50-000 to $100,000 (Scuba/Primary Data-3)

b. **Nature of Product Risk**
(1) Since 1970, the number of annual U.S. scuba diving fatalities has varied from a low of 66 to a high of 147 (Scuba/Primary Data-4)
(2) According to Divers' Alert Network (DAN) report on 483 diving accidents and 85 diving-related deaths in 1996, there was a significant drop in deaths and scuba-related injuries (Scuba/Primary Data-5)
(3) The Divers Alert Network (DAN) collected data on 483 diving accidents and 85 diving-related deaths in 1996, the latest full year of data. The 85 deaths represent a significant drop from the previous year when there were 104 scuba-related fatalities. In fact, 1996 saw the fewest deaths since 1988, when there were 66. Since we don't know how many people were diving in each of these years, it's hard to say whether this decrease in fatalities means safety is improving or if it simply means fewer people are diving (Scuba/Primary Data-5)
(4) Of the accidents treated in 1996, there were 122 cases of Type I decompression sickness (DCS); 303 cases of the more serious Type II DCS; and 58 cases of arterial gas embolism (AGE) (Scuba/Primary Data-5)

c. **Contacts**
i. **Manufacturers**
(1) Oceanic Worldwide
(a) (510) 562.0500
(2) Apollo Sports U.S.A. Inc.
(a) 1-800-231-0909
(b) Michael Brennan, President, (888)-276-5566
(3) Dive Rite
(c) (386) 752-1087
(4) DUI
(d) 1-800-325-8439
(e) (619) 236-1203
(3) Dacor Corporation
(a) (203) 852-7079
(4) U.S. Divers (Aqua Lung)
(a) Tom Ingram, Marketing Manager, 760-597-5019
(5) ScubaPro/Uwatech
(a) (619) 402-1023
(6) CressiSub USA Inc.
(b) 1-800-338-9143 (201) 594-1450
ii. **Trade associations whose members are manufacturers**
(1) Not found
iii. **Others**
(1) Divers Alert Network (DAN)

(a) Non-profit medical and research organization dedicated to the safety and health of recreational scuba divers and associated with Duke University Medical Center (DUMC). DAN is supported by the largest association of recreational divers in the world

(b) Phone: 1-800-446-2671

(2) National Oceanic and Atmospheric Administration (NOAA)

(a) The NOAA Diving Program trains and certifies scientists, engineers and technicians to perform the variety of tasks carried out underwater to support NOAA's mission. With more than 300 divers, NOAA has the largest complement of divers of any civilian federal agency. In addition, NOAA's reputation as a leader in diving and safety training has led to frequent requests from other governmental agencies to participate in NOAA diver training courses

(b) Averaging more than 9,000 dives per year, the NDP has consistently maintained an excellent diving safety record (99.97% safe dive statistic). This safety record is due to three guiding principles

(i) Thorough training

(ii) Adherence to established standards and procedures

(iii) Use of top quality, well maintained equipment

(c) Dave Dinsmore (Director) (206) 526-6196

(3) PADI (Professional Association of Diving Instructors)

(a) PADI (Professional Association of Diving Instructors) is the world''s largest recreational diving membership organization. The membership includes dive businesses, resort facilities, academic institutions, instructor trainers, dive educators, divers, snorkelers and other watersports enthusiasts. Professional PADI Members (dive centers, resorts, educational facilities, instructors, assistant instructors and divemasters) teach the vast majority of the world''s recreational divers, issuing nearly 946,000 certifications each year. PADI Professionals make underwater exploration and adventure accessible to the public while maintaining the highest industry standards for dive training, safety and customer service

(b) Phone: (949) 858-7234 Toll Free: 1-800-729-7234

(4) The National Association of Underwater Instructors (NAUI)

(a) The world's oldest and most respected international Scuba Training Agency

(b) NAUI is a Not-For-Profit Worldwide Education Association, incorporated under the laws of the State of California. NAUI''s purpose is to enable people to enjoy underwater activities as safely as possible by providing the highest quality practical education, and to actively promote the preservation and protection of the world''s underwater environments. To accomplish this, NAUI trains, qualifies, and certifies leaders and instructors, establishes minimum standards for various levels of diver training, and provides various programs, products, and support materials to assist NAUI leaders and instructors with their diving supervising and teaching. NAUI''s primary purpose is also reflected in the association''s motto, "Dive Safety Through Education." The NAUI organization also provides publicity and support for dive stores, dive resorts and accredited institutions that offer diving education. This professional assistance is in keeping with the primary purpose of NAUI — training the general public to dive. The quality of training provided by NAUI Instructors is of great

importance to the Association, so NAUI employs various methods of evaluation to ensure that NAUI standards are met when NAUI instruction is conducted. As a pioneer in diving education, NAUI has developed many of the programs and concepts accepted throughout the diving industry. NAUI constantly strives to increase the safety of diving by upgrading the Association''s standards and programs

(c) Phone: 1-813-628-6284 Toll-Free: 1-800-553-6284

27. **Tobacco Industry**

a. **Industry overview**

i. **Tobacco Definition**

(1) Federal law -section 5702(c) of Title 26 of the US Code- defines tobacco products as cigars, cigarettes, smokeless tobacco, pipe tobacco and roll-your-own tobacco (Tobacco/Primary Data-1).

ii. **Major Manufacturers**

(1) The tobacco industry is one of the largest but most controversial industries in the U.S. The five largest U.S. manufacturers in this industry are: Philip Morris Inc., Brown & Williamson Tobacco Corporation, Ligget Group Inc., Lorillard Tobacco Company, and R.J. Reynolds Tobacco Company (Tobacco/Primary Data-2).

iii. **Nature of Distribution Practices**

(1) Retailers include store types such as: convenience/gas, convenience stores, drug stores, grocery stores, supermarkets, liquor stores, gas stations, mom/pop stores, tobacco stores, etc (Tobacco/Primary Data-15).

(2) The Bureau of Census, Business Division, estimated in 1992 that 625,000 retail outlets distributed tobacco products. In 1995, combined outlets of traditional convenience stores were 82,300. Sales in these stores were $10.9 billion. Cigarette sales from vending machines totaled approximately $2 billion in 1994 (Tobacco/Primary Data-16).

(3) On the internet, brand-name cigarette websites are virtually non-existent, and the major tobacco companies are using their websites to provide corporate and public relations information. Tobacco retailers and wholesalers, however, do currently use websites to sell tobacco products by mail (Tobacco/Primary Data-17).

(4) Traditional type of marketing used in the tobacco industry include promotional allowances, retail value-added, coupons, specialty item distribution, outdoor advertising, point of sale advertising, magazine advertising, public entertainment, direct mail, newspaper advertising, free sample distribution, and internet (Tobacco/Primary Data-18).

iv. **Industry trends and facts**

(1) The tobacco industry is facing a long-term trend of steadily declining consumption, as consumers have chosen to stop smoking due to health concerns, rising costs, or both. According to analysts, price increases in tobacco products are expected, partly because of higher excise taxes, and partly because these price hikes are to make up for any resulting decline in sales volume (Tobacco/Primary Data-3).

(2) In 1998, the major U.S. manufacturers sold 458.6 billion cigarettes domestically, 20.1 billion less than the 478.6 sold in 1997. Cigarette sales fell by 1.1% from 1996 to 1997, and more than 4% during 1998. In this same year, a national survey shows that 3 of the most heavily advertised brands, Marlboro, Camel, and Newport, account for the vast majority of adolescent cigarette

smoking, with 54.5% of current smokers age 12-17 reporting Marlboro as their usual brand (Tobacco/Primary Data-2).

(3) Cigarette sales from manufacturers to wholesalers and retailers fell by 10.3% from 1998 to 1999. In 1999, the major domestic cigarette manufacturers sold 411.3 billion domestically, 47.2 billion less than in 1998. The USDA's estimate of cigarette consumption shows a decline from 465 billion in 1998 to 435 billion cigarettes in 1999. Per capita sales fell from 2,287 in 1998 to 2,175 in 1999, a decline of 4.9%, or 112 cigarettes per person (Tobacco/Primary Data-4).

(4) The Bureau of Alcohol, Tobacco and Firearms (ATF) only regulates the taxation of cigarettes and tobacco products. A Federal license is not required to sell tobacco products. There are Federal record keeping requirements if more than 60,000 cigarettes are sold in a single transaction. ATF does not administer or enforce any laws regulating the age of individuals who can purchase, use, possess, sell, or deal in tobacco products. Each State government usually enforces such laws and regulations. The majority of them require a person to be over 18 years of age to engage in the use of tobacco products (Tobacco/Primary Data-1).

(5) The MSA (which is the tobacco industry's November 1998 Master Settlement Agreement with the State Attorneys General), imposed phased-in restrictions on the companies' use of outdoor and transit advertising and brand name sponsorships, their distribution of free samples, and their distribution and sale of apparel and merchandise with brand-name logos (Tobacco/Primary Data-4).

(a) It prohibits advertising, promotions, or marketing directly or indirectly targeted to minors (Tobacco/Primary Data-5).

(b) It requires that tobacco industry documents be publicly available

(c) Tobacco companies disclose payments to lobbyists and other major donations (Tobacco/Primary Data-5).

v. **Black Market Cigarettes**

(1) Black market cigarettes are those sold illegally without proper payment of applicable taxes (Tobacco/Primary Data-6). These are:

(a) Cigarettes sold for export but are illegally imported back to the U.S. and sold without full compliance with federal and state laws and labeling requirements (Tobacco/Primary Data-6).

(b) Cigarettes obtained by paying federal cigarette taxes and a low state federal tax and then illegally sold in a state with higher state cigarette taxes (Tobacco/Primary Data-6).

(2) Studies have estimated that organized cigarette smuggling in the U.S. accounts for roughly 3 or 4% of all cigarette sales (Tobacco/Primary Data-6).

vi. **Gray Market Cigarettes**

(1) These are American-made cigarettes sold by manufacturers, destined for sale outside the U.S., and are instead legally imported back in compliance with federal and state laws. The gray market is induced by the increasing price that cigarette companies have been charging wholesalers and distributors for cigarettes destined for sale in U.S. territory, which then creates a price differential between these and those destined for exports (Tobacco/Primary Data-6)

b. **Nature of Product Risk**

i. **Cigarette Smoking Statistics**

(1) The Federal Office on Smoking and Health estimates that 3,000 young people begin smoking every day (Tobacco/Primary Data-7).

(2) According to the Final Report of the National Commission on Drug-Free Schools, children and adolescents consume more than one billion packs of cigarettes a year (Tobacco/Primary Data-7).

(3) Some estimates say that the tobacco industry needs to recruit 5,000 new young smokers every day to maintain the total number of smokers (due to the number of people who quit or die from tobacco related illnesses each year) (Tobacco/Primary Data-7).

(4) The Department of Health estimates that 90% of smokers begin using tobacco before age 20, 50% by age 14, and 25% before age 12. More than 145,000 women die every year from smoking-related diseases. Lung cancer has become the leading cause of cancer death among women, having increased by 400% in the past 20 years (Tobacco/Primary Data-7).

(5) In the United States, an estimated 25.9 million men (27.1%) and 22.8 million women (22.2%) are smokers. About 4.1 million teenagers ages 12-17 are smokers (Tobacco/Primary Data-8).

(6) About 43% of American children ages 2-11 are exposed to secondhand smoke in the home (Tobacco/Primary Data-9).

ii. **Health Effects**

(1) According to the American Heart Association, "Cigarette smoking is the most preventable cause of premature death in the United States". Cigarette smokers have a greater risk of developing chronic disorders such as atherosclerosis, several types of cancer and chronic pulmonary disease (Tobacco/Primary Data-10).

(2) Each year, more than 400,000 Americans die from cigarette smoking. One in every five deaths in the U.S. is smoking related. Every year, smoking kills more than 276,000 men and 142,000 women (Tobacco/Primary Data-11).

(3) In addition to being responsible for 87% of lung cancers, smoking is also associated with cancers of the mouth, pharynx, larynx, esophagus, pancreas, uterine cervix, kidney, and bladder. Smoking accounts for at least 30% of all cancer deaths, is a major cause of heart disease, cerebrovascular disease, chronic bronchitis, and emphysema, and is associated with gastric ulcers (Tobacco/Primary Data-12).

(4) Kids under 18 alive today, who will ultimately die from tobacco use (if current trends continue): 5,000,000+ (Tobacco/Primary Data-13).

(5) Smoking kills more people than alcohol, AIDS, car accidents, illegal drugs, and suicides combined (Tobacco/Primary Data-13).

(6) Other diseases associated with smoking include: prematurely gray hair, hair loss, susceptibility to influenza, bad breath, hearing loss, vision problems, tooth loss, increased risks of rheumatoid arthritis, risk factor for osteoporosis, increased headache activity (Tobacco/Primary Data-14)

c. **Contacts**

i. **Manufacturers**

(1) R. J. Reynolds Tobacco

(a) Public Relations Department (336) 741-7693

(b) General (336) 741-5500

(2) Philip Morris U.S.A.

(a) (917) 663-5000

(3) Lorillard Tobacco Co.

(a) (336) 335-7000

(b) Steve Watson, Director of External Affairs (336)335-7708

(4) U.S. Smokeless Tobacco Co.

(a) Michael Bazinet (Media Relations) (203) 622-3549

(b) General (203) 661-1100

ii. **Trade Associations whose members are manufacturers**

(1) The Coalition for Responsible Tobacco Retailing

(a) 1-800-872-4603

(b) 1-800-934-3968 (This number is to order the We Card kit)

iii. **Others**

(1) American Nonsmokers' Right Foundation

(a) Julia Carol (Director of Special Projects) (510) 841-3032

(2) Tobacco Free Kids

(a) Vince Willmore (Communications Director) (202) 296-5469

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FIREARMS INDUSTRY
(Industry description, markets, consumers and major trends)

1. **Industry description**
   - a. **Guns in US circulation**
     - i. **General**
       - (1) Some estimates place the number of firearms as being equal to the American population (35: 220)
       - (2) BATF estimates that from 1989 to 1993 about 223 million guns became available in the US including 77 million handguns (249: 2)
       - (3) 160 to 200 million firearms in US (16:31)
       - (4) 223 million guns available to the general public (249: 1)
       - (5) 210,000,000 firearms in US with 67,000,000 handguns
       - (6) Estimates put the population of guns in circulation in mid 1970s to be 35 to 40 million (7)
       - (7) There are an estimated 215 million firearms in civilian hands in the US (55: ix)
       - (8) 80% of guns available in the US are manufactured in US (249: 3)
     - ii. **Number of handguns in US**
       - (1) **1975**
         - (a) 40.1 million handguns in 1975 in civilian hands (11: 76)
         - (b) 2 to 2.5 million handguns acquired by civilians each year 1975 (11:77)
       - (2) **1995**
         - (a) 1995 the number of handguns in the US was pegged at 85 million (35: 220)
   - b. **Production and sales**
     - i. **Production**
       - (1) **1973 to 1995.** 40 million handguns product in the US (249: 3)
       - (2) **1983 to 1995.** Between 1983 and 1995 more than 55 million firearms were introduced into the domestic marketplace (35: 220)
       - (3) **1992**: $825 million or 4.35 million units (US production. less exports, but not military 15% of demand traditionally) (82:2649 - table)
       - (4) **From 1992 to 1996,** 22.5 million units produced by US manufacturers with 10.6 million handguns account for almost ½ of all firearms produced. 6.4 million rifles comprising 28% wile 3.5 million shotguns or 25% produced. (164: 4332) (185)
       - (5) **1993.** 37 million firearms entered the market in US during 93-99 (55: ix)
       - (6) **1995.** In 1995, 3.8 million firearms by American manufacturers including 1.5 handguns with and additional 1.1 million imports of hand and long guns (35: 220)
       - (7) **1996.** US manufacturers produced 3.8 million firearms in 1996 over ½ million less than in 1995. Nearly 39% were handguns of which 1.5 million were produced. 1.4 rifles and over 900,000 shotguns produced. (164: 4329) (185: 4329)
       - (8) **1998.** US production 3.7 million firearms (257: 1)
       - (9) **Trends in production**
         - (a) **Production of 9mm up over 1980 to 1994**
           - (i) Manufacturer have expanded production of 9mm handguns over the past decade - rising 935% between 1980 and 1994 while overall production of handguns increased by only 10%. Between 1992 and 1994 production of 9mm pistols more than doubled while total production increased by 29% (36: 16)

ii. **Sales**

(1) **1991**. 7.5 million retail firearms transactions (16:32)

(2) **1994**. Firearms Business publication. As nice as it is to ponder a handgun market that even remotely approaches the record shattering levels reached in 1994... (203: 3877) People were concerned about Brady and the assault weapons bill and bought guns they though might not be available again (203: 3878)

(3) **1996**. Estimated sales in 1996 of almost 4.6 million units a decrease of 12% versus 1995. (164: 4330)(185)

(4) **1998**.

(a) Estimated industry sales increase as a result of long gun sales. Handguns at 5% of 1998 with sales dismal in latter part of the year (201: 3873)

(b) Most of the 1998 sales boost came from long guns where were consistently strong. Final figures are not complete but it appears most marketers enjoyed double digit sales increases on rifles and shotguns (203: 3876). Handguns didn't do as well - down 5% (203: 3877)

(5) **1999**. Estimated steady market overall but with pistol market down 5-10% as too much product is available (201: 3873). Estimated sales of handguns down 10% (203: 3878)

(6) **Sales trend overtime**. Annual sales by manufacturers minus exports plus imports have trended up over the past 50 years and during the early 90s to a peak in 1993 of nearly 8 million small arms of which 4 million were handguns. In recent years, sales have fallen back to about half that peak nearly 4.5 million (50: 6)

c. **Product categories**

i. **Handguns**

(1) Handguns account for a growing share of total sales with about 40 percent of small arms sales (50: 7)

(2) Primary market guns sold in range from 2.5 to 3.9 million handguns (324: 269)

(3) Autoloader pistols: 33% of $sales

(4) Revolvers: 11% of sales

ii. **Long guns**

(1) Primary market guns sold include 2.7 additional long guns (324: 269)

(2) Rifles: 23% of $sales

(3) Shotguns: 24% of sales

iii. **Black powder weapons**

(1) 5% of sales

iv. **Semiautomatic**

(1) of all handguns manufacturers in the US in 1996, 2/3 were semiautomatic pistols while 34% were revolvers. The most popular semiautomatic pistol in 1996 was 9mm (164: 4332) (185)

d. **Major producers of firearms and related merchandise** (82:2651)

i. 1997 Census of Manufacturers shows that there were 191 small arms manufacturers companies with combined total product shipments valued at 1.2 billion and employment at 9907 employees (50: 8)

ii. **Top 10** (1992)

(1) Remington (204 million)

(2) Olin Winchester division (170 million)

(3) Sturm, Ruger & Company (97 million)

(4) GIAT (France, 96 million)

(5) Federal Cartridge division of Federal-Hoffman Corporation (95 million)

(6) Smith & Wesson (70 million)
(7) Beretta (36 million)
(8) Colt manufacturing (30 million)
(9) Leupold & Stevens (33 million)
(10) Others: Glock, Intearms, Taurus, Weatherby Davic, Heckler & Koch, Savage

iii. **Major brands** (79:4033)
(1) **Handgun**
(a) Colt, Glock, H&K, Ruger, Smith & Wesson, Taurus
(2) **Long gun**
(a) Benelli, Browning, Mossberg, Remington, Ruger, Weatherby, Savage, Winchester

2. **Markets**
a. **Primary market**
i. **Definition**
(1) All transactions involving licensed members of the gun industry. Manufacturers selling to wholesale distributors who in turn sell their guns to storefront dealers who then sell to public (324:268)
(2) The primary gun market encompasses all transactions that involve the licensed gun industry ranging from wholesale transfers of guns to the retail sale to private consumers (35: 221)
ii. **Size**
(1) **Transactions**
(a) 50% new and 50% used guns and 40% secondary market acquisition (22: 69)
(b) Based on an estimate of the fraction of guns in private hands that were acquired used, we can extrapolate ... that our best estimate is that there are roughly as many transactions of used guns as there are sales of new guns (22: 70)
b. **Secondary market**
i. **Definition**
(1) This term applies to firearms that reach the criminal's hands other than through retail sales in which the dealer records the transfer (32c: 2)
(2) All transactions involving unlicenced persons who might act as both buyer and seller. (324:268)
ii. **Transactions forms**
(1) **Forms**
(a) Includes face to face transactions, ads in classified, newsletters and magazines, within families, street dealers, gun shows (22: 68-69)
(b) Secondary markets include legal sales through individuals, pawn shops, gun shows and flea markets and illegal resale of stolen firearms (32c: 5)
(2) **Unlicenced**
(a) Secondary market includes transfers where unlicenced persons act as both buyer and seller (35: 221)
iii. **Behavior**
(1) Transactions conducted quick and no record keeping (22: 69)
iv. **Size**
(1) **Uncertain**
(a) Volume of transactions not known (22: 69)
(b) No one really knows how vast this market is because there are no statistics available, but it is certain that the number is enormous. Millions of firearms change hands in the US every year without the

involvement of an FFL and more importantly w/o any records of the transfer. Majority are legitimate, but the guns that do fall into criminals hands are becoming more difficult to trace - partial information.

(2) **Studies and estimates are that as many secondary market transactions as primary**

(a) Study in LA indicated that 59% acquired their guns through a store, 18% purchased from a friend, 10% as gift or inheritance and 12% another source (22: 69)

(b) Estimate that ½ of guns acquired were from private hands (22: 69)

(c) 50% new and 50% used guns and 40% secondary market acquisition (22: 69)

(d) Based on an estimate of the fraction of guns in private hands that were acquired used, we can extrapolate ... that our best estimate is that there are roughly as many transactions of used guns as there are sales of new guns (22: 70)

v. **Primary and secondary are linked through level of regulation** (22: 71)

(1) As firearms laws grow more restrictive, criminals increasingly turn to secondary markets for easy access to guns. (32c: 3)

3. **Consumers**

a. **Consumer segmentation classifications**

i. **Segment classification I** (82:2707)

(1) **Purpose of use**

(a) Personal protection

(b) Hunting

(c) Law enforcement

(d) Target shooting

(2) **Handgun segments** (85:4524 - 26)

(a) Sporting segment

(i) Personal protection

(ii) Target shooting

(iii) Collecting/investment

(iv) Handgun hunting

(b) Law enforcement

(i) Federal

(ii) State

(iii) Local

(iv) Private security

(c) Export

ii. **Segment classification II**

(1) **Defense.** Law enforcement i.e., military, policy and specialized government markets and the civilian market (225: 4141)

(2) **Hunting.** Medium and high price segments (225: 4142)

(3) **Sport Competition.** Civilian, hobby/leisure and Military (225: 4142)

b. **Consumer behavior**

i. **Handgun v. long gun**

(1) Handgun customers: average mid 30's, 80% males and 20% females, various occupations and income, high school some college. (83: 18512)

(2) Handgun different from long gun (83: 18512)

ii. **Interaction of firearms and ammunition**

(1) Firearms and ammunition correlated .90 and 80% of the variation in ammunition is accounted for by the number of firearms sold (164: 4330) (185)

4. **Major industry trends**
   a. **Growth up**
      i. Continues to grow with exception of rifles (82: 2654)
      ii. Growth at 2.9% (83: 18485)
   b. **Unit value down**
      i. Average unit value of handguns declining - becoming cost driven industry (82: 2654)
   c. **Price and profitability down**
      i. Dealers complain and have reacted to low profitability of some manufacturers given discounting activity by nonstore FFL dealers, gun shows and law enforcement distributors (83:18495)
      ii. For period 1948 to 1998, the upward trend shows that for the most of the period, the price of small arms increased faster than the price of finished consumer goods. In recent years the price of revolvers and pistols has flattened (50: 9)
   d. **US production down** (82:2654)
   e. **Imports up** (82:2654)
   f. **Distribution conflict**
      i. Conflict between store and nonstore retailers (83:18515)
   g. **Over capacity**
      i. The competition in all segments is characterized by overcapacity. This leads to price reductions on the one hand and a process of concentration through takeovers and mergers (225: 4144) (229: 4164)

MARKETING DISTRIBUTION

(Overview of primary market distribution structure, major trade channels and distribution systems and practices)

5. **Primary market distribution structure**
   - a. **Wholesalers**
     - i. **Number**: Between 50 and 60 wholesale distributors, through Directory of Sporting Goods Wholesalers which lists a total of 83 (82:2699)
     - ii. **Top US wholesalers**
       - (1) RSR, Ellett Brothers, Ashland Shooting Supply, Bangers, Buckeye Sports Supply, Sports South, Lew Horton Distributors, Valley Gun Supply, Northeast Gun Supply, Chattanooga Shooting Sports Supply, (82:2699)
         - (a) Limited number of distributors are main sellers: Accusport, Ellett Brothers, JW Merchison, Outdoor Shooting Sports, RSR and SER (83:18509-10)
   - b. **Retailers**
     - i. **Formats that FFLs can take**
       - (1) Firearms typically enter the public domain through a mix of guns stores, sporting goods outlets, pawn shops and license home businesses (35: 221)
       - (2) A 1998 random sample of FFLs identified 69 percent as licensees as retail gun dealers and 10 percent pawn with remaining 1 percent were collectors, manufacturers or importers. Of the retail dealers and pawnbrokers 44% operated from commercial premises while 56 percent from residential premises down from 74 percent in 1992 (51: 16)
       - (3) Operation snapshot:
         - (a) 9% FFL subject to application investigation, 10% inspected for compliance with gun control act, 10% subject to inspection or other investigation (15: 4)
           - (i) 34% found in violation of law (15:4)
           - (ii) 4% of dealers could not account for disposition of one or more firearms, 12% surrendered license, 3% out of business (15:4)
           - (iii) 60% no inventory at time of inspection (15:7)
     - ii. **Number of FFLs**
       - (1) **1975-1992.**
         - (a) FFL's 1975 to 1992 licensee population grew from 161,927 to 284,117. After new requirements in 1993 and 1994, the number of FFLs dropped to 103,942 in 1999. Of these, 80,570 are retail dealers and pawnbrokers, rest are nonstore licensees (50: 1)
       - (2) **1991**
         - (a) 1991 242,000 FFL dealers in US (16: 32)
         - (b) 1991 one dealer for every 1000 citizens (16: 32)
       - (3) **1993**
         - (a) Senate hearing 1993: now 284,000 dealers. More than gas stations. (16:2)
       - (4) **Post 1993 Brady bill**
         - (a) Gun Dealer Licensing & Illegal Gun Trafficking: A Progress Report: 1993 286,500 FFL, now in 1997 124,286 - reduction by 56% (30: intro)
         - (b) After Presidents initiative in 1993, Brady bill, new licensing requirements and crime bill of 1994 population of FFLs from 1993 to 1997: CA FFL population reduced 63% from 23,865 to 8827. (30: 7)
         - (c) After Presidents initiative in 1993, Brady bill, new licensing

requirements and crime bill of 1994 population of FFLs from 1993 to 1997 1993 to 1997 MA FFL population reduced 4498 to 2293 for a reduction of 53.18% (30: 8)

(5) **FFL's other revenuebeyond firearms**

(a) Operation snapshot (1993): 85% of FFLs have other sources of income (15:3)

(b) 35% of dealers are required to have a state or local license but only 6 out of 10 comply.

c. **Store versus nonstore retail operators**

i. **Generally**

(1) Two types of dealers in the channel - store and non-store (83:18515)

ii. **Sales distribution**

(1) **1975 to 1992**

(a) FFL's 1975 to 1992 licensee population grew from 161, 927 to 284, 117. After new requirements in 1993 and 1994, the number of FFL dropped to 103,942 in 1999. Of these, 80,570 are retail dealers and pawnbrokers, rest are nonstore licensees (50: 1)

(2) **1993**

(a) 1993 ATF Operation Snapshot - only 26 percent of license holders in the US were stocking dealers, FFLs that operated a storefront business. The vast majority 74 percent were kitchen table dealers (49: 3).

(b) Many licensed dealers in 1993 ATF operation snapshot did not meet definition of "engaged in business." For example 45% of FFLs had not acquired firearms in 12 months preceding report, while 81% had acquired 10 or less. Similarly 46% had not disposed of any firearms in the preceding 12 months while 80% had disposed of only 10 or less (49: 3)

(c) Operation snapshot (1993): 85% of FFLs have other sources of income, 74% dealers conduct business from home, 18% located in commercial premises where goods sold to public, 8% located at other commercial premise not associated with sale of goods to public e.g., medical, real estate, insurance, auto repair(15:3) Senate hearing 1993. Most do not operate a storefront, instead selling from cars or homes (16:2)

(d) Operation snapshot (1993): 18% located in commercial premises where goods sold to public (15:3) 8% located at other commercial premise not associated with sale of goods to public e.g., medical, real estate, insurance, auto repair (15: 3)

(e) Of 286,000 licensees in 1993, OTA has said that there are only 15,000 licensed gun dealers in retail operation and only another 5000 in sporting good shops - implying remaining are nonstore (16: 113)

(3) **1998**

(a) A 1998 random sample of FFLs identified 69 percent as licensees as retail gun dealers and 10 percent pawn with remaining 1 percent were collectors, manufacturers or importers. Of the retail dealers and pawnbrokers 44% operated from commercial premises while 56 percent from residential premises down from 74 percent in 1992) (51: 16)

(4) **1999**

(a) Despite the decline of FFLs to 103,942 in 1999, 31 percent of retail licensees in 1998 had not sold a gun in the previous year (50: 1)

(5) **Undated**

(a) Estimated that 80% of all handgun sales occur in store operations (83:18510)

(b) Estimated that 20% of all handgun sales occur in nonstore operations (83:18510)

(c) Evidence indicates that majority of FFLs are not in the business of selling firearms - 80% of dealers nationwide do not have storefront retail business (22: 75)

(d) National estimates indicate that nearly three out of four FFL dealers are based in a private dwelling. Many if not most home businesses apparently keep a license as a personal convenience and engage in few transactions with the public (35: 230)

iii. **Store**

(1) **Number and formats**

(a) **Stocking gun dealers**

(i) 20,000 to 40,000 FFLs maintain traditional gun stores which sell hunting, shooting and outdoor equipment (78)

(b) **Mass merchandisers and independent retailers**

(i) Remaining 50,000-70,000 FFL's are other retailer formats(78:0379)

(ii) Mass merchandisers include Wal-Mart, K-mart, Target, Academy, Sports Authority, Sports Unlimited, Sportstown (82:2701)

(iii) Independent retailers include 13,000 to 16,000 independent retailers (82:2700)

(2) **Other breakdown based on Ohio study**

(a) Dealers in deadly devices, ammunition, pawnbrokers, firearms dealers (overwhelming), gunsmiths (5: 1535)

iv. **Nonstore**

(1) **Formats**

(a) There are countless other public markets such as flea markets (47: 1)

(2) **Gun shows**

(a) **Type of nonretail**

(i) Gun shows are a special case of the retail sale of firearms. Unlike at other venues, both FFL and unlicenced sellers sell. Buyers can choose from primary or secondary markets.

(b) **Number**

(i) 1998

1) 4442 gun shows advertised in 1998 (47:4)

(ii) 1999

1) More than 4000 (1999) gun shows dedicated primarily to the sales or exchange of firearms are held annually in the US. (47: 1)

(c) **States most frequented**

(i) Most frequent states for gun shows include: TX, PA, FL, IL, CA, IN NC, OR, OH, and NV (47: 4)

(d) **Promoters**

(i) Most gun shows promoted by 175 organizations who are collector organizations (47: 4)

(e) **Tables**

(i) Number of tables as gun shows range from 50 to 2000 with fees of 5 to $50 per table (47: 4)

(f) **Period and attendance**

(i) Gun shows generally open to the public and run over a 2 day period generally on weekends and draw an average attendance of 2500 to 5000 (47: 4)

(ii) Attendees travels from gun show to gun show and sells products at shows only, hobbyists who can obtain more cheaply, dealers buying solely for themselves, buy but do not sell (78)

(g) **FFLs and non-licensees in attendance**

(i) At gun shows both FFL and non licensees sell with FFLs making up 50 to 75 percent. (47:4)

(h) **Numbers of guns sold**

(i) Large numbers of guns are sold also at flea markets (47: 4)

(i) **Other products sold**

(i) Other products sold at gun shows include associated accessories and other paraphernalia including holsters, tactical gear, knives, ammunition, clothing, food (47: 4)

(j) **Atmosphere**

(i) Gun show atmosphere is casual with some people not using tables. Some have signs that say no background check (47: 6)

(k) **Price point**

(i) Firearms Business publication. Houston based dealer - we tried to avoid the mainstream products, because everyone has them and the customer can get those guns for almost nothing at the gun shows (203: 3877)

v. **Conflict between store and nonstore** (83: 18515)

(1) **Nonstore issues**

(a) **Nature**

(i) Polarized differences in investment and risk (83: 18515)

(ii) Nonstore make no investment in gun industry, basement, gun show, garage, out of trunk or attic dealers make no investment, not as supportive of training and service requirements. Sell at low prices putting pressure on store 'legitimate" dealers (83:18515) Non store FFL operators appeal to price sensitive customers (83:18521)

(b) **Blame**

(i) Manufacturers are blamed for the problem and speak negatively of manufacturers who continue to allow distributor sales to these nonstore operators. Manufacturers who take a stand against nonstocking FFL's gain recognition (83:18515)

(c) **Evidence**

(i) Dealer questionnaires reveal problem of nonstore selling at $20 above cost (72)

(2) **Store**

(a) Nature

(i) Store front make greater contributions to trade and support industry. Take risk in dealing in sales. Argued to sell on a

"take with" basis circumventing waiting period. (83:18515)

6. **Major trade channels**
   a. **Indirect**
      i. **Indirect dominates**
         (1) Distribution almost exclusively controlled by sporting goods wholesalers in US. Though some manufacturers will sell direct to independent dealers, it is rare occurrence (82:2699)
         (2) Firearms are generally sold by manufacturers and importers through distributors, often called wholesalers or jobbers. Distributors resell them to dealers who in turn sell them to the general public (78:0376)
         (3) Most new guns are conveyed to private consumers in three steps: manufacture, wholesale distribution and retail sale (35: 221)
      ii. **Retailers prefer to buy indirectly from distributors/wholesalers**
         (1) Survey: 64% retailers preferred to by from distributors/wholesalers while 19% retailers preferred to by from manufacturers. Distributors/wholesalers preferred because of lower minimum purchases, easier to fill customer requests orders and easier to deal with. (79:4037) Survey comments include:
            (a) "Can't buy from manufacturers because they push me away" (79:4057)
            (b) "We can only buy from distributors because of manufacturer programs (79:4057)
            (c) "Can't buy from manufacturers (79:4057)
            (d) "Manufacturers don't really deal direct (79:4057)
            (e) "Manufacturers don't make it easy to buy from them. It is easier to deal with distributors (79:4058)
         (2) **Distributors concentrated**
            (a) Limited number of distributor intermediaries comprise majority of sales: Accusport, Ellet Brothers, JW merchison, Outdoor shooting sports, RSR and SER
   b. **Direct**
      i. **Generally**
         (1) Most dealers would buy direct if they could (83:18509-10) if manufacturers product costs were lowered, inventory management and risk did not fall on them exclusively and most current distributor functions were maintained e.g. terms (83:18510)
         (2) Inconsistency and desire of retailers to want to buy direct yields opportunity for manufacturers to "exert greater control" over distribution (83:18509)
      ii. **Advantages**
         (1) Advantage of selling direct if "market control" and "better feedback" and "better relationships" - second and third most frequently cited by suppliers (84:2297)
   c. **Multiple channels**
      i. **Generally**
         (1) Inconsistency in use of direct/indirect (83:18509-10)
         (2) Handgun: 10% buy direct from manufacturers like Browning, Charter Arms, American firearms, Beretta - dealers inventory is only 5% though (83:18510)
         (3) Other shooting products: 90% buy both direct and indirect. Most would buy direct if they could (83:18510)
         (4) SIGarms markets direct to law enforcement and indirectly via wholesalers and retailers to hunters, sports/competition shooters and civilians (226: 4152)
      ii. **SIGarms example** (233: 4172)

(1) Representative groups - commercial and law enforcement sales except contract sales (233: 4172)
(2) Distributor - separate commercial and law enforcement distributors (233: 4172)
(3) Contract sales - law enforcement/military contract sold direct from company (233: 4172)
(4) Dealer sales - sold by rep groups directly to dealers bypassing distributors (233: 4172)

d. **Internet sales**
i. 1998 most sited advertising for established FFLs, with addresses and phone number s for further contact or else showcases for gun owners. One meta-site called "gun links" listed a total of 355 gun related sites (32c: 4)
ii. Gun Violence Reduction: National .... Strategy (2000): current estimates indicate there are approximately 80 online auction sites that advertise the sale of firearms and 4000 firearms sales related sites that have nonspecialized auctions, classified ads, personal ads, and retail-wholesale dealers doing business on the internet (60: 32)

7. **Distribution practices**
a. **Coordination systems overview**
i. **Manufacturers**
(1) **Manufacturers rely on fewer distributors**
(a) Colt's top 25 distributors represent 70% of total commercial/sporter sales (67:2871)
(2) **Manufacturer use sales reps who cover several states**
(a) Sales reps state coverage ranges from 5 to 16 state areas (73)
(3) **Manufacturers have introduced distributor programs**
(4) **Manufacturers realize importance of dealers**
(a) I have a great deal of respect for the dealer. He's the guy on the front. He's the link between the manufacturer and the customer. Interview of Bill Ruger (69)
(5) **Dealers not satisfied with current distribution policies of manufacturers**
(a) Lack of support cited and continuing conflict over nonstore dealers. There is little direct manufacturer support evidenced in dealers stores - this is opportunity for improvement. (83:18520)
ii. **Distributors**
(1) **Distributors have taken over many key market functions**
(a) Distributors have usurped manufacturers relationships with dealers because they have assumed several key marketing functions critical to dealers including: financing, sales management, product information, inventory risk, coordination with manufacturers and promotional support. Without manufacturers input and control, distributors will continue to expand their activities to maximize their profit at the expense of dealers and possibly manufacturers (83:18518)
(2) **Distributors provide basic marketing materials**
(a) Distributor provide some marketing materials to dealers including catalogs, flyers, sales reps on a daily or weekly (84:2274-2277)
(b) Upon accepting application of a prospective customer distributors do not take any affirmative steps to ensure that their customers abide by federal, state and local laws regarding the distribution and sale of firearms, particularly handguns - no contractual agreements, no binding agreement, no systematic monitoring, contact is intended to facilitate

further sales and is not meant to ensure maintenance of legitimate business. Few distributors visit retailers, rather use telemarketers that maintains daily or weekly contact. (98: 3813)

(3) **Distributor contact with dealers**

(a) **RSR** Telemarketers to get information about inventory (98: 3813)

(b) **Davidsons** Regular sometime daily dialogue including exchange of information including inventory (98: 3813)

(c) **Hill country Wholesale** Telephone contact weekly product needs with inventory information exchanged (98: 3813)

(d) **Kiesler Police Supply** Telemarketers once per month to determine product needs (98: 3814)

(4) **Dealers rely on fewer distributors**

(a) 72% of dealers get 80% of their volume from 3 or more distributors (84:2273) (84:2322)

b. **Information systems overview**

i. **Market studies**

(1) Example: US pistol Market Analysis that examines size of market, competition, competitor profiles, status of market, trends in production and handgun trends as reported in magazines (81)

(2) Example: The US Market for Firearms & Accessories that examines all aspects of the industry including markets, competitors, trends and other information (82)

(3) Example: Mars research for wholesaler AcuSport that included interviews with employees, supplier survey, focus groups and phone survey (84)

(4) Example: Colt Market Overview includes analysis of consumer markets and product markets (85)

(5) Example: SIGarms qualitative interviews and quantitative survey research program to identify attitudes about brand image, product quality and performance, programs, profile of customers likely to purchase and decision factors that influence purchase - recommends communicating directly with dealers and to provide training and incentives to dealers and staff salespeople (171: 3890-3895)

ii. **Positioning studies**

(1) Example: Management Horizons positioning study for Smith & Wesson regarding pistols and distribution issues - asked respondent retailers about their marketing programs (83 and 83:18486)

iii. **Sales rep "state of the industry" reports**

(1) Sales rep reports to manufacturers. Colt has reps fill out reports on store visits detailing status of dealer, inventory, complaints, issues, competition, and other relationship aspects.

(2) Sales reports to manufacturer. SIGarms has reps fill on monthly market/competitor information including programs, special discounts, promotions, information, price, inventory, sales, ad programs, general market information, local legislative initiatives (178) (180)

(3) SIG manufacturer rep reports. Sales report on product, discounts, special programs, sales, forecasts for competition and general market information, local legislative initiatives, comments (180)

(4) SIG manufacturer rep reports. Overviewing law enforcement agencies, distributors, commercial dealers, distributors (181) (182)

(5) SIG manufacturer rep report. Overviewing market and discussing competition and gun show schedule (183)

(6) SIG manufacturer rep report. Overviewing competition, distribution, rumors, legislation (184)

(7) SIG manufacturer rep report. Product thoughts, competition, overall market, market analysis, shot show reaction (186)

iv. **Dealer information and feedback**

(1) **Technology for EDI considered important** and becoming mandatory for the 90's, becoming more important (84:2299)

(2) **Sales audit of handgun sales using Market Monitor information** (80)

(a) Example: Beretta obtained report from Market Monitor on unit sales for all models with a frame size/caliber heading within each market and a total report for 20 markets. Information is reported in both units and as a percent of sales to total units sold (80)

(3) **Sales transaction data** (86)

(a) Example: Ruger sales charts - possibly reported or obtained through cards including information on sales by state, by handgun/long gun, sex, 1st time purchased, type of store, age, purpose use, income, education, magazines read (86)

(4) **Surveys about retailers marketing activities**

(a) Example: Management Horizons positioning study for Smith & Wesson regarding pistols and distribution issues - asked respondent retailers about their marketing programs (83 and 83:18486)

(5) **Surveys about sales patterns and dealer preferences** (79)

(a) Example: Market Monitor survey and analysis of the distribution patterns of guns and retailer preferences for incentives and merchandising materials from manufacturers (79). Retailers desire "support literature/booklets/product description sheets" in survey viewed as most important with cash rebates and give-aways to retailers as second most important (79:4038)

(b) Example: SIGarms obtained report from Market Monitor study of dealers addressing question of direct versus through of distributor sales. Study revealed 64% prefer to by from distributors/wholesalers because of lower min purchases, easier to fill requests and easier to deal with. Dealers prefer support literature/booklets/product description sheets and case rebates and give aways (177: 4037)

(c) Example: S&W dealer questionnaire asking about dealer support, how often rep visits, last visit from rep, product quality, advertising quality, warranty issues (72)

(6) **Purchaser record cards** that include dealer number and purchaser information (68).

(7) **Sales rep examination of dealer firearm records.** Letter to sales reps requesting they go into shops and ask to go through their records. (74)

v. **Industry publications**

(1) Industry publications include Shooting Industry, American Firearms, Guns and Ammo, Shot Business (84:2330)

vi. **Industry trade shows**

(1) Industry Trade Show includes "Shot Show" and Distributor Shows (84:2330)

FIREARMS MANUFACTURERS

8. **Beretta**
   a. **General**
      i. "Fabbrica d'Armi Pietro Beretta [Italy], the world's oldest gunsmith, has seen 475 years of war and peace. Founded in 1526, the Italian Beretta family has made arms for 13 generations." (Descriptive-14:Web)
      ii. Based in Accokeek, MD (Descriptive-20:1)
      iii. **Memberships**
         (1) **NSSF member.** Yes. We support programs they have developed (Reh 379)
         (2) **SAAMI member.** Yes. Joined because they are a standard setting organization (Reh 379-80)
         (3) **ASSC (American Sporting Shooting Council) member.** Briefly. We wanted to have input. Disbanded (Reh 380-1).
         (4) **National Association of Sporting Goods Wholesalers.** We display product at their show (Reh 382)
         (5) Other associations participation (Reh 381-383)
      iv. **Size**
         (1) **Sales**
            (a) "2001 Sales (mil.): $308.8" (Descriptive-14:Web)
            (b) "Exports account for about 80% of sales; the US accounts for 54%." (Descriptive-14:Web)
         (2) **People**
            (a) "2001 Employees: 1,000 (est.)" (Descriptive-14:Web)
      v. **Products/markets**
         (1) "Products include rifles, shotguns, pistols, and knives." (Descriptive-14:Web)
         (2) "The firm makes guns for the French, Italian, and US militaries, and also for police use. Sporting arms are sold worldwide and make up about 75% of production." (Descriptive-14:Web)
         (3) "Beretta also sells apparel online and in three Beretta Gallery clothing stores in New York City, Dallas, and Buenos Aires. The company's US affiliate owns Uberti Aldo & Co., maker of replica guns patterned after western six-shooters." (Descriptive-14:Web)
         (4) "... Beretta makes shotguns, rifles, pistols, knives, sporting apparel, and accessories." (Descriptive-27:1)
         (5) "They currently supply the US military with a 9-mm semiautomatic pistol ..." (Descriptive-27:1)
         (6) **Handgun sales by account type.** Fluctuates due to shift in customer... military sales decline (Reh 39-40)
         (7) **Long gun sales.** Increased after shrinking (Reh 184)
         (8) **Handgun sales.** Sales up and then decreased and now up again (Reh 185)
         (9) **Nongun items to drive pistol sales.** Luggage, watchers, shooting equipment etc to get dealer to purchase [could be consumer directed or dealer directed] (Reh 182)
      vi. **Marketing**
         (1) **Advertising.** NRA, law enforcement, hunting and shooting and Forbes, Bazarre and Vogue, New Yorker (Reh 264-7)
         (2) **Coopadvertising program.** Yes to encourage dealers to advertise our product. At least 6 years. Dealers including chains. Certain level of reimbursement

depending on size of ad. (Reh 372-3)

(3) **B mailed advertising.** B USA Today. Catalog. No direct to consumer. We send things to dealers all the time, information.. product sheets. Catalogs and other things. (Reh 374-5)

vii. **Competitors**

(1) Browning (Descriptive-14:Web)

(2) Glock (Descriptive-14:Web)

(3) Ruger (Descriptive-14:Web)

(4) **Competition monitoring.** Yes (Reh 184)

(5) **Principle competitors.** tapa d skeet and high end competition is Perazzi and Krieghoff. Competition guns trap and skeet includes Ruger or Remmington, Winchester. Sporting shotguns would be Browning. Pistols. Law enforcement Glock, Six Hour, Smith and Wesson. Commercial handguns would be Ruger, SW and Glock and Taurus (Reh 187-188)

b. **Marketing Channel**

i. **General**

(1) **Dealer direct or indirect - why.** Preferential pricing to direct customers.. discount (Reh 48)

(2) **Direct or indirect preference/advantages and disadvantages by Beretta.** Prefer both. Advantages to direct is to provide dealer with more education and training .. of product and to provide more support in advertising. Disadvantages include complicated infrastructure.. lot of people to support direct. (Reh 49-50)

(3) **Direct and indirect sales.** Higher price to retail than to wholesaler. Analysis ... don't know (Reh 83-4)

ii. **Direct to dealers**

(1) **Direct sales to dealers.** Increased over last 10 years. Began before 1993. Always had some level of direct sales to dealers (Reh 40)

(2) **More direct sales in future.** Plans to encourage more dealer familiarization with their product and features of long gun products... so to do that were more actively involved in direct dealer contracts and contacts... trying to emphasize education (Reh 42-43)

iii. **Indirect through others**

(1) **Chains and buy groups.** Buy group is an aggregate, like a cooperative of dealers who pool resources for purposes of purchasing product. A chain is a centrally owned and managed chain of retail stores of a common name. (Reh 33-34)

(2) **Indirect dealers - knowledge.** We might know of some. Know names. (Reh 50)

(3) **Indirect dealers.** Do not know number of (Reh 50)

(4) **Indirect dealers - knowledge of.** Those that are known, know through industry show and those that visit booth. Shot Show. Also visit dealers at times. Over time get to know (Reh 51)

(5) **List of indirect dealers.** No (Reh 52)

(6) **Indirect dealers - knowledge of.** We don't sell to them so we don't have any information on that (Reh 52).

(7) **Indirect dealer - knowledge repository.** No (Reh 53)

(8) **Indirect dealer - ask distributors about them.** Not by name, but generally I think we have frequent communications with distributors to find out who their customers are, how the products are selling, who are selling to. No questions about names... typically information not want to be shared... concern that Beretta

might try and circumvent their contact. (Reh 54)

(9) **Chain buyers.** 10 or 12. (Reh 61)

iv. **Employees**

(1) **Direct sales to individuals.** Employees. Infrequent. (Reh 80)

(2) **Dealer employee purchase plan.** Discount to employees (Reh 183)

c. **Mfgs salesforce**

i. **Inside v. commercial field sales.** Inside people receive orders over telephone. Commercial field sales visit with customers and broken down by regional divisions (Reh 24-25)

ii. **Direct sales reps and manufacturing rep groups.** Direct sales reps employed by company. Manufacturer reps independent companies that serves as sales representatives in a particular area. Jim Ferry & Associates, Ferguson-Keller, L.H. French and Coast to Coast. Both do the same thing. They visit with potential customers and show them product, explain terms of sale and try and generate sales of our product. (Reh 29-31)

iii. **Direct sales reps.** Paid salary and performance based bonus based on targets for company activities... profits, gross sales, inventory levels and also individual criteria (Reh 29)

iv. **Mfg reps.** Paid commission based on sales (Reh 31)

v. **Direct account holder.** Commercial corporate accounts. Direct sales.. US forces, law enforcement and includes distributors and dealers. Yes. (Reh 32-33)

vi. **Mfg rep agreements.** Cannot recall terms for reps to report back on activities of dealers. Some description of need to monitor (Reh 178)

vii. **Distribution incentive campaign.** SPIFFS... little things that are added on to a purchase for a particular sales effort.(Reh 181-2)

d. **Distributors**

i. **Wholesaler.** Company that purchases product from the purposes of resale and redistribution to dealers. (Reh 33-34)

ii. **Handgun sales.** Dealers, distributors, Walmart. Yes (Reh 35)

iii. **Distributors.** 52 distributors. About the same for 10 years. (Reh 36)

iv. **Distributors - percentage of sales to.** 60-70 percent of handguns and 50 percent of long guns. (Reh 37)

v. **New distributors.** None in last year. Few applications in last 5 years. Most distributors they have a long relationship with. (Reh 90-91)

vi. **Min order for distributors.** Yes (Reh 105)

e. **Dealers**

i. **Dealers.** Someone who sells product directly to a consumer. (Reh 34)

ii. **Handgun sales.** Dealers, distributors, Walmart. Yes (Reh 35)

iii. **Premium Gun Dealer program.** Program to obtain more direct sales on long guns. (Reh 39)

iv. **Dealers.** 200 including dealer chains. (Reh 40)

v. **Stocking dealer program.** A dealer who carries an inventory of your product, a regular inventory of your product (Reh 44)

vi. **Nonstocking dealers.** Some dealers are what we call just-in-time dealers who will have a display sample and they will purchase product as they need it. ... other dealers that don't carry a product because they may not be aware of the advantages or features, that type of thing. (Reh 44)

vii. **Stocking dealer program.** Basically the dealer with whom we have direct contracts commit to purchase a certain amount of inventory that they keep on their premises... and receive preferential pricing... certain types of advertising and .. point of sale (Reh 45)

viii. **Premium dealer and stocking dealer program distinctions.** Premium dealer are select

number of dealers who purchase extremely high end shotguns.. very select. (Reh 46)

ix. **Stocking dealer program.** More than a decade in different forms (Reh 47)

x. **Stocking dealers program as "showcase dealer program."** Includes both direct and indirect sales (Reh 47-8)

xi. **Authorized dealers.** Similar to showcase dealers.. somebody with whom .. a direct relationship (Reh 56-57)

xii. **Showcase dealer must be direct.** Yes (Reh 57-58)

xiii. **Consideration of authorized dealer.** Yes discussed.. question of viability.. do we have the resources.

xiv. **Advantages of authorized dealer.** Lower prices. (Reh 60)

xv. **Disadvantages of authorized dealer.** Great deal of corporate infrastructure to suppose... warehouse.. phone support, order entry process. Meetings with dealers. (Reh 60-61)

xvi. **Beretta Galleries.** Beretta stores sales directly to consumers...New York, Dallas, Texas, Argentina.. some since 1988. Cougar owns but is a subsidiary of Beretta (Reh 62-64)

xvii. **Expansion of Beretta Galleries.** Considered, but expensive. Would overtax resources (Reh 65)

xviii. **Open to buy dollars.** Money a dealer has available to purchase product (Reh 104)

9. **Browning**

a. **General**

i. "Browning's corporate headquarters is nestled in the Rocky Mountains of northern Utah in a small town called Mountain Green." **(Descriptive-43:Web)**

ii. **Browning/Winchester relationship with US Repeating Arms.** Browing is owned by the parent company. Once guns are mfgs they are sold to Browning for marketing and distribution (Koening 26)

iii. **Trade association membership.** NSSF and SAAMI. (Koening 66)

iv. **Ownership**. US Repeating Arm builds the product and Browning markets and distributes it. Under the Winchester name (Guevremont 37)

v. Size

(1) **Sales**

(a) **Volume of sales.** Knows (Koening 68)

(b) **Browning handgun sales**. 21,000 in 1998 (Guevremont 174)

vi. **Products/markets**

(1) "Browning manufactures firearms and accessories, along with archery and fishing equipment, knives, flashlights, outdoor apparel, footwear, and security safes." (Descriptive-9:Web)

(2) **Full line dealer**. Carries everything, archery , footwear, clothing, knives, gun case and firearms (Guevremont 95). Browning and Winchester products. (Guevremont 101)

(3) No law enforcement sales. (Guevremont 147)

(4) **Distribution nationwide and targeting**. Yes and then emphasis on geography based on product need. Hunting season (Guevremont 221)

vii. **Marketing**

(1) **Incentives**. No incentives to advertise. Coop incentive.

viii. **Competitors**

(1) Olin (Descriptive-9:Web)

(2) Remington Arms (Descriptive-9:Web)

(3) Ruger (Descriptive-9:Web)

b. **Marketing Channel**

i. **General**

(1) **Distribution includes direct and distributor**. Few selected distributors. We focus on dealers. Browning is a dealer company. Direct dealer system working well. Full line dealer system. (Guevremont 94-5)

(2) **Dealer purchasing through distributor and direct**. Don't know if do both. Dealers are secretive about their business (Guevremont 103)

(3) **Internet sales**. No, but do have catalog and FOQ (Guevremont 150)

ii. **Direct to dealers**

(1) **How marketing to distributors and dealers.** Contract. (Koening 83)

(2) **Browning sales primarily through dealers as opposed to mass marketers like Wal mart**. Yes (Guevremont 143)

iii. **Indirect through others**

(1) **Distributors**

(a) **Distributor contract.** Not standard form but do have one (Koening 58)

(b) **How marketing to distributors and dealers.** Contract. (Koening 83)

(c) **Winchester sales primarily through mass merchants and distributors**. Yes (Guevremont 143)

(d) Winchester sold only through distributors. (Guevremont 144)

(e) **Chains versus mass merchants**. Chains of sporting goods. Mass merchants sell more than sporting goods. Wal Mart, Kmart. (Guevremont 146)

(2) **Buying groups**

(a) **Buygroups**. Association of dealers. Three or four or hundreds that get together and join an organization so that they can benefit from the experience of other dealers in the buying. Get discount (Guevremont 97)

(b) **Buying group contracts**. Don't know (Guevremont 98)

(c) **Buying groups**. Most are browning dealers. Built from big dealers. To be part of you must have storefront (Guevremont 119)

c. **Salesforce**

i. **Indep sales reps**. (Guevremont 100)

ii. **Indep sales reps**. Calling on dealers day in and day out. Service them for browning. 75 of them. Commission based reps. (Guevremont 108-9)

iii. **Indep sales reps call on distributors**. One sale rep will call on a distributor. (Guevremont 109)

iv. **Indep sales reps are multi-brand reps**. Carry number of different brands for different companies (Guevremont 110)

v. **Indep sales rep responsibilities**. Service the account. Shoe product, arrange displays, well positioned, show product line. Help dealers what available, take orders. Eyes and ears of browning. (Guevremont 111)

vi. **Indep sales rep reports**. No written. On phone with telemarketing team, sales mangers (Guevremont 111-2)

vii. **Sales rep**. Both Browning and winchester.. Same role (Guevremont 145)

d. **Dealers**

i. **Medallion dealer**. Whole line, but they can't carry as much of each. (Guevremont 96)

ii. **Regular dealers**. Single line dealers (Guevremont 96)

iii. **Authorized dealers only**. I know they're only allowed to sell through authorized sporting goods stors. (Koening 83)

10. **Bryco**

a. **General**

i. **Size**
(1) **Employees**: 30 to 35 employees. (Jennings 20)
ii. **Product/markets**
(1) "Bryco/Jennings is in CA." **(Descriptive-41:Web)**
(2) "The distributor is in NV ..." (Descriptive-41:Web)
iii. **Marketing**
(1) **Promotion of guns.** No. Not set up for large scale (Jennings 38)
(2) **Advertising of guns.** Not that I recall (Jennings 38)
(3) **Prices to distributor.** Its just set. What we felt we needed. . We don't have a formula. (Jennings 108-109)

b. **Marketing channels**
i. **Direct to dealer**
(1) **Dealer sales process.** Phone orders. No writing. Scanned and recorded in AD books and invoice would be made up. (Jennings 35-6)
ii. **Indirect through others**
(1) **Distributors**
(a) **Distributor.** Sales are to BL Jennings and to Valor and Slim's Gun Shop. (Jennings 33-34)
(b) **Distributor sales process.** BL Jennings gives estimate of how many guns they want. Over a six month period. Guns would be shipped. (Jennings 34-5)
(c) **Distributor sales.** 98 percent to BL Jennings.

11. **Carl Walther**
a. **General**
i. **Products/markets**
(1) "Military, police and other governmental security groups in every country of the world have relied on the high quality craftsmanship and rugged durability of Walther products. At the same time, hunters and target shooters everywhere are familiar with the name Walther." **(Descriptive-67:Web)General**
(2) "In the autumn of 1886 when Carl Walther laid the foundation stone of todays Walther Works in Zella-Mehlis, a traditional site for many German factories" **(Descriptive-67:Web)**

b. **Marketing Channel**
i. **Indirect through others**
(1) **Distributors**
(a) "In 1999, another step was taken to bring the Walther name into the new millennium. Smith & Wesson of Springfield, Massachusetts and Carl Walther GmbH of Germany announced a joint plan to form Walther USA to distribute Walther branded firearms, air guns and accessories in the United States." **Descriptive-67:Web)**

12. **Colt**
a. **General**
i. "Founded in 1836 by Samuel Colt, the company is about 83%-owned by investment firm Zilkha & Co." **(Descriptive-11:Web)**
ii. "... inventor of the revolver and a stalwart of New England's so-called Gun Valley." **(Descriptive-26:1)**
iii. **Intrepid system.** Online computer file. Out computer system. Financial records. Sales records. Payroll. Mfgs data, quality data. Engineering data. Tracks mfg through process. Not after shipped. (Reissig 91-94)
iv. **Size**

(1) **Sales**
  (a) 2000 Sales (mil.): $100.0 (est.) (Descriptive-11:Web)
  (b) **Sales projections**. 250,000 in 2001 (Dorsey 21)
  (c) **Commercial sales**. 35 to 50 percent depending on year (Reissig 247)
(2) **People**
  (a) 545 people (Dorsey 48)
  (b) 2000 Employees: 700 (est.) (**Descriptive-11:Web**)

v. **Products/markets**
(1) "Through its subsidiaries, Colt's Manufacturing makes handguns (Cowboy, Defender) and semiautomatic rifles for civilian use. It also makes military weapons (M-16, M-4 Carbine) for the US and other governments. Colt's also licenses its name to a variety of other companies, such as Encore Software (for Encore's Wild West Shootout game)." (**Descriptive-11:Web**)
(2) "... before the month [October 1999] is out, Colt will stop taking orders for virtually all consumer handguns" (**Descriptive-26:1**)
(3) "Colt will keep making military and collectible guns, which are the bulk of its busness." (O'Donnell, Oct 18, 1999)
(4) **Markets**. US Government, international law enforcement and commercial (Dorsey 26)
(5) **Market sales. 10% law enforcement**. 30 percent US govt. 30% international. 30% commercial sales. Balance law enforcement. Based on dollars (Dorsey 244)
(6) **Commercial business**. Percentage of total business is 30% (Dorsey 119)

vi. **Marketing**
(1) **Store contact**. Phone (Dorsey 37)
(2) **Distributor contact by email**. Rarely (Dorsey 38)
(3) **Marketing budget**. Last two years... virtually no advertising or marketing budget (Dorsey 40)
(4) **Market surveys**. Not in several years (Dorsey 119)
(5) **Market survey**. Has seen results. Has not done one (Dorsey 127)(
(6) **Marketing plan**. Not formal. No. Then shown 1999 marketing plan that contains SWOT and other specifics (Dorsey 139-140)
(7) **Trade show booth**. Yes (Reissig 169)
(8) **Marketing personnel**. 15 are administration. 2 are salesforce (Reissig 291-2)
(9) **Advertising**. Based on trends. (Reissig 310)
(10) **Advertising**. One since mid 1999. Ceased for financial reasons. (Reissig 311)
(11) **Trade show attendance**. Attended yes and attended ATF presentations. (Reissig 324-327)
(12) **Shot Show**. Sell guns. We have taken orders (Reissig 327)
(13) **Coop program**. Advertising. Yes in the past but not now. Stopped when stopped promotions. (Reissig 304)

vii. **Competitors**
(1) Beretta (**Descriptive-11:Web**)
(2) Smith &Wesson Holding (**Descriptive-11:Web**)
(3) Ruger (**Descriptive-11:Web**)

b. **Marketing channel**
i. **Direct to dealers**
(1) **Sales direct to dealers**. Custom shop only (Dorsey 131)
(2) **Sales direct to end user**. Yes. Custom shop products. Can only ship to FFL (Dorsey 131-2)

(3) **Custom shop**. Engravings. Various grips. Go through dealer to access (Reissig 84-85)

(4) **Sales to dealers**. Small. Very small. Not in past seven years except through "custom shop" (Reissig 105)

(5) **Dealer direct is possible**. We could do that if deemed appropriate. (Reissig 165)

ii. **Indirect through others**

(1) **Distributors**

(a) **Distributors**. 16 distributors currently (Dorsey 50)

(b) **Distributors**. Number is 16. No inclination to increase or decrease (Dorsey 63-64)

(c) **Top distributor**. RSR (Dorsey 95)

(d) **Reputable distributor**. Integrity. Respectable. (Dorsey 99-100)

(e) **Incentives for distributors**. Not aware (Dorsey 129)

(f) **Sales to distributors**. Yes. (Reissig 104)

c. **Mfgs salesforce**

i. **Sales force**. Single. He is it. (Dorsey 78)

ii. **Would like to have larger salesforce**. Would like 5 people. Increase market presence. Distributors want us to have a salesforce (Dorsey 79-80)

iii. **Distributors want visits from salesforce**. Enhance communications between us. To get more orders of products. Part of sales is to establish that human relationship. Easier. Human bond, trust and confidence. Enhanced communications (Dorsey 80-81)

iv. **Structure of desired salesforce**. Domestic sales force who would make regular visits to wholesalers. Daily phone calls. Frequent visits to known dealers and infrequent phone contact. . Market efforts. Catalog. Designed to increase trust and establish communication (Dorsey 88-89)

v. **No more salesforce**. Had commercial and military salesforce prior to late 1999. Financial reasons for stopping. Cash flow issues. (Reissig 57-58)

vi. **Cost of salesforce**. 100,000 a year (Reissig 60)

vii. **Salesforce**. 7 in 1995. (Reissig 60+)

viii. Salesforce as independent mfg reps. (Reissig 191)

ix. **Salesforce [when had] would have been in contact with dealers**. Would have known dealers through "service agreement cards," talking with customers at shows, whatever way they could (Reissig 193)

x. **Salesforce**. Independent reps. 91-93 had indep reps. Not employees. Five or six employees of Judd and Associates. Represented them at shows. Sold product. Visit distributors. (Reissig 288-9)

xi. **Sales force**. Employees of colt after 1993. 2 people. 17 people involved in sales and marketing (Reissig 290-1)

xii. **Marketing personnel**. 15 are administration. 2 are salesforce (Reissig 291-2)

xiii. **Sales force duty**. Maintain contact with distributors, educate and train salespeople. Product demo. Market trend determination. Colt days and handle customer service issues (Reissig 296)

xiv. **Salesforce submit reports**. Mostly monthly from 1995-98 (Reissig 296-8)

xv. **Sales force duties**. Written materials for training. Not aware of. Extensive training on product line. Into factory. Our systems. How orders processed. Several weeks training. (Reissig 298-299)

xvi. **Salesforce duties to train distributor salespeople**. Visit and educate and train. When visited dealers would train distributors. Feature and benefits of products. Instruction. Etc. during colt days. (Reissig 299)

d. **Distributors**
   i. **Minimum purchase by distributors.** No (Reissig 300)
   ii. **Distributor numbers.** Had 100 in early 90's (Reissig 130)
   iii. **Distributor numbers.** Smaller number allow us to visit more frequently. Work with them (Reissig 130-1)
   iv. **Distributors and FFL sold to in last ten years.** Acusport, Davidsons, Camfour, Dixie Shooters Supply, Ellet Brothers, Jerry's Sports Centers, RSR. Shawmut. Southern Ohio, Valor, Williams Shooters Supply. (Reissig 230-233)
   v. **Distributors.** 16 to commercial market (Reissig 235)
   vi. **Distributors promote by.** Telemarketing. Internet. (Reissig 244-5)
   vii. **Distributor territory limitations.** No (Reissig 245)
   viii. **Distributor numbers.** No intention to increase (Reissig 250)
   ix. **Incentives to distributors.** No, but have in the past. Stopped because of money ran out in late 1999 (Reissig 302-3)
   x. **Incentives to distributors.** Would pay SPIFFS when they would sell colt product. 2 to 5 dollars (Reissig 303)

e. **Dealers**
   i. **Dealers.** Number. 3000 to 14,000 depending on type and line (Reissig 134-5)
   ii. **Distributors.** Number (Reissig 16)
   iii. **Dealer promotions.** When had would arranged through distributor. Distributor would work with dealer. (Reissig 168-9)
   iv. **Premier Dealer program.** Application form. Define your business – "storefront" or "nonstorefront." Mid 90's. Now FFL requires storefront (Reissig 184-9)
   v. **Limitations on number of dealers.** No. (Reissig 197)
   vi. **Direct to dealers.** Going back. Don't know. (Reissig 229)
   vii. **Distributors and FFL sold to in last ten years.** Acusport, Davidsons, Camfour, Dixie Shooters Supply, Ellet Brothers, Jerry's Sports Centers, RSR. Shawmut. Southern Ohio, Valor, Williams Shooters Supply. (Reissig 230-233)

13. **Excel Industries**
   a. **General**
      i. **Products/markets**
         (1) "ACCU-TEK Firearms are manufactured and sold DEALER DIRECT by: EXCEL INDUSTRIES, INC." **(Descriptive-40:Web)**
         (2) "These ultra compact stainless steel pistols are 100% American made ..." **(Descriptive-40:Web)**
         (3) "... we handle our own Investment Casting, Mold making, Tool & Die, Metal Stamping and State of the Art CNC Machining all under one roof." **(Descriptive-40:Web)**
      ii. **Marketing**
         (1) **Prices and discounts**
            (a) "... very affordable price." (Descriptive-40:Web)

14. **Glock**
   a. **General**
      i. "Named after founder, owner, and president Gaston Glock" (Descriptive-16:Web)
      ii. "Glock has operations in Austria, Hong Kong, Uruguay, and the US." (Descriptive-16:Web)
      iii. "Glock was founded by Mr. Gaston Glock, an engineer, in 1963 in Deutsch-Wagram, near Vienna to specialize in the manufacture of plastic and steel components." (Descriptive-46:Web)
      iv. **Membership**

(1) Glock is a member of NSSF (Jannuzzo (1) 26)

(2) **NSSF member. Not a member of SAAMI... only American companies.** Heritage Fund. (Jannuzzo (1) 241)

(3) **ASSC [American Shooting Sports Council].** Member and secretary. Paid dues. Classes of membership. Some distributor members. Retailer members. Buying consortiums. Board members had same voting rights. Glock not a member of the board. (Jannuzzo 546-564)

(4) **Hunting and Shooting Sports Heritage Foundation.** Member (Jannuzzo 590)

v. **Size**

(1) **Sales**

(a) "The largest seller of firearms to law enforcement agencies" **(Descriptive-16:Web)**

(b) "The two-millionth GLOCK pistol to be produced by the GLOCK factory was displayed at the 1999 Shot Show." (Descriptive-50:Web)

vi. **Products/markets**

(1) "The largest seller of firearms to law enforcement agencies" (Descriptive-16:Web)

(2) "In the USA, GLOCK pistols are in use in 65% of law enforcement agencies ... such as the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), New York Police Department and more than 7.500 other agencies at the federal, state and local levels" (Descriptive-51:Web)

(3) "Since its founding in 1963, Glock has supplied more than 2.5 million pistols to armies (starting with its home country) and other government customers, as well as to civilians in more than 100 countries." (Descriptive-16:Web)

(4) "... the company offers nearly 40 pistol models under the Glock name. It also markets field knives, entrenching tools, and apparel." (Descriptive-16:Web)\

(5) **Markets.** Commercial including sports shooters, hunters and defense. Law enforcement including by department, specialized units, swat teams, FBI, DEA, Csotmes, Capitol Police (Jannuzzo (2) 36)

(6) **Sales**. Sales 50/50 to 70/30 law enforcement/commercial (Jannuzzo (2) 39)

vii. **Competitors**

(1) Beretta (Descriptive-16:Web)

(2) Smith & Wesson Holding (Descriptive-16:Web)

(3) Ruger (Descriptive-16:Web)

viii. **Price**

(1) **Range of prices for Glock.** High 400 to 600 dollars (Jannuzzo (2) 708)

(2) **Rebates or other promotional offers**. No (Jannuzzo (2) 156)

b. **Marketing Channel**

i. **Direct to dealers**

(1) **Direct sales to dealers.** No, but have if friend, warranty card drawing, writer (Jannuzzo (1) 50-51)

(2) **Requirements for Stocking dealer program.** Storeforont, FFL, tax licns, not violating zoning laws, picture of store, visit before we sign them up. (Jannuzzo (2) 56)

(3) **Stocking dealer program package.** Banner, pencils, safety information, Glock Annuals, videotape on basic firearm safety and products and history of company... booklete on Don't Lie for the Other Guy .... NOTE: can sell prior to receiving package with video etc. (Jannuzzo (2) 60)

(4) Distributor recommendation of dealer required to become stocking dealer

(Jannuzzo (2) 61)

ii. **Indirect through others**

(1) **Distributors**

(a) **Distributors.** Glock deals with 50 and was ½ over ten years ago when he arrived. Growth of company brought more in (Jannuzzo (1) 45)

(b) **Distributor growth.** No new distributors (Jannuzzo (1) 60)

(c) **Distributor requirements.** FFL, tax license, financial information... no new ones for 6 to 10 years (Jannuzzo (2) 61-62)

(d) **Financial terms to distributors.** 30 day net, 15 days at 4 percent. Not negotiable . Not determined by volume (Jannuzzo (2) 152... 155). Some variance and prepay (Jannuzzo (2) 159-160)

(e) **Management.** Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49)

(2) **Buying groups**

(a) No sales through buying consortiums. (Jannuzzo 560)

iii. **National accounts.** Yes. Sell directly (Jannuzzo (2) 560-561)

iv. **Internet sales.** No (Jannuzzo (2) 785)

c. **Salesforce**

i. **Trainers as salespeople.** No, but they are one of our best sales tools (Jannuzzo (1) 30)

ii. **27 field salespeople.** Visit dealers.. (Jannuzzo (1) 54)

iii. **Sales reps e.g., outside agents or contractors in sales.** No, except prior to 1993) (Jannuzzo (1) 73)

iv. **Out of house field sales .** 27 individuals with 24 for law and 3 for commercial but all are charged with visiting dealers in their areas ... west, mid and east (Jannuzzo (2) 37-38)

v. No independent reps (Jannuzzo (2) 38-38)

vi. **Prior to 1993, used independent rep groups.** Seven or eight groups (Jannuzzo (2) 75)

d. **Distributors**

i. **Ellet brothers distributor.** 10 years at least relationship. 4-6000 guns a year. Very efficient. Pay bills on time. After out the door to their customers I do not know. (Jannuzzo (2) 194-195)

ii. **Amchar distributor.** 10 years or more relationship. Unknown volume. Good cusmtoter. Law enforcement. Pay bills slowest, no complaints. (Jannuzzo (2) 196)

iii. **Davidson Supply Company.** Don't know if sell to them. Highly reputable (Jannuzzo (2) 197-8)

iv. **RSF Group.** 10 years of more relationship. 17 to 19 thousand guns per year. Excellent corporation. Know personally. (Jannuzzo (2) 199-200)

v. **Camfour. Relationshp since mid 90's. 3-4000 guns a year.** Professional organization, computer literate, dedicated dealer base,... put out circular with their dealers. Delivered electronically through dealer PIN. Made it easier for dealers to shop. Computer ordering and ability of delaer...(Jannuzzo (2) 201-3)

vi. **AccuSport Corporation.** Since at least 1991. Personal relationship with people. 20 to 22 thousand guns per year. Highly professional. MBA controller. Sophisticated order picking system.. electronically (Jannuzzo (2) 204-5)

vii. **DL Fleurys.** No relationshp (Jannuzzo (2) 206)

viii. **Kevin Incorporated.** No relationship (Jannuzzo (2) 206)

ix. **Holidom.** No relationship (Jannuzzo (2) 206)

x. **Lipsey's.** At least eight years probably 10 or 11.. Amount fallen off over years. Very professional (Jannuzzo (2) 206-7)

xi. **Interstate Firearms Company.** Before 1991 relationship. Volume varies from year to year. (Jannuzzo (2) 208-9)
xii. **Chattanooga Shooters.** Sold in the past. (Jannuzzo (2) 209-210)
xiii. **Bangers Enterprise.** 10 years or more. Volume less than any others weve spoken about. Personal relationship . Conscientious and good with knowledge (Jannuzzo (2) 211-213)
xiv. **Distributors.** Glock deals with 50 and was ½ over ten years ago when he arrived. Growth of company brought more in (Jannuzzo (1) 45)
xv. **Distributor growth.** No new distributors (Jannuzzo (1) 60)
xvi. **Distributor markets.** Law enforcement and commercial dealers. Each monitors the other to discern if selling in their markets and field sales also (Jannuzzo (1) 78-79
xvii. **Distributors.** 50 with a portion s law enforcement distributors (Jannuzzo (1) 79)
xviii. **Distributor minimum order.** No can order one gun (Jannuzzo (1) 107)
xix. **Financial terms to distributors.** 30 day net, 15 days at 4 percent. Not negotiable . Not determined by volume (Jannuzzo (2) 152... 155). Some variance and prepay (Jannuzzo (2) 159-160)
xx. **Distributor list.** Yes and files in credit department. (Jannuzzo (1) 66)

e. **Dealers**
i. **Stocking gun dealers.** 1500 that are signed up to a special program. (Jannuzzo (1) 54)
ii. **Dealer min order from distributor.** Don't know. (Jannuzzo (1) 107)
iii. **Nonstorefront v. storefront.** Prior controversy between storefront and nonstorefront dealers.. not a large issue now given 67,000 FFL's .... was a competitive advantage in costs (Jannuzzo (1) 356)
iv. **Costs of stocking dealer program.** No idea (Jannuzzo (2) 114-115)
v. **Dealer list.** No comprehensive list of who sells our firearms. (Jannuzzo (1) 54)
vi. **Rule of conduct for stocking dealers.** Entirely possible (Jannuzzo (2) 730)
vii. **Can dealers sign agreements with multiple distributors.** Ruger at one point had a restrictive policy on this. (Jannuzzo (2) 756)

15. **H&R 1871**

a. **General**
i. **National Buying Syndicate**. 20 plus sporting goods stores that are independently owned coop. Financial services. Coop is selective. (Garrison 36-7)
ii. **Production**
(1) **Manufacturer based on sales not forecasts**. Manufacturer parts and then assemble as needed. Assemble 100 day max (Garrison 48-51)
iii. **Marker/products**
(1) **Market**. Only knowledge from people coming to us at shows. Writers writing on the use of our products by some people. (Garrison 64-65)
(2) **Market projections**. No (Garrison 82)

b. **Marketing Channel**
i. **General**
(1) **No direct shipments**. (Garrison 84)
ii. **Direct to dealers**
(1) Uses dealers: has "Dealer Search" option on website (Descriptive-56:Web)
(2) **Direct sales**. Less than 10% to Sports Inc. and National Buying Syndicate (Garrison 35)
iii. **Indirect through others**
(1) **Sales mainly to wholesaler**. 95-98% (Garrison 34-35)
iv. **Sells online**: has "Store" option on website (Descriptive-56:Web)

c. **Salesforce**
   i. **Sales rep groups**. Paid on commission basis. Five groups. Approximately 55 reps. (Garrison 40-1)
   ii. **Sales rep sales**. To buyers who are wholesalers/distributors. (Garrison 41-2)
   iii. **SPIFF incentive**. My definition of spiff is a sales rep goes in and will offer a prize type of program to the salespeople from that distributor who sells the product. Typically on a new product. Savings bond of something like that (Garrison 72-73)

d. **Distributors**
   i. **Distributors**. 1991-95 approximately 50 dealt with. (Garrison 37)
   ii. **Distributor terms of sales**. Financial terms. No price reductions. No spiffs. Everybody pays the same. (Garrison 68-72)
   iii. **Insurance**. Provided to distributors on product liability. Extra to insure them (Garrison 74-5)

16. **Heckler & Koch**

a. **General**
   i. "Heckler and Koch GmbH (HK) was registered in December of 1949 and officially opened for business in this historical center of German gun-making enterprise in 1950." (Descriptive-53:Web)
   ii. **Memberships**. NSSF. SAAMI. ASSC (Meyer 255-6)
   iii. **Size**
      (1) **People**
         (a) Employees. 50 (Meyer 21)
         (b) "Today, the Oberndorf factory employs approximately 500 employees, from machine operators to designers." (Descriptive-52:Web)
   iv. **Price**
      (1) One price list, but different terms to different qualifying dealers. (Meyer yes 134)
   v. **Products/markets**
      (1) **Market sales.** Commercial 2/3 of sales. (Meyer 30)
      (2) **Products.** Pistols and rifles and shotguns (Meyer 33)
      (3) **Commercial distribution.** Different and handled separately from military and law enforcement (Meyer 41)
      (4) "Heckler & Koch GmbH, of Oberndorf, Germany, currently manufactures approximately two hundred and fifty different models of firearms on its production line." (Descriptive-52:Web)
      (5) "All HK product, both for the commercial/law enforcement and military market, is developed and tested to NATO specifications." (Descriptive-52:Web)
      (6) " ... much-heralded tradition of heckler & Koch small-arms manufacturing. In early 2000, the USC .45 utility carbine joined the SL8-1 .223 as new age firearms made almost entirely of high strength polymers." (Descriptive-53:Web)
   vi. **Competitors**
      (1) **Competitors.** SIG, Colt, Remington (Meyer 38-39)

b. **Marketing Channel**
   i. **Direct to dealers**
      (1) **Dealer relationships.** Yes (Meyer 41)
      (2) **Direct sales to dealers.** All direct on commercial sales (Meyer 42)
   ii. **Issues**
      (1) **Distributors and dealers issues.** Not thrilled when added distributor because qualified dealers had market and other dealers had to buy from them. Now

could get from distributors also (Meyer 48)

(2) **Dealer direct versus distributor.** Service and elite status favors direct. Difficulty in servicing favors distributor. (Meyer 50)

c. **Salesforce**

i. **Types and numbers**

(1) **In-house**

(a) **Sales employees.** 16 (Meyer 26)

(b) **Sales department.** Customer service and orders (Meyer 28)

(c) **Inside sales and reps.** Both. (Meyer 55)

(2) **Independent reps**

(a) **Numbers**

(i) **Independent reps.** 40 organized by geography (Meyer 55)

(b) **Rep groups**

(i) **Rep groups.** Citadel Sales, Outdoor Sports Marketing, Sports Marketing south, Jack Harding and Associates, Mainstream. (Meyer 56)

ii. **Role and responsibilities**

(1) **2001 indep sales rep agreement.** Must visit authorized dealer once each 6 months. Find out what's going on. Any issues. Delivery problems. Market feedback. Need for product. (Meyer 63)

(2) **Reps have call reports.** Documentation of review of store, up and running, financial issues, meeting requirements. Customer service issues (Meyer 63)

(3) **2001 indep sales rep agreement.** Best efforts to ensure that dealer is legitimate storefront dealer. Quality reason. Present the product. No sale out of car trunk.

d. **Distributors**

i. **Numbers**

(1) **Distributors.** One RSR. Since 1998. Chosen on performance. Responsible for 10% of sales (Meyer 44-45)

(2) **Distributors in the past.** Acusport in 1995 (Meyer 45)

e. **Dealers**

i. **Numbers**

(1) **Dealers.** 230 qualified dealers. 600 last year. In process of qualifying dealers. Fluctuates between 600 and 1000 dealers (Meyer 43)

(2) **Dealer reduction.** To 600 to achieve good quality (Meyer 43)

ii. **Classifications**

(1) **Qualified versus non-qualified**

(a) **Dealers.** 230 qualified dealers. 600 last year. In process of qualifying dealers. Fluctuates between 600 and 1000 dealers (Meyer 43)

(2) **Authorized versus non-authorized**

(a) **Authorized dealers.** 700 apply. 600 currently and most are carry-overs. Some do not take application from (Meyer 72)

(b) **New authorized dealers.** Sales rep get commissions for identifying (Meyer 73)

iii. **Activities**

(1) **Key dealer program.** Better credit terms and free shipping in return for selling specific quanity. (Meyer 129)

(2) **Premiere dealer program.** Longer terms, free shipping, promotional materials for selling 20 total guns. (Meyer 130)

17. **Hi-Point Firearms**
    a. **General**
        i. **Size**
            (1) **People**
                (a) **Employees.** 24-25 employees (Deeb 31)
            (2) **Sales**
                (a) **Gross sales.** 60,000 in 2000. 60,000 in 1999. 30,000 in 1998 (Deeb 37)
            (3) **Price**
                (a) **Suggested retail price.** No. (Deeb 46)
        ii. **Price setting.** Whatever anyone else sells and then we go 10-15 percent below (Deeb 46)
        iii. **Products/markets**
            (1) "Hi-Point Firearms manufactures semi-automatic handguns in several calibers, as well as semi-automatic Carbines. All Hi-Point Firearms are made in the United States of America with no imported components or parts." **(Descriptive-54:Web)**
            (2) "They [Hi-Point Firearms] are available at a very affordable price." (Descriptive-54:Web)
            (3) **Target market.** Working people, law enforcement, hunters, people who need self-defense weapons. (Deeb 46-7)
            (4) **Products.** Hi-Point handguns. Nine millimeter carbine. (Deeb 47-48)
            (5) **Selling point.** Low price gun (Deeb 48-49)
            (6) **Demand.** Back ordered months. (Deeb 110-111)
        iv. **Marketing**
            (1) **MKS does marketing.** (Deeb 93-94)
            (2) **MKS distributor fliers with Hi-Point information in.** Yes. (Deeb 100)
            (3) **MKS advertising.** Trade magazines. American Firearms Industry, Shooting Industry, Shotgun news. (Deeb 113-114)
            (4) **Budget to MKS or dealers to advertise.** No (Deeb 125)
    b. **Marketing Channel**
        i. **Direct to dealers**
            (1) "They [Hi-Point Firearms] cannot be purchased directly from the manufacturer." **(Descriptive-55:Web)**
            (2) "Most dealers usually order from their distributor several times a week ..." (Descriptive-54:Web)
            (3) **Dealer direct sales.** Only to Mac's Guns. Ohio and Sportsman Den. (Deeb 84-85)
            (4) **MKS distribution to dealers.** Yes. I don't know if direct or through other buying group (Deeb 103)
            (5) No direct dealer sales unless in buying group (Deeb 104-5)
        ii. **Indirect through others**
            (1) **Distributors**
                (a) "Most dealers usually order from their distributor several times a week ..." (Descriptive-54:Web)
                (b) **Buying group.** Group of dealers buying at group rate. (Deeb 105-6)
    c. **Distributors**
        i. **Distributor.** One major distributor. MKS. (Deeb 46)
        ii. **Main distributor MKS.** Only distributor. (Deeb 84)
        iii. **Distributor.** MKS sole distributor since. Early 90's (Deeb 94)

iv. **MKS as distributor.** They ship to dealers and distributors (Deeb 96-97)

18. **Kel-Tec**
    a. **General**
        i. Founded in 1991
        ii. **Trade association activities.** Heritage foundation shot show. Not active otherwise. (Kellgren 137-8)
        iii. **Products/markets**
            (1) **Main sales.** Law enforcement. And concealed license holders (Kellgren 110)
        iv. **Marketing**
            (1) **Marketing of guns.** Attend trade shows. Advertise. (Kellgren 70)
            (2) Trade show booth and promotional materials (Kellgren 71)
    b. **Marketing Channel**
        i. **General**
            (1) **Sales to.** FFL distributors and dealers directly also and some employees (Kellgren 60-61)
        ii. **Direct to dealers**
            (1) **Dealer suggested price.** Yes (Kellgren 105)
            (2) **Kitchen table dealer.** None storefront FFL. (Kellgren 121)
        iii. **Indirect through others**
            (1) **Distributors**
                (a) **Why distributors.** They have retail contacts. More efficient in selling to them. Easier to keep contact and control with smaller number of dealers. (Kellgren 63)
    c. **Distributors**
        i. **Why distributors.** They have retail contacts. More efficient in selling to them. Easier to keep contact and control with smaller number of dealers. (Kellgren 63)
        ii. **Biggest distributors.** RSR, Jerry's AcuSport. (Kellgren 98)
        iii. **Incentives to distributors.** Yes. Progressive sales depending on amount they purchase in a year. Certain amount of free guns at end of year. (Kellgren 100-101)
        iv. 2001 distributor incentive program. (Kellgren 185-6)
    d. **Dealers**
        i. **Dealer suggested price.** Yes (Kellgren 105)
        ii. FFL fee 250 (Kellgren 310)

19. **North American Arms**
    a. **General**
        i. **Products/markets**
            (1) "NAA manufactures a family of finely crafted, small caliber personal protection tools." (Descriptive-57:Web)
            (2) Several markets: " ... law enforcement, ... self-defense, ... riders, hikers or bikers ..." (Descriptive-57:Web)
            (3) "... pocket-sized handguns ..." (Descriptive-57:Web)
        ii. **Marketing**
            (1) Prices and discounts
                (a) "This program enables federal, state and local law enforcement officers, regulatory agents and other similarly exempt individuals ... to purchase directly from the factory ... at a substantial discount to the published suggested retail price." (Descriptive-57:Web)
    b. **Marketing Channel**
        i. **Direct to dealers**
            (1) Uses dealers: "Here you can find a local dealer, who stocks our products ..."

(Descriptive-59:Web)

ii. **Indirect through others**

(1) Distributors

(a) Uses United States distributors: "Please note that only Federally Licensed Firearms Dealers may purchase from Distributors." (Descriptive-61:Web)

(b) Uses international distributors: "International Distributor Roster" (Descriptive-60:Web)

iii. **Direct to end user**

(1) "This program enables federal, state and local law enforcement officers, regulatory agents and other similarly exempt individuals ... to purchase directly from the factory ... at a substantial discount to the published suggested retail price." (Descriptive-57:Web)

20. **Phoenix**

a. **General**

i. **Insurance**. Yes they have. (Brazeau 213)

ii. **Size**

(1) **People**

(a) **Employees**. Ten (Brazeau 28)

iii. **Products/markets**

(1) **Try to determine customers**. No market research. Just not the way we do business (Brazeau 122)

(2) **Sales to law enforcement or military**. No but some distributors do. (Brazeau 189)

iv. **Marketing**

(1) **Prices and discounts**

(a) **Price suggestions to dealers**. Yes. (Brazeau 62-3)

(b) **Price list**. (Brazeau 134-135)

(2) **Advertising**

(a) **Advertising**. Yes (Brazeau 123)

(3) **Market surveys**. No (Brazeau 122)

(4) **Marketing documents**. Discusses target markets. Objectives. (Brazeau 127-8)

(5) **Trade shows**. Shot shows. NASDW. Both. Brochures. Discussions with dealers and distributors (Brazeau 130-132)

b. **Marketing Channel**

i. **Indirect through others**

(1) **Distributors**

(a) **Sales to.** FFL distributors. (Brazeau 45)

ii. **Others that sell their guns**. No. Just two people (Brazeau 70-71)

c. **Salesforce**

i. **Types and numbers**

(1) **In-house**

(a) **Sales department**. Phone orders. Two people handle. (Brazeau 45)

(b) **Sales agents with distributors**. No (Brazeau 70)

(c) **Sales agents with dealers**. No (Brazeau 70)

(d) **Mfg reps**. No (Brazeau 70)

d. **Distributors**

i. **Numbers**

(1) **Distributors.** 30 distributors (Brazeau 49)

ii. **Limitations on distributors**. No written rule on geography. Do limit that they abide by law. They provide license. We do EZ check. Look at application. (Brazeau 52)

iii. **Distributor contact**. By person. (Brazeau 49)

iv. **Distributor issues**. Gun product related. They talk about product. No suggestions. (Brazeau 55-6)

v. **Order process for distributors**. Fax or phone. Order. Sometimes enter in computer. Try to print invoice. We mfg just in time. Invoice goes to shipper. FEC ex. Bar code label. Key for locks arrive later. (Brazeau 73-5)

e. **Dealers**

i. **Numbers**

(1) **Dealers.** How many. No I do not have that information. (Brazeau 62)

21. **SIGARMS**

a. **General**

i. "In 1853, Friedrich Peyer im Hof, Heinrich Moser and Conrad Neher began what they thought would become a successful wagon factory above the Rhine Falls in Switzerland. ... their company would become one of the world's most renowned manufacturers of small arms." (Descriptive-64:Web

ii. **Products/markets**

(1) "In 2001, SIGARMS, Inc. continues to expand its role in the firearms market with new contracts in the law enforcement market as well as new products for the civilian market." (Descriptive-64:Web)

22. **Smith & Wesson**

a. **General**

i. "Smith & Wesson Holding (formerly Saf-T-Hammer) owns Smith & Wesson, which was founded in 1852." (Descriptive-36:Web)

ii. "On 14th May, 2001, S&W was sold for US$15m to Saf-THammer, a start-up corporation in Arizona that makes trigger locks. Its assets were estimated at US$97m and its liabilities at approximately US$53m." (Descriptive-31:8)

iii. "... in August [1999] it began a joint venture partnership with Walther, a German gun manufacturer." (Descriptive-30:4)

iv. "Horace Smith and Daniel B. Wesson formed their first partnership in 1852, in the city of Springfield, Massachusetts." (Descriptive-65:Web)

v. "In January of 1984, Lear Siegler Corp. of Santa Monica, California, purchased Bangor Punta Corp. and consequently, acquired Smith & Wesson." (Descriptive-65:Web)

vi. "... factory in Springfield, Mass. - a 700,000-square-foot complex" (Descriptive-5:2)

vii. Trade groups. NSSF - National Sports Shooting Foundation and SAAMI - Sporting Arms and Ammunition Manufacturers' Institute, American Sprots Shooting Council, Hunting and Shooting Sports Heritage Foundation, National Shooting Sports Foundation (Killoy 42-43)

viii. **Impact on SW.** Loss of 16 million over year when never had a loss. (Scott 111 -112)

ix. **Existence of market in firearms**. Yes (Hass 18)

x. Antitrust issues in setting price or allocating markets (Hass 97-99)

xi. **Membership**

(1) **Trade association participation.** NSSF and SAAMI (Hass 77)

xii. **Strategy**

(1) **Distribution strategy to max sales, quality products in a cost effective way.** We seek a strategy that maximizes our sales.. quality products... cost effective manner ... (Killoy 92)

xiii. **Size**

(1) **Sales**
- (a) "... the US's second largest handgun maker, after Sturm, Ruger" (Descriptive-35:Web)
- (b) "2002 Sales (mil.): $76.5" (Descriptive-36:Web)
- (c) "2001 Sales (mil.): $70.7" (Descriptive-35:Web)
- (d) "... Smith & Wesson's sales dropped from $150 million in 1995 to $112 million in 2000." (Descriptive-12:1)
- (e) "Meanwhile in Massachusetts, strict new regulations mean that only one company's new handguns can be sold legally: Smith & Wesson." (Descriptive-2:2)
- (f) **Impact on SW.** Loss of 16 million over year when never had a loss. (Scott 111 -112)

(2) **People**
- (a) "2002 Employees: 682" (Descriptive-36:Web)
- (b) "2000 Employees: 650" (Descriptive-35:Web)
- (c) "He [Shultz] had 800 employees [as of January 2000]." (Descriptive-4:2)

xiv. **Products/markets**

(1) Markets for handguns. Sporting goods, law enforcement and international business (Killoy 69)

(2) **Existence of market in firearms.** Yes (Hass 18)

(3) Antitrust issues in setting price or allocating markets (Hass 97-99)

(4) "... sells the accoutrements of a modern peace officer: not just its storied revolvers, but also handcuffs, holsters, and even coffee mugs" (Descriptive-35:Web)

(5) "To combat waning gun sales, Smith & Wesson has expanded its non-lethal offerings to include clothing, tools, and toys. It also sells mountain bikes outfitted for police officers." (Descriptive-35:Web)

(6) "Smith & Wesson Holding Corporation (formerly Saf-T-Hammer Corporation) makes gun safety devices (Maximum Security Cable, Saf-T-Trigger, Versa Vault), and it makes and sells handguns, police accessories, and mountain bikes through subsidiary Smith & Wesson Corp." (Descriptive-36:Web)

(7) "Lear Siegler realized the strength of Smith & Wesson relied on its law enforcement products and its handguns. Smith & Wesson divested itself of all unrelated product lines and focused solely on what made the company famous. Smith & Wesson divested itself of all unrelated product lines and focused solely on what made the company famous." **(Descriptive-65:Web)**

(8) "'These types of items represent a small percentage of our overall sales,' he says. 'We're still a firearms company.'" (Descriptive-12:1)

(9) "It is distancing itself from Diaz's critique that it's 'only a handgun manufacturer,' by developing new guns, expanding its brand name to licensed products, and developing joint ventures with other firearms manufacturers." (Descriptive-30:3)

xv. **Marketing**

(1) **Prices and discounts**
- (a) **Discounts on closeout**. No standing series of discounts (Killoy 227)
- (b) **VIP purchase program/retail sales program.** Opportunity for sales people at dealer level a chance to purchase at discount... 20% and a limit on one per person.... limited to mak sure for personal use (Killoy 268)

(c) **Six Pack Promotion.** Distributor and retail level incentive buy five and get sixth free (Killoy 274-5)
(d) Antitrust issues in setting price or allocating markets (Hass 97-99)
(e) Same prices to all distributors (Pluff 188)
(f) No restrictions on dealer pricing (Pluff 188)

(2) **Other**
(a) **Inquiries to distributors about store front dealers for marketing coordination purposes.** We would ask distributors for good accounts to help them with instore promotions..sales coordination (Killoy 86)
(b) **Top gun accounts program and Partnership Wholesale program were marketing program.** Best accounts that warranted additional advertising and POS material and resources and another program, but not others except (Killoy 89)
(c) **Direct sales at shows.** Not for firearms (Scott 157)
(d) **Pull versus push marketing description** - emphasis on pull. Suppport of stocking dealers, in store seminars, in store promotional event, book signing by professionals. We like to think we engage in pull through marketing programs and promotions that help distributors and reailer and consumers (Killoy 226)
(e) **Promotional program notification.** By fax, by mail, by advertising in the case of dealers in trade magazines, magazines and POS material and ad slicks (Killoy 254)

xvi. **Competitors**
(1) Browning (Descriptive-35:Web)
(2) Glock (Descriptive-35:Web)
(3) Ruger (Descriptive-35:Web)

xvii. **Price**
(1) Same prices to all distributors (Pluff 188)
(2) No restrictions on dealer pricing (Pluff 188)

b. **Marketing Channel**

i. **Direct to dealers**
(1) Stocking dealers. A subset of the overall FFL dealers... generally not sold directly to.. we sell through buying group and then deliver directly to them (Killoy 70-71).
(2) Some stocking dealers sold to direct through show. If member of buying group... attends their shows.. we allow them to write one order... through show arrangement (Killoy 75-76)
(3) No direct sales to nonFFL's. No. But some transfers from SW stores to other SW stores (Killoy 80?)
(4) Yes sales to SW employees. (Killoy 80)
(5) Only direct to buying groups, national accounts and incidental situations (Killoy 165)
(6) **Dealer direct arrangements.** Buying groups and some retail accounts. (Scott 156)

ii. **Indirect through others**
(1) **Distributors**
(a) Sporting goods channel. Primarily distributors or wholesalers... who in turn sell to FFL and also includes direct accounts and also sales to buying groups that act essentially as distributors to negotiate pricing, but have member dealers that buy on a cooperative basis (e.g., Sports,

Inc., Worldwide and Nations Best Sports)... in a nutshell that's the way we go to market (Killoy 69-70)

(b) "Last week [end of March 2000] Smith's biggest distributor, which sells some 35,000 of the handguns a year, said it plans to drop the company form its product lines. 'I can't do business with them under these terms,' said Bob Steger, CEO of RSR Wholesale." (Descriptive-17:1)

(c) "... two-tier distribution system - first to distributors, and then to retailers" (Descriptive-5:2)

(d) Distributors and wholesalers used. (Killoy, between 72 and 73)

(e) Distributor relationships. Monthly visits (Killoy 78)

(f) Indirect sales through distributors - never required them to initiate some sort of dealer contact system - difficult from a resource perspective (Killoy 166)

(g) **Limitations on distributors doing business with competitors.** Contemplated but not effective. (Scott 173)

(2) **Buying groups**

(a) Stores of buying groups relationships. Yes visit stores, but not certain if all... more than once a year (Killoy79)

(b) Buying group contracts. No and not sure if ever had (Killoy 115-116)

(c) **Direct sales.** To buying groups and chains (Scott 24, 25)

iii. **Smith and Wesson Stores**. Small number of firearms that we sell through our retail stores.. four stores currently ... may have been six or seven... Pigeon Forge, TN, Branson Missouri, Springfield Mass and Myrtle Beach (Killoy72)

c. **Salesforce**

i. "Of the seven Smith & Wesson territories, four are staffed by manufacturers rep agencies that sell noncompetitive product lines along with Smith & Wesson guns. The other three each comprise three sales reps and a national accounts manager." (Descriptive-30:5)

ii. "To assist that skeletal team, the company has an associate sales program, in which nonsales employees make sales calls and conduct in-store promotions with reps." (Descriptive-30:5)

iii. **In house sales reps.** Seven direct. In addition mfg reps used. Such as Leisrue Sales, SPA Group and Schueler, LaFond Spry ... two rep groups will be three (Pluff 9-11)

iv. Sales rep groups. Schuler, Lafonnd and Spry, Ludwikowski and Associates (Killoy 51-52)

v. **National accounts relationship**. Includes promotion and merchandising but do not call on daily basis. Reps do visit more than once a year (Killoy 77-78)

vi. **National accounts strategy involves in-store, ads, seminars to acquaint with product**. Multiple location accounts, central warehouse.. direct relationship... feel could benefit from working directly with them and more focused support through coop advertising, ins tore ads, flyers, seminar or appearance by SW salesperson, foree goos, tailored promotion, some training and seminars of national account sales staff involving actually handling and firing products (Killoy 96-98)

vii. Number of national accounts not known (Killoy 126)

viii. **Programs to sales dealers**. Promotion spiff - $5 for each gun sold (Killoy 306)

ix. Field reps cover 50 states (Killoy 136)

x. **No telemarketers** Tried in 1997, but staff attrition and cutbacks stopped (Killoy 141)

xi. **Incentives available to stocking dealers and varies with national accounts and buying groups, but not nonstocking**. Involve product, free item or cash SPIFF e.g., $5 for each model gun sold. Not offered on a typical basis, several times a year could be.

(Killoy 257-9)

xii. **Operation sell guns promotion.** Two objectives, increase sales and drive home importance of quality, timely delivery, understand retail ... send out a staff person working on an in-store promotion at a dealer location.. training to these staff in terms of product familiarization, updating on programs, structure, education on product line... but no training on straw purchase (Killoy 264)

xiii. **Salespeople salary**. Salespeople paid by salary plus incentive based on sales by state up to 25% (Killoy 286-7)

xiv. **Manufacturer rep salary.** Manufacturer reps are paid commissions measured by state no incentive (Killoy 288-9)

xv. **Incentives to dealers or distributors based on volume.** No. We do SPIFFS at the distributor and dealer level. (Pluff 187-8)

xvi. **Operation sell more guns.** Program to make company personnel more aware f what the marketplace .. our concerns with our dealers and consumers. Ensure quality. PR program. Coordinate store events or promotions. Send factory personnel out and get familiar with dealers. Volunteers and training of factory individuals for e.g. sales associates. Set guidelines for these individuals for their visits. What not to do, how to deal with media and other. Only to stocking dealers. Not a direct sales call initiative. Involved over 100 dealers. 211 top gun accounts, 225 locations - not all included. Limited number of resources. Sales goals was a min of 50 guns per dealer. Road warrior personnel participating filled out reports.. a summary of how the event went. Basic safety training for employees who needed it. Sales effects not known.. Primary goal of program..no. Build relationships with our dealers and get our factory personnel more in tune. No bonuses or prizing for employees. Guns supplied directly to dealers and was unusual. To insure adequate inventory. . Other volunteers also participated. Possible goal to sell 60,000 additional guns. (Pluff 138-168)

d. **Distributors**

i. **Some retailers do not handle handguns**. Walmart does not, Oshman/Gart, Sports Authority (Killoy 65)

ii. Distributors and wholesalers used. 24 or 25 used, but this has shrunk over the years... sporting goods and law enforcement categories. (Killoy, between 72 and 73)

iii. **New distributors**. Big Rock Sports, Jerrys, Acusport, Davidsons (Killoy 74)

iv. **SW wholesaler cannot sell to another SW wholesaler**. In distributor contract.. depend on violation of contract being brought to attention. We expect wholesalers to sell our products to retailers and not to sell it to other wholesalers who don't have a relationship with SW (Killoy89-90)

v. **Distributors use of telemarketing and other**. Distributors using telemarketing and direct mail and circulars (Killoy 305)

vi. **Distributors and retail sales**. Some distributors conduct retail sales (Killoy 374)

vii. **Limitations on distributors doing business with competitors.** Contemplated but not effective. (Scott 173)

e. **Dealers**

i. **Activity**. Top Gun dealers based on sales and retail presence (Killoy 125)

ii. Stocking gun dealers numbered at 2200 as a subset of the stocking dealer program (Killoy 126)

iii. **List of FFLs**. 125,00 FFL's listed by ATF... available to SW but not purchased (Killoy 143)

iv. Lists of dealers commercially available (Killoy 148)

v. **Dealer categories.** Stocking dealers, national accounts, and other FFLs. (Pluff 120)

vi. **Stocking and national accounts.** 2800 retailers (Pluff 122)

vii. **Non-stocking and non-national accounts.** Don't know how many. 68,000 less 2800 [stocking and national account]. Part of this number (Pluff 122)
viii. **Direct sales.** To buying groups and chains (Scott 24, 25)
ix. **Dealer direct arrangements.** Buying groups and some retail accounts. (Scott 156)
x. **Direct sales at shows.** Not for firearms (Scott 157)
xi. **Stocking dealers arrangements.** Not a direct relationship. No commitments from them. They buy from distributors. We provide information, promotional, advertising. (Scott 157)
xii. **Legitimate dealers.** Those that are a full-fledge retail operation. (Scott 174).
xiii. **Trademark dealers.** Contemplated but not implemented. (Scott 177)
xiv. **Distribution share percentages.** We estimate that the two hundred top Gun dealers could represent as much as 20 percent of the retailer and the balance of the three thousand stocking dealer base an additional 30 percent (Scott 186)

23. **Sturm Ruger**
a. **General**
i. Stock ticker symbol: RGR
ii. "... there is only one public US gun maker, Sturm Ruger" (Descriptive-34:1)
iii. "designs, manufactures, and sells firearms and precision metal investment castings. RGR offers products in all four industry categories: rifles, shotguns, pistols and revolvers. ... RGR also manufactures and sells accessories and replacement parts for its firearms." (Descriptive-38:1)
iv. RGR firearms "are sold under the Ruger name and trademark" (Descriptive-38:1)
v. "Many of the firearms introduced by RGR over the years have become classics and are sought by collectors." (Descriptive-38:1)
vi. "The estate of late founder William Ruger and his son, chairman and CEO William Jr., own 26% of the company." (Descriptive-37:Web)
vii. "And in the course of the past half century, the company has had the opportunity to purchase each one of its 'big four' rivals." (Descriptive-63:Web)
viii. **Membership**
(1) **NSSF**. Yes. (Sanetti 9/11: 44-45)
ix. **Size**
(1) **Sales**
(a) "Ruger is the nation's biggest gun maker and the only one that produces all four categories of firearms: pistols, revolvers, rifles and shotguns." (Descriptive-37:Web)
(b) "For 2001, 2000 and 1999, net sales attributable to firearms operations were about 85%, 82% and 78%, respectively, of total net sales." (Descriptive-38:1)
(c) "Consolidated 2001 net sales were $174.3 million, representing a decrease of 14% from net sales of $202.7 million in 2000." (Descriptive-38:1)
(d) "Firearms segment net sales decreased by 11.3% to $147.6 million in 2001 from $166.4 million in the prior year." (Descriptive-38:1)
(e) "titanium golf club heads, which had accounted for 30% of its [Ruger's] sales [before 1999]" (Descriptive-22:1)
(2) **People**
(a) "2001 Employees: 1,537" (Descriptive-37:Web)
(b) "In excess of 2,000 employees make and market the line of firearms and specialized castings ... "(Descriptive-63:Web)

x. **Products/markets**
  (1) "This leading manufacturer of rifles and handguns for sporting and law enforcement purposes also produces ferrous and nonferrous investment castings." (Descriptive-39:1)
  (2) "As of early 2002, RGR manufactured 30 types of firearm products, with most available in several models, based on caliber, finish, barrel length and other features."(39:2)
  (3) "RGR aims to position its products at the high end of their respective markets, and emphasizes that it does not manufacture inexpensive, concealable firearms. In addition, it does not make any firearm classified as an assault weapon by the 1994 crime bill."(Descriptive-39:2)
  (4) "Ferrous, aluminum and titanium investment casting facilities (15% of 2001 sales, 18% in 2000) produce parts for use in RGR's firearms, as well as for other markets, including sporting goods, commercial, and military uses." (Descriptive-39:2)
  (5) "For 2002 and beyond, the company plans to pursue other titanium and steel casting markets, as well as other golf club casting business." (Descriptive-39:2)
  (6) "In 1997 alone, Ruger produced more than 600,000 firearms for hunting, target-shooting, collecting, self-defense, law enforcement and the armed forces." **(Descriptive-63:Web)**
  (7) " ... over 50 models of guns in the company's line, in variations totaling over 300." **(Descriptive-63:Web)**
  (8) " ... specialized castings ... for industrial clients as diverse as aerospace, automotive, medicine and golf." (Descriptive-63:Web)
  (9) **Production.** Make ½ million guns a year and are largest (Sanetti 9/12: 73)

xi. **Competitors**
  (1) Browning (Descriptive-37:Web)
  (2) Remington Arms (Descriptive-37:Web)
    (a) Smith & Wesson (Descriptive-37:Web)

24. **Marketing Channel**
  i. **Direct to dealers**
  ii. **Indirect through others**
    (1) **Distributors**
      (a) "Firearms are primarily marketed through a network of selected independent wholesale distributors who purchase the product directly from the company." (Descriptive-39:2)
      (b) "In 2001, three distributors, AcuSport Corporation, Davidson's Supply, and Jerry's Sport Center accounted for approximately 47% of firearm sales." (Descriptive-39:2)
      (c) "The company instituted a sales incentive program in 2002 that allows distributors to earn rebates of up to 1.5%, compared with rebates of up to 5% in 2001." (Descriptive-39:1)
      (d) **Sell to.** Independent distributors. Not dealers (Sanetti 9/11: 86)

a. **Salesforce**
  i. **Sales department.** 10-15 people (Sanetti 9/11: 56)
  ii. **Sales reps.** Some employees and some outside contractors. (Sanetti 9/11: 177)
  iii. **Sales reps.** Five total. (Sanetti 9/11: 181)
  iv. **Independent reps.** Yes. (Sanetti 9/11: 188)

b. **Distributors**
  i. **Distributors.** 23. (Sanetti 9/11: 101)

ii. **Sell to.** 23 distributors. Yes (Sanetti 9/11: 132)
iii. **Sell to.** Used more distributors previously. High 30's. (Sanetti 9/11: 133)
iv. List of distributors. (Sanetti 9/12: 64)
v. **Distributors issues**. We would contact phone or other (Sanetti 9/12: 65-6)

c. **Dealers**
i. **List of dealers**. Yes. Not comprehensive list. About 10,000 dealers. (Sanetti 9/11: 136)
ii. **Dealer survey**. 1993. Information on what dealer requires. (Sanetti 9/12: 74-81)
iii. Different volume dealers tiers and different information amounts to them (Sanetti 9/12: 84)

25. **Taurus**
a. **General**
i. **Trade association membership**. NSSF, SAAMI, both on Board of Governor, (Morrison 13-14)
ii. **Size**
(1) **Sales**
(a) **TIMI production**. 5000 to 20,000 annually (Morrison 20) [indirectly related to sales]
iii. **Products/markets**
(1) **SKU's produced**. Between 10 and 50 (Morrison 20-1)

b. **Marketing Channel**
i. **Indirect through others**
(1) **Distributors**
(a) **Sales to distributors**. Yes primarily (Morrison 40)

c. **Distributors**
i. **Role and responsibilities**
(1) **Communication with distributors**. Every day we get a customer being a distributor. I get orders, ... yes by purchase order that contains SKU... it contains lots of information (Morrison 50)

DISTRIBUTORS

26. **BL Jennings**
    - a. **General**
        - i. **Size**
            - (1) **Sales**
                - (a) **Sales since inception.** 2.5 - 3.0 million (Jennings B. 140)
            - (2) **People**
                - (a) **BL Jennings employees.** 30 (Jennings B. 95)
        - ii. **Products/markets**
            - (1) **Marketing segments.** Lower cost firearm market (Jennings B. 259)
            - (2) **Product focus.** 5-10 gun focus (Jennings B. 259)
            - (3) **Determination of market base.** Geographically focused on west (Jennings B. 430)
            - (4) **Market target.** No conscious decision to target under 200 dollars. (Jennings B. 431)
            - (5) **Market surveys.** No. Doesn't know how. (Jennings B. 433-434)
            - (6) **Retention of third parties to conduct market surveys.** No knowledge of third parties. (Jennings B. 435)
        - iii. **Marketing**
            - (1) **Advertising**
                - (a) **Advertising by BLJ.** Started in 1996 (Jennings B. 117)
                - (b) **Suggestions to mfgs and their adoption.** Advertising for Bryco done by BLJ, but not others (Jennings B. 445)
            - (2) **Promotion**
                - (a) **Market steps to expand dealer base.** Advertisements. Phone. Mailings. Shot show (Jennings B. 433)
    - b. **Marketing Channel**
        - i. **Direct to dealers**
            - (1) **BLJ sales.** 40 percent to distributors and 60 direct to dealers. (Jennings B. 118)
            - (2) **Sales to various dealers.** (Jennings B. 135-139)
        - ii. **Indirect through others**
            - (1) **Distributors**
                - (a) **BLJ sales.** 40 percent to distributors and 60 direct to dealers. (Jennings B. 118)
                - (b) **BL Jennings.** A Distributor of firearms (Jennings B. 78)
    - c. **Distributors**
        - i. **Jennings firearm distributors.** Sold to distributors. 60 of them. Core of 20-30. (Jennings B. 76-77)
        - ii. **Distributors of BLJ.** 15-20. (Jennings B. 134)
        - iii. **Min prices for distributors and dealers.** No (Jennings B. 176)
    - d. **Dealers**
        - i. **Dealers of BLJ.** 5000 (Jennings B. 134)
        - ii. **Min prices for distributors and dealers.** No (Jennings B. 176)
27. **Ellett**
    - a. **General**
        - i. **Size**
            - (1) **People**

(a) **Department of marketing**. Two employees (Spatharos 11)
(b) **Purchasing staff**. Two staff members. (Spatharos 19)
(c) **Buyers and assistant buyers**. (Spatharos 21)

ii. **Products/markets**
(1) **Top mfgs**. Remington, Ruger. (Spatharos 530)

iii. **Marketing**
(1) **Prices and discounts**
(a) **Pricing**. They determine their own. (Spatharos 44)
(b) **Allowances from vendors**. Coops from mfgs (Spatharos 56-7)
(2) **Advertising**
(a) **Marketing**. Fliers, catalogs, (Spatharos 41-43)
(b) **Allowances from vendors**. Coops from mfgs (Spatharos 56-7)
(3) **Other**
(a) **Meetings with vendors at Shot Show**. New products. Pricing. Hear what the vendor has to say (Spatharos 26)
(b) **Appointments with vendor**. Vast majority at trade show.
(c) **Marketing studies**. None to determine if could sell (Spatharos 33)
(d) **Marketing research**. On sales trends. No (Spatharos 105)
(e) **Coordination with sales manager or vendor rep for promotion**. Both get together and agree on a date. Discuss the general items that will be in the promotion. (Spatharos 60)
(f) **Sales promotions budget**. Yes (Spatharos 90)

b. **Marketing Channel**
i. **Top mfgs**. Remington, Ruger. (Spatharos 530)

c. **Salesforce**
i. **Role and responsibilities**
(1) **Incentives**
(a) **Promotion**. Directed toward salespeople. (Spatharos 85)
(b) **Trips as promotional incentives**. Yes (Spatharos 90)
(2) **SPIFFS**
(a) **Promotions and incentives**. SPIFFS. Taurus $3 per gun. . additional cash prize to sales person. Incentive. (Spatharos 66-69)
(b) **Sales promotion**. 100,000 dollars top out. SPIFF amount. (Spatharos 110)
(c) **Glock SPIFFS**. Extremely few. (Spatharos 141)

d. **Distributors**
i. **Names**
(1) **Distributors sold to.** RSR. (Spatharos 47)

e. **Dealers**
i. **Numbers**
(1) **Dealers sold to.** No idea (Spatharos 53)

28. **MKS Supply**
a. **General**
i. **MKS**. Marketing company that markets HiPoint guns (Brown 12)
(1) **Web site**. Yes (Brown 122)
(2) **Trade association memberships**. SAAMI - no. NSSF - no. ASSC - we were. Attended one meeting and does attend shows (Brown 171-194)
(3) **MKS relationship with HiPoint**. Independent entities. (Brown 89)

ii. **Size**
(1) **People**

(a) **Employees.** 2 full time and couple part time. (Brown 49)

iii. **Marketing**

(1) **Advertising**

(a) **Marketing campaign.** I write ads. Targeted to dealers. Keep awareness up. Keep our name out their. (Brown 210-213)

b. **Marketing Channel**

i. **Direct to dealers**

(1) **Customers.** Distributors and some dealers (Brown 12)

(2) Ship directly to dealers and assumes they know if firearm is legal in that state. (Brown 217-219)

(3) **Dealer sales.** Dealers we sell to are members of three major Buying groups (Brown 15)

ii. **Indirect through others**

(1) **Distributors**

(a) **Customers.** Distributors and some dealers (Brown 12)

(b) **Require min order from distributors.** Nothing. We would like them to order 100 of each. But would not terminate if not 100. (Brown 118-120)

(2) **Buying groups**

(a) **Buying Group.** Similar to Co-op but costs dealers to be a member of (Brown 15)

(b) **Buying group process.** Fax purchase order and it is faxed from buying group office. (Brown 20)

(c) **Buying groups.** Sports Inc, NBS, Worldwide (Brown 20)

(d) **Buying groups have shows.** Sports Inc. show (Brown 21)

(e) **Sales to all member of buying groups.** No. Some do not sell firearms (Brown 36)

(f) **Selling to buying groups versus directly to dealers.** Because they are well-established, large dealers. (Brown 41-43)

(g) Sales to buyer groups. (Brown 217)

iii. **Source of purchases.** B. Miler, Iberia and Haskell. (Brown 90)

c. **Distributors**

i. **Names**

(1) **Distributors sold to.** AcuSport, Alamon, Bangers, Chattanooga, Dixie Shooter Supply, Ellett Brothers, Faber Brothers, Henry's, Hicks, RSR Wholesale, CSI, MT Sports, Seligman Distribution. Zanders Sporting Goods. (Brown 13)

d. **Dealers**

i. **Numbers**

(1) **Dealers sold to.** 20-25 sold to. (Brown 14)

ii. **Activities**

(1) **Dealers sales.** Started to have program 4 years ago (Brown 14)

29. **RSR Wholesale**

a. **General**

i. RSR management group and RSR wholesalers.

ii. **National Association of Sporting Goods Wholesalers.** Member (Steger 33)

iii. **Trade association.** NSSF. Heritage Fund (Steger 50)

iv. **National Association of stocking gun dealers.** Prior member of as a distributor member. Early 19902. (Steger 170-174)

v. **National Association of stocking gun dealers.** Prior member of as a distributor member. . Early 1990s. (Steger 170-174)

vi. **Size**
- (1) **Sales**
  - (a) Sales are important, profits are important, (Steger 221)
  - (b) Doing business with good companies is important (Steger 221)
  - (c) **Terms of sale.** Net 30. No other terms. (Steger 110)
  - (d) **Gun sales among distributors.** No. 1 or no. 5 depending . Don't know. No knowledge of sales volume (Steger 218-9)
- (2) **People**
  - (a) **Sales manager.** Responsible for supervising salespeople, motivating, prospecting, education on sales procedures. How to find information about customers, sales programs, rules and regulations on sales. (Steger 26-29)
  - (b) **RSR management.** 30 people. (Steger 63)

vii. **Products/markets**
- (1) No law enforcement sales. (Steger 241-2)

viii. **Marketing**
- (1) **Advertising**
  - (a) **Advertising.** Print catalog. Fliers. Faxes. Mail catalog (Steger 104)
- (2) **Other**
  - (a) **Focus groups.** Not appear so (Steger 72)

b. **Marketing Channel**

i. **Direct to customers**
- (1) **Direct sales to consumers.** To employees. Not typical (Steger 114-115)

c. **Salesforce**

i. **Types and numbers**
- (1) **In-house**
  - (a) **National accounts.** Come and go. Not much sense for them. Have sold to national accounts. (Steger 60)
  - (b) **Sales staff assigned to specific customers.** Yes. Leads generated. 125 is average. Some daily call some monthly. (Steger 105-6)
- (2) **Use field representatives.** No. (Steger 30)

ii. **Role and responsibilities**
- (1) **Incentives**
  - (a) **Salespeople.** Base and commission salary and also receive SPIFFS from mfgs. (Steger 78-80)
- (2) **SPIFFS**
  - (a) **Salespeople.** Base and commission salary and also receive SPIFFS from mfgs. (Steger 78-80)
  - (b) **Information to mfgs for SPIFF redemption.** Name of salesperson, amount of quantity of what they sold and . Some require serial numbers. We give them compilation. No one asks for additional compilation. (Steger 279)

d. **Distributors**

i. **Numbers**
- (1) **Customers.** Difficult to tell number. All 50 states. (Steger 107-8)
- (2) **Sales to distributors.** No sales to those like themself. Some distributors are actually also retailers (Steger 109)

e. **Dealers**

i. **Numbers**
- (1) **Customers.** Difficult to tell number. All 50 states. (Steger 107-8)

ii. **Classifications**
(1) **Stocking versus nonstocking**
(a) **Glock stock and dealer program.** Customer agrees to purchase a selection of Glock product and in return gets delivery from glock free goods, promotional items (Steger 270)
(b) **Sales to SW stocking dealers.** Yes. And have list (Steger 169)
(2) Storefront versus nonstorefront
(3) **Dealer credit application.** Yes. Years in business, sales volume (Steger 121-122)

30. **Southern Ohio Guns**
a. **General**
i. **Trade association membership.** National wholesalers and distributors and maybe NSSF (Herdtner 112)
ii. **Size**
(1) **Sales**
(a) **Sales methods.** Phone, mail and internet and fax and email. (Herdtner 22)
iii. **Products/markets**
(1) **Police customers.** Not know, but some small (Herdtner 128-9)
iv. **Marketing**
(1) **Prices and discounts**
(a) **Volume discount.** Yes (Herdtner 188)
(b) **Price breaks.** Yes on occasion (Herdtner 190)
b. **Marketing Channel**
i. **Direct to dealers**
(1) **Customers.** FFL dealers. (Herdtner 24)
c. **Salesforce**
i. **Types and numbers**
(1) **In-house**
(a) Salespeople not responsible for keeping up with customers. (Herdtner 46-7)
(b) **Salespeople.** Yes (Bowling 69)
ii. **Role and responsibilities**
(1) **Salespeople responsibilities.** Answering phone and culling through records (Herdtner 101)
(2) Policy of salespeople not calling dealers. (Herdtner 192)
(3) **SPIFFS**
(a) **Incentives to salespeople.** SPIFFS used. (Herdtner 56-8)
d. **Dealers**
i. **Numbers**
(1) FFL records on site. 20,000 in excess of (Herdtner 101)

DEALERS

31. **Andrews Sporting Goods dba Turners Outdoorsman's**
    - a. **General**
        - i. **Size**
            - (1) **Sales**
                - (a) "The first year [1971] we had sales of $274,000." (Descriptive-66:Web)
                - (b) "By 1988, growth demanded I relocate our warehouse from Orange to Chino and we quadrupled our volume in the next few years." (Descriptive-66:Web)
        - ii. **Products/markets**
            - (1) "We now have 13 locations throughout Los Angeles, Orange, Riverside, San Diego, and San Bernardino Counties." (Descriptive-66:Web)
32. **B&B Group**
    - a. **General**
        - i. **Size**
            - (1) **Sales**
                - (a) Online catalog (Descriptive-42:Web)
        - ii. **Products/markets**
            - (1) "We at B&B Sportsman Supply are a full line warehouse dealer of outdoor hunting and shooting products ..." (Descriptive-42:Web)
            - (2) "... we no longer carry gun parts ..." (Descriptive-42:Web)
            - (3) "Law Enforcement Agencies and Qualified non-for profit Organizations, please call for quantity discounts." (Descriptive-42:Web)
        - iii. **Marketing**
            - (1) **Prices and discounts**
                - (a) "Law Enforcement Agencies and Qualified non-for profit Organizations, please call for quantity discounts." (Descriptive-42:Web)
    - b. **Marketing Channel**
        - i. "Firearms may only be shipped to Federally Licensed Dealers and comply with all local, state and federal laws." (Descriptive-42:Web)
33. **Trader Sports**
    - a. **General**
        - i. **NSSF member**. Yes (Cucchiara 270)
        - ii. **Size**
            - (1) **Sales**
                - (a) **Police individual customers**. 15 percent. (Cucchiara 100)
                - (b) **Sales to public**. 45-40 percent. (Cucchiara 101)
                - (c) **Dealer sales**. 5-7 percent. (Cucchiara 90)
        - iii. **Products/markets**
            - (1) **Trader Sports customers**. Individuals, law enforcement and a few dealers. (Cucchiara 85)
            - (2) **Law enforcement sales**. Bid on (Cucchiara 88)
            - (3) **Police individual customers**. 15 percent. (Cucchiara 100)
            - (4) **Sales to public**. 45-40 percent. (Cucchiara 101)
        - iv. **Marketing**
            - (1) **Prices and discounts**
                - (a) **Sales to other dealers and volume discounts**. If we had to

(Cucchiara 100)

b. **Marketing Channel**
   i. **Direct to dealers**
      (1) **Sales to other dealers and incentives.** No (Cucchiara 99-100)
      (2) **Dealer sales.** 5-7 percent. (Cucchiara 90)
   ii. **Indirect through others**
      (1) **Distributors**
         (a) No distributor sales. (Cucchiara 91)
   iii. **Structure**
      (1) **Distribution.** Direct and indirect. 50-60% from mfg. (Cucchiara 35)

c. **Salesforce**
   i. **Types and numbers**
      (1) **In-house**
         (a) **Direct sales all send reps.** (Cucchiara 64)

d. **Distributors**
   i. **Names and Numbers**
      (1) **Distributors purchased from.** Acisboard, RSR. Shopping. (Cucchiara 81-82)

e. **Dealers**
   i. **Activities**
      (1) **Sales to other dealers and training.** No. (Cucchiara 97)
      (2) Sales to other dealers and requirements, suggestions, advice. No (Cucchiara 97)
      (3) **Sales to other dealers and monitoring.** No. (Cucchiara 97)
      (4) **Sales to other dealers and investigation.** We rely on authorities (Cucchiara 97-8)
      (5) **Sales to other dealers and communication.** Phone. Fax. They get call and dealer is looking for a particular gun and might be calling several other distributors looking for best price. (Cucchiara 98-99)
      (6) **Sales to other dealers and visits.** No, but they might visit TS (Cucchiara 99)
      (7) **Sales to other dealers and phone.** Mostly by phone (Cucchiara 99)
      (8) **Sales to other dealers and incentives.** No (Cucchiara 99-100)
      (9) **Sales to other dealers and volume discounts.** If we had to (Cucchiara 100)
      (10) **Sales to other dealers and restrictions.** Only that they have paperwork. (Cucchiara 100)

TRADE ASSOCIATIONS

34. **American Shooting Sports Council (ASSC)**

a. **General**

i. The American Shooting Sports Council, Inc. (ASSC) is the firearm industry's trade association for legislative, legal and political issues. It is the only organization representing all segments of the firearm, ammunition, and shooting sports accessory (Descriptive-68)

ii. ASSC staff. 4 members. (Jannuzzo 564)

iii. ASSC communication to members. Phone number available to everyone. Newsletter. FAX info. Conveyed information (Jannuzzo 602-603)

iv. The American Shooting Sports Council (ASSC) is the self-described "organized voice of the firearms industry" and was established in 1989 to "take pro-active steps to enhance the industry's ability to do business..., improve the public perception of the industry as a whole, and...provide a viable voice in the hearings preceding debate of statutes affecting the industry." Its slogan is "As Pro-Gun as Our Customers." (Descriptive-69)

(1) ASSC accomplishments. Formal lobbying. Forged closer relationship with ATF. . Forged relationship with media. Represent industry. Educate public on safety.. project home safe being conducted by ASSC was an extension of their program. (Jannuzzo 567-571)

(2) ASSC. Acted as a cohesive force which bound the industry together to meet common industry problems. Yes. (Jannuzzo 573-4)

(3) ASSC affiliated organization. American Firearms Council. (Jannuzzo 587)

(4) Differences among ASSC, NSFF, SAAMI and HSSHF. ASSC and NSFF had duplicative efforts in all of the ASSCS activities which would kind of make the ASSC a subset fo the whole the NSFF being the whole. ASSC had a greater universe of activities. It would include promotion of competitive shooting sports. SAAMI is purely a technical organization. Heritage Fund [HSSHF] is an organization that was formed in response in a large way to the suits that had been filed against us. . NSFF programs would be in that greater universe that the things that the ASSC was doing. ASSC was more an active lobbying organization. (Jannuzzo 590-593)

v. We are here to protect the firearms industry, and basically guarantee that we have a legal and legislative environment that will permit and promote the lawful use of firearms. We work with Congress, with state legislators and others. We provide them information, technical data, and testimony basically on all facets of the industry from manufacturing down through the sale to the general public at licensed firearm dealers, and places of business. We're basically the voice of the firearms industry (Descriptive-70)

b. **History**

i. The statute affecting the industry that resulted in ASSC's formation was a partial federal assault weapons ban sponsored by former Senator Dennis DeConcini (D-AZ) in 1989. Believing that none of the traditional pro-gun organizations were effectively defending the manufacturers of such weapons, the ASSC was formed. Its promotional material promises that "as a sophisticated registered lobby organization, ASSC monitors legislative trends and proposals at every level of government. We ACT BEFORE legislation is passed or opinions formed. We are Pro-active not Re-active!" (Descriptive-69)

ii. ASSC meetings started in 95 or 96. (Jannuzzo 593)

c. **Membership**

i. Headed by Richard Feldman, a former National Rifle Association state lobbyist, the ASSC claims 17,000 members including manufacturers of firearms and accessories, as

well as gun dealers and wholesalers. (Descriptive-69)

ii. Management. Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49)

iii. Heckler and Koch Trade association. NSSF. SAAMI. ASSC (Meyer 255-6)

iv. SW Trade Associations. NSSF, SAAMI, ASSC and Heritage Foundation. (Scott 10)

v. ASSC [American Shooting Sports Council]. Member and secretary. Paid dues. Classes of membership. Some distributor members. Retailer members. Buying consortiums. Board members had same voting rights. Glock not a member of the board. (Jannuzzo 546-564)

vi. ASSC membership. About 250. (Jannuzzo 587)

vii. Beretta ASSC (American Sporting Shooting Council) member. Briefly. We wanted to have input. Disbanded (Reh 380-1)

35. **The National Shooting Sports Foundation (NSSF)**

a. **General**

i. NSSF is the leading trade association of the firearms and recreational shooting sports industry. A non-profit communications and marketing organization formed in 1961, the NSSF manages a variety of programs designed to promote a better understanding of and a more active participation in the shooting sports (Descriptive-71)

ii. NSSF actions to stop inhibit criminals and juveniles from gaining access. Cooperate with ATF. Invited ATF to trade show to conduct seminars and conferences for retailers, free access to trade press and meetings quarterly with ATF to discuss how to cooperate and provision of facility to meet with mfgs to discuss and we provide input to ATF regulation and we have volunteered to put mfgs records of gun disposition on computer (e.g., ACCESS 2000). Don't Lie for other guy and project homesafe (Delfay 34-36)

iii. NSSF may no longer exist (Delfay 103)

iv. NSSF governance and input of retailers and distributors (Delfay 290+)

v. NSSF and SAAMI does not seek to control member activities. Yes (Delfay 514)

vi. Agenda NSSF. ATF inspection frequency. Problems given large number of FFLs. Too small a number of inspectors. ... catching up as FFL's numbers declined. Partnerships for Progress Seminars. Joint seminars with NSSF and ATF. Annual by NSSF and regional by ATF. We asked if we could do something to work with them. Background checks for employees. No discussion at meeting that recalls. (Reh 409-412)

b. **Membership**

i. 2,100 member-companies. NSSF members include manufacturers, distributors, wholesalers and retailers of shooting sports equipment, related associations and publishing organizations, as well as individuals. Membership benefits include NSSF-sponsored Product/General Liability Insurance, Retailer's Liability Insurance Discount, Retailer's Credit Card Bank Discount, Discounted NSSF Literature, Videos, Advertising and Other Services, and Shot Show Exhibitor and Attendee Privileges (Descriptive-71)

ii. RSR Group involved in Trade association. NSSF. Heritge Fund (Steger 50)

iii. Traders Sports NSSF member. Yes (Cucchiara 270)

iv. Information on application to become members of NSSF. Addresses, name of principals and contact information (Delfay 145)

v. No requirement of retailers to attend seminars of ATF and NSSF. No (Delfay 172)

vi. NSSF retailers.. 1,200 (Delfay 255)

vii. Smith and Wesson Trade association participation. NSSF and SAAMI (Hass 77)Trade groups. NSSF - National Sports Shooting Foundation and SAAMI - Sporting Arms and Ammunition Manufacturers' Institute, American Sports Shooting Council, Hunting and Shooting Sports Heritage Foundation, National Shooting Sports Foundation (Killoy 42-

43) Trade Associations. NSSF, SAAMI, ASSC and Heritage Foundation. (Scott 10)

viii. Glock is a member of NSSF (Jannuzzo (1) 26) Management. Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49) NSSF member. Not a member of SAAMI... only American companies. Heritage Fund. (Jannuzzo (1) 241)

ix. Browning Trade association membership. NSSF and SAAMI. (Koening 66) Browning

x. Heckler and Koch Trade association. NSSF. SAAMI. ASSC (Meyer 255-6)

xi. Taurus International Trade association membership. NSSF, SAAMI, both on Board of Governor, (Morrison 13-14)

xii. Boston agreement. Helping dealers acquire cost effective insurance. Reviewing several insurance carriers and NSSF for group term . Nothing came of this. NSSF was willing to cooperate. Dealers would have been able to obtain insurance (Pluff 18-20)

xiii. NSSF member. Yes. Beretta supports programs they have developed (Reh 379)

36. **Sporting Arms and Ammunition Manufacturers Institute (SAAMI)**

a. **General**

i. The Sporting Arms and Ammunition Manufacturers' Institute is an association of the nation's leading manufacturers of sporting firearms, ammunition, and components. Since being founded in 1926, SAAMI has been actively involved in the publication of industry standards, coordination of technical data, and the promotion of safe and responsible firearms use. SAAMI currently publishes more than 700 voluntary standards related to firearm and ammunition quality and safety (Descriptive-72)

b. **Membership**

i. A-Square, Alliant Powder, ATK-CCI/Speer, Beretta USA Corp, Browning Arms Co., Colt's Manufacturing Co, El Dorado Cartridge Company, Federal Cartridge Co. Fiocchi of America, Inc, Glock, Inc, Hodgdon Powder Company, Hornady Manufacturing Co. Kahr Arms Co, The Marlin Firearms Co, North American Arms, O.F. Mossberg & Sons, Olin Corporation, Remington Arms Co., Inc., St. Mark's Powder, Savage Arms, Inc, SIGARMS INC. Smith & Wesson, Sturm, Ruger & Co., Inc,Taurus International Firearms, U.S. Repeating Arms Co., Weatherby, Inc.

c. **Programs**

i. **Publications**

(1) SAAMI has published brochures, pamphlets, and issue papers on a variety of topics which provide a factual perspective on the many emotional issues surrounding the misuse of firearms. Firearms safety has always been a top priority for SAAMI members and in 1997 the Center for Firearms Safety and Responsibility was established by SAAMI to create educational programs to help reduce the number of firearms accidents. SAAMI has published and distributed more than 15 million copies of A Responsible Approach to Firearms Safety which has helped reduce the number of firearms related accidents to their lowest point since 1903. Understanding that firearms safety is not just for the home, SAAMI also published and distributed "Range Danger" posters to remind shooters of firearms safety and proper range etiquette (Descriptive-72)

ii. **Regulations**

(1) The SAAMI Logistics & Regulatory Affairs Committee (SLARAC) participates in reviewing and proposing both domestic and international regulations so that products offered by SAAMI members can be distributed economically and safely, without unreasonable restrictions, throughout the world. Working with the U.S. Department of Transportation, U.S. Treasury Department (Bureau of Alcohol, Tobacco, and Firearms) on a domestic basis and internationally through the United Nations Sub-Committee of Experts on the Transportation of

Dangerous Goods, SAAMI is intimately involved in the development of domestic and global standards for the safe transportation and distribution of products manufactured by SAAMI-member companies. The Logistics and Regulatory Affairs Committee regularly offers its expertise to agencies on such important matters as the classification, labeling, placarding, and packaging of small arms ammunition. The Committee conducts tests in support of their views concerning the limited hazards associated with the storage and transportation of small arms ammunition and components (Descriptive-72)

FIREARM DIVERSION

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FIREARM DIVERSION

(Diversion markets and distribution channels)

1. **Terminology**
   a. **Diversion**
      i. Is a broader term than trafficking and encompasses any movement of firearms from the legal to the illegal marketplace through an illegal method or for an illegal purpose. (51: 3) (55: 41)
      ii. Diversion defined as transfer in an illicit manner or for an illicit purpose (35: 238)
   b. **Trafficking**
      i. Firearms trafficking refers to the illegal diversion of legally owned firearms from lawful commerce into unlawful commerce often for profit. (51: 3) Trafficking can include new firearms, used and those new and used that are stolen (51: 3) (55: 41)
   c. **Trafficking versus diversion**
      i. For example, a criminal who steals a firearm from a licensees for his own personal use is participating in diversion, but is not a trafficker. Thus, while the theft of firearms may involve a criminal stealing one or more for his own use or may involve subsequent trafficking, theft constitutes one means of illegal supply of firearms. (51: 3)
      ii. Thus, while the theft of firearms may involve a criminal stealing of one or more firearms for his own use, or may involve subsequent trafficking, addressing stolen firearms is an important part of firearms trafficking strategy because theft constitutes one means of illegal supply of firearms. (55: 41)
      iii. **Terms used interchangeably by ATF**
         (1) In Following the Gun... in this report, trafficking and diversion are used synonymously (51: 3)
   d. **Prohibited persons**
      i. **Nine categories identified in Gun Control Act**
         (1) Nine categories of prohibited purchasers: felons, fugitives, illegal drug users, persons adjudicated mentally ill, illegal aliens, dishonorably discharged armed forces, persons who have renounced US citizenship, persons under a restraining order for domestic harassment and persons who have committed a misdemeanor crime involving domestic violence (30: 1)

2. **Primary versus secondary market diversion**
   a. **Primary market (licensed)**
      i. **Generally**
         (1) Schumer's Report: A few bad apples... proves that there is a funnel from certain guns stores to criminals and the black market (45: 1)
         (2) Since licensed dealers have access to a large supply of firearms, they represent a significant trafficking threat if they violate the law (50: 19)
         (3) This work arrived at the conclusion that licensed dealers loom surprisingly large as source of supply for unlicenced street vendors (35: 224)
         (4) Instead of a market predominantly comprising of petty criminals selling stolen guns, we encountered a setting rich with licensed and unlicenced entrepreneurs who bought guns directly from licensed sources in order to satisfy their customers craving for new, large caliber pistols. Episodes of large scale, commercialized gun diversion seemed commonplace (35: 234)
         (5) We estimate that more than 600,000 handguns sold in the US in 1989, or nearly 24 percent of the total sold in that year, were used in the commission of a crime before the end of 1997. This figure rose to an estimate of more that 760,000 handguns sold in 1993 that were used in a crime before the end of 1997, representing nearly 20 percent of the total number of guns sold (36: 5-6

(6) Because FFL have access to large volumes of firearms they can influence the number of firearms illegally diverted especially a corrupt dealer working with other type of traffickers (51: 15)

(7) Primary market guns sold in range from 2.5 to 3.9 million handguns with 2.7additonal long guns (324: 269)

(8) Even though studies to the contrary, firm assertions that offenders do not get guns from retail sources appear in the literature - an inclination to downplay the salience of the primary market seems evident, yet many of these studies cite sources that indicate a substantial contribution by the primary market. Showing flaws in research conducted by those who suggest primary market not a contributor - based on lack of recognition that straw purchasers involved primary market (35: 223)

ii. **Virtually all new firearms used in crime first pass through the primary market (324: 269)**

(1) Virtually all guns that come into illegitimate hands come from the legitimate market (6)

(2) Project Identification established that 94% of the total number of surveyed handguns used in serious crimes were sold initially by retailer dealers (9: 26)

(3) Virtually every handgun used in crime originated with a licensed dealer (16: 69)

(4) Gun Dealer Licensing & Illegal Gun Trafficking: A Progress Report: Virtually all new firearms used in crime first pass through the legitimate distribution system of FFL dealers. To reduce the flow of guns to criminals and juveniles the president direct that firearms purchasers be screen more effectively, system for licensing be strengthened and compliance assured (30: intro)

iii. **Indicators of primary market diversion**

(1) **Trace statistics**

(a) Many persons who misuse of illegally possess firearms evidently do buy them in stores - of the fully traced guns in LA from 1988-1995 14 percent were recovered from their first retail buyer. Estimates from offender surveys have pegged self-purchase at 16-27 percent (35: 235)

(b) **1999**

(i) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: Only about 11 percent of traced crime guns were recovered from possessors who had purchased those firearms from FFL. About 89% had changed hands at lease once before recovery (55: ix) But many guns were recovered soon after their initial purchase 5.7 years median. To the investigator, the short time from retail sale to crime suggests illegal diversion or criminal intent associated with the original retail purchase. 15 percent recovered within 1 years, 32% within 3 years (55: ix)

(ii) 1999 Boston Crime Gun Trace Report involving 611 traces: 93 percent of boston crime guns changed handguns more than once before reaching the crime gun possessor and could have been legally transferred, straw purchased, otherwise trafficked, stolen or a combination (56: 7)

(iii) 1999 LA Crime Gun Trace Report involving 4453 traces: 85 percent of LA crime guns changed hands at least once before reaching the crime gun possessor (57: 7)

(iv) 1999 Oakland Crime Gun Trace Report involving 325 traces: 86 percent changed hand at least once before reaching the crime gun possessor (58: 7)

(2) **Trafficking investigations**

(a) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Straw purchase 46.3%, unlicenced sellers 20.5%, guns shows and flea markets 13.9%, stolen from FFL 13.7%, stolen from residence 10.3%, licensed dealer 8.7%, unknown 5.2%, stolen from common carrier 2.0%, unlicenced manufacturer 1.0%, other including internet 1.1% (51: 11)

(b) Review of illegal trafficking investigation involving juveniles and youth: ½ straw purchases, 1/5 from FFL, 14 percent unregulated private sellers, 14 percent involved theft (40: 5)

(c) Numerous ATF trafficking investigations involving licensed and unlicenced sellers and guns shows show that illegally trafficked firearms end up as crime guns (50: 19)

(d) A random sampling of the first six months of National Firearms Trafficking Strategy information: *large problem from diversion of guns from licensed gun establishments*, (30:15)

(e) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Although FFLs were involved in under 10 percent of the trafficking investigations, they were associated with the largest number of diverted firearms over 40,000 guns in 1530 investigations (51: X), gun shows were a major trafficking channel involving the second highest number of trafficked guns per investigation and associated with 26,000 illegally diverted firearms (51: XI), Straw purchases was a common channel with almost half of the trafficking investigations involving straw purchases and nearly 26,000 firearms involved (51: xi), unlicenced sellers were a focus of about a fifth of the trafficking investigations and involved an average of about 75 guns per investigation and almost 23,000 guns (51: xi), firearms theft is an important source of trafficking. Firearms stolen from FFLs, residences and common carriers were involved in over a quarter of the trafficking investigations and involved 9000 firearms (51: xi)

(3) **Inmates report statistics**

(a) Criminal reports: These inmates in FL were unusually likely to have gotten their handguns from retail sources, probably because of FL weak controls over retail gun purchases. (36: 9)

(b) 43% of adult prisoners reported purchasing guns - of which 1/3 purchased in primary market . About 15% of their most recent handguns were acquired in primary transactions (22: 70).

(4) **Gun diversion review**

(a) In a review of 28 domestic gun diversions in LA between 1992 and 1995 involving 19, 145 guns, 75 percent were purchased at wholesale from a distributor. Corrupt licensees bought 92 percent while the remaining 1200 were purchased by unlicenced street vendors using a forged dealer license (35: 230)

b. **Secondary market (unlicenced)**

i. **Generally**

(1) While there are differences in interpretation, there is general agreement about two things: first, that there is a large secondary firearms market characterized by unregulated private transactions between unlicenced persons and second that the covert facilitative nature of these encounters makes them the favored source of

guns for criminals (35: 221).

(2) Gun Violence Reduction: National .... Strategy (2000): Nearly all firearms originate in the legal market, but every day thousands cross into the illegal market through various forms of trafficking. 89% of guns traced in 1999 changed hands at least once in the secondary market before recovery only about 11 percent are direct to possessor (60: 28)

(3) Legitimate firearms retailers play only a minor role as direct sources of handguns (excluding straw purchases) for adult felony criminals in study only about 1/6 of gun owning criminals obtained their most recent handguns through a customary retailer transaction involving a license dealers. Remaining 5 out 6 obtain them via informal off the record transactions involving friends and associates and black market (249: 253: 2)

(4) Review of studies indicated that many incarcerated offenders said they purchased firearms through unregulated, informal transactions with friends, family members and the black market, but respondents also indicated that primary sources played a substantial role. 27% of felons said they bought a gun at a store, 1/3 of juveniles indicated they asked an adult to buy the gun, one study indicated that gun dealers made illicit sales to illicit street vendors (35: 221-222).

ii. **Lack of regulation of secondary sales**

(1) Once purchased (e.g., through strawman or otherwise) they can be trafficked without creating a paper trail. This is circumstance that allows strawman (324:269)

(2) No regulation of private sale in 1974 (5:1522)

(3) **Some regulation**

(a) CA regulates private transactions ((35: 237)

c. **Youth: secondary and primary markets**

i. Boston Gun Project: Youthful offenders prefer quicker time to crime guns suggesting the relative importance of new weapons. The discovery that youth want and obtain newer guns diminishes the single strongest reason for thinking that there is no utility in intervening in the illicit market. (25: 176)

ii. Sheley and Wright findings that diversion from retail sources does not constitute a problem may incorrect. Frames, age groups, city specific circumstances and categorization procedures e.g. straw purchasers not assigned to a particular category. Based on their own findings, however, it seems unreasonable to conclude that attention to retail diversion would be fruitless because juveniles rarely obtain from customary outlets. This is true only if "obtain" is interpreted in the narrowest sense (25: 177-178)

d. **Interplay of primary and secondary**

i. As laws and regulations make it more difficult for criminals to find easy access to firearms from retailer sources, secondary sources will become the primary origin of crime guns. These sources include private sales from newspaper ads and the internet, fleas markets, gun shows anywhere that will afford sales and purchase to be conducted without documentation and identification (32k: 2)

3. **ATF distribution channel classification for trafficking**

a. **Trafficking in new purchased firearms**: Based on ATF 1999: purchases from licensed firearm dealers including pawn brokers, large scale straw purchasers, small scale straw purchasers. (29:14) (48: 3)

b. **Trafficking in used firearms**: Based on ATF 1999: Licensed dealers, large scale straw purchasers, small scale straw purchases, private sellers at gun shows, flea markets, want ads, gun magazines, internet, personal associations. (39: 14)(48: 3)

c. **Trafficking in stolen firearms**: Based on ATF 1999: Thefts from gun dealer, fencing, common

carrier theft, household and auto theft, bartering and trading within criminal network, manufacturer theft (39: 14)(48: 3)

d. **Not trafficking**: Individual thefts (39: 14)(48: 3) NOTE: not trafficking because not taken from commercial source or affiliate

4. **Classifications that specify primary channels for diversion**

a. **Generally**

i. Criminals obtain their guns from the illegal market supplied by a variety of sources: unlicenced sellers who buy guns with the purpose of reselling, fences, corrupt FFLs straw purchases, criminal users and juveniles (51: IX)

ii. Firearms traffickers are using a variety of channels to divert firearms including multiple channels such as corrupt FFLs and straw purchase or theft and unlicenced dealing.

iii. The flow from licit to illicit has several major sources, including theft ½ million guns are stolen each year from vehicles, homes and commercial places), scofflaw retailers who are willing to sell under the counter to prohibited purchasers, strawman purchasers who buy guns on behalf of those who are prohibited because of their age or criminal record and gun traffickers who act as arbitragers, buying guns in loosely regulated jurisdictions and reselling them elsewhere (242: 1765-66)

b. **By youth and juvenile: straw purchases, FFL, private sellers and theft**

i. Review of illegal trafficking investigation involving juveniles and youth: ½ straw purchases, 1/5 from FFL, 14 percent unregulated private sellers, 14 percent involved theft (40: 5)

ii. Analysis of recent illegal trafficking investigations involving juveniles and youth shows that over half of them involved used guns and 35 percent involved trafficking in stolen firearms (48: 4)

c. **By number of guns: FFLs, guns shows, straw purchases, unlicenced, theft.**

i. Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Although FFLs were involved in under 10 percent of the trafficking investigations, they were associated with the largest number of diverted firearms over 40,000 guns in 1530 investigations (51: X), gun shows were a major trafficking channel involving the second highest number of trafficked guns per investigation and associated with 26,000 illegally diverted firearms (51: XI, 17), Straw purchases was a common channel with almost half of the trafficking investigations involving straw purchases and nearly 26,000 firearms involved (51: xi), unlicenced sellers were a focus of about a fifth of the trafficking investigations and involved an average of about 75 guns per investigation and almost 23,000 guns (51: xi), firearms theft is an important source of trafficking. Firearms stolen from FFLs, residences and common carriers were involved in over a quarter of the trafficking investigations and involved 9000 firearms (51: xi)

d. **By frequency of investigations: straw purchase, unlicenced sellers, gun shows/flea markets, stolen from various sources**

i. Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Straw purchase 46.3%, unlicenced sellers 20.5%, guns shows and flea markets 13.9%, stolen from FFL 13.7%, stolen from residence 10.3%, licensed dealer 8.7%, unknown 5.2%, stolen from common carrier 2.0%, unlicenced manufacturer 1.0%, other including internet 1.1% (51: 11)

5. **Description of specific channels for diversion**

a. **Illegal manufacturer** (4: 331)

i. **Defined**

(1) Conversion of products to illegal status e.g. M1 or pen guns (4: 2610)

Assembled from parts for the illegal market or parts stolen or through conversion of legal guns to illegal e.g. pen guns (5: 1582)

b. **Illegal sales (no license or off-site sale).**

i. **Defined**

(1) Accomplished through sales by unlicenced dealer or off-site sales by licensee given can only sale with license at place of business. (5: 1580)

(2) To illegal persons also included(4: 331). (4: 2610)

ii. **Generally**

(1) Unlicenced dealers may be far more salient sources of guns for criminals than casework implies because of difficultly in assessing or detecting misconduct by street vendors (35: 235)

(2) One street dealer acquired 1200 guns by simply furnishing a forged firearms license to a gun distributor. According to investigators, such episodes are becoming more frequent. Additional safeguards to prevent misuse of licensing documents may be necessary (35: 236)

iii. **Frequency**

(1) **Generally**

(a) In NY in 1993 Commissioner reported that of 550 FFL dealers in NY city only 88 are licensed as dealers by the state of NY (16:52)

(b) While there is no systematic data available on the effect of scofflaw dealers, there is anecdotal information suggesting the variety of ways in which they have abused the system. Some are known for their willingness to sell... others purposely seek out th proscribed sector of the gun market (22: 78)

(c) There is no FFL involved in a large minority of the gun transactions each year (22: 90)

(2) **Indicators**

(a) **Review of gun diversions**

(i) In a review of 28 domestic gun diversions in LA between 1992 and 1995 involving 19, 145 guns, 75 percent were purchased at wholesale from a distributor. Corrupt licensees bought 92 percent while the remaining 1200 were purchased by unlicenced street vendors using a forged dealer license (35: 230)

(b) **ATF trafficking investigations**

(i) Numerous ATF trafficking investigations involving licensed and unlicenced sellers and guns shows show that illegally trafficked firearms end up as crime guns (50: 19)

(ii) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Unlicenced sellers not associated with guns shows and not straw purchasers were the focus of about 20 percent of the investigations, involving over 22,000 firearms and about 75 guns per investigation (51: 41)

iv. **Number of guns involved**

(1) Gun Violence Reduction: National .... Strategy (2000): Unlicenced individuals sell about 2 million guns each year at guns shows, flea markets and in individual transactions. Though some are legal purchases, large numbers of guns are sold in this way creating a ready supply of firearms for criminals and traffickers. Where someone does this in a fashion that indicates they are 'engaged in the business" of dealing in firearms a license is required. (60: 31)

(2) One street dealer acquired 1200 guns by simply furnishing a forged firearms

license to a gun distributor. According to investigators, such episodes are becoming more frequent. Additional safeguards to prevent misuse of licensing documents may be necessary (35: 236)

v. **Process of diversion**

(1) Crime Guns in Southern California 1994: Firearms traffickers can easily operate even without an FFL. These is always plenty of demand for guns by those who are either unwilling to identify themselves or are unqualified to buy (20: 16)

(2) Crime Guns in Southern California 1994: To avoid detection unlicenced dealers prefer to use straw purchasers (20: 16)

(3) Crime Guns in Southern California 1994: Unlicenced street dealers acquire guns from retailer stores, gun shows and street criminals (20: 16)

(4) Few dealers bother to obtain local and state licenses (22: 76)

c. **Unscrupulous dealers - related to falsification and illegal sales below** (5: 1584)

i. **Definition**

(1) Dealer who is allied with criminal (5:1584)

ii. **Generally**

(1) Even in the best light, these conclusions (of BATF's Operation Snapshot) raise a very serious question about the potential for illegal firearm transactions through ostensibly "legal" FFL channels. (87:13899)

(2) Gun Violence Reduction: National .... Strategy (2000): some dealers are not cooperative in maintaining or providing records to ATF (60: 29)

iii. **Potential magnitude of issue**

(1) Clearly oversight of an industry that has 170,000 FFLs presents a regulatory dilemma and the ready access to quantities of new inexpensive handguns means that wrongdoing by just a few can become a matter of grave concern (35: 222)

(2) Because FFL have access to large volumes of firearms they can influence the number of firearms illegally diverted especially a corrupt dealer working with other type of traffickers (51: 15)

(3) FFLs who ignore ATF regulations thus commit criminal acts when conducting firearms business, may oftentimes be central to the problem of illegal firearms trafficking. Their legal access to a supply of weapons can fuel a substantial stream of weapons into illegal markets (21: 5)

iv. **Frequency**

(1) **Generally**

(a) Troubling anecdotes accuse certain retailer - primarily corrupt home based kitchen table gun dealers of making handsome profits by recklessly selling guns out the back door keeping no records and asking no questions (35: 222)

(b) Accounts of licensee misconduct have appeared with some frequency in the popular media and in various govt reports (35: 222)

(c) Small number of dishonest FFL's supply criminals who sell to those who are prohibited. A small number of FFL are not honest and have supplied firearms to criminals (78) (4: 331).

(d) There is no systematic evidence of how important illicit dealers are in supplying the guns used in crime citing Dabbs 1994 (21: 2)

(2) **Indicators**

(a) **Sting operations**

(i) Undercover sting operations in Chicago, Gary have shown that dealers are loath to turn away paying customers even admitted criminals or juveniles (324:274)

(ii) Operation Gunsmoke. Chicago agents attempted to purchase guns illegally from dealers ringing Chicago with retailer

knowledge and retailers completed the sale illustrating that dealers are dishonest (324:279-80)

(b) **Traces**

(i) Dealer corruption emerged as a surprisingly significant source of supply - review of LA gun traces from 1988 to 1995. (35: 234)

(c) **Trafficking investigations**

(i) More than 2/3 of illegal trafficking investigations reported in ATF Performance report tracing 76,260 guns involved improperly transferred firearms that were known to have been subsequently involved in crimes (29: 4)

(ii) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Although FFL traffickers were involved in the smallest proportion of ATF trafficking investigations, under 10 percent, cases involving FFLs were the largest total number of illegally diverted firearms (51: 41)

(d) **Review of FFLs**

(i) Operation snapshot involved a review of 400 FFLs where 34% violations and 7% serious enough to warrant further action (35: 222)

(e) Review of gun diversions

(i) In a review of 28 domestic gun diversions in LA between 1992 and 1995 involving 19, 145 guns, 75 percent were purchased at wholesale from a distributor. Corrupt licensees bought 92 percent while the remaining 1200 were purchased by unlicenced street vendors using a forged dealer license (35: 230)

(f) **Inspections**

(i) Of 8766 inspections in 1991, 7500 violations were found equaling 88 percent of all inspections result in violation (16: 113)

(g) **License investigations**

(i) Only 1 out of every 6000 licenses investigated by ATF lead to revocation of license (16: 113). But also 12 percent gave up license upon start of investigation - but could be they did not use it (16: 114)

(h) **Unclassified**

(i) Florence project 1975 arrested several dealers who sold guns illegally to out of state residents some involving the purchase of up to 20,000 guns (4:1937) (4: 2610)

(ii) The number of criminals who use firearms and acquire the firearms from legitimate dealers is estimated to very from 12% to 17%. Note: insufficient data on first time offenders that would have disqualified them from purchase. Note: some criminals acquire guns that they do not use in crimes (78)

(iii) Instead of a market predominantly comprising of petty criminals selling stolen guns, we encountered a setting rich with licensed and unlicenced entrepreneurs who bought guns directly form licensed sources in order to satisfy their customers craving for new, large caliber pistols. Episodes of large scale, commercialized gun diversion seemed

commonplace (35: 234)

v. **Nonstore dealers:**

(1) **Generally**

(a) Some nonstore dealers sell on a "take with" basis as contributing to diverted guns circumventing waiting periods. (83:18515)

(b) Overview of how license contributes to ability of nonstore front dealer to obtain arms and how nonstocking dealers avert federal law - letter from national alliance of stocking gun dealers (16: 86-92)

(c) One of the most widespread violations is the requirement that FFL be in the business of selling firearms (22: 75)..

(2) **Magnitude of issue**

(a) Handgun Control: Kitchen dealers who operate out of their homes or vehicles or at gun shows are a major source of black market firearms used in crime (24: 28)

(b) Troubling anecdotes accuse certain retailer - primarily corrupt home based kitchen table gun dealers of making handsome profits by recklessly selling guns out the back door keeping no records and asking no questions (35: 222)

(3) **Frequency**

(a) **Generally**

(i) Vast majority of licensees operate from their homes of out site (16:69)

(ii) ATF has no way to know how many dealers are full time dealers. Example of sales in record shop ATF Director Davis (4: 306)(4: 315)

(b) **Indicators**

(i) **Sales rep recognition**

(ii) Knowledge of nonstore front FFL's. Sales rep weekly report references "there are 180 FFL in the Minneapolis area and only four storefront dealers (76)

(iii) **Presidential estimates**

1) Estimates by President that 40% of licensees conducted no business at all and who used license to obtain the benefits of buying and trading at wholesale (24: 19)

(iv) **Unclassified**

1) Of 286,000 licensees in 1993, OTA has said that there are only 15,000 licensed gun dealers in retail operation and only another 5000 in sporting good shops - implying remaining are nonstore (16: 113)

2) Evidence indicates that majority of FFLs are not in the business of selling firearms - 80% of dealers nationwide do not have storefront retail business (22: 75-76)

3) Kitchen table dealers remain a source for criminal gun traffickers. A Jun2 2000 study following the gun, a random sample of FFL investigations and found that 23 percent of the investigations were table dealers. An earlier study in the 1990s found that 31 percent of Detroit dealers supplying guns to criminals in the Detroit area were kitchen dealers (49: 7)

4) A 1998 random sample of FFLs identified 69 percent as retail gun dealers and 10 percent pawn with remaining 1 percent as collectors, manufacturers or importers. Of the retail dealers and pawnbrokers 44% operated from commercial premises while 56 percent from residential premises down from 74 percent in 1992 (51: 16)

(v) **Traces**

1) Crime Guns in Southern California 1994: At home dealers accounted for a disproportionate rate of failure in tracing (20: 10)

(vi) **Review of gun diversion**

1) In a review of 28 domestic gun diversions in LA between 1992 and 1995 involving 19, 145 guns, 75 percent were purchased at wholesale from a distributor. Corrupt licensees bought 92 percent while the remaining 1200 were purchased by unlicenced street vendors using a forged dealer license (35: 230)

(4) **Regulation and implications**

(a) **Generally**

(i) Nonstore FFL operators are at risk in terms of legislative enactment against illegal sales as a result of some avoiding waiting periods or tax evasion (83:18521)

(ii) Amendments to CGA in 1986: Amendments included that you must be: 21 years of age, ... has premises from he conducts business .... compliance with certain state and local laws (24: 3)

(b) **Implications of Brady bill and license fee hike**

(i) Kitchen-table dealers who obtain licenses and sold guns in their homes - at one point 280,000 (more than gas stations). Now because of 1993 Brady law, license charge increased from 10/year to 200 for a 3 year license and applicants certified they would comply with licensing and zoning requirements, this number has dropped (324:274)

(5) **Gun shows and diversion**

(a) **Generally**

(i) Gun shows as "flea markets for guns" 16: 9)

(b) **Process of how guns are acquired at show**

(i) **Generally**

1) Gun show transactions leading to crime include straw purchases, out of state sales by FFLs, no Brady checks by FFLs, sale of modification kits, engaging in business w/o license, transfer to prohibited persons such as felons or juveniles and possession of certain firearms (47: 8)

(ii) **Role of lacks regulation and unrecorded transfers**

1) Gun shows are unregulated and widely occur. Unlicenced dealers are not required in most states to fill out any paperwork on the sale of wait for background check (324: 275)

2) ATF unable to monitor (324:275)

3) Gun shows are of special concern to investigators because they are more difficult to keep track of, due to multiple unrecorded transfers (32c: 5)

(iii) **Role of unregulated private seller**

1) Review of illegal trafficking investigation involving juveniles and youth: ½ straw purchases, 1/5 from FFL, 14 percent unregulated private sellers, 14 percent involved theft (40: 5)

2) Regulations not for guns shows, but only for FFLs and require transfers to be regulated, few regulations for unlicenced but some - no interstate transfers, no underage transfer, etc. (47: 10)

(iv) **Role of straw purchases**

1) Testimony of criminal - Daily: would use straw purchases at gun shows to purchase guns (16:8-9)

2) Gun shows are prime area for strawman sales - often occur (16:10)

(c) **Frequency**

(i) **Generally**

1) Handgun Control: Kitchen dealers who operate out of their homes or vehicles or at gun shows are a major source of black market firearms used in crime (24: 28)

2) Gun show distinction of "source" areas and "market" areas - a market area is any region where firearms acquired in a source area are unlawfully marketed and transferred to criminals... Factors that turn a given region into a market area include a lack of FFLs, gun shows and flea markets (32c: 5)

(ii) **Survey of criminals**

1) When ATF surveyed career criminals of where they got their firearms 34% responded that it was from criminal acts or associates. 6% said gun shows (16: 31)

(iii) **Police attendance and arrests**

1) 1991: MD police agent started attending guns shows and has made arrests at everyone through 1993 for violations (16:48)

(iv) **Traces**

1) In a review of 1988-95 LA traces, gun shows only accounted one casework - requirements in CA of licensed dealer transfers, patrols and notices serve as a reminder - explanation (35: 236)

(v) **Review of ATF investigations**

1) A review of 314 ATF recent investigations involving 54,000 guns indicated that gun shows provide a forum for illegal sales and trafficking. Felons although prohibited have been able to purchase in 46% of the investigations (47: 7)

(vi) **Trafficking investigations**

1) **Generally**

a) Numerous ATF trafficking investigations

involving licensed and unlicenced sellers and guns shows show that illegally trafficked firearms end up as crime guns (50: 19)

2) **By number of guns**

a) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Although FFLs were involved in under 10 percent of the trafficking investigations, they were associated with the largest number of diverted firearms over 40,000 guns in 1530 investigations (51: X), gun shows were a major trafficking channel involving the second highest number of trafficked guns per investigation and associated with 26,000 illegally diverted firearms (51: XI, 17), Straw purchases was a common channel with almost half of the trafficking investigations involving straw purchases and nearly 26,000 firearms involved (51: xi), unlicenced sellers were a focus of about a fifth of the trafficking investigations and involved an average of about 75 guns per investigation and almost 23,000 guns (51: xi), firearms theft is an important source of trafficking. Firearms stolen from FFLs, residences and common carriers were involved in over a quarter of the trafficking investigations and involved 9000 firearms (51: xi)

3) **By frequency of investigations**

a) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Straw purchase 46.3%, unlicenced sellers 20.5%, guns shows and flea markets 13.9%, stolen from FFL 13.7%, stolen from residence 10.3%, licensed dealer 8.7%, unknown 5.2%, stolen from common carrier 2.0%, unlicenced manufacturer 1.0%, other including internet 1.1% (51: 11)

b) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Gun shows and flea markets are a major venue for illegal trafficking . About 14 percent of the investigations involved gun shows and flea markets (51: 41)

(d) **Marketing**

(i) **Frequency of occurrence and number of tables**

1) Thousands of gun shows every weekend (16:30)

2) MD police agent testifies that in Maryland 40 -50 guns shows a year. Large show in Texas with 2200 tables (16: 62)

(ii) **Participants and attendees**

1) Overview of gun shows aspects: attendees include felons, gangs, underage youth, multi state gun runners (16: 99)

2) Gun shows can include both FFL and nonFFL depending on state law (22: 88)

3) Gun show cowboys (22: 89)

4) Gun shows are reportedly a safe and convenient place for those with an illicit purpose to meet and barter firearms (35: 236)

(iii) **Advertising**

1) Gun shows advertised in magazines like American Rifleman, Guns and Ammo and Gun list (16:10)

(iv) **Currency**

1) Most transactions in cash (22: 88)

(e) **Proposed regulations and implications**

(i) 1999 proposed regulations for gun shows including registration, all transfers regulated, trace information, resources to combat illegal gun shows (47: 20)

(ii) ATF at gun shows would be a chilling effect (16:30)

d. **Falsification/Strawman purchase** (4: 331).

i. **Generally**

(1) **Significance**

(a) According to "Following the Gun..." report "straw purchasers" represent a significant crime and public safety problem. (91:2956)

(b) The most important single source of firearms for crime is sales to straw purchasers (324: 269)

(2) **Other**

(a) Criminals: 6% of them get their guns at retail stores

(b) Crime Gun Analysts Branch: News on straw purchases (32c: 7)

(c) FFL newsletters contain reference to requirements and legal conditions for mail order and also criminal issues associated with straw purchases (13)

(d) Making gifts to others is not straw purchase (14)

ii. **Interplay with fraudulent identification purchase**

(1) Project 300 detailed look at 300 handguns from Project Identification revealed that 16 percent of first retail purchasers produced invalid identification at the time of sale (9:28)

(2) Project 300 detailed look at 300 handguns from Project Identification revealed that 6% of all first retail purchasers of criminally used handguns had prior conviction records and 19% had criminal arrest records. (9:28)

(3) ATF Project 1: 40% of the cases where felons purchased guns, those purchases were from licensed firearms - testimony in 1975 before House of representatives (4: 1949)

(4) Phase I of Project Identification - 3 percent of first purchasers had been convicted of crimes and 10 percent had prior arrest records (9: 28)

(5) Either using false identification or falsely affirming that they are not prohibited - dealer not a party (4: 2610)

iii. **Use by traffickers**

(1) Traffickers may use multiple straw purchasers who purchase at multiple locations (32j: 4)

(2) Gun Violence Reduction: National .... Strategy (2000): One common method used by traffickers is the straw purchase. Federal authorities are working to identify and prosecute straw purchases and FFLs who assist straw purchasers (60: 30)

iv. **Involvement of licensed but fraudulent dealer**

(1) Gary sting operation involving agents posing as criminal and other with clean record. They were able to purchase a gun through straw person process and retailers were aware of straw purchase (324:281)

(2) With or without collusion of dealer (5:1579)

v. **Involvement of unlicenced dealers**

(1) Crime Guns in Southern California 1994: To avoid detection unlicenced dealers prefer to use straw purchasers (20: 16)

(2) Straw purchasers may be unlicenced dealers who set out to use their nonprohibited status to traffic to other persons for profit. The straw purchaser may also be the trafficker (51: 18)

vi. **Detection**

(1) Crime Guns in Southern California 1994: Persons who are either unqualified by age or criminal record to legally acquire firearms or who wish to do so anonymously can easily get a spouse or friend to buy a gun on their behalf. Straw purchases are often difficult to distinguish from sales done in the normal course.. cumulative impact can be very substantial (20: 18) (22: 79)

(2) How often have straw purchases been found to have used false identification to make multiple purchases - discussion of how to determine (32k: 4)

vii. **Frequency**

(1) **Review of gun diversions**

(a) In a review of 28 domestic gun diversions in LA between 1992 and 1995 involving 19,145 guns, 14 percent of those diverted guns were initially acquired from a retail dealer, of these, nearly half were bought by straw purchasers. (35: 230)

(2) **Trace**

(a) Other methods of gun acquisition such as self-purchase and straw purchase also seemed important - study of LA traces between 1988 and 1995 (35: 234)

(b) Age and gender data from trace study of LA traces from 1988 to 1995 support the straw purchase theory by suggesting that guns flow from older to younger persons and from females to males. Indeed ATF agents report that gun acquisition by females on behalf of male friends and family members is relatively common (35: 235)

(c) Project Lead 1994 intended to help utilize trace data to identify straw purchasers (17: 13)

(3) **Trafficking investigations**

(a) **Generally**

(i) According to "Following the Gun...." straw purchasers were the most common subject of trafficking investigations, accounting for 26,000 trafficked firearms between July 1996 and December 1998. This represents almost half of the investigations conducted during this time period. (91:2956)

(ii) In one major federal study, straw purchasing accounted for almost 50% of the firearms trafficked into crime (324: 269)

(iii) Half of the illegal trafficking investigations reported in the ATF Performance report tracing 76,260 guns involved firearms trafficked by straw purchasers (39: 5)

(iv) Review of illegal trafficking investigation involving juveniles and youth: ½ straw purchases, 1/5 from FFL, 14 percent unregulated private sellers, 14 percent involved theft (40: 5)

(v) Review of illegal trafficking investigation involving juveniles and youth: ½ straw purchases. More than 30 percent were groups of straw purchasers, ½ of these involved friends. 40 percent involved relatives or intimates. 1/3 were paid with money or drugs (40: 6)

(b) **By number of guns**

(i) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Although FFLs were involved in under 10 percent of the trafficking investigations, they were associated with the largest number of diverted firearms over 40,000 guns in 1530 investigations (51: X), gun shows were a major trafficking channel involving the second highest number of trafficked guns per investigation and associated with 26,000 illegally diverted firearms (51: XI), Straw purchases was a common channel with almost half of the trafficking investigations involving straw purchases and nearly 26,000 firearms involved (51: xi, 18), unlicenced sellers were a focus of about a fifth of the trafficking investigations and involved an average of about 75 guns per investigation and almost 23,000 guns (51: xi), firearms theft is an important source of trafficking. Firearms stolen from FFLs, residences and common carriers were involved in over a quarter of the trafficking investigations and involved 9000 firearms (51: xi)

(c) **By frequency of investigations**

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(ii) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): straw purchasing rings and small scale straw purchasers comprised nearly 50 percent of the trafficking investigations, by far the largest number of trafficking investigations and although the average number of guns per investigation was under 40 they accounted for nearly 26,000 guns about the same as gun shows. (51: 41)

(4) **Other**

(a) Schumer's study 1999 shows that of the nearly 35,000 guns traced

back to 140 high crime dealers over the pat 3 years, only 13% of the time was the perpetrator of the crime the same person as the purchaser of the gun. Seven of eight crime guns bought from this tiny slice of gun dealers changed hands before they were used in a crime (46:1)

(b) Schumer's study 1999: Were do the 412,000 individuals who fail the Brady check get their guns? While some are deterred others get their guns from traffickers who frequent store that either don't know or don't care that the persons buying the guns is not going to keep them (46: 2)

(c) The ATF estimates there are no less than 14,000 illegally diverted firearms that are acquired by strawman purchases each year (p. 18, Following the Gun) (91:2953)

viii. **Role of gun shows**

(1) Testimony of criminal - Daily: would use straw purchases at gun shows to purchase guns (16:8-9)

(2) Gun shows are prime area for strawman sales - often occur (16:10)

ix. **Role of time to crime**

(1) Crime Guns in Southern California 1994: Brief lag between purchase and recovery is a well-known indicator of a straw purchase (20: 19)

x. **Role of females**

(1) Crime Guns in Southern California 1994: Indicators of a straw purchase: gun recovered from a third party, shortly after purchase, purchase by female - 2 to 1 margin that a woman is more likely to be a buyer than possessor (20: 20)

xi. **Role of multiple sales**

(1) The numerous instances of multiple sales could potentially be a straw transaction yet it would be difficult to ascertain (35: 236)

e. **Thefts** (324:274) (4:331)

i. **Generally**

(1) **Problem**

(a) Thefts of firearms is a significant national problem that should be given careful attention (11: 144)

(b) Handgun control 1993: ATF has indicated theft is a serious issue (16:70)

(c) NRA: trafficking is a serious crime and deserves to be treated as such... like to see law that would make it unlawful to steal from a dealership (16: 72)

(d) A large percentage, perhaps the majority of the transactions that supply guns to proscribed people involved stolen guns. Half a million are stolen a year. There is a ready market on the streets for stolen guns and overlaps into the illicit drug market (22: 90)

(e) ATF stolen firearm initiative: Process for tracking. The number of stolen firearms that find their way to the streets. has increased substantially by the theft of firearms from interstate carriers and FFLs (232: 18)

(f) While straw purchases accounts for more ... stolen guns are a significant presence on the street (32a: 4)

(g) For contemporary students of gun markets, theft is often the explanation of choice. However, national theft statistics indicate that pistols of large calibers .380 and 9mm account for a relatively modest fraction of stolen guns. Theft may be an incomplete explanation for other reasons - no information on stolen guns in the secondary market (35: 224)

(2) **Process**
- (a) Stolen gun is automatically in the hands of a criminal given it is stolen and then is very difficult to trace (11: 105)

(3) **Types stolen**
- (a) Types stolen: moderate to high priced (11: 107)

(4) **Methods of stealing**
- (a) Methods of stealing: burglaries and robberies, in transit, unknown, from manufacturers, from dealers - note that this study suggests more than half come from nonindividuals, (11: 108)
- (b) Shippers can be the victims of dishonest employees who manage to ferret out packages of guns (32a: 4)
- (c) Georgia in 1995, reported more than half of the nationwide thefts from carriers (32a: 4)

(5) **Source for youths**
- (a) Thefts are an important source of guns for youths and criminals (22: 80)

(6) **Role of specialists**
- (a) Specialists are important in this area - stealing guns by design (22: 84)

ii. **Frequency**

(1) **By types of theft**
- (a) **Crime**
  - (i) ATF September 94 and December 97 - theft statistics: larcenies 28.3%, burglaries 29% and other 28.3%, robbery 5.3% (34: 4-6)
- (b) **From interstate carriers**
  - (i) Stolen from interstate carriers, manufacturers, dealers, individuals. In 1970's estimate that 15% of dealers had guns stolen or reported stolen leading to 39,000 guns which are then very difficult to trace (5: 1583)
- (c) **Handguns**
  - (i) 1991: 207,000 guns reported stolen of which 135, 000 were handguns (16: 31)
  - (ii) ATF September 94 and December 97 - theft statistics: 78% of all firearms reported stolen were handguns (34: 6)
  - (iii) Most stolen guns are handguns - almost 60% of trace guns in FBI database on stolen guns (249: 3)
- (d) **Age groups**
  - (i) VA study conduct in 92 and 93 found that 15% of adults and 19% of juveniles had stole a gun (249: 3)
  - (ii) Juveniles inmates study in four states, found that more than 50% had stolen a gun at least once and 24% had stolen their most recent obtained handgun (249: 3)

(2) **Tracing reports**
- (a) 6% of handguns submitted for tracing were stolen, but this is probably underestimated given reluctance to report being stolen (8: highlights) (9: 26)
- (b) Project Lead in CA, 1994: 1 out of every 17.5 firearms traced were stolen 6% (17: 11)
- (c) Less than 1% of trace requests involve stolen guns - suggesting that theft is not being reported (26:9)
- (d) In reviewing LA traces from 1998 to 1995 (5002 traces), 6% were stolen (35: 227). Theft was considerably less salient than conventional

wisdom would imply (35: 234)

(e) In analysis of 93-96 ATF traces (349,163) analyst found less than .0169% of guns traced by ATF during this period were reported stolen by dealer. In conclusion, I find no evidence in the ATF firearms trace database that there is a high prevalence of theft of guns, including handguns, that are subsequently used in crimes, including homicides in NY state (28b: 3)

(3) **Career criminal surveys**

(a) When ATF surveyed career criminals of where they got their firearms 34% responded that it was from criminal acts (including theft) or associates. 6% said gun shows (16: 31)

(4) **Trafficking studies**

(a) **Generally**

(i) A random sampling of the first six months of National Firearms Trafficking Strategy information: gun theft also issue - 23, 775 thefts since 1993 to 1997, (30:15)

(ii) Review of illegal trafficking investigation involving juveniles and youth: ½ straw purchases, 1/5 from FFL, 14 percent unregulated private sellers, 14 percent involved theft (40: 5)

(b) **By number of guns.**

(i) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Although FFLs were involved in under 10 percent of the trafficking investigations, they were associated with the largest number of diverted firearms over 40,000 guns in 1530 investigations (51: X), gun shows were a major trafficking channel involving the second highest number of trafficked guns per investigation and associated with 26,000 illegally diverted firearms (51: XI), straw purchases was a common channel with almost half of the trafficking investigations involving straw purchases and nearly 26,000 firearms involved (51: xi), unlicenced sellers were a focus of about a fifth of the trafficking investigations and involved an average of about 75 guns per investigation and almost 23,000 guns (51: xi), firearms theft is an important source of trafficking. Firearms stolen from FFLs, residences and common carriers were involved in over a quarter of the trafficking investigations and involved 9000 firearms (51: xi)

(c) **By frequency of investigations**

(i) Following the Gun 2000 (July 1996 to December 1998, 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Straw purchase 46.3%, unlicenced sellers 20.5%, guns shows and flea markets 13.9%, stolen from FFL 13.7%, stolen from residence 10.3%, licensed dealer 8.7%, unknown 5.2%, stolen from common carrier 2.0%, unlicenced manufacturer 1.0%, other including internet 1.1% (51: 11)

(ii) Following the Gun 2000 (July 1996 to December 1998, 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Survey evidence indicates there are at least 500,000 firearms stolen annually from residences. Trafficking investigations involving stolen guns

from residences, FFLs and common carriers combined to make up about 25% of the investigations with over 11,000 guns accounted for (51: 41)

(5) **Theft reports**

(a) Interstate Theft database part of ATF tracing Center that houses all stolen firearms with intention of helping track and identify theft origins (17: 13)

(b) The Stolen Firearms Program: Under 1994 Violent Crime Control Act FFLs are required to report thefts or losses within 48 hours. In 1996, 2151 different FFLs filed theft reports for a total of 13,219 guns. Interstate carriers reported 2564 weapons. Most handguns. (32a: 4)

(c) 1996: 2564 carrier thefts cataloged and 13,219 FFL thefts cataloged (32e: 5)

(d) 1998 since 1995 when ATF began entering theft information into database - 47,139 thefts entered from FFL and 9419 from interstate theft entered (32i: 3)

(e) Accuracy of a dealers inventory is critical for tracing. In 1998 and 1999 licensees filed reports on over 5000 incidents involving 27,287 lost or stolen firearms 39% due to inventory errors, record keeping errors and employee theft, 21% due to burglary (breaking and entering), 38% for larceny (fraud, deception or trickery) and 2% for robbery (taking by force or threat) (50: 27)

(f) By definition stolen guns are available to criminals. The FBI NCIC stolen gun file contains over 2 million reports (249: 1)

(6) **Review of gun diversions**

(a) In a review of 28 domestic gun diversions in LA between 1992 and 1995 involving 19, 145 guns, theft accounted for 11 percent of the diverted guns (35: 232)

(7) **Dealer inspections**

(a) Among dealers inspected as part of a 1998 ATF survey, over ½ had reported a firearm stolen at some point. Among those that had sold 50 or more in the previous year - 10% of pawnbrokers and 16 percent of other retailers had reported a theft since starting their business. Inventory errors accounted for 45% for pawnbrokers and 20% of dealers selling 50 more in past year. (50: 27)

(8) **Interviews of arrestees**

(a) 13% of 4000 interviewed arrestees indicated that they had stolen a gun (243: 2)

(b) 13% of 7000 arrestees indicated they had stolen a gun (248: 3)

(9) **Survey of inmates**

(a) 1991 survey of inmates, 9% of those who possessed firearm had acquired it through theft. Of all inmates 10% had stolen a firearm and 11% had sold or traded stolen guns (249: 3)

(10) **Other**

(a) Project identification reported that 6% of confiscated guns had been stolen (11: 102)

(b) Later study in April 1976 of handguns found 22% stolen (11: 102)

(c) Other studies reveal about 20% of firearms confiscated are stolen (11: 103)

(d) Operation snapshot: 2% of dealers had thefts (15: 4a)

(e) Crime Guns in Southern California 1994: Gun thefts are a significant source of trafficked firearms. 4% of guns in southern CA 1994 study

were stolen (20: 24)

(f) While no precise estimates are available it is safe to say that more than 500,000 handguns are stolen each year (22: 81)

(g) Police Foundation estimated in 1991 that between 300,000 to 600,000 guns were stolen (22: 81)

(h) Gun Violence Reduction: National .... Strategy (2000): Theft is a significant source of illegally trafficked guns. ½ guns are stolen each year. Thefts from licensed dealers is a significant problem and potential source for illegally trafficked guns. In 1998 and 1999 FFLs filed reports on over 5000 losses involving 27,287 guns. Must report but do not have to take inventory (60: 33)

(i) Study from 1973 to 1975 of interstate firearms thefts showed increase of reports to 10,000 guns and over 1200 reports with only 10% recovered (4:385)

(11) **Issues with studying**

(a) Over reporting and under reporting are issues with data (11: 102)

iii. **Steps to stop**

(1) 1973 interstate firearm theft program expanded nationwide to encourage terminal transport managers through posters to warn against interstate transfer of guns leading to 49 investigations (4: 1942)

(2) Stolen Firearms Program: seeks to reduce thefts of firearms from FFLs and interstate carriers - collecting and analyzing FFL and interstate carrier theft information (32c: 6)

f. **Individual to individual sales (secondary market)** (4: 331).

i. **Generally**

(1) Does not check other (4: 2610) (4: 2613) Private seller not required to obtain identification from the purchaser nor does the purchaser have to certify that he is not a prohibited person (5: 1581)

ii. **Frequency**

(1) When ATF surveyed career criminals of where they got their firearms 34% responded that it was from criminal acts or associates. 6% said gun shows (16: 31)

(2) Family and friends play a key role in supplying proscribed individuals with firearms. 38% of high school students and 61% of inner city students obtain their most recent gun from friends or family. For criminals, friends and families are also important sources of guns. 36% of delinquent youths and 44% of adult prisoners said that they got their most recent gun from a friend or family member (22: 87-88)

g. **Smuggling** (4: 331)

i. **Generally**

(1) Not that big of problem given it goes the other way (4: 2610).

ii. **Relation to military personnel**

(1) It is impossible to estimate including those brought in by servicemen from combat zones (5: 1582)

iii. **Low/high enforcement distribution**

(1) Crime Guns in Southern California 1994: Unlicenced dealers use strawman purchasers for multiple sales in low enforcement areas which are then smuggled to area of higher enforcement (20: 16)

iv. **Relation of obliterated sales**

(1) High percentage of obliterated serial numbers were originally purchased as part of multiple sale and then trafficked (26: 9)

6. **Factors characterizing diversion**
   a. **Use of multiple channels**
      i. **Generally single pathway.**
         (1) Following the Gun 2000 (July 1996 to December 1998, 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): In most firearms trafficking investigations, ATF agents uncovered only one pathway through which guns were diverted or trafficked - 80.8 percent (51: 14)
      ii. **FFLs often involve multiple channels.**
         (1) Following the Gun 2000 (July 1996 to December 1998, 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Firearms investigations involving FFLs often involved a mixture of channels including 31 percent gun shows, 28 percent straw purchases and 12 percent unlicenced dealers (51: 14)
         (2) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce) Number of investigations involving FFL alone 36.1% versus multiple channels 63.0% (51: 14)
   b. **Small percent of dealers are source of nearly half of crime guns**
      i. **Generally**
         (1) A small number of FFLs account for a large proportion of the firearms traced (50: 23-24)
         (2) Schumer's report and others - followup study to test hypothesis that trace volume merely reflects sales volume and larger dealers will have more. Results indicate that a small minority of firearms dealers are associated with more handguns traced than would be predicted by their sales volume and these account for a substantial majority of all traced guns (54: 567) (242a)
      ii. **Indicators**
         (1) **Trafficking study**
            (a) A random sampling of the first six months of National Firearms Trafficking Strategy information: problem is concentrated 60% of successfully traced guns came from 1% of FFLs' (30:15)
            (b) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): violations reported for FFL - failure to keep records 48.9%, transfers to prohibited persons 26.3%, NFA weapons possession 24.8%, straw purchasing 24.1%, dealing without license 18.8%, False entries 18.8%, illegal out of state transfer 15.8%, purchase, possession sales by felon 12.0%, (51: 29)
         (2) **Traces**
            (a) **1988 - 95**
               (i) In review of 1988 to 1995 LA traces (5002), large commercial outlets exert an unmistakable influence with the top ten retailers accounting for 45% of the 1363 guns that were traced to a CA dealer (35: 230)
               (ii) In review of 1988 to 1995 LA traces (5002), while a lesser number, hybrid and home based licensees seemed responsible for a some what disproportionate share of crime guns as they comprised 14 percent of retailers but were associated with 17 percent of recoveries (35: 230)
            (b) **1995**
               (i) 1995 study concluded that a small percentage of licensees

were associated with a high volume of the total number of crime guns traced in 1994 to active dealers and affirmed time to crime as a potential indicator of firearms trafficking (50: 21)

(ii) Less than one half of 1 percent of gun dealers were to account for nearly 50 percent of all guns traced by ATF in a 1995 study (35: 235)

(c) **1998**

(i) Schumer's Report: A few bad apples.... shows that 1160 dealers or approximately one percent of the more than 100,000 FFLs were the source of 34,626 crime guns in 1998. That is 45% of the guns used in crimes last year and successfully traced (45: 1).

(ii) Schumer's Report: A few bad apples... shows that 137 guns stores sold more than 50 guns used in crimes. These dealers represented only 1/10 of one percent, but were the source of more than 13,000 guns of the 77,010 guns traced (45:1)

(iii) Schumer's Report: A few bad apples... shows that a pattern where the same few gun dealers show up year after year. Of the 137 gun stores which sold more that 50 crime guns in 1998, 70% also sold more than 50 crime guns in 1997 and 40% more than 50 crime guns over a 3 year period. From 1996 to 98 these 137 stores were the source of 34631 guns or an average of 250 crimes per dealer (45:1)

(iv) ATF's tracing data has shown that a small number of dealers account for a large proportion of the firearms traced from crimes. Just 1.2 percent of dealers - 1020 of the approx 83,200 licensed retail dealers and pawnbrokers account for over 57 percent of the crime guns traced to current dealers in 1998. And just over 450 dealers in 1998 had 10 or more crime guns with time to crime of three years or less (50: 2)

(v) Gun Violence Reduction: National .... Strategy (2000): Recent tracing analysis shows that just 1.2 percent of dealers 1020 of the approximately 83,200 retail and pawnbroker FFLs account for over 57% of crime guns traced in 1998 (60: 28-29)

c. **"New guns" hypothesis**

i. **Generally**

(1) "Time to crime" hypothesis is that a disproportionate amount of confiscated guns have been in circulation for a relatively short period time (7)

(2) New guns are confiscated at higher rates than older handguns (7: 95))

(3) New guns flow into street circulation than older guns. New gun market is more efficient than private party sales of older guns and theft from owners (7: 103)

(4) Attrition rates may be one explanation but cannot totally account for pattern (7: 103)

(5) Nevertheless the overall findings seems to hold: Despite the long, useful life of most handguns, the handguns that police are confiscating are relatively new (11: 99)

(6) If handguns used in crime were predominantly stolen or supplied by an illegal market operating independently of the legal or primary market, such guns could be expected to be a random sample of the entire gun stock, it is hardly plausible to suggest that criminals deliberately steal new guns (36: 7)

(7) Several studies also confirm that crime guns tend to be relatively "young" guns.

About ½ of all confiscated handguns prove to have been manufactured in the previous 3-5 years (36: 7).

(8) Criminals as well as law abiding consumers have demonstrated a preference for new large caliber handguns (35: 224)

(9) Boston: More than 25 percent of the pistols recovered from youths were less than 2 years old, nearly half of these had been recovered within 6 months of initial retail sale (33: 1)

ii. **Indicators**

(1) **Tracing**

(a) **Undated**

(i) ATF tracing 76,260 guns confirm that illegal trafficking is occurring in new guns - those recovered by law enforcement with a relatively short period of time after first retail sale by FFLs. These guns accounted for 25 and 36 percent of juvenile crime guns, 32 and 49 percent of youth and between 27 and 40 percent of adult crime guns (39: 4)

(ii) ATF trace analysis in 27 cities suggest that up to 43 percent of traced firearms are new guns that have moved rapidly from the shelf of an FFL to recovery in 3 years (51: 25)

(iii) 39% of handguns traced to crime sold commercially within past 3 years (324: 269)

(iv) Project identification provided some information that then was further analyzed and revealed in all 74 percent of the NY crime handguns and 60 percent of the Philadelphia handguns were less than four years old (11: 97)

(v) ATF estimates that new crime guns comprise between 25 percent and 46 percent of the firearms recovered (26: 8)

(b) **1988-95**

(i) In review of 1988 to 1995 LA traces (5002), a third of pistols were seized within one year and more than ½ within 2 years (35: 229)

(c) **1989-97**

(i) Examination of ATF trace data found that 39 percent of all handguns traced in 1989-97 period were sold within three years or less of the crime. In New York, 54 percent of all handguns and 61 percent of semiauto pistols used in crime were sold within three years of the crime. Of the total handgun stock estimated to be at 65 million, only about 12 percent were sold at retail within the last 3 years (36: 6)

(d) **1994**

(i) 1/3 of 85,132 trace requests in 1994 were less than 3 years old (249: 1)

(e) **1995**

(i) Brief lag times less than 2 years were associated with less than 3 percent of the licenses, but these sources were responsible for nearly 28 percent of the traced firearms - ATF study in 1995 (35: 235)

(f) **1996-97**

(i) 1996-97 ATF Crime Gun Trace Analysis Report for Boston: Time to crime statistics for individual manufacturers guns appear faster for youth (27: 10-11)

(ii) 1996-97 ATF Crime Gun Trace Analysis Report for Salinas:

Time to crime statistics for individual manufacturers guns appear (28: 10-11)

(iii) 1996-97 ATF Crime Gun Trace Analysis Report for Inglewood: Time to crime statistics provided (29: 11)

(g) **1997-98**

(i) ATF's tracing data has shown that a small number of dealers account for a large proportion of the firearms traced from crimes. Just 1.2 percent of dealers - 1020 of the approx 83,200 licensed retail dealers and pawnbrokers account for over 57 percent of the crime guns traced to current dealers in 1998. And just over 450 dealers in 1998 had 10 or more crime guns with time to crime of three years or less (50: 2)

(ii) 1997-98 LA trace analysis - provides information (41:10)

(iii) 1997-98 Salinas trace analysis - provides information (42:13)

(iv) 1997-98 Inglewood CA trace analysis - information provided (43:2)

(v) 1997-98 Boston MA trace analysis - information provided (44:2)

(vi) 43% of handguns recovered nationwide between 8/1/97 and 7/31/98 were traced as part of a criminal investigation were sold in the primary market within the previous 3 years suggesting guns trafficked for illegal use (324:269)

(h) **1999**

(i) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: many crime guns were recovered soon after their initial purchase 5.7 years median. To the investigator, the short time from retail sale to crime suggests illegal diversion or criminal intent associated with the retail purchase. 15 percent recovered within 1 years, 32% within 3 years (55: ix)

(ii) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: Short time to crime indicates that many offenses involve new guns - 32 percent recovered in 1999 were purchased in 1996 or latter, 40% recovered from youth purchased in 96 or latter (55: ix)

(iii) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: the 37 million firearms that entered the market in US during 93-99 make up only 17 percent of the total stock of 37 million guns in civilian hands, however those new guns account for more than half of all crime guns traced in report . This finding confirms investigators experience that illegal division is a significant aspect of gun crime (55: ix)

(iv) 1999 Boston Crime Gun Trace Report involving 611 traces: 22% or crime guns had a time to crime of less than 3 years, 11 percent had a time to crime of a year or less. (56: 7)

(v) 1999 LA Crime Gun Trace Report involving 4453 traces: 20 percent of crime guns had a time to crime of less than 3 years, 8% had a time to crime of a year or less (57: 7)

(vi) 1999 Oakland Crime Gun Trace Report involving 325 traces: 22 percent of crime guns had a time to crime of less than 3 years and 9% within 1 year or less (58: 7)

(2) **Trafficking investigations**

(a) Review of illegal trafficking investigation involving juveniles and

youth: both new and older firearms are trafficked - 3/4 of guns were new, ½ used and 1/3 involved both new and used (40: 5)

(b) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): This review shows that 24.9% investigations had stolen firearms (51: 29)

(3) **Other sources**

(a) Schumer's study 1999 also showed that one in 3 guns traced back to the high crime dealers 140, were recovered in a crime within one year of the gun being sold and ½ were traced to crimes within 2 years of the original sale - strong evidence that many are trafficked (46: 1)

(b) 1995 study concluded that a small percentage of licensees were associated with a high volume of the total number of crime guns traced in 1994 to active dealers and affirmed time to crime as a potential indicator of firearms trafficking (50: 21)

(c) Time to crime trace analysis enables to focus on FFLs or buyers associated with newer crime guns. These guns are less likely to have changed hands - their sources are more easily identified. Average time to crime is about 6 years, but in up to ½ of all traced crime guns in 1998 for 27 communities involving 18-24 year olds, guns were recovered in 3 or less years (50: 25)

(d) Data for Hamilton case: 24% (600,000) of handguns sold in 1989 estimated to be involved in crime before 1997. 19.7% of guns sold in 1993 (760,000) were used in crime before the end of 1997 (324:269)

(e) A random sampling of the first six months of National Firearms Trafficking Strategy information: rapid time to crime observed in that 27.7% of 120,370 crime guns examined in 1994 were seized within 2 years of original sale (30:15)

d. **Multiple sales and diversion**

i. **Defined**

(1) Multiple sales defined by ATF as 2 or more handguns to an unlicenced person within a 5 day period (324: 269)

ii. **Indication of illicit intent**

(1) Buying patterns of purchaser can be accessed through query and can see multiple purchases. Odds: How many people do you know that buy 10 copies of the same anything? (32b: 5)

(2) Tracing protocol to analyze if traced gun was part of a multiple gun sale - a clear indication of firearms trafficking (32c: 8)

(3) Indications of potential trafficking - new 21 making multiple handgun purchases or person in their late 70-80's (32j: 2)

(4) ATF Performance report tracing 76,260 guns shows that the most important factoring leading to trafficking investigations involving juveniles and youths was analysis of trace and multiple sales records (39: 4)

(5) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: the acquisition of handguns in multiple sales can be an important trafficking indicator. Handguns sold in multiple sales reported accounted for 22 percent of all handguns sold and traced in 1999 (55: x)

(6) Chicago study of 100 dealer compliance audits of multiple sales records revealed that 58% of all handgun purchases appeared to violate the Act as compared to 1 percent of other transactions. (9: 29)

iii. **Average number of guns purchased**

(1) Study in Greenville project in 1974 to find out who was purchasing guns

showed that average number of guns purchased in looking at 17 dealers was 12 handguns per purchaser of which 10% of purchasers had arrest records. NOTE: 1974 (4: 387) (4:1937)

(2) Project Identification reveals that purchasers of crime guns often acquire them in large lots (9: 28)

(3) Project 300: 24% of the individual first retail purchasers of crime handguns bought more than one (9: 29)

(4) Chart showing guns sold in multiple sales and the number of transactions e.g. Houston 7959/3344 versus Los Angeles 4/1. (32b: 5)

(5) Operation snapshot: 7% of dealers inspected had multiple gun sales to the same person during a 5 day period (15: 4a)

(6) Greenville project: 34 percent of the weapons sold were purchased by 15 percent of the total purchasers (9: 29)

(7) Crime Gun Analyst Branch - news on traces indicating multiple purchase (32c: 7)

(8) Often multiple sales can be large in volume (324: 269)

iv. **Regulations and their effect**

(1) Although recorded there is no preclusion of sale (324: 269)

(2) Discussion of ATF requirements on multiple sales forms and copy of form (32h)

(3) In 1993 state of VA restricted handgun purchases to one handgun per person per month. An evaluation of the law's impact on interstate gun trafficking revealed that VA supplied a significantly smaller percentage of crime guns recovered in the NE of the US that had been purchased after the law took effect when compared to the percentage of recovered guns prior to law (31: 12)

v. **Multiple sales and strawman purchases**

(1) Unlicenced dealers use strawman purchasers for multiple sales Crime Guns in Southern California 1994 (20: 16)

(2) Multiple sales in CA study: 82.1% were 2 or more guns. Crime Guns in Southern California 1994 (20: 17)

vi. **Multiple sales and obliterated serial numbers**

(1) High percentage of obliterated serial numbers were originally purchased as part of multiple sale and then trafficked (26: 9)

(2) A large percentage of obliterate serial numbers have been obtained through multiple sales (32d: 2)

(3) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: Obliteration is a trafficking indicator. Among handguns traced in 1999 and purchased in 1999, those with obliterate serial numbers were 2.3 times more likely that those without obliterated serial numbers to have been acquired in a multiple sale (55: x)

e. **Regulatory unevenness and diversion**

i. **General**

(1) Weakness of prior Acts as contributing (9: 15)

(2) Unevenness of regulations that result in trafficking across state and localities (324: 269) (4: 1032)

ii. **Incidence of purchases out of state**

(1) In the 1960s it was estimated that 87 percent of all firearms used in MS crime had been purchased in other states (6)

iii. **Purchase in state negatively related to degree of regulation**

(1) Project identification: percentage of crime guns purchased interstate was directly proportional to the degree of local handgun control (8: highlights) (11: 82)

(2) Nationwide 51 percent of traced guns were last sold at retail in a different state from that in which the crime was committed according to ATF trace data from 1989-1997 (36: 7).

iv. **Flow of firearms from least restrictive to more restrictive**

(1) Further analysis reveals flow of firearms continues from least restrictive to more restrictive states (11: 91)

(2) Expert opinion: Stewart report: BATF documents and analysis indicate that guns used in crimes in NY disproportionately originate in states with relatively lax gun laws (98: 3710)

(3) Crime Guns in Southern California 1994: Unlicenced dealers use strawman purchasers for multiple sales in low enforcement areas which are then smuggled to area of higher enforcement (20: 16)

(4) Crime Guns in Southern California 1994: CA is a strong law state with strict registration laws but Nevada and Arizona are not. They impose only Brady waiting period. Many recovered guns in CA project 30% were traced to other states (20: 22)

(5) **Indicators**

(a) **Trace**

(i) **1988-95**

1) In review of 1988 to 1995 LA traces (5002), nineteen percent were obtained out of state. (35: 229)

(ii) **1989-97**

1) According to ATF trace data from 1989-97, In NY 90 percent of the handguns used in crimes in NY are purchased from dealers outside NY. In Florida less than 31 percent are from out of state. Florida, Virginia, Ohio, Texas and Georgia are key source states. (36: 8)

2) Handguns are smuggled from states with lax gun control laws to states with tight gun control laws according to ATF trace data from 1989-97 (36: 8)

3) Nearly half 45.3% of the weapons for whom dealer information are available were last traced to an individual dealer in the southeast. Study of 1407 traced weapons in connection with homicides in NY state between 1989 and 1997 (38a: 2)

(iii) **1993-96**

1) In a followup study to a prior study of 1407 traced weapons in NY state, 698 hand gun traces between 93 and 96 in connection with homicides showed findings consistent with earlier findings - nearly half of the weapons traced were sold in the southeast (38b: 2)

(iv) **1996-97**

1) 1996-97 ATF Crime Gun Trace Analysis Report for Boston: 30.22% of guns successfully traced in Boston were from MS, remaining were from other states. (27: 13)

2) 1996-97 ATF Crime Gun Trace Analysis Report for Salinas: 66.01% of guns successfully traced in Salinas were from CA, remaining from other states (28: 13)

3) 1996-97 ATF Crime Gun Trace Analysis Report for Inglewood: 67.09% of guns successfully traced in Inglewood were from CA, remaining from other sources (29: 13)

(v) **1997-98**

1) 1997-98 LA trace analysis - source states provided - 71.7% CA (41:2)
2) 1997-98 Salinas trace analysis - source states provided - 67.2 CA (42:13)
3) 1997-98 Inglewood CA trace analysis - source state provided - 64.8% from CA (43:2)
4) 1997-98 Boston MA trace analysis - source state provided - 29.0% from MA (44:2)

(vi) **1999**

1) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: Obliteration is a trafficking indicator. About 62 percent of crime guns were first purchased from FFLs in the state in which the guns were recovered (55: xi)
2) 1999 Boston Crime Gun Trace Report involving 611 traces: MA source of 40%. 12% sourced in nearby New England states and 20% from GA, FL, VA, AL, NC (56: 8)
3) 1999 LA Crime Gun Trace Report involving 4453 traces: 76% sources in LA, 7 percent nearby states of AX, NV and OR, 5% from TX, FL and LA (57: 8)
4) 1999 Oakland Crime Gun Trace Report involving 325 traces: 65 percent in CA, 8% from AX , OR and NV (58: 8)

(vii) **Undated**

1) Schumer's Report: A few bad apples... many of the worst dealers selling crime guns are located in state that have weak gun laws like GA, FL, IN and Ohio (45: 1)
2) Most crime guns analyzed in the Trace Reports were first sold at retail in the same stated in which they were recovered (39: 5)
3) In a recent national study, 54 to 77 percent of successfully traced guns were purchased by residents of the state where the recovery took place (35: 229)
4) Cited study conclusion: Handguns confiscated and traced are often found to have crossed state lines before having been used in a criminal incident. This is especially true of guns confiscated in jurisdictions with relatively more restrictive gun regulations. (36: 9)

(b) **Sales higher than ownership as reported by consumers - indication of outflow.**

(i) Using ATF data, we observed that the actual sales as reported by distributors were significantly higher than ownership as reported by gun consumers in the Smith and Wesson surveys or as derived from GSS data - suggesting that gun sales in

source states exceed legitimate demand in those states. This data also suggested that handguns used in crime were smuggled from states with high levels of oversupply to other states (36: 12-13)

(c) **ATF data**

(i) Guns used in crimes are most likely to come from just a few states with relatively weak gun control laws... When neighboring states have different approaches to firearms regulation, the state with lax laws floods its stricter neighbor with guns that are used in crimes (36: 9)

(ii) Using ATF data, the relationship between the number of handguns used in crime in the destination state that originated in the source state and the relative strength of gun laws between the paired states was highly significant .

(d) **Criminal reports:**

(i) These inmates in FL were unusually likely to have gotten their handguns from retail sources, probably because of FL weak controls over retail gun purchases. In other states where purchase controls are generally somewhat stricter, more criminals use nonretail sources. In their 10-state prisoner survey, Wright and Rossi 1986, found that only 16% of handgun owning felons had purchased their most recent handgun from a retail outlet compared to 33% among the Florida handgun killers (36: 9)

(e) **Other**

(i) A random sampling of the first six months of National Firearms Trafficking Strategy information: source most likely within state, uneven regulation contributing to problem, (30:15)

(ii) Traffic Stop: How the Brady Act Disrupts Interstate Gun Trafficking 1997: Interstate trafficking occurs in part because of the disparity in state laws governing the sale of firearms. As a result, prices are lower in less stringent law areas. Change in disparity can have an impact on trafficking. Study of differences before and after Brady Act - states that did not have background checks for handguns prior to Brady became less important sources for guns after Brady Act requiring mandatory background check. (31: intro). This study provides additional evidence that federal gun control laws can be effective tool in combating illegal gun trafficking (31: 11)

v. **Price implications of uneven laws**

(1) Price differences in states: Interstate gun trafficking occurs in part because of the disparity in state laws governing gun sales. As a result, the illegal market price of firearms in localities with restrictive gun laws is significantly greater than the retail price for the same types of guns purchased in states in which laws are less stringent (36: 10)

vi. **Strengthening laws can affect flow**

(1) One recent study showed how changes in one state's laws dramatically affected the illegal handgun market in other states. In 1993, VA implemented a law limiting buyers to no more than one handgun purchase per month. VA had long had relatively lax handgun laws and had been a principle source of firearms. The study showed that after implementation of this new law restricting multiple

purchases, the percentage of guns from VA confiscated in NY and other cities dropped from 34.8% to 15.5%. (36: 10)

(2) Gun Control Act of 1968 did not produce any measurable change in the migration of handguns from loose control to tight control jurisdictions (6: 191)

vii. **States as major source**

(1) ATF Project I. In which South Carolina was identified as a major source of guns for northern states (4: 1944-45)

f. **Geography and diversion**

(1) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Regional variation suggest that the markets operate differently depending on geography. For instance, straw purchasing was involved in almost 2/3 of the investigations in the NE, but closer to a quarter in the SW and W regions. Need additional information (51: 42)

(2) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: 16 cities, the crime guns were originally purchased in significant numbers at FFLs in Atlanta, Baltimore, NY , Memphis and others. Two large patterns emerged. The most significant interstate pattern is a south north pattern along the east coast with crime guns purchased in the south and recovered in DC, Baltimore, Philadelphia and NY. Also a central south north pattern with guns sold in the south being recovered in Memphis, St. Louis and especially Chicago **(55: xi)**

g. **Price and diversion**

i. **Generally**

(1) 1975 study suggested that price is not a significant factor (11: 146)

(2) Further analysis reveals that the least expensive firearms are the most trafficked (11:89)

ii. **Price implications of uneven laws**

(1) Price differences in states: Interstate gun trafficking occurs in part because of the disparity in state laws governing gun sales. As a result, the illegal market price of firearms in localities with restrictive gun laws is significantly greater than the retail price for the same types of guns purchased in states in which laws are less stringent (36: 10)

h. **Obliterated serial numbers and diversion**

i. **Generally**

(1) Gun Violence Reduction: National .... Strategy (2000): The intentional obliteration of serial number poses a serious and growing threat to illegal supply interdiction measures based on tracing (60: 38)

ii. **Methods**

(1) Some traffickers use the same method to obliterate the serial number and can be tracked using Project _E-Lead - drill, hammer, grinding wheel (32d: 3)

iii. **Who obliterates**

(1) Obliterations hold special appeal for two classes of persons .... criminals who acquire guns directly from gun stores and corrupt licensees who sell guns without keeping records (35: 236)

iv. **Indicator of intent**

(1) There is only one possible reason why anyone would choose to obliterate the serial number on a gun - to commit a crime with it and to make it more difficult to trace. Mere presence is indicator of intent to traffic (32d: 1)

(2) When able to restore obliterated serial numbers, more than 90% of the time involved in illegal trafficking (32d: 2)

v. **Frequency**

(1) **Generally**

(a) Depending on geography between 9 and 20 percent of all firearms recovered by law enforcement have obliterated serial numbers (32d: 2)

(b) Boston: 20 percent of the guns recovered had obliterated serial numbers (33: 1)

(2) **Trace**

(a) **Undated**

(i) For the eight cities included in the ATF tracing 76,260 guns where there was a special effort made to collect complete crime gun trace data, an average of 11.4% of traced handguns had obliterated serial numbers (39: 5)

(b) **1997-98**

(i) 1997-98 LA trace analysis - .6% juvenile, .7% youth and 2.0% adult with obliterated serial number (41:14-15)

(ii) 1997-98 Salinas trace analysis - 0% juvenile, 3.8% youth and 4.0% adult with obliterate serial numbers (42:14-15)

(iii) 1997-98 Boston MA trace analysis - 7.7% juvenile, 27.2% youth and 11.4% adult (44:2)

(c) **1999**

(i) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: Obliteration is a trafficking indicator. Among handguns traced in 1999 and purchased in 1999, those with obliterate serial numbers were 2.3 times more likely that those without obliterated serial numbers to have been acquired in a multiple sale (55: x)

(ii) 1999 Boston Crime Gun Trace Report involving 611 traces: 16 percent of handguns recovered had obliterated serial numbers and more for juvenile -- 45% of semiautomatic and 40 percent of revolvers obliterate (56: 7)

vi. **Obliterated serial numbers and multiple sales**

(1) A large percentage of obliterate serial numbers have been obtained through multiple sales (32d: 2)

7. **Economic gain to manufacturers from diversion**

a. **Manufacturers targeting and saturation**

i. Evidence in Hamilton v. Accutek suggests that manufacturers deliberately target areas with weak gun laws for higher gun sales than can be supported by the legal marketplace, knowing that guns purchased will be trafficked into states and cities with tougher laws (324:269)

ii. Evidence in another case involving Saturday night specials concluded that marketing strategy emphasized "saturation sales in certain high-crime market areas (324: 276)

b. **Retailers incented through economic gain**

i. Gary sting operation involving agents posing as criminal and other with clean record. They were able to purchase a gun through straw person process and retailers were aware of straw purchase they still sold gun suggesting motivation was to obtain sale regardless of legality of sale (324:281)

ii. Operation Gunsmoke. Chicago agents attempted to purchase guns illegally from dealers ringing chicago with retailer knowledge and retailers completed the sale illustrating that dealers are dishonest and desire economic gain from sale over crime (324:279-80)

RECOGNITION AND ACKNOWLEDGMENT OF THE FIREARM DIVERSION PROBLEM

(Industry related sources that have acknowledged diversion problem)

8. **Manufacturers and representatives**
   a. **Manufacturer**
      i. **Smith and Wesson.**
         (1) Company (S&W past VP Robert Hass) are fully aware of the extent of the criminal misuse of firearms... and also aware. That this is not the result of stolen guns but is due to the seepage of guns into the illicit market from multiple thousands of unsupervised FFLs. In spite of their knowledge, however, the industry's position has consistently been to take no independent action to insure responsible distribution practices. I am familiar with the distribution and marketing practices of all the principle firearms manufacturers and distributors and none of them to my knowledge take additional steps beyond determining possession of a license, to investigate, screen or supervise distributors and retailers that sell their products to insure that their products are distributed responsibly (324: 278)
      ii. **Browning and Beretta**
         (1) Browning and Beretta executives similarly acknowledge that gun manufacturers have deliberately chosen not to oversee dealers, or impose controls that would help inhibit trafficking (324:278)
   b. **Manufacturer trade associations**
      i. **Proliferation of issue**
         (1) Meeting of Attorneys General and New England Handgun Industry called out of frustration the Attorneys General have "by the proliferation of crime committed with illegally obtained firearms." Naturally we concur – Richard Feldman, ASSC, Executive Director. (90)
      ii. **Importance of issue**
         (1) American Shooting Sports Coalition meeting (1990)...the most important issue to deal with at present is the legislation than may be facing us beginning on Feb 7....due to the inability of the Board to come to an agreement on the issue of screening systems and secondary sales... the legislative committee has been inactive (196: 207)
      iii. **Comprehensive approach required**
         (1) American Shooting Sports Council letter to Heston of NRA (1997). Safety devices ... "only part of a comprehensive firearm safety program which must address safe use, safe storage and basic safety awareness. (197: 3623)
   c. **Manufacturer to manufacturer interaction**
      i. Acknowledge of proliferation of guns and attempt to keep industry consensus on issues. "If we don't hang together surely we shall all hang separately". (90:3076)

9. **Retailers**
   a. **Generally**
      i. Bob Lockett. I have been told innumerable times by various manufacturers that they have no control over distribution, but recent case indicates if you do not know where and how your products are being sold you should have known or anticipated they would be illegally sold and subsequently misused. .... We are going to have to get a whole lot better and fast of being in control of our distribution channel (324: 278-9)
   b. **Bob Lockett article in Shooting Sports Retailer that also was leaked to WSJ: (3)**
      i. **Overviews abuse of gun shows**
      ii. **Describes issue for gun industry**
         (1) "I cannot begin to tell you how many federal felonies I have personally

witnessed at gun shows

iii. **Describes excuses by manufacturers that "they have no control"**
   (1) Debunks FTC anticompetition excuse

iv. **Necessity to address issue**
   (1) Five years ago such ideas were oddity, three years ago were infancy, today they are an absolute necessity"

v. **Acknowledgment of issue**
   (1) if you didn't know your product would be illegally sold and subsequently misused - YOU SHOULD HAVE KNOWN
   (2) Manufacturers, importers and distributors need to get distribution under control right now

10. **Law enforcement**

a. **Attorneys General**
   i. Meeting of Attorneys General and New England Handgun Industry called out of frustration the Attorneys General have "by the proliferation of crime committed with illegally obtained firearms." Naturally we concur – Richard Feldman, ASSC, Executive Director. (90)

b. **ATF trace investigations confirm**
   i. 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: the 37 million firearms that entered the market in US during 93-99 make up only 17 percent of the total stock of 37 million guns in civilian hands, however those new guns account for more than half of all crime guns traced in report . This finding confirms investigators experience that illegal division is a significant aspect of gun crime (55: ix)

c. **Trafficking investigations show**
   i. Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): ATF's review of recent trafficking investigations clearly demonstrates that many firearms are diverted from legal commerce through a variety of illegal channels that law enforcement agencies can target effectively to reduce criminal and juvenile access to firearms (51: 41)

11. **Criminals**

a. **Arrestees report it**
   i. The illegal firearms market has played a large role in providing arrestees with access to weapons; 45 percent of those interviewed said this was how they obtained their guns - interviews of 4000 arrestees in 1995 (243: 1)
   ii. 1995. 55% of 4000 arrestees reported it was easy to get firearms illegally and 1/3 said they could get a gun in less than one week (243: 2)
   iii. 1995. 55% of 7000 arrestees reported it was easy to get firearms illegally (248: 3)

12. **Governmental leaders**

a. **US President**
   i. Gun Dealer Licensing & Illegal Gun Trafficking: A Progress Report: Virtually all new firearms used in crime first pass through the legitimate distribution system of FFL dealers. To reduce the flow of guns to criminals and juveniles the president direct that firearms purchasers be screen more effectively, system for licensing be strengthened and compliance assured (30: intro)
   ii. Gun Dealer Licensing & Illegal Gun Trafficking: A Progress Report: President identified the ease with which criminals, the mentally deranged and children can acquire guns as a major national problem. Established specific goal of making it more difficult for guns in legitimate distribution to pass into the illegal market... (30: 1)

b. **Senators**

i. **Generally**
   (1) **Responsibility**
      (a) Common sense would dictate that we should regulate something like that it should be sold only by responsible dealers who can be easily monitored by a government agency (16: 1)
   (2) **Locus of control opinion**
      (a) Gun dealers should be a key point of control (16:5)
   (3) **Intent of law do require responsibility**
      (a) That indeed was the intent of the gun control act of 1968. That law recognized that guns are highly dangerous and it set up a system in which only licensed dealers can sell them and these dealers are subject to rules (16: 1)

ii. **Paul Simon**
   (1) Dealers must be held responsible for selling guns to individuals who are likely to commit crimes of violence

iii. **Charles Schumer**
   (1) Most of the time manufacturers know when one of their guns is used in a crime (through trace process), but they have not taken the extra step to find out from which gun store it was sold . This seems like the obvious question to ask from someone in the gun business. But if don't ask, don't tell because they don't want to know (46: 2)

13. **National report and strategy**

a. **Gun Violence Reduction**: National .... Strategy (2000): The firearms industry must do much more to design and distribute its products to be as safe as reasonably possible, so as to reduce the level of accidental gun injuries and suicides in our society. The recent agreement with Smith and Wesson includes provisions ...Other gun manufactures should be encouraged to voluntarily incorporate existing safety devices and .... to institute voluntary measures such as code of conduct for retail dealers to ensure that firearms are transferred only to persons who have the knowledge and experience to handle them safely. Such distribution controls can help significantly in the effort to reduce gun accidents and suicides (60: 39)

14. **Experts**

a. **Defendants expert opinion**
   i. **Responsibility**
      (1) Dr. Bentson agrees that firms have an obligation to produce a product that is safe (98: 3818)
   ii. **Self interest to police industry**
      (1) Dr. Bentson agrees that firms could be injured by the actions of a renegade firm including through economic costs of being misunderstood to be like a renegade company (98: 3818)

b. **Expert opinions of plaintiff**
   i. **Documented issue**
      (1) Stewart report: the existence of an underground market for guns has been documented in the record, both the daily media and in scholarly studies for a number of years. The information has been readily available to manufacturers (98: 3710)
   ii. **Creation of duty**
      (1) Stewart report: In my opinion, the knowledge of regular misuse of a product places upon the manufacturer the duty as a responsible merchandiser to implement policies, procedures and monitoring systems to curb the likelihood of misuse (98: 3710)

iii. **Failure to take steps contrary to consumer welfare and interests of owners and shareholders**

(1) Stewart report: The failure to take action to assure safe and responsible operations would not only be contrary to the welfare of consumers, but would also be contrary to the interests of owners and shareholders in an otherwise responsible firm. This view creates an obligation among members of an industry to assure that their own individual firms act responsibly and that others also do (because of reputational transfer) (98: 3819)

(2)

APPENDIX A: OVERVIEW OF FIREARM VIOLENCE

15. **Suicide**
    a. **Generally**
        i. **Number of deaths.**
            (1) Gun Violence Reduction: National .... Strategy (2000): in 1998 along firearms accidents killed 866 people nearly one third 91 or under and 17, 424 people committed suicide with guns. Suicide accounts for over ½ of all firearms related deaths. Reducing the number of gun related accidents and suicides is a crucial part of reducing firearms violence (60: 39)
        ii. **Use of firearms**
            (1) In recent years more than ½ of all suicides in US were committed with a firearm and strong evidence suggests that access to guns greatly increase the risk of suicide.. We must take steps to develop prevention strategies Gun Violence Reduction: National .... Strategy (2000): (60: 41)

16. **Crime**
    a. **Generally**
        i. **Number of violent crimes involving gun**
            (1) 1.3 million or 29% of 4.4 million violent crimes involved a gun in 1993 (249: 1)
        ii. **Death**
            (1) **Generally**
                (a) 40,000 people shot dead each year (242: 1767)
            (2) **1993**
                (a) 1993: over past two years firearms have killed 60,000 Americans more than the number of US soldiers killed in the Vietnam War
                (b) 1993: Guns involved in one of every 4 deaths among persons 15-24 (16: 63)
            (3) **1997**
                (a) 1997 more than 32,400 killed with firearms and 64,000 injured (324: 250-51)
            (4) **1998**
                (a) Gun Violence Reduction: National .... Strategy (1999): Despite progress, violence remains a national tragedy. In 1998, 30,708 people died from gun related injuries and over 1/3 of a million violent crimes were committed with firearms. Every day on average 84 people are shot and killed in the US. IN last 2 years, more than all Americans who died in nine years in Vietnam (60: executive summary 1)
        iii. **Nondeath crimes**
            (1) **Generally**
                (a) Each year more than 150,000 seriously injured (242: 1767)
            (2) **1993**
                (a) 1993: handguns terrorize more than they kill - every 24 hours, 35 handguns used in rape, 575 in robberies and 1116 in assault (16: 63)
            (3) **1997**
                (a) 1997 more than 32,400 killed with firearms and 64,000 injured (324: 250-51)
        iv. **Gun crimes as a percent of number of guns**
            (1) Knowledge not precise, but percentage suggested to be tiny. 1 out of 309 guns per year.
            (2) Estimates suggest that 1 out of 123 handguns (almost 1%) and 1 out of 1247 (almost 1/10th of a percent) are used in crime per year. NOTE: But this means

6,700,000 crimes with guns per year. About 1% of handgun ownership = gun in crime (78:0395)

v. **Public costs**

(1) Public property injury, medical care, policy emergency room, security at schools and public buildings, coroner and funeral services, pensions, disability benefits, prison costs, youth intervention, tax revenues, declining real estate (324: 251)

(2) Cost are exceptionally high for tax-paying public (324:252)

(3) Costs exceeding 1 million for a single shooting (324:252)

(4) Lost earnings nationally in 1973 estimated to be 1.4 billion in 1965 dollars (5: 1521)

(5) Minimum financial costs in 1973 nationally to be 1.6 billion in the US (5: 1521)

(6) Costs to person, family, medical costs, insurance (98: 3819)

vi. **Trends**

(1) Gun Violence Reduction: National .... Strategy (1999): We have begun to sem the tide of gun violence. Between 92 and 98 violent crime with firearms fell 35 percent and gun related homicides declined 36 percent. Handgun crimes fell over 50 between 93 and 98. Nevertheless we are a long way away from ridding America of the scourge of firearms violence (60: executive summary 1)

b. **Type of guns most often used in crimes**

i. **Most crime weapons are nonassault weapons**. Studies suggest that low number of "assault weapons" (note definition includes automatic, but goes beyond this) are involved in crimes For example,1991 study by US Department of Justice survey of 210,000 inmates convicted of violent crimes concluded less than 1% of all violent inmates used military style guns in commission of crimes (78:0385).

ii. **Handguns are preferred**

(1) **Generally**

(a) The following analysis of the types of firearms involved in police confiscations in nine cities as a first effort to identify the type of firearms most commonly used in crimes. The majority of the firearms included in the city confiscation samples were handguns - 81.8% of the total. (11: 43)

(b) For gun crimes, eight out of ten and for youths and juveniles and 7 out of ten for adults are handguns (26: 7)

(c) A random sampling of the first six months of National Firearms Trafficking Strategy information: handguns are preferred, source (30:15)

(d) Most of the crime guns analyzed in the ATF Performance report tracing 76,260 guns were handguns - 81 percent (39: 5)

(2) **1993**

(a) In 1993, 1.1 million violent crimes committed with handguns (31: 11)

(3) **1994**

(a) 3/4 of 85,132 trace requests in 1994 involved handguns (249: 1)

(4) **1997-98**

(a) 1997-98 LA trace analysis - 77.9% involved handguns (41:3)

(b) 1997-98 Salinas trace analysis - 70% involved handguns (42:3)

(c) 1997-98 Inglewood CA trace analysis - 77.0% involved handguns (43:3)

(d) 1997-98 Boston MA trace analysis - 78% involved handguns (44:3)

(5) **1999**

(a) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: handguns comprised 78% of all traced crime guns (55: x)

(b) 1999 Boston Crime Gun Trace Report involving 611 traces: 73 percent

involved handguns (56: 8)

(c) 1999 LA Crime Gun Trace Report involving 4453 traces: 72 percent handguns (57: 7)

(d) 1999 Oakland Crime Gun Trace Report involving 325 traces: 75% handguns (58: 7)

iii. **9mm handguns are preferred gun of choice**

(1) **Generally**

(a) Semiautomatic 9mm pistols are crime guns of choice. Analysis of the ATF trace data reveals clearly that 9mm semiauto pistols are the guns of choice for criminals in NY and the country as a whole. (36: 15)

(b) Data show that 9mm semiauto pistols are used more than twice as often as any other handgun in NY homicides (36: 15)

(c) Three fourths of the inmates studied and 2/3 of the students who owned handguns possessed large caliber with the 9 mm showing up as the most popular caliber of all (36: 15)

(d) **Manufactures have expanded production of 9mm over time**

(i) Manufacturer have expanded production of 9mm handguns over the past decade - rising 935% between 1980 and 1994 while overall production of handguns increased by only 10%. Between 1992 and 1994 production of 9mm pistols more than doubled while total production increased by 29% (36: 16)

(2) **1980-1994**

(a) 9mm account for only 12 percent of all guns sold between 1980 and 1994, but account for nearly 32 percent of homicides in NY (36: 15)

(3) **1989-97**

(a) The most common caliber weapon was the 9mm based on study of 1407 traced weapons in connection with homicides in NY state between 1989 and 1997. (38a: 2)

(4) **1999**

(a) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: Four handgun types made up 62 percent of all handguns traced - 9mm semiautomatic pistols at top of list at 23 percent (55: x)

iv. **Semiautomatic: disproportionate amount of semiautomatic guns used in crime**

(1) **Generally**

(a) 47 percent of adult crime guns are semiautomatics (for youth percentage higher 61 and 58 percent) (26: 7)

(2) **1999**

(a) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: semiautomatics accounted for 50% of all traced crime guns (55: x)

(b) 1999 Boston Crime Gun Trace Report involving 611 traces: 44 percent of crime guns were semiautomatic with higher numbers for youth 56% and juveniles 51 percent and lower for adult 39 percent (56: 8)

(c) 1999 LA Crime Gun Trace Report involving 4453 traces: semiautomatic pistols comprised 46% and revolvers 25% (57: 7)

(d) 1999 Oakland Crime Gun Trace Report involving 325 traces: semiautomatic pistols comprises 45% with revolvers at 29% (58: 7)

v. **Manufacturers and caliber**

(1) Concentrated in a few kinds of firearm manufacturer and caliber (26: 8)

c. **Age distribution and crime**

i. **Adults versus youth and juvenile**

(1) **Generally**

(a) Most crime guns are obtained from adults 55%. But 45% youth and

juvenile still significant number (26: 7)

(b) Youth more likely to be handguns than adult. 80% are handguns for youth compared to 70% for adults (26: 7)

(c) Gun Violence Reduction: National .... Strategy (2000): between 1980 and 1997 nearly 3 out of 4 homicides by juveniles 12 and older were committed with a firearm. One out of four murders of juveniles involves a juvenile (60: 32)

(2) **Trace analysis**

(a) **Generally**

(i) Gun Violence Reduction: National .... Strategy (2000): between 1980 and 1997 1 out of 10 traced guns are recovered from a person under 18 (60: 32)

(b) **1996-97**

(i) 1996-97 ATF Crime Gun Trace Analysis Report for Boston: Of 1020 requests for traces, 39.10 of the 335 of whose age could be determined, were youth and 14.03% were juvenile (27: 3)

(ii) 1996-97 ATF Crime Gun Trace Analysis Report for Salinas: Of 1510 requests for traces, 70.53 could be identified, date of birth known for 27.75%, 28.54 were youth and 10.27 were juvenile (28: 2)

(iii) 1996-97 ATF Crime Gun Trace Analysis Report for Inglewood: Of 126 requests for traces, 73.02% could be identified, date of birth known for 66.67% (29: 1)

(c) **1997-98**

(i) 1997-98 LA trace analysis - 13.4% juvenile, 34.8% youth and 51.7% adult (41:2)

(ii) 1997-98 Salinas trace analysis - 4.1% juvenile, 27.7% youth and 68.2% adult (42:2)

(iii) 1997-98 Inglewood CA trace analysis - 13.5% juvenile, 32.4% youth and 54.1% adult (43:2)

(iv) 1997-98 Boston MA trace analysis - 11.1% juvenile, 41.0% youth and 48.0% adult (43:2)

(d) **1999**

(i) 1999 Crime Gun Trace Report involving 64,637 traces from 32 cities: 9% of crime guns recovered from juveniles, 34% from youth and 57% from adults (55: ix)

(ii) 1999 Boston Crime Gun Trace Report involving 611 traces: 15% associated with juveniles, 46% with youth and 39% with adults (56: 7)

(iii) 1999 LA Crime Gun Trace Report involving 4453 traces: 9 percent juveniles, 28% youths and 64% adults (57: 7)

(iv) 1999 Oakland Crime Gun Trace Report involving 325 traces: less than 1% juveniles, 32% youth and 67% adults (58: 7)

ii. **Youth (18-24) and juvenile (17 and under)**

(1) **Generally**

(a) 18-20 age group report (1999): 18, 19 and 20 year olds ranked first, second and third in the number of gun homicides committed in 1997. Of all gun homicides, 24% committed by 18-20 years old. Obtain their guns from a variety of sources including FFL, unregulated sellers and private transfers in secondary market and illegal market and from inadequately secured firearms (48: 2)

(b) Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): Youth and juveniles involved in 42% of the investigations (51: 19)

(2) **Youth and new guns**

(a) Boston Gun Project: Youthful offenders prefer quicker time to crime guns suggesting the relative importance of new weapons. The discovery that youth want and obtain newer guns diminishes the single strongest reason for thinking that there is no utility in intervening in the illicit market. (25: 176)

(3) **Youth and diversion**

(a) Sheley and Wright findings that diversion from retail sources does not constitute a problem may incorrect. Frames, age groups, city specific circumstances and categorization procedures e.g. straw purchasers not assigned to a particular category. Based on their own findings, however, it seems unreasonable to conclude that attention to retail diversion would be fruitless because juveniles rarely obtain from customary outlets. This true only if obtain is interpreted in the narrowest sense (25: 177-178)

(4) **Traces**

(a) Trace crime guns recovered from juveniles comprised over 11 percent of the traces in ATF tracing 76,260 guns (39: 6)

(b) Crime guns recovered from youth comprised over 32 percent of the trace requests analyzed in the ATF tracing 76,260 guns (39: 6)

(5) **Trends**

(a) Rise in murders of juveniles between 1984 and 1993 was all firearm related, as was the subsequent decline (52: 2)

d. **Ownership and crime**

i. Research suggests that the level of gun violence may be related to the level of gun ownership (21: 3). Risk level for homicide in Seattle versus Vancouver (where restrictions on ownership 4.8 times higher (21: 2-3)

e. **Ease and immediacy of access and crime**

i. Easy or immediate access to firearms may have a direct effect on the incidents of firearms violence in the case of assault (21:3)

APPENDIX B: OVERVIEW OF LAW AND REGULATION

17. **Sources of information**
    a. **2000 Reference Guide** (191)
    b. **Overview of laws** (6) (9: 8)

18. **Key acts and laws**
    a. **National Firearms Act (1934)**
        i. **Assault firearms and regulation** (78:0382)
            (1) FFL may not transfer machine guns, silencers or other NFA firearms without first filing a special tax return (must be a class 3 dealer)

    b. **Gun control act of 1938** (6)
    c. **Gun control act of 1968** (6)
        i. **Objectives.** To eliminate interstate traffic, deny access to defined groups and end important of military guns
    d. **Gun control act of 1976** (9)
        i. **Licenses**
            (1) Increased fees for FFL and separate license categories, reasonable qualifications for licensees, authority to suspend licenses for cause, sufficient security,
        ii. **Transfer to nonlicense** (9:59-60)
            (1) To take place at business, statement that transferee does not intend to resell the handgun to prohibited person, license must be provided by transferee to identify himself and place of residence
                (a) Other requirements in transferor record keeping and notification to enforcement agencies
        iii. **No provision for waiting period unless local law requires** (9: 28)
    e. **Amendments to CGA in 1986**
        i. Amendments included that you must be: 21 years of age, ... has premises from he conducts business .... compliance with certain state and local laws (24: 3)
        ii. Nine categories of prohibited purchasers: felons, fugitives, illegal drug users, persons adjudicated mentally ill, illegal aliens, dishonorably discharged armed forces, persons who have renounced US citizenship, persons under a restraining order for domestic harassment and persons who have committed a misdemeanor crime involving domestic violence (30: 1)
    f. **Brady Law 2/94** (78:0381)
        i. **Overview**
            (1) **Generally**
                (a) Mandatory waiting period for purchasing handguns allowing enforcement to check background of purchaser before delivery of handgun (18:19)
                (b) Since Brady law in effect in 1994, has prevented 250,000 prohibited persons from acquiring firearms from FFL (47: 1),
            (2) **Waiting period**
                (a) Waiting period of 5 days before purchaser can take possession of a handgun from an FFL
                (b) No requirement to check background during that period - criminals can usurp law
            (3) **National Instant Criminal Background Check System (NICS)**
                (a) Generally
                    (i) Requirement of instant criminal background check of

purchasers of all firearms not just handguns, but not mental history

(b) **Controversy over effectiveness of these systems** - particularly waiting period

(i) CA has had NICS system for both crime and mental checks over 30 years, but ranks 4th in violent crimes questions effectiveness of these systems

(ii) FL has both a three day waiting period and statewide instant criminal background check, but not mental. Not possible to estimate number of felons dissuaded. Florida ranks 2nd in violent crime behind District of Columbia in 1992 per 100,000.

(iii) Though Federal officials have suggested Brady Bill works, they neglect to indicate that most were prevented by instant record check system and some legitimate buyers where prohibited from purchasing based on illegitimate reasons - traffic tickets.

(iv) Delays may help, but others contend they may actually hinder someone protecting themself

ii. **Brady Law background checks for long-guns, rifles and shotguns into effect 8/98** (32g: 7)

iii. **Brady Law National Instant Criminal Background Check System in place by 11/98** (32k: 1)

(1) **Generally**

(a) The permanent provisions o the Brady Act require background checks of applicants for transfer of both handguns and long guns from an FFL (53: 1)

(2) **Rejection rates**

(a) **First 24 months**

(i) Gun Violence Reduction: National .... Strategy (2000): During first 24 months of permanent provisions 98-2000, processed over 17 million inquiries with 300,000 stopped from purchasing - 66% felons, 18 domestic violence and 18% domestic violence misdemeanor (60: 25)

(b) **First 5 years**

(i) Gun Violence Reduction: National .... Strategy (2000): During Brays first five years before permanent provisions in effect, and estimated 312,000 prohibited persons stopped from getting firearms - 63% had felony records or a current indictment, 13% had a domestic violence conviction or restraining order (60: 25)

(c) **1999**

(i) In 1999 alone 204,000 of the 8.6 million applications were rejected equaling a rejection rate of 2.4% which is comparable to the period prior to the national system 536,000 of 22.5 million from 94-99 (53: 1)Nearly 3 of 4 rejections were for felony convictions or because the applicant was under felony indictment. (53: 1)

(d) **2000**

(i) In 2000 alone 153,000 of 7.7 million applications were rejected equaling a rejection rate of 2.0% which is down from 1999 (2.4%) and down from 94-2000 period (2.3%). Felony

convictions and indictments key rejection reasons (59: 1)

(3) **Time to complete**

(a) Gun Violence Reduction: National .... Strategy (2000): Ninety percent of NICS background checks are completed within 2 hours (60: 27)

iv. **Brady Law 11/98** - guns shows should have access to same information as dealers (47: 1)

g. **Semiautomatic Assault Weapons Ban (1994)** (78:0387)

i. Banned 19 semiautomatic firearms by brand name and model

h. **Youth Handgun Safety Act of 1994**

i. Generally prohibited transfers of handguns to and possession of handguns by anyone under 18 with exceptions for military and written consent of parents for employment, ranching, arming, target, hunting and handgun safety instruction (48: 1)

i. **Violent Crime Control and Law Enforcement Act of 1994** (18:19)

i. NFFL must now provide fingerprints and identification photo, face to face interview with inspectors, demonstrate business premises, notify state and local enforcement of their intent to engage in business, certify compliance, pay a 200/3 year fees and 90 renewal fee. (30: intro) (30: 2, 3)

j. **Youth Gun Crime Enforcement Act of 1999**

i. Attempt to raise min age for possession of a handgun from 18 to 21 (48: 1)

19. **BATF regulation and regulations**

a. **Federal Firearms Licensing**

i. **Multiple regulation levels**

(1) **Interplay of federal, state and local laws**

(a) Under federal, state and local with distinction that sale must be legal under each separate level of regulation (78)

(2) **Who**

(a) Manufacturers, importer and sellers are required to obtain a Federal Firearms License (78)

(3) **Number**

(a) After fee raised, FFL numbers went from 240,000 to slightly over 90,000. Many of those no longer FFL included "mom and pop" (78)

(b) A small number of FFL are not honest and have supplied firearms to criminals (78).

(4) **Types**

(a) 6 different types of licenses ranging from manufacturer, importer, curios and relic, explosives, destructive devices and dealers. Dealers are largest number (78)

(5) **Responsibility**

(a) A FFL carries with it responsibility to keep records of: source firearm acquired from, description, identity and address of person firearm transferred to and additional information as part of the National Instant Criminal Background Check System (78)

(b) If transferring more than one handgun to a nonFFL then holder of FFL must file additional form to BATF with 5 business days (78)

(6) **Record keeping**

(a) Must be kept for 20 years (78)

(b) **Company record keeping and variance.** SIG arms request for record keeping variance detailing records it keeps including: date of receipt, name and address, name of manufacturer, model, serial, number, type, caliber, date of sale, transferee.

(i) **Online.** Information is kept online with hard copy being

developed (94)

(7) **Fees**

(a) Raised to $200 from $90 (78)

ii. **Traces**

(1) **"Bound" books or Acquisition and Disposition books** refer to record keeping materials held by FFL (78)

(a) BATF frequently requests information through what is known as a trace (78)

(2) **Usual trace**: contact of manufacturer and requests identify of FFL the firearm was sold to usually a distributor. Next contact distributor and request identify of person or company (dealer) who purchased. Lastly they contact dealer as for identify of the person who purchased. (78)

(a) If company cannot respond BATF inspects books (78)

(b) Company must respond within 24 hours or request (78)

iii. **Stolen firearms**

(1) Stolen firearms from inventory must be reported by FFL within 48 hours (78)

iv. **Sales**

(1) **Discretion to who sales may be made**

(a) FFL can sell to licensees and nonlicensees qualifying under certain requirements. An FFL does not have to sell to anyone the FFL believes will use the firearm in a illegal or careless manner (78)

(2) **Sales to licensees**

(a) Transaction requirements include that the FFL selling have a copy of the purchasers FFL (78)

(b) Everyone except members of general public must have an FFL (78)

(c) Must have a copy of purchasers FFL (78)

(d) Can sell to nonlicensee, but must follow applicable federal and state laws (78)

(e) **Illegal dealers**

(i) Example: interstate FFL dealer who travels from state to state to sell firearms at gun shows - must have a license in the state where you are selling at gun show (78)

1) Such tripartite sales are illegal

(f) **BATF Actions to curb illegal dealers (78:0381)**

(i) High crime areas are highly scrutinized for FFL business practices

(ii) Increased fees

(iii) BATF visits before and after licensing within 120 days of issuance

(3) **Sales to public** (78)

(a) Buyer and dealer must fill complete form (78)

(b) Purchaser must answer questions regarding eligibility and certification that they are not prohibited from possessing a firearm (78)

(c) Also must answer disqualifying questions regarding misdemeanor domestic violence conviction, citizen of US and state of residence, and whether named purchaser is the actual purchaser (e.g. straw purchase) (78:0398)

(d) Seller must certify they have identified the buyer, date of transaction, description of firearm, name and address of purchaser.

(4) **Sales premises**

(a) FFL authorizes holder to conduct business from the licensed premise - exceptions made for gun shows provided bona fide show and that show

takes place in the state which contains the licensed premises (78)

20. **Proposed regulatory measures (1998)**
    a. **Assault weapons ban.** True assault weapons are difficult to define. Studies suggest that low number of "assault weapons" (note definition includes automatic, but goes beyond this) are involved in crimes For example,1991 study by US Department of Justice survey of 210,000 inmates convicted of violent crimes concluded less than 1% of all violent inmates used military style guns in commission of crimes (78:0385).
        i. FFL may not transfer machine guns, silencers or other NFA firearms without first filing a special tax return (must be a class 3 dealer)
    b. **Magazine capacity bans** (78:0389)
        i. Attempt to limit number of rounds of ammunition per magazine.
            (1) Controversy over whether magazine capacity is related to crime
    c. **One gun per month limitations** (78:0390)
        i. Attempt to prohibit residents of states from going to other states to purchase guns that do not have license requirements and to reduce gun running by criminals
            (1) Controversy over whether prohibitions address the issue of gun-running. Arguments surrounding whether this really occurs versus the encumbrances on citizens
    d. **Needs based licensing** (78:0392)
        i. Possession of a handgun would be unlawful without a federal license to do so
            (1) Controversy over constitutionality and whether licensing would work given NY and other cities have stringent permit laws and have high gun crimes
    e. **Ammunition taxes** (78:0393)
        i. Taxes on ammunition for critical care costs
            (1) Controversy over taxation and whether these critical care units also treat others and issue of taxation in general
    f. **Saturday Night Special limitations on sale** (78:0392)
        i. Prohibition on sale of cheap and small handguns
            (1) Controversy over precise definition and whether statistically the number of small and cheaply made guns are involved in more crime than others. Also that ban would limit less affluent people from obtaining guns
    g. **Registration of firearms** (78:0394)
        i. Registration of firearms in general
            (1) Controversy that other methods such as Brady Bill and FFL requirements already provide for this. Fear that registration is attempt to disarm citizenry.

21. **BATF Tracing overview**
    a. **Definition**
        i. Systematic tracking of firearms from manufacturers to the final purchaser for the purpose of aiding law enforcement officials in identifying suspects involved in criminal violations, establishing stolen status or proving ownership (19:6)
    b. **Benefit**
        i. Helps fight crime in two ways - identify the first purchasers and also develop information about the illegal gun market (30: 11)
    c. **Objectives**
        i. Link a suspect to a firearm, identify potential traffickers and detect patterns in the sources and kinds of crime guns (50: 19)
    d. **Process of ATF tracing and use (50: 19-27)**
        i. **Generally**
            (1) Tracing process: Law enforcement notifies NTC, NTC receives trace, manufacturer section contacts manufacturers to find out whom the gun was sold

to, manufacturer section passes trace to wholesale/retail section, wholesale/retail section contacts wholesale dealer and finds out whom the gun was sold to, this section then contacts each consecutive dealer until gun is traced to the original owner or can be traced no further, if trace goes to out of business dealer - research dealers records, if trace leads to dealer that cannot be located then research commenced, results then returned to law enforcement office (19: 30)

ii. **Dealer involvement**
   (1) Dealer required to keep information for tracing. ATF Director Davis (4: 293)
   (2) No record of purchasers after 1st public sale. ATF Director Davis (4: 299)

iii. **Manufacturers involvement**
   (1) Inactive and active manufacturers handled (19:11)

iv. **Time to trace**
   (1) Tracing takes minutes to months ATF Director Davis (4: 294)
   (2) Urgent requests completed within 24 hours and routine within 2 to 4 weeks(19:11)
   (3) 1994: 60% of urgent traces within 24 hours and 97 percent of routine within 2-4 weeks (19: 14)
   (4) Tracing process improved from 1993 where 55,208 trace requests with response time of 13 days, now in 1996, 130,000 trace requests with 9.4 average days (30: 11)

e. **Number of tracings**
   i. 3,300 tracings a month. ATF Director Davis (4: 293)
   ii. 1993 ATF Tracing Center responded to 33,000 trace requests from various law enforcement agencies (16:17)
   iii. 1994 83,000 guns traced and ATF expects to trace 90,000 in 1995 (17: 14)
   iv. 1995: 77000 traces (23: 14)
   v. 1998 ATF received nearly 200,000 trace requests (32l: 1)

f. **Enhancements to process**
   i. 1994 revised the multiple sales report to require reporting of serial numbers, in 1995 automated multiple sales reports kept at NIC leading to enhanced tracing (30: 11-12)
   ii. Gun Dealer Licensing & Illegal Gun Trafficking: A Progress Report: 1993 President directed improvements to tracing leading to increase in trace rate by 2.5 times. Since 1993, ATF provided trace information on 320,000 crime guns (30: intro)

g. **Success rate**
   i. **Factors**
      (1) Traces become more successful if dealer can be identified - 54% (20: 4)
   ii. **1970's**
      (1) Project Identification in 1970's: Out of 16 cities there have been submitted for tracing 10,617 guns used in crimes... out of this were able to successfully trace to the first purchaser 7,815 or 74%. ATF Davis. (4: 2597)
   iii. **1993**
      (1) Gun Dealer Licensing & Illegal Gun Trafficking: A Progress Report: 1993 President directed improvements to tracing leading to increase in trace rate by 2.5 times. Since 1993, ATF provided trace information on 320,000 crime guns (30: intro)
   iv. **1994**
      (1) Crime Guns in Southern California 1994: Sources of guns in Southern CA 1994: 1 out of 3 traces successful - main reason no dealer info (20: 3)
   v. **1996-97**
      (1) 1996-97 ATF Crime Gun Trace Analysis Report for Boston: Of 1020 requests for traces, 47.16 Percent successfully completed (27: 1)
      (2) 1996-97 ATF Crime Gun Trace Analysis Report for Salinas: Of 1510 requests

for traces, 70.53 could be identified (28: 1)

(3) 1996-97 ATF Crime Gun Trace Analysis Report for Inglewood: Of 126 requests for traces, 73.02% could be identified, date of birth known for 66.67% (29: 1)

h. **Patterns as indicators of trafficking**

i. Query Management Facility: FFL check or history which shows all recovered firearms that were traced back to a specific FFL and the recovery location. Close out codes - unsuccessful traces to an FFL can indicate a problem that the FFL may be hiding (32a: 6)

ii. Project Lead used to find recurring patterns in trace information (30: 12)

iii. Trafficking indicators: multiple guns traced to FFL, short time to crime for FFL, incomplete trace results due to unresponsive FFL or other, significant or frequent losses or theft reports, frequent multiple sales, recovery of obliterated serial numbers to FFL, geographic indicators (50: 22)

i. **Overall usefulness**

i. Tracing useful for helpful for prosecution - yes 70% in survey. ATF Director Davis (4: 294)

ii. Knowing the first person to purchase we are generally able to identify the person who used the gun in the crime. ATF Director Davis (4: 297) (4: 336).

iii. So it may not be stretching things too much to suggest that gun tracing has helped reduce violent crime in the US. (32b: 1)

22. **Nuisance**

a. **Creating a condition leading to crime** (324:282)

i. Can be based ordinance violation, unreasonable conduct including negligence (324:283)

23. **Negligence**

a. **Doctrine**

i. **Restatement: doctrine of negligent entrustment**. One who supplies directly or through a third person a chattel for the use of another whom the supplier knows or has reason to know to be likely because of his youth, inexperience or otherwise to use it in a manner involving unreasonable risk of physical harm to himself and others whom the supplier should expect to share in or be endangered by its use, is subject to liability for physical harm resulting to them (324:284)

b. **Application to firearms**

i. Various courts have held that it is negligence to entrust a firearm to a person whom the seller know or should know is likely to pose a danger to himself or others (324:283)

ii. Negligence found for dealer sales to straw purchasers (324: 284)

c. **Courts have recognized that gun makers can exercise significant control** over the use of their products through in which they distribute them (324: 285)

APPENDIX C: OVERVIEW OF FACTORS AFFECTING BATF'S ABILITY TO ADDRESS DIVERSION

24. **Limiting factors**
    - a. **BATF resources**
        - i. **Volume of firearms**
            - (1) Sheer volume of firearms in public is limiting factor (6: 164)
        - ii. **Volume of transactions versus resources**
            - (1) A humbling comparison can be made between the enforcement resources available to ATF and the size fo the problem it is charged with policing. About 5,000,000 guns sold in 1973 (6: 160)
            - (2) It is clearly not possible to use federal agents to effect purpose of Gun Control Act given dealers number 150,000 and annual transactions around 7 million 1976 (9: 39)
        - iii. **Multiple responsibilities.**
            - (1) ATF agents oversee firearms, explosives, illegal liquor and so forth. ATF Director Davis (4: 302)
        - iv. **Manpower resources**
            - (1) **Limited number.**
                - (a) ATF has 3700 plus employees. ATF Director Davis (4: 302)
                - (b) Limited manpower is one major constraint on achieving outcomes (6: 161)
                - (c) 1993 had field inspection program manpower of 200 agents with about 25 involved in applications and 180 involved in compliance (16:29).
                - (d) Still not anywhere near the capability to check 100% (16:29)
                - (e) ATF in 2000 currently has 440 field inspectors who do work for alcohol, tobacco and explosives as well as firearms (50: 17)
                - (f) Constrained by number of investigators, restrictions on records and loopholes in regulations (324: 269)
            - (2) **Need for more manpower**
                - (a) Not only issue, but require additional manpower - recognized back in 1974 (4:1038)
                - (b) House of Representative Mr. Conyers: I see ATF as a beleaguered agency charged with the administration of four major laws that is totally understaffed and needs a lot more attention (4:1040)
                - (c) We would be in a much better position to carry out the current firearms laws with fewer dealers to contend with and more agents to supervise the actual paper work - ATF testimony in 1975(4:1950)
                - (d) Based on inspections conducted in 1998 including the average time it took to complete an inspection of an FFL retail dealer and assuming a licensee population of 100,000 it would take 2,600 full time inspectors to inspect all licensed retail dealers annually. A two year cycle would require a staff of 1,300. Average inspection takes 10-20 hours to complete with more focused inspections taking 60-100 hours to complete. Use of only trafficking indicators could cut this down (50: 31)
        - v. **Volume of license applications**
            - (1) 1993 Over 6000/month (16:29-30)
        - vi. **Number of FFLs**
            - (1) Generally
                - (a) Clearly oversight of an industry that has 170,000 FFLs presents a regulatory dilemma and the ready access to quantities of new

inexpensive handguns means that wrongdoing by just a few can become a matter of grave concern (35: 222)

(b) 7,000,000 purchases, 156,000 FFL and only 1576 agents who must also monitor alcohol, tobacco, wagering, explosives (5: 1522)

(2) **1975**

(a) We would be in a much better position to carry out the current firearms laws with fewer dealers to contend with and more agents to supervise the actual paper work - ATF testimony in 1975(4:1950)

(b) 5 times more gun dealers in 1975 in Ohio than appear necessary to meet demand. Almost 3 times as many than alcohol stores (5: 1519)

(3) **1993**

(a) Number of dealers 284,000 in 1993 and fact that many sell out of car, home makes task of overseeing absolutely impossible: Senate hearing (16: 2)

(b) 1993: 286,000 dealers, 1 for every 1000 Americans and 1 for every 290 firearm owners (16: 64)

(c) 1993 to 1997 CA FFL population reduced 63% from 23,865 to 8827. (30: 7)

(d) 1993 to 1997 MA FFL population reduced 4498 to 2293 for a reduction of 53.18% (30: 8)

(4) **1997**

(a) 1997: 124, 286 FFLs with time line since 1993 shows key dates including president's initiative to reduce FFLs, Brady Bill, new licensing requirements and Crime Bill (30: 4)

(5) **Undated**

(a) BATF study "Operation Snapshot" The study was an attempt to quantify and qualify the universe of FFL holders and their activities. Study findings confirm: BATF cannot come close to inspecting or overseeing the activities of 287,000 FFL holders nationwide (87 :13898). Tens of thousands of FFL holders whose firearms transactions are not subject to regular inspection or proper oversight (87:13899).

(b) At the very least, the study (BATF operation Snapshot) points out that a federal licensing program that should be tightly regulated and properly administered is clearly not (87:13899)

(c) Handgun Control: and VPC stated that when the number of license dealers was about 244,000 ATF could not effectively monitor them - fewer they could (24: 28)

b. **Licensing investigations and limitations**

i. **Frequency of inspection**

(1) Only 9% of all FFL applicants subject to application investigation.

(2) BATF study "Operation Snapshot" The study was an attempt to quantify and qualify the universe of FFL holders and their activities. Study findings confirm: 9% of all FFL applicants were subject to application investigation (87: 13898). Virtually anyone can apply for and receive an FFL license with only a small chance that their application will be investigated - current application plus $30 fee (87:13899)

(3) 90% of all license applicants are not visited or interviewed by an agency inspector before license is issued by ATF(16-6)

ii. **Implications**

(1) At the very least, the study (BATF operation Snapshot) points out that a federal licensing program that should be tightly regulated and properly administered is clearly not (87:13899)

(2) Some have succeeded in having licenses awarded to dogs and fictitious persons (16: 6)

iii. **When investigated**

(1) When investigated or contacted by ATF 19-20% of applications are withdrawn when they find out local and state requirements and that they should actually be intending to go into business. Previous experience of 4-5%(16:16)

(2) 1993 Most application investigations are done by phone (16: 45)

c. **Compliance inspection and limitations** (4: 314)

i. **Frequency of inspection**

(1) A dealer can expect to see a Federal agent about once every 20 years (1993 senate hearing) (16-2)

(2) Less than 6-8 Percent of all license holders are inspected each year (16:6)

(3) Less than 8 percent inspected (16:29)

(4) 1993 ATF is only able to conduct compliance inspections of a minuscule fraction of licensed dealers - 6% (16: 114)

ii. **Implication of lack of inspection**

(1) Federal law chances of getting caught in (1973) law (5: 1522)

iii. **When inspected**

(1) FFL violations in 34% of all FFLs. BATF study "Operation Snapshot" The study was an attempt to quantify and qualify the universe of FFL holders and their activities. Study findings confirm: FFL holders nationwide, violations found at 34% of all FFL holders (87:13898).

(2) Situation has "gotten out of hand," (87:13900)

(3) Of 8766 inspections in 1991, 7500 violations were found equaling 88 percent of all inspections result in violation (16: 113)

FIREARMS INDUSTRY RESPONSE TO DIVERSION

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Not really an oversupply or prices would be coming down 399
Manufacturers only sell to legitimate dealers 399
We know that our dealers are law abiding so do not need to address 399
Reputational consequences keep retailers honest 399
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Have fulfilled responsibility 399
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Lack of skills to address 400
Lack of expertise 400
Lack of resources to address 400
Cannot support tracking of sales 400
Industry does not have the resources 400
Cannot support training 400
Lack of legitimacy and consensus to address 400
Cannot mandate to channel members 400
Lack of industry consensus for restrictive policies 400
If implemented would not work 400
Delays would be associated with getting information and this is why rely on government . . . 401
Result in high costs to dealers 401
Too difficult to identify straw purchases. 401
Restrictions would lead to other sources of guns filtering in. 401
If implemented would lead to unintended consequences 401
Negative customer (retailer and customers) reactions toward any restrictive policies 401
Oversight would interfere with antitrust laws 401
Restrictions would lead to theft 401

FIREARM INDUSTRY RESPONSE TO DIVERSION

(Assessments of actions taken and industry distribution related safeguards against diversion)

1. **Assessments and views of responsible distribution in the firearm industry**
   a. **Manufacturer**
      i. **Evaluation of how easy to become stocking dealer.**
         (1) Distinguished from other programs because it has a purchase requirement and includes promotion, training seminar, training manual but not on safety per se, . This differs from others where..."basically you provide the manufacturers with an FFL, fill out an application, send in a picture your storefront and maybe a yellow page ad, it goes back to that manufacturer and all of a sudden they approve you and you become a stocking dealer (178: 4196)
      ii. **Opinion regarding lack of education at dealer level.**
         (1) SIG manufacturer rep report providing accolades for dealer education and indicating this is an area that has been traditionally neglected at dealer level. Writer has spent most of his life behind a counters as a dealer (179: 4224)
   b. **Market research firm**
      i. **Little support provided by manufacturers to dealers**
         (1) There is little direct manufacturer support evidenced in dealers stores - this is opportunity for improvement (83:18520). Distributers have received more attention than dealers in channel (83:18521)
   c. **Senator**
      i. **Charles Schumer**
         (1) Most of the time manufacturers know when one of their guns is used in a crime (through trace process), but they have not taken the extra step to find out from which gun store it was sold . This seems like the obvious question to ask from someone in the gun business. But its don't ask, don't tell because they don't want to know (46: 2)
   d. **Plaintiff's expert opinion**
      i. **NERA opinions regarding manufacturers**
         (1) An initial review of documents provided by manufacturers, and deposition testimony from manufacturers management suggest that many if not all manufacturers deliberately choose not to exercise any supervision over the distributors and dealers to which they sell. In other words, market structure and sales practices employed throughout the industry seem to facilitate a "hear no evil, see no evil" veil between the manufacturers and wholesalers and the ultimate owners and users of their products (36: 17).
         (2) In the light of all this (study and review of documents), it is difficult to understand manufacturers failure to apply any degree of supervision to the dealers and distributors to whom they sell guns, except insofar as such supervision might tend to reduce sales of handguns for use in crime and hence profits (36: 18)
         (3) Our examination of the literature and research on handguns and of the available data strongly supports the conclusion that the current market structure for handguns is indeed one that facilitates the illegal acquisition of handguns, which are then subsequently used in criminal activity (36: 19)
      ii. **Stewart opinion regarding manufacturers**
         (1) With one apparent exception, manufacturers do not appear to monitor the type of retail outlets (e.g., stocking gun dealer or informal seller) to which their wholesale distributors sell nor do they appear to monitor retailers (98: 3709-10)
         (2) None of the manufacturers, with perhaps the exception of one, attempt to set

standards for retail conduct (11: 3710).

(3) None of these manufacturers own or directly supervise the conduct of retail outlets for their products (11: 3710)

iii. **Stewart opinion regarding distributors**

(1) Similar to manufacturers... almost all of the distributors fail to enter in any contractual agreements concerning resale, monitor customer compliance, promulgate safe sales practices at retail, use modern cross organization inventory and sales tracking systems or take proactive steps to identify and terminate irresponsible distributors 98: 3808)

(2) Upon accepting application of a prospective customer do not take any affirmative steps to ensure that their customers abide by federal, state and local laws regarding the distribution and sale of firearms, particularly handguns - no contractual agreements, no binding agreement, no systematic monitoring, contact is intended to facilitate further sales and is not meant to ensure maintenance of legitimate business. Few distributors visit retailers, rather use telemarketers that maintains daily or weekly contact. (98: 3813)

(3) Distributors have failed to implement a proper system with which to monitor customer sales and inventories and patterns of sales within the markets although various electronic inventory and sales tracking systems are available to assist in monitoring retailers (98: 3814)

2. **Manufacturer activities**
   a. **Beretta (Company profile)**
      i. **General**
         (1) "Fabbrica d'Armi Pietro Beretta [Italy], the world's oldest gunsmith, has seen 475 years of war and peace. Founded in 1526, the Italian Beretta family has made arms for 13 generations." (Descriptive-14:Web)
         (2) Based in Accokeek, MD (Descriptive-20:1)
         (3) **Memberships**
            1 **NSSF member.** Yes. We support programs they have developed (Reh 379)
            2 **SAAMI member.** Yes. Joined because they are a standard setting organization (Reh 379-80)
            3 **ASSC (American Sporting Shooting Council) member.** Briefly. We wanted to have input. Disbanded (Reh 380-1).
            4 **National Association of Sporting Goods Wholesalers.** We display product at their show (Reh 382)
            5 Other associations participation (Reh 381-383)
         (4) **Size**
            1 **Sales**
               (i) "2001 Sales (mil.): $308.8" (Descriptive-14:Web)
               (ii) "Exports account for about 80% of sales; the US accounts for 54%." (Descriptive-14:Web)
            2 **People**
               (i) "2001 Employees: 1,000 (est.)" (Descriptive-14:Web)
         (5) **Products/markets**
            1 "Products include rifles, shotguns, pistols, and knives." (Descriptive-14:Web)
            2 "The firm makes guns for the French, Italian, and US militaries, and also for police use. Sporting arms are sold worldwide and make up about 75% of production." (Descriptive-14:Web)
            3 "Beretta also sells apparel online and in three Beretta Gallery clothing stores in New York City, Dallas, and Buenos Aires. The company's US affiliate owns Uberti Aldo & Co., maker of replica guns patterned after western six-shooters." (Descriptive-14:Web)
            4 "... Beretta makes shotguns, rifles, pistols, knives, sporting apparel, and accessories." (Descriptive-27:1)
            5 "They currently supply the US military with a 9-mm semiautomatic pistol ..." (Descriptive-27:1)
            6 **Handgun sales by account type.** Fluctuates due to shift in customer... military sales decline (Reh 39-40)
            7 **Long gun sales.** Increased after shrinking (Reh 184)
            8 **Handgun sales.** Sales up and then decreased and now up again (Reh 185)
            9 **Nongun items to drive pistol sales.** Luggage, watchers, shooting equipment etc to get dealer to purchase [could be consumer directed or dealer directed] (Reh 182)
         (6) **Marketing**
            1 **Advertising**. NRA, law enforcement, hunting and shooting and Forbes, Bazarre and Vogue, New Yorker (Reh 264-7)
            2 **Coopadvertising program.** Yes to encourage dealers to advertise our product. At least 6 years. Dealers including chains. Certain level of

reimbursement depending on size of ad. (Reh 372-3)

3 **B mailed advertising.** B USA Today. Catalog. No direct to consumer. We send things to dealers all the time, information.. product sheets. Catalogs and other things. (Reh 374-5)

(7) **Competitors**

1 Browning (Descriptive-14:Web)

2 Glock (Descriptive-14:Web)

3 Ruger (Descriptive-14:Web)

4 **Competition monitoring.** Yes (Reh 184)

5 **Principle competitors.** tapa d skeet and high end competition is Perazzi and Krieghoff. Competition guns trap and skeet includes Ruger or Remmington, Winchester. Sporting shotguns would be Browning. Pistols. Law enforcement Glock, Six Hour, Smith and Wesson. Commercial handguns would be Ruger, SW and Glock and Taurus (Reh 187-188)

ii. **Marketing Channel**

(1) **General**

1 **Dealer direct or indirect - why.** Preferential pricing to direct customers.. discount (Reh 48)

2 **Direct or indirect preference/advantages and disadvantages by Beretta.** Prefer both. Advantages to direct is to provide dealer with more education and training .. of product and to provide more support in advertising. Disadvantages include complicated infrastructure.. lot of people to support direct. (Reh 49-50)

3 **Direct and indirect sales.** Higher price to retail than to wholesaler. Analysis ... don't know (Reh 83-4)

(2) **Direct to dealers**

1 **Direct sales to dealers.** Increased over last 10 years. Began before 1993. Always had some level of direct sales to dealers (Reh 40)

2 **More direct sales in future.** Plans to encourage more dealer familiarization with their product and features of long gun products... so to do that were more actively involved in direct dealer contracts and contacts... trying to emphasize education (Reh 42-43)

(3) **Indirect through others**

1 **Chains and buy groups.** Buy group is an aggregate, like a cooperative of dealers who pool resources for purposes of purchasing product. A chain is a centrally owned and managed chain of retail stores of a common name. (Reh 33-34)

2 **Indirect dealers - knowledge.** We might know of some. Know names. (Reh 50)

3 **Indirect dealers.** Do not know number of (Reh 50)

4 **Indirect dealers - knowledge of.** Those that are known, know through industry show and those that visit booth. Shot Show. Also visit dealers at times. Over time get to know (Reh 51)

5 **List of indirect dealers.** No (Reh 52)

6 **Indirect dealers - knowledge of.** We don't sell to them so we don't have any information on that (Reh 52).

7 **Indirect dealer - knowledge repository.** No (Reh 53)

8 **Indirect dealer - ask distributors about them.** Not by name, but generally I think we have frequent communications with distributors to find out who their customers are, how the products are selling, who are

selling to. No questions about names... typically information not want to be shared... concern that Beretta might try and circumvent their contact. (Reh 54)

9 **Chain buyers**. 10 or 12. (Reh 61)

(4) **Employees**

1 **Direct sales to individuals.** Employees. Infrequent. (Reh 80)

2 **Dealer employee purchase plan.** Discount to employees (Reh 183)

iii. **Salesforce**

(1) **Inside v. commercial field sales.** Inside people receive orders over telephone. Commercial field sales visit with customers and broken down by regional divisions (Reh 24-25)

(2) **Direct sales reps and manufacturing rep groups.** Direct sales reps employed by company. Manufacturer reps independent companies that serves as sales representatives in a particular area. Jim Ferry & Associates, Ferguson-Keller, L.H. French and Coast to Coast. Both do the same thing. They visit with potential customers and show them product, explain terms of sale and try and generate sales of our product. (Reh 29-31)

(3) **Direct sales reps.** Paid salary and performance based bonus based on targets for company activities... profits, gross sales, inventory levels and also individual criteria (Reh 29)

(4) **Mfg reps.** Paid commission based on sales (Reh 31)

(5) **Direct account holder.** Commercial corporate accounts. Direct sales.. US forces, law enforcement and includes distributors and dealers. Yes. (Reh 32-33)

(6) **Mfg rep agreements.** Cannot recall terms for reps to report back on activities of dealers. Some description of need to monitor (Reh 178)

(7) **Distribution incentive campaign.** SPIFFS... little things that are added on to a purchase for a particular sales effort.(Reh 181-2)

iv. **Distributors**

(1) **Wholesaler.** Company that purchases product from the purposes of resale and redistribution to dealers. (Reh 33-34)

(2) **Handgun sales.** Dealers, distributors, Walmart. Yes (Reh 35)

(3) **Distributors.** 52 distributors. About the same for 10 years. (Reh 36)

(4) **Distributors - percentage of sales to.** 60-70 percent of handguns and 50 percent of long guns. (Reh 37)

(5) **New distributors.** None in last year. Few applications in last 5 years. Most distributors they have a long relationship with. (Reh 90-91)

(6) **Min order for distributors.** Yes (Reh 105)

v. **Dealers**

(1) **Dealers.** Someone who sells product directly to a consumer. (Reh 34)

(2) **Handgun sales.** Dealers, distributors, Walmart. Yes (Reh 35)

(3) **Premium Gun Dealer program.** Program to obtain more direct sales on long guns. (Reh 39)

(4) **Dealers.** 200 including dealer chains. (Reh 40)

(5) **Stocking dealer program.** A dealer who carries an inventory of your product, a regular inventory of your product (Reh 44)

(6) **Nonstocking dealers.** Some dealers are what we call just-in-time dealers who will have a display sample and they will purchase product as they need it. ... other dealers that don't carry a product because they may not be aware of the advantages or features, that type of thing. (Reh 44)

(7) **Stocking dealer program.** Basically the dealer with whom we have direct contracts commit to purchase a certain amount of inventory that they keep on

their premises... and receive preferential pricing... certain types of advertising and .. point of sale (Reh 45)

(8) **Premium dealer and stocking dealer program distinctions.** Premium dealer are select number of dealers who purchase extremely high end shotguns.. very select. (Reh 46)

(9) **Stocking dealer program.** More than a decade in different forms (Reh 47)

(10) **Stocking dealers program as "showcase dealer program."** Includes both direct and indirect sales (Reh 47-8)

(11) **Authorized dealers.** Similar to showcase dealers.. somebody with whom .. a direct relationship (Reh 56-57)

(12) **Showcase dealer must be direct.** Yes (Reh 57-58)

(13) **Consideration of authorized dealer.** Yes discussed.. question of viability.. do we have the resources.

(14) **Advantages of authorized dealer.** Lower prices. (Reh 60)

(15) **Disadvantages of authorized dealer.** Great deal of corporate infrastructure to suppose... warehouse.. phone support, order entry process. Meetings with dealers. (Reh 60-61)

(16) **Beretta Galleries.** Beretta stores sales directly to consumers...New York, Dallas, Texas, Argentina.. some since 1988. Cougar owns but is a subsidiary of Beretta (Reh 62-64)

(17) **Expansion of Beretta Galleries.** Considered, but expensive. Would overtax resources (Reh 65)

(18) **Open to buy dollars.** Money a dealer has available to purchase product (Reh 104)

b. **Beretta (Documents)**

i. **Distributor agreements**

(1) **Beretta commercial wholesale agreement (2000).** Abide by terms of sales, policies and procedures. Accounts shall faithfully, diligently and to the best of its ability in keep... promote sales. Reports of sales. No advertising in publs unless approved, catalog media. Observe laws. Termination and repurchase rights. (394)

(2) **Beretta commercial wholesale agreement (1999).** Abide by terms of sales, policies and procedures. Accounts shall faithfully, diligently and to the best of its ability in keep... promote sales. Reports of sales. No advertising in publs unless approved, catalog media. Observe laws. Termination and repurchase rights. (393)

(3) **Beretta commercial wholesale agreement (1994).** Abide by terms of sales, policies and procedures. Accounts shall faithfully, diligently and to the best of its ability in keep... promote sales. Reports of sales. No advertising in publs unless approved, catalog media. Termination and repurchase rights. (392)

(4) **Beretta commercial wholesale agreement (1992).** Abide by terms of sales, policies and procedures. Accounts shall faithfully, diligently and to the best of its ability in keep... promote sales. Reports of sales. No advertising in publs, catalog media. Termination and repurchase rights. (391)

ii. **Terms and conditions of sale**

(1) 1998 terms/conditions of sale. Basic terms on freight, eligible product, payment (178: 4213)

iii. **Programs**

(1) 1997 Cheetah special program. Min order on units and special pricing (178: 4210)

(2) 1998 Beretta early order program 2%. Special pricing on order of medium

frame pistols (178: 4211)

(3) 1998 Beretta early order program 2%. Special pricing on order of small frame pistols (178: 4212)

(4) Beretta stocking dealer programs. Discussion of multiple level programs. (395)

(5) Beretta distributor programs. Rebate programs based on volume. (396)

(6) Rebate programs and required documentation with advertising and pricing guidelines (397)

iv. **Market research**

(1) Beretta obtained report from Market Monitor on unit sales for all models with a frame size/caliber heading within each market and a total report for 20 markets. Information is reported in both units and as a percent of sales to total units sold (80)

c. **Beretta (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Awareness of dealer policies**. Never been told what policies dealers follow (Beretta 57)

(2) **Awareness of how many traces for Beretta guns**. No and have not attempted to find out. (Beretta 58)

(3) **Awareness of ATF analyses and reports**. No (Beretta 59)

(4) **Awareness of ATF finding that a small percentage of gun dealers sell majority of crime guns....** 1 percent sell 57 percent of crime guns. No (Beretta 60)

(5) Belief that staff of Beretta has taken necessary steps based on them acting in common sense (Beretta 63-64)

(6) **Awareness that DOJ recommends imposing controls on dealers and distributors**. Not every detail. (Beretta 79-80)

(7) **Awareness that ATF would provide list of serial numbers that were traced in last year**. No not aware... but common sense should prevail (Beretta 109-115)

(8) **Awareness of ATF conclusion that some gun dealers sell illegally**. No (Beretta 118)

(9) **Beretta attempt to learn of dealers violating gun laws.** Q. ... Does Beretta believe there are other dealers who have been arrested or indicted for violating gun laws? A. ... Yes. Q. Has Beretta ever attempted to find out who the others are? A. Yes. Q. What has it done? A. We have – the information ... we learn through ATF reports and we examine – we read those reports. (Reh: 169)

(10) Not concerned with incidental sales to individuals. (Reh 195)

(11) **Awareness that ATF has said that 50 percent of traces are attributable to 2 percent licensees.** Yes has heard (Reh 273-75)

(12) **Awareness of ATF views on time to crime.** Does not mean involved in crime. If occurs within 3 years that they use as an indicator and look into (Reh 278-9)

(13) **Awareness of ATF list of most frequently traced guns.** Yes (Reh 289)

(14) **Trafficking as channel.** Yes (Reh 339)

(15) **Dealer suspicious factors.** Person on welfare buying expensive guns (Reh 350-1)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Direct account contracts.** Pricing terms vary .. but don't recall other variations. (Reh 65-66)

(ii) **Distributor agreement - start and changes.** 1970's or

before. Some adjustments each year. Past five years changes to specify that accounts would not advertise our name/products in national circulated subscription media without prior approval. People were advertising but didn't have the product.. creating confusion. Can't recall other changes (Reh 68-9)

(iii) **Distributor agreement - negotiation.** Yes with distributor. Specific terms are not the norm. No negotiation (Reh 69-70)

(iv) **Distributor agreement - attachment terms.** Pricing, quantities purchased to qualify as wholesaler, pricing discounts that are provide based on quantities purchased. May modify partway through year.. change of pricing terms (Reh 70-71)

(v) **Distributor agreement confidentiality rationale.** Pricing terms are proprietary (Reh 73)

(vi) **Distributor agreement to allow B access to inventory.** Allows B to determine how products are selling... help plan production and sales activity... exercised haphazardly.. determined by credit department who requests information... national sales manager may also request... general manager. Truing to determine how quickly products are sold, quantity versus quantity held to give info on credit risk (Reh 73)

(vii) **Distributor agreement not to advertise in direct consumer catalog media.** Job of wholesaler is to sell to retail dealers, not to consumers. (Reh 74-5)

2 **Dealer agreements**

(i) **Direct account contracts.** Pricing terms vary .. but don't recall other variations. (Reh 65-66)

(ii) **Direct Dealer account agreements**. Payment terms are different. Dealers can advertise. Since late 70's (Reh 78)

3 **Other agreements**

(i) **Chain account agreements.** Terms for packaging and marketing of product may differ. (Reh 79)

(ii) **Chain account agreement with Kmart.** Stopped selling. Was not productive in terms of sales. One product at a time. (Reh 79-80)

(2) **Framework**

1 **Selection**

(i) **Criteria.** Establishment of safeguard requirements to be met by a distribution partner

1) **Dealer requirements**. A licensed arms dealer should have demonstrated that... [he] doesn't have a criminal background... That has a good behavior (Beretta: 32)

2) **Dealer requirements**. Beretta imposes that a customer is required to be an "authorized dealer," who is somebody "whose officers and directors, if they have it, if it a corporation, and principle employees have been fingerprinted and their backgrounds have been checked in advance of authorization to purchase a products" (Reh: 56-58)

3) **Distributor requirements**. "They (distributors) have

to maintain business premises that are posted with local and... federal law enforcement authorities." (Reh 84)

4) **Distributor requirements**. A. ... Their [distributors'] business has to comply with local zoning regulations. They are required to keep certain records and allow certain types of inspection. (Reh: 85) ... when we receive a copy of their firearms license, that is our confirmation that they complied with the provision (Reh: 86)

5) **Distributor requirements**. A. ... They [distributors] have to be issued a federal license to purchase firearms by the federal government before we wholesale to them (Reh: 85). They also are subject to credit checks by our credit department (Reh: 85)

6) **Distributor criteria.** Meet with them by sales people, employees fingerprinted, background checks. Maintain business premises. Inspected for authorization to purchase. Compliance with local law. Required to keep certain records. Credit checks. FFL. And copy of FFL.. Visit gives opportunity to view the premises and ensure ongoing business, to meet people, to get a sense f the company and what it might offer in terms of selling and promoting B products (Reh 85-88)

7) **Dealer requirements**. Dealers have same requirements as distributors – background checks, inspection of premises by law enforcement officials, zoning laws, regular place of business, posted business hours, credit application, visits by Beretta salespeople." (Reh: 92)

8) **Dealer criteria.** Same type as distributor. .. background, inspection by law enforcement, compliance with zoning, regular place of business, posted business hours, credit app and visits by B employees to verify premises are active (Reh 92)

9) **Dealer criteria - showcase dealers.** Requirements for breadth of products carried. (Reh 93)

10) **Other than written policies any other policies for distributors.** Price on request.. if wholesaler advertises a current product if they ad price and they put POR, but if they advertise price we discipline in two steps.. price advertising disrupts distributors willing to do business... some don't like others advertising. Since August of this year had policy (Reh 189-191)

11) **Other requirements that are not written of distributors.** Comply with laws. Other than these cannot think of others (Reh 193-4)

12) Other requirements that are not written of dealers. (Reh 194)

13) **Dealer premises rules.** Regular business premises..

posted hours, regularly conduct business, not in violation of zoning.. reports to law... consistent with law, but do not exceed the law. But do visit and that might go beyond (Reh 197-8)

14) **Dealer premises rules.** Regular business premises.. posted hours, regularly conduct business, not in violation of zoning.. reports to law... consistent with law, but do not exceed the law. But do visit and that might go beyond (Reh 197-8)

(ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Distributor inspections**. A. ... They are inspected in advance of being authorized to purchase any products from Beretta by federal law enforcement authorities and sometimes by state authorities as well (Reh: 84-85)

2) **Visits to distributors**. Field sales visits to prospective distributors "gives them the opportunity to view the premises and ensure that they have an ongoing business entity; to meet he people in the organization; get a sense of the company and what they might have to offer" (Reh: 88)

3) **Visits to distributors**. Q. Do the sales reps receive any training from Beretta in terms – or instruction in terms of what to look for in making these visits and reviewing these [distributor] applications? A. ... They're asked to ensure that everything is properly filled out. ... They are trained in the features of the Beretta products. ... And they are asked just to give a report, to give feedback on does the premises look like, what do the people seem to be like, what is their location, do they seem to have an active organization, that type of thing (Reh: 89-90)

4) **Dealer Application rejection**. Q. ... Can you describe each of the instances in which you know a dealer application was rejected? A. ... We did not accept his application at that time because had another dealer in the vicinity that we were already using for sale of our products. And in the law enforcement context we have had a number of those situations over the years. ... Q. Okay. Any others instances ...? ... A. No (Reh: 96-97)

5) **New distributor rejection.** More than seven years ago. (Reh 91-2)

6) **New dealer rejections.** Can't recall (Reh 93)

7) **New dealer rejection.** None recall but know they have. One new dealer was overlapping with another so rejected (Reh 96)

8) **Visits to distributors and dealers**. "We visit the premises of our customers, the dealers and the distributors to verify they have premises, they have

an ongoing business, that type of thing" (Reh: 197)

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Selling of guns to the right people**. "I think that... my staff is doing everything possible to ensure that our arms are sold through the best channels possible and to people... not under suspicion, that don't have a criminal background, and obviously according... under the law, under the local law" (Beretta: 20)

2) **Selling of guns to the right people**. Manufacturer and dealer "has every interest... to make sure that the arms go to the ones that... use arms correctly, and that paid extreme attention that the arms don't go in the, in the hands of criminals" (Beretta: 34)

3) **Sales staff responsibility to monitor**. Beretta sales staff is charged with the responsibility of monitoring all activities relative to their account in their territory (Reh: 110)

4) **Reports from sales and manufacturers reps**. Sales and manufacturers have been asked to report to headquarters if anything comes up in the news, related to the business activities of their accounts (Reh: 177)

5) **Dealer premises rules or policies**. Beretta dealer can only operate its business from regular, what we call regular business premises. It is a place where they have posted hours, a place where they regularly conduct business that are not in violation of zoning ordinances and in a situation where the dealer reports all of that information to the law enforcement authorities. We also, of course, visit the premises of our customers, the dealers and the distributors to verify they have premises ... So that is something we would do that is in excess of federal law (Reh: 197)

6) **Reports from sales and manufacturers reps** Ask all manufacturers reps and sales reps to report all incidents or anything of special note about any customer within their territory (Reh: 287)

7) **Beretta follows Law Enforcement recommendations**. Beretta asks law enforcement what they recommend to do when a customer is facing arrest or indictment, strongly influenced by their recommendation. (Reh: 175)

(ii) **Operational guidelines, programs and strategies**. Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Should Beretta develop training program for**

dealers. Has to be decided by others who know more... legal (Beretta 108)

2) **Access to information in publications**. Beretta subscribes to a number of newspapers, journals, and periodicals and review "to see if there is news about issues with respect to different dealers or distributors" (Reh: 110-111)

3) **Training**. We train our customers in product features, for example, safety features that we have with respect to different products, design features. ... We train them on the program terms and that type of thing as well (Reh: 115)

4) **Training**. All of the gallery employees are trained in various products that we sell ... The people at both stores, now both stores in the U.S., who sell firearms receive training as well in the legal requirements for sale of firearms and obviously product features particular to firearms. (Reh: 117-118)

5) **Inventory tracking**. Beretta USA does continuous inventory counts of all parts, continuously during the day and at several different intervals (Reh: 120). Does cycle counting – a continuous means of inventorying finished product (Reh: 120). Does quarterly full-scale inventories and also do inventory audits for ATF operations audits (Reh: 120). Paperwork is checked at every point during the manufacturing process. Workers are required to advise their supervisor if any counts are off (Reh: 121). "On an annual basis the Bereta U.S.A.'s warehouse employees actually go to the galleries and do a physical count or inspection of product to verify everything is done, that is supposed to be there, there is nothing that is not supposed to be there" (Reh: 123). Beretta warehouse employees do inventory on Beretta Galleries to create a check and balance for inventory control (Reh: 124)

6) **Premises security**. Requires all people to go through a metal detector when they leave the premises. (Reh: 141)

7) **Premises security**. Beretta Gallery in New York has on-site security guard (Reh: 149)

8) **Premises security**. Dallas and New York Galleries have motion detectors, hidden cameras, glass impact detectors built in, also drop screens, security alarms on the elevators (Reh: 150)

9) **Premises security**. Work with law enforcement to conduct routine drive-by inspections, especially at night (Reh: 150)

10) **Premises security**. Portions of Beretta Gallery walls are reinforced (Reh: 150)

11) **Premises security**. Handguns kept on premises of Beretta Galleries are on a restricted key access and

have a safe to lock firearms in if needed (Reh: 164)

12) **Warranty card program**. Since 1978. Name, address and product purchased. Processed by another company who compiles. Used to determine what people are purchasing (Reh 377-9)

13) **Heritage Fund.** Purpose to communicate industry information and position on lawsuits. Also to create a fund for lawsuits (Reh 418)

14) **Heritage Fund advertisement.** Ripping flag and speaking in relation to lawsuits (Reh 419-420).

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Distributor monitoring by field sales**. Beretta field sales sometimes visit their distributors' dealers, and "verify that our customers [distributors] have a continuing business operations. They may follow up on requests for credit information or information on purchases and the wherewithal of the company, issues like that." (Reh: 55)

2) **Monitoring throught Dun & Bradstreet**. Has a monitoring service through Dun & Bradstreet – keeps and eye on news and information relating to business activities. (Reh: 99-100)

3) **Monitoring for dealer arrests.** Bun and Bradstreet and receive notification. Notified them of dealer arrest or indictment.. Chalmette was named for selling to unauthorized persons. (Reh 100-104). Subsequently allowed FFL and back in business (Reh 105-107)

4) **Monitoring through Dun and Bradstreet.** Supplement to our direct sales contacts with customers (Reh 108)

5) **Monitoring through Dun and Bradstreet.** They provide Credit report .. hotline report ... particular information or incident... they just send the information. (Reh 109)

6) **Monitoring.** Sales staff charged with responsibility of monitoring all activities relative to their account.. news article..(Reh 110)

7) **Monitoring.** Subscriptions to newspapers, journals and periodicals and review industry publications. (Reh 111)

8) **Monitoring.** Distributors not required... don't think so.. to report on dealers (Reh 111)

9) **Monitoring by Dun and Bradstreet.** Thinks they give them a list of dealers. .. but not sure (Reh 113)

10) **Sales staff monitoring responsibility**. The sales staff ... are charged with the responsibility of monitoring all activities relative to their account in their territory. ... we subscribe to a number of

newspapers and journals and periodicals and then we routinely review those as well. (Reh: 110)

11) **Information about arrests or indictments or dealers.** Q. Is Beretta confident that it obtains all information about arrests or indictments of dealers? A. Yeah. (Reh: 111)

12) **Distributor visits.** Q. Once a distributor becomes a direct account holder with Beretta, how often does someone from Beretta visit? A. I think we visit them at least once a year. Some of them much more frequently than that. Annually. ... Q. And what occurs in these visits? A. ... They see that the operation is still ongoing ... They would meet with company employees ... (Reh: 113-114)

13) **Inventory inspection by law enforcement.** Beretta galleries are subject to law enforcement inventory inspections. (Reh: 123)

14) **Undercover investigations.** Conducts undercover investigations internally at Beretta to find out things like if there is a method being used to steal guns. (Reh: 147)

15) **Premises access control.** Access is controlled to authorized persons only to Beretta warehouse and shipping areas. (Reh: 155)

16) **Sting operations.** Participate in sting operations in conjunction with law enforcement authorities. (Reh: 155-6)

17) **Inspections.** In-house security does spot inspections to make sure procedures are followed. (Reh: 156). Have hidden cameras in warehouse and shipping areas. (Reh: 156)

18) **Monitoring through manufacturers' reps.** Q. You said earlier that sale reps or manufacturer reps would inform you if they knew about a dealer being arrested or indicted. How do they know that they are supposed to do that? A. Well, they have been told generally to keep us appraised of any activities associated with their accounts. ... Q. And are there terms in those agreements [with manufacturer reps] that relate to this? A. ... I believe there is some description in those agreements about the need for them to monitor activities in their territory ... (Reh: 177-178)

19) **Credit holds.** Performs "credit holds" whenever a customer is under any type of law enforcement investigation (Reh: 285)

20) **Dealer encouragement to attend seminars.** A. ... We asked if we could do something to work with them [ATF] to promote the regional seminars as well and we have done that. In fact, there have been a number that have been held where both ATF and NSSF have had promotional materials to encourage

dealers to attend. (Reh: 412)

21) **Sting operations**. Set up sting operation with law enforcement to catch guns being stolen by UPS in transit. (Reh: 153)

22) **Credit hold**. A. ... our procedure whenever we receive word of some type of law enforcement investigation with respect to customers is to put them on what we call credit hold, which is a way of suspending shipments to them while we have an opportunity to investigate the details. It doesn't mean the person did anything wrong. It is just a way for is to hold everything in limbo while an investigation occurs. (Reh: 284-285)

23) **Disciplinary steps for not following POR policy.** Suspension of sales of advertised product for 90 days and second is termination (Reh 192)

24) **Monitoring compliance with POR policy.** Flyers and ads and look at them... distributors provide (Reh 193)

25) **Monitor of compliance with distributor agreement on pricing.** General industry information, reports from field sales reps.. and complaints from other dealers (Reh 196)

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Sales suspension**. Q. Did Beretta do anything in response to being informed about the investigation [of a distributor by the IRS for tax issues]? ... A. We suspended sales to him when we heard about the investigation. And two weeks later when he heard he was cleared, we released sales to him again. (Reh: 284)

2) **Suspended sales to distributors**. Suspended sales to a distributor that was being investigated by the IRS for tax issues, resumed the relationship when suspect was exonerated (Reh: 284)

3) **Not sell firearms that haven't been approved requirement**. Beretta has told distributors they cannot sell any firearms that haven't been approved for sale in Massachusetts (even thought they may be within regulations). (Reh: 613)

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **Indicted dealer**. Suspended business with an indicted dealer whose FFL had been revoked;

resumed once business was allowed by court to operate and confirmed that FFL was still in effect. (Reh: 173)

2) **Beretta's policy to continue sales to a indicted dealers or distributors.** Beretta has a policy regarding continuing sales to a dealer or distributor who has had an arrest or indictment for violation of gun laws that "anybody who learns of something like that is to contact me, contact the legal department and we consult with... law enforcement authorities, request their recommendation, and... proceed accordingly" (Reh: 106-107)

3) **Sales rep reports of dealer being investigated for tax issues.** Suspended sales to the distributor when they heard of the investigation and then when cleared we continued sales. Our procedure is to put them on what we call a credit hold. (Reh 284 - 285)

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Due to bankruptcy**. A. ... We have not renewed distributor contracts with people who have gone bankrupt, for example. (Reh: 98)

2) **Due to violation of federal firearms laws**. A. We had a dealer in Florida where one of the principal agents, or I think he was an officer of the company, was arrested for violating federal firearms laws and we did not renew their distribution or their dealer contract. ... We suspended sales to them upon discovering -- upon learning information of the arrest and we purchased back the inventory that they had and basically closed the account (Reh: 98-99)

3) **Due to customer arrest or indiction**. Q. What did Beretta do in response to that [notification of an arrest or indictment of any other distributor, dealer or principal agent of a distributor dealer]? A. ... I actually received the information directly from law enforcement officials and asked these law enforcement officials what they recommended we do. And they advise me it wasn't a problem because the company had already been closed, the doors had been blocked. ... Subsequently, a federal judge allowed them to renew operations ... BATF also allowed them to renew operation. So we renewed sales to them at that time ... then their federal firearm license was not renewed at that time and we did not renew them as a dealer accordingly, or at that time. (Reh: 100-101, 106)

4) **Due to FFL revocation**. If FFL has been revoked, Beretta no longer sells to the customer. (Reh: 170)

5) **Distributor agreement compliance - how determined.** Visit all distributors.. meet with them

at national Association of Sporting Goods Wholesaler Show. Evaluate their sales practices. We get information from dealers. We monitor sales activity in the territory. (Reh 72)

6) **Distributor agreement noncompliance - what do you do.** Potentially not renew their contract. Terminate if breach (Reh 72)

7) **Distributor agreement termination.** Have terminated for bankruptcy. ABN Sports. Bangers. But not for other reasons that he can recall (Reh 75-6)

8) **Distributor agreement - short of termination.** Not sure (Reh 76)

9) **Distributor nonrenewal.** Can't recall any.. except bankruptcy. (Reh 95)

10) **Current dealer termination.** Dealer in FL who was arrested. Stopped sales when they learned of arrest and purchased back inventory ... South Side Gun Shop last year. (Reh 99)

11) **Disciplinary steps for not following POR policy.** Suspension of sales of advertised product for 90 days and second is termination (Reh 192)

(3) **Other**

1 **End user requirements**. In order to purchase a handgun in Italy, civilian must obtain a licence (either hunting or self-defense) from the police (Beretta: 22)

2 **End user requirements**. In Italy, must pass a gun-usage exam for hunting license (Beretta: 28)

3 **Responsible corporation**. Everything possible to ensure our arms are sold through the best channels possible... not under suspicion, don't have criminal background and under the law ... everybody is convinced that this is the way to go (Beretta 19-21)

4 **Background check on employees**. Beretta Gallery employees are fingerprinted and get background checks for criminal records, must be over 18 years old (Reh: 118)

5 **Beretta Gallery employee criteria.** Knowledgeable about firearms, fingerprinted, background check for criminal records, 18 years. (Reh 119)

6 **Requirements a B stores**. Considered appropriate for our sales activity. And more than reasonable business practice (Reh 162)

7 **Distributor violation of agreement.** Could if sold then to individual conflict with provisions (Reh 196)

8 **Views on conduct of distributors.** Acusport - no problems, B&B sales - no programs, Davidons - no, Dixis Shooters Supply no, Ellet brothers - no, Jerry's Sport's Center - no, Rileys - no, Shawmut - no, Valor Corp of Florida - not familiar, William Shooters Supply - not familiar (Reh 320-325)

9 **Should dealer ask more questions than required by 4473**. If suspicious, contact law enforcement (Reh 348-9)

10 **Should dealer make sale if suspicious**. Ask them not to make sale. We would encourage them not to (Reh 349)

11 **Consideration or hiring outside consultant to inform them if they could do anything else to prevent criminals..** Discussions with ATF person this pas year, but not purpose of meeting. (Reh 360)

iii. **Information systems**

(1) **Contacts**

1 **Own firms/employees**

(i) **Reason no discussion of responsible distribution at Beretta is that it is common sense to do all that could to prevent.** This is obvious (Beretta 117-8)

(ii) **Beretta Gallery employee training.** Product knowledge. Legal requirements for sales of firearms. (Reh 118)

(iii) **Inventorying at B.** Continuous basis (Reh 120-124)

(iv) **Meetings with employees to discuss ways of doing more to prevent crime guns.** One large meeting followed by small. Held last year and. About 10 people (Reh 355)

2 **Sales representatives**

(i) **Training of sales people for new distributor visits.** Sales rep asked to follow up. Receive standard sales training.. features of product, explain differences... information on sales program... asked to give feedback on what premises looks like,... people are like.. location... active organization or not. (Reh 89-90)

(ii) **Sales reps and mfg reps apprizing them of dealer arrested or indicted.** They have been told generally to keep us apprized of their accounts.. anything in the news (Reh 177)

(iii) **Sales rep reports of distributor and dealer sales practice concerns.** Not that recall (Reh 285-6)

(iv) **Sales rep informing them of inadequate security at dealer or distributor.** No (Reh 286)

(v) **Sales rep informing them of violation by dealer or distributor in ATF audit.** No (Reh 287)

3 **Distributors**

(i) **Indirect dealer - ask distributors about them.** Not by name, but generally I think we have frequent communications with distributors to find out who their customers are, how the products are selling, who are selling to. No questions about names... typically information not want to be shared... concern that Beretta might try and circumvent their contact. (Reh 54)

(ii) **Field sales visits.** Basically seeking feedback... what they want, sales, informing of sales programs, advertising campaigns... whole variety of activities. Verification of continuing business operations... followup on credit information and wherewithal of the company...(Reh 55)

(iii) **Direct distributor and dealer visits.** Once a year (Reh 113-114)

(iv) **Direct distributor and dealer visits.** Salesperson on premises to see if operation still ongoing, doors open, sales, purchasing, meet with employees. Product needs. Programs explanations (Reh 114).

(v) **Training to distributors and dealers.** Product features, safety features, design, program terms.... through visit and

printed materials. Annual basis receive brochures and catalogs (Reh 115)

(vi) **Meetings with distributors and dealers.** At commercial shows also. Have hospitality event. Show products. (Reh 115-117)

4 **Dealers**

(i) **Distributor concern of mfg circumventing them and contacting dealer direct if they give information.** But you visit... do they mind... they might, but you would have to ask them (Reh 54)

(ii) **Field sales visits to indirect dealers.** Don't know number of visits to these dealers (Reh 55)

(iii) **Direct distributor and dealer visits.** Once a year (Reh 113-114)

(iv) **Direct distributor and dealer visits.** Salesperson on premises to see if operation still ongoing, doors open, sales, purchasing, meet with employees. Product needs. Programs explanations (Reh 114).

(v) **Training to distributors and dealers.** Product features, safety features, design, program terms.... through visit and printed materials. Annual basis receive brochures and catalogs (Reh 115)

(vi) **Meetings with distributors and dealers.** At commercial shows also. Have hospitality event. Show products. (Reh 115-117)

(vii) **List of FFL's .** Not from ATF. (Reh 375)

5 **Trade Associations**

6 **Other**

(i) **DOJ recommendation for mfgs to police their channel.** No. Managers use common sense (Beretta 76)

(ii) **Information sharing with other manufacturers.** Credit managers share. Information circulated within industry. Informal meetings (Reh 112)

(iii) **Policy regarding whether they will sell to indicted or arrested party.** Talk with ATF and others law and get recommendation (Reh 174)

(iv) **Discussions with staff policymakers on sale of guns.** Never given he thought it was common sense (Beretta 54)

(2) **Trace/ATF related**

1 **ACCESS 2000.** Participates. Helps to accelerate the time it takes to do a trace. Download sales information to a computer terminal that AFT has a direct link to. Prior to this we transmitted information via fax. (Reh 224-228)

2 **Consideration of doing analysis more than described [e.g., 100 random sample].** No. Reasons include that prior inspection did not reveal anything... kind of a meaningless exercise.... doesn't tell us anything for purposes of sales or distribution. Use of ACCESS 2000 not considered given it doesn't give information. No (Reh 240-243)

3 **Use of ATF data.** Trace request information... raw data...difficulty in interpreting data (Reh 245-250)

4 **ATF encourage or discourage of mfgs analyzing trace requests and**

investigating distributors or dealers. No position. No information. Not sure. Not encourage or discourage. Told us not to conduct our own investigation of dealers. Do you want us to do subsequent investigation of trace requests of dealers... absolutely not ..ATF told them(Reh 257-273)

5 **Access 2000**. Participated in Access 2000 Program since March 2000 (Reh: 224)

6 **Trace request**. Q. ... what does Beretta understand ATF's view to be about whether Beretta should be keeping track of the total number of trace requests that it receives for particular customers? A. They have not given us any type of information about that, whether they encourage it or discourage it (Reh: 266)

7 **ATF requirement of Beretta asking a customer who is a distributor for the names of all dealers to which it sells Beretta guns** ... A. Well, I don't know if ATF has expressed any issue with that, but I think our customers, our distributors certainly would (Reh: 266-267)

8 **ATF requirement of Beretta asking a customer who is a distributor for the name of the particular dealer to which it sold a particular Beretta gun that was traced**? They [ATF] flat out told us not to do that ... (Reh: 267)

9 **Analysis of trace requests of calibers, dealers or distributors and geography.** Did look at them.. looked at them because from time to time heard that disproportionate numbers of particular calibers were involved in trace requests... I did my own inspection and found that it was not true. I also looked at allegation that disproportionate amount of dealers and distributors involved in trace requests.... I found that not to be true for particular dealers and distributors. For calibers I looked for concentrations... I would take a stack of requests and random.. 100 sample in 1996.. different inspections.... out of 100 traces 69 different customers. And also looked at geographic distribution...New York with seven traces... average time to crime 9.6 years. Overall I didn't notice anything unusual. I generated a 1 page summary. From time to time I do additional reviews (Reh 230-237)

10 **Consideration of doing analysis more than described [e.g., 100 random sample].** No. Reasons include that prior inspection did not reveal anything... kind of a meaningless exercise.... doesn't tell us anything for purposes of sales or distribution. Use of ACCESS 2000 not considered given it doesn't give information. No (Reh 240-243)

11 **Use of ATF data.** Trace request information... raw data...difficulty in interpreting data (Reh 245-250)

12 **Trace requests.** 3500 in 2000. . Fluctuates year to year. (Reh 250-2)

13 **ATF encourage or discourage of mfgs analyzing trace requests and investigating distributors or dealers.** No position. No information. Not sure. Not encourage or discourage. Told us not to conduct our own investigation of dealers. Do you want us to do subsequent investigation of trace requests of dealers... absolutely not ..ATF told them(Reh 257-273)

14 **Beretta galleries, traces, multiple sales.** Two guns traced.. Don't know on multiple sales.. (Reh 279-283)

15 Sample of 100 and source of guns that were traced (Reh 352-355)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(i) **How criminals get guns.** Buy them, friends, relatives. (Reh 336)

(ii) **Consideration of ways to prevent criminals from obtaining guns.** Yes. Programs and restraint that we have in place are adequate but we are always open (Reh 351)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Belief as to licensed gun dealers trafficking.** I don't know (Beretta 42)

2 Should Beretta look into if learns a dealer has sold many crime guns. No (Beretta 67-68)

3 **Should Beretta identify dealers and distributors that have a pattern of selling to criminals.** Nothing . ... more of a concern for police (Beretta 98-106)

4 **Awareness of ATF conclusion that some gun dealers sell illegally.** No (Beretta 118)

5 **If learned of illegal sales by gun dealer should Beretta seek to determine whether B guns involved.** No opinion (Beretta 119)

6 **Illicit dealers - find out about.** Learn from published reports (Reh 170)

7 **Authorized dealers.** Authorized dealers "have been inspected by a federal law enforcement authority and have reported their hours of operation to local law enforcement as well as the federal law enforcement" (Reh: 57)

8 **Authorized dealers.** Authorized dealers' sale of firearms is in strict accordance with local zoning laws (FFL requirement) (Reh 57)

9 **Authorized dealers.** Authorized dealers have been authorized by the BATF to purchase products (Reh: 57)

10 **Information regarding dealer/distributor violations of gun laws.** It can be communicated at credit managers reporting group (credit mgrs from different mfrs) meetings (Reh: 111). Information regarding dealer/distributor violations of gun laws can be obtained through industry sources: publications, newsletters circulated within the industry (Reh: 112)

11 **Unlicenced sales of B.** No knowledge (Reh 340)

(3) **Gun show sales**

1 **Awareness of ATF findings on gun shows and violations and diversion occurs.** No (Beretta 68-72)

2 **Gun shows and dealer requirements.** FFL and background check... consistent but not exceeding what the law requires. Do not discourage or encourage dealers to sell at shows. Does not make a difference what others are doing e.g., unlicenced sales at gun shows (Reh 198-9)

3 **Gun show analysis.** No attempt to find out how many of its guns are sold at gun shows (Reh 200).

4 **Dealers and gun shows.** Has not inquired, has no reason to believe involved in issues. No distributors or dealers complaining about other dealers at gun shows (Reh 201-202)

5 **B dealers problems at gun shows.** No information so do not support licensing of gun show operators (Reh 210)

6 **Gun Shows.** Dealers "can sell at gun shows but they can only do so using their federal firearms license, doing background checks on any

customers to whom they sell, requiring that any person to whom they sell a firearm at a gun show, fill out federal forms prior to the sale and receive approval and instant background check of the customer through federal law enforcement channels" (Reh: 199)

(4) **Thefts /Loss**

1 **Security at B.** Missing guns and tightening of security (Reh 126 - 148)

2 **B galleries thefts.** 5 total over time (Reh 148)

3 **B gallery theft measures.** Onsite security guard in NY, inventory controls, motion detectors, hidden cameras, glass impact detectors, routine drive by inspections, reinforced portions of the buildings, drop screens that drop down at night.. security alarms in elevators.. background checks on employees (Reh 149-151)

4 **Shipping loses.** 2-3 guns in past year (Reh 151)

5 **Shipping loss UPS employee.** Worked with police and UPS security (Reh 153-4)

6 **Shipping records and identification of lost product.** Shipping record matching with receiving and they report. (Reh 154)

7 **Shipping losses prevention measures.** Background checks on employees who have access, nondescript packaging, basketball containers.. large containers that avert theft.. security handling with UPS.. sting operations... in house security... weigh products prior to shipping..shrink wrap larger shipments (Reh 154-6)

8 **Losses after arrive at distributor.** Yes.. distributor reported back.. somebody in distributor had just taken gun out to look at it. (Reh 157-8).

9 **Distributor requirement to notify Beretta if a Beretta gun is lost.** Not that I know of (Reh: 158)

10 **Distributor requirements to prevent theft.** Comply with applicable laws.. report within 24 hours.. no other recollection (Reh 159)

11 **Dealer losses.** Yes based on news reports. Carter's Country

12 **Dealer requirements to notify them of lost guns.** No (Reh 161)

13 **Dealer requirement to prevent theft or loss.** Same as distributor. (Reh 161

14 **B identification of thefts at dealers.** Other than described read ATF reports. Apprized of information generally (Reh 162-3)

15 **B galleries changes to avoid theft.** Restricted access key (Reh 164)

16 **Distributor and galleries requirement to notify ATF about theft / Loss.** Distributor and direct are required to report to ATF within 24 hours if something is missing or stolen (Reh: 159)

17 **Dealer requirement to notify Beretta about theft / Loss.** The galleries that we deal with, yes. Other dealers, other than in transit, once they've taken possession, no, we don't require that (Reh: 161)

18 **Shipment security.** "UPS uses heightened security handling for firearm shipments when they know about those in advance" (Reh: 155)

19 **Shipment security.** Packaging of firearms is "nondescript," and "doesn't contain the name Beretta and doesn't make reference to firearms" (Reh: 155)

20 **Shipment security.** Weigh products before it ships to make sure container weight matches what it should for quantity of products being shipped (Reh: 156)

21 **Shipment security**. Shrink wrap large shipments so if somebody breaks into it, it is easily detected (Reh: 156)

22 **Shipping control**. Customer receiving shipped guns checks shipping records with inventory received, and notifies Beretta if they don't match up. Beretta reports this to law enforcement as presumably stolen. (Reh: 154)

(5) **Strawpurchases**

1 **Concern for strawpurchase scenario**. Yes for dealer and dealer should find out additional information. Need to ask police if criminal background. Should question person. (Beretta 43-44)

2 **Strawpurchase and refuse to sell**. If doubt should not complete transaction (Beretta 44)

3 **Strawpurchases**. Belief that Beretta staff respects Beretta's policy regarding not allowing known straw purchases to go through (Beretta: 46)

4 **Dealers should have policy of refusing to sell if believe strawpurchase and his staff reasons this and this is policy** ... this is common sense (Beretta 45 - 52)

5 **Should Beretta identify and refuse to sell to dealers and distributors that have a pattern of straw sales**. I have nothing to say. (Beretta 80-86)

6 **Strawpurchase as channel**. A person otherwise authorized to purchase ...purchases and then turns it over to an unauthorized purchaser. Yes criminals obtain guns in this manner (Reh 336-8, 340)

7 **Strawpurchase knowledge of incidents with B.** No knowledge (Reh 339)

8 **Attempt to find out about B guns traced and sold through strawpurchase.** Through discussions with ATF (Reh 341-342)

9 **Consideration of training for B employees on strawpurchase.** Yes.

10 **Training to distributors and dealers on strawpurchase.** Materials that advise of risks and prohibitions. Form 4473 that has definition of strawpurchase. Support industry programs that teach (Reh 346-347)

11 **Industry programs against strawpurchase.** ATF education programs. Don't lie for other guy. (Reh 147)

12 **Strawpurchase.** Follow 4473 procedures is position (Reh 350)

13 **Don't Lie for the Other Guy.** In cooperation with NSSF information and educational seminars concerning things dealers can look for to stop strawpurchases. Also warns purchasers through posters... strawpurchase is unlawful. About a year and half ago came up with idea. ATF has had program, but NSSF added marketing "flare" (Reh 398-400)

14 **B funding of Don't Lie.** Initially went to 15,000 dealers (Reh 403)

15 **Strawpurchases**. Q. Has Beretta ever considered requiring its dealers or their employees to be trained to avoid being deceived about straw purchases? A. We already do that, yes (Reh: 345)

16 **Strawpurchase**. Q. Do you think that a gun dealer should question a purchaser to try to find out what, whether a purchaser is buying the gun for somebody else? A. I think so. (Beretta: 44). Q. And what do you think the gun dealer should do to try to find out that purchaser is not buying the gun for somebody else? A. What I told you before — in my opinion, the dealer, if he has doubts, he has to ask to the police if that

person doesn't have a criminal background or other things (Beretta: 44) Q. And if the gun dealer has doubts as to whether the gun is intended for somebody else other than the purchaser, do you agree that the gun dealer should not complete the transaction? A. I agree. (Beretta: 44) Q. And do you think that procedure is followed by all gun dealers who sell Beretta guns? ... A. I don't know if all the dealers do, have that procedure, but I think that in the spirit, and by this policy (Beretta: 45)

17 **Strawpurchases training**. Beretta requires its dealers or their employees to be trained to avoid being deceived by straw purchases (Reh: 345). All dealers and distributors, frankly, to whom Beretta sells firearms have for at least for more than 10 years ... received materials from ATF which advise them on the risks associated with straw purchases and the prohibitions concerning straw purchases. They also receive a Federal Form 4473 which they use every time they sell a firearm to somebody. ... In addition to that, Beretta has supported industry programs that provide education to dealers, teaching them how to avoid straw purchases or what to look out for for straw purchases. (Reh: 346-347). The first programs [that Beretta has supported] are general ATF educational program. They also have seminars at industry shows and they conduct regional seminars to provide training to dealers on these issues. The industry program, I mentioned, is a program called Don't Lie For The Other Guy that has been jointly sponsored and promoted by both the National Shooting Sports Foundation and by the Bureau of Alcohol, Tobacco and Firearms (Reh: 347)

18 **Strawpurchases**. Helped fund the Don't Lie for the Other Guy program with dues paid to NSSF. (Reh: 400)

(6) **Multiple sales**

1 **Multiple gun sales**. Debatable whether it creates risk (Beretta 25). Don't think so for US (Beretta 30). Common sense that the dealer would ask for ID or to the police (Beretta 32).

2 **Beretta dealers selling multiple guns** - requirement of common sense and police. If they sell following rules and with common sense, okay (Beretta 32). Common sense means that the dealer doesn't have criminal background, good behavior, paid extreme attention that the arms don't go into the hands of criminals. ...ask police and defer to them. .. ask customer what usage and what he wants to do... police judge... if he doesn't understand then he needs to go to the police.. and if he doubts purchaser then must not sell (Beretta 32-38)

3 **Would common sense tell you there are people who seek multiple guns for criminal use**. Don't know (Beretta 39)

4 **Dealer multiple sales policy.** Applicable state laws. Do not discourage or encourage (Reh 210-13)

5 **Concern for multiple sales.** 10 guns. No without additional information. (Reh 214)

6 **Information on multiple sales.** No requirement of dealer to report. Did consider policy about 3 years ago that would restrict. Concluded it wasn't necessary... could not determine any concomitant benefit from having policy (Reh 217-8).

7 **Knowledge of multiple sales as an indicator of crime guns.** Inquired and attended conferences. Read ATF reports... Concluded that no information indicating that was the case. Did read reports on effectiveness of limiting. I was not able to conclude that there was any

benefit from a public safety point of view (Reh 220-2)

8 **Understanding of multiple gun limitation laws.** Indicator and used by ATF. Should look into that particular transaction... see if untoward there (Reh 222)

9 **B policy on limiting multiple gun sales.** Never got to stage because did not see any benefit to doing it. But does support linking reporting under law with instant background check system (Reh 223)

10 **Beretta galleries, traces, multiple sales.** Two guns traced.. Don't know on multiple sales.. (Reh 279-283)

11 **Concern for multiple sales.** Yes (Reh 348)

12 **Multiple sales**. A. ... I don't know if there are limitations in numbers, ... but I think that common sense as a reason if a gun dealer has in his store someone that asks for a hundred guns, I don't think that this would not ask ID or, or ask to the police (Beretta: 31). I think that the first thing that he [dealer] should ask, the usage that he wants to, what he wants to do with the arms. (Beretta: 34). Q. And would you agree that if a gun dealer has doubts about whether a purchaser has a legitimate reason for buying multiple handguns, that the dealer should not sell guns to the purchaser? ... A. Yes. (Beretta: 36)

13 **Multiple sales**. A. ... I think the policy we have got there is any dealer that sells more than, I think it is more than two handguns within a 30-day period has to report those multiple sales to federal law enforcement authorities in the prescribed form (Reh: 211)

14 **Multiple sales**. A. ... our contract also requires that dealers and distributors to whom we sell, sell in conformance with state law. There are a number of states that have restrictions on the sale of more than one firearm or at least regulations on more than one firearm sale per month (Reh: 212)

15 **Multiple sales and time to crime**. Reh has occasionally performed spot checks of trace requests to "satisfy his curiosity" regarding multiple sales and time to crime, no formal program in place (Reh: 237)

16 **Beretta galleries, traces, multiple sales.** Two guns traced.. Don't know on multiple sales.. (Reh 279-283)

(7) **Time to crime**

1 **Time to crime.** Sample of 100 done at B. Shortest was 2 month. (Reh 276-278)

2 **Awareness of ATF views on time to crime.** Does not mean involved in crime. If occurs within 3 years that they use as an indicator and look into (Reh 278-9)

3 **Multiple sales and time to crime**. Reh has occasionally performed spot checks of trace requests to "satisfy his curiosity" regarding multiple sales and time to crime, no formal program in place (Reh: 237)

(8) **Obliteration of serial numbers**

1 **Awareness that ATF would provide list of serial numbers that were traced in last year**. No not aware... but common sense should prevail (Beretta 109-115)

v. **Trade association activities**

(1) **Retailer associations.** NSSF recently was considering setting up National Association of Firearms Retailers. National Coalition of Firearms Retailers.. new and unfamiliar (Reh 204-5)

(2) **NSSF video for purchasers.** Under editing. Continuing step if providing

safety information. Distributors and direct account dealers would have access. Have not decided if they must distribute or use it. Non direct will be able to get from NSSF. (Reh 392-6)

(3) **Don't Lie for the Other Guy.** In cooperation with NSSF information and educational seminars concerning things dealers can look for to stop strawpurchases. Also warns purchasers through posters... strawpurchase is unlawful. About a year and half ago came up with idea. ATF has had program, but NSSF added marketing "flare" (Reh 398-400)

(4) **Project Homesafe.** Safety instructions in program are consistent with those that have been around for many years . Sees it as a continuation of prior effort. Could have created material 10 years ago (Reh 402-3)

(5) **Agenda NSSF.** ATF inspection frequency. Problems given large number of FFLs. Too small a number of inspectors. ... catching up as FFL's numbers declined. Partnerships for Progress Seminars. Joint seminars with NSSF and ATF. Annual by NSSF and regional by ATF. We asked if we could do something to work with them. Background checks for employees. No discussion at meeting that recalls. (Reh 409-412)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **NSSF survey of voters on SW agreement.** Not released (Reh 412-413)

2 **SW agreement and reaction of distributors and dealers.** General discussion. Nothing directed particularly at B. No written communication from dealers or distributors. Possible that some letters from people who were also dealers. (Reh 539-540)

3 **SW agreement.** Market share has stayed the same since agreement (Reh 543)

(2) **HUD agreement**

(3) **Boston agreement**

d. **Browning (company profile)**

i. **General**

(1) "Browning's corporate headquarters is nestled in the Rocky Mountains of northern Utah in a small town called Mountain Green." **(Descriptive-43:Web)**

(2) **Browning/Winchester relationship with US Repeating Arms.** Browing is owned by the parent company. Once guns are mfgs they are sold to Browning for marketing and distribution (Koening 26)

(3) **Trade association membership.** NSSF and SAAMI. (Koening 66)

(4) **Ownership**. US Repeating Arm builds the product and Browning markets and distributes it. Under the Winchester name (Guevremont 37)

(5) **Size**

1 **Sales**

(i) **Volume of sales.** Knows (Koening 68)

(ii) **Browning handgun sales**. 21,000 in 1998 (Guevremont 174)

(6) **Products/markets**

1 "Browning manufactures firearms and accessories, along with archery and fishing equipment, knives, flashlights, outdoor apparel, footwear, and security safes." (Descriptive-9:Web)

2 **Full line dealer**. Carries everything, archery , footwear, clothing, knives, gun case and firearms (Guevremont 95). Browning and Winchester products. (Guevremont 101)

3 No law enforcement sales. (Guevremont 147)

4 **Distribution nationwide and targeting**. Yes and then emphasis on geography based on product need. Hunting season (Guevremont 221)

(7) **Marketing**

1 **Incentives**. No incentives to advertise. Coop incentive.

(8) **Competitors**

1 Olin (Descriptive-9:Web)

2 Remington Arms (Descriptive-9:Web)

3 Ruger (Descriptive-9:Web)

ii. **Marketing Channel**

(1) **General**

1 **Distribution includes direct and distributor**. Few selected distributors. We focus on dealers. Browning is a dealer company. Direct dealer system working well. Full line dealer system. (Guevremont 94-5)

2 **Dealer purchasing through distributor and direct**. Don't know if do both. Dealers are secretive about their business (Guevremont 103)

3 **Internet sales**. No, but do have catalog and FOQ (Guevremont 150)

(2) **Direct to dealers**

1 **How marketing to distributors and dealers.** Contract. (Koening 83)

2 **Browning sales primarily through dealers as opposed to mass marketers like Wal mart**. Yes (Guevremont 143)

(3) **Indirect through others**

1 **Distributors**

(i) **Distributor contract.** Not standard form but do have one (Koening 58)

(ii) **How marketing to distributors and dealers.** Contract. (Koening 83)

(iii) **Winchester sales primarily through mass merchants and distributors**. Yes (Guevremont 143)

(iv) Winchester sold only through distributors. (Guevremont 144)

(v) **Chains versus mass merchants**. Chains of sporting goods. Mass merchants sell more than sporting goods. Wal Mart, Kmart. (Guevremont 146)

2 **Buying groups**

(i) **Buygroups**. Association of dealers. Three or four or hundreds that get together and join an organization so that they can benefit from the experience of other dealers in the buying. Get discount (Guevremont 97)

(ii) **Buying group contracts**. Don't know (Guevremont 98)

(iii) **Buying groups**. Most are browning dealers. Built from big dealers. To be part of you must have storefront (Guevremont 119)

iii. **Salesforce**

(1) **Indep sales reps**. (Guevremont 100)

(2) **Indep sales reps**. Calling on dealers day in and day out. Service them for browning. 75 of them. Commission based reps. (Guevremont 108-9)

(3) **Indep sales reps call on distributors**. One sale rep will call on a distributor. (Guevremont 109)

(4) **Indep sales reps are multi-brand reps**. Carry number of different brands for different companies (Guevremont 110)

(5) **Indep sales rep responsibilities**. Service the account. Shoe product, arrange displays, well positioned, show product line. Help dealers what available, take orders. Eyes and ears of browning. (Guevremont 111)

(6) **Indep sales rep reports**. No written. On phone with telemarketing team, sales mangers (Guevremont 111-2)

(7) **Sales rep**. Both Browning and winchester.. Same role (Guevremont 145)

iv. **Dealers**

(1) **Medallion dealer**. Whole line, but they can't carry as much of each. (Guevremont 96)

(2) **Regular dealers**. Single line dealers (Guevremont 96)

(3) **Authorized dealers only**. I know they're only allowed to sell through authorized sporting goods stores. (Koening 83)

e. **Browning (documents)**

(1) **Distributor agreements**

1 **Browning stocking distributor agreement 2000**. Min orders. Sales only to full service retailers that operate store front shops and have regular business hours and knowledgeable staff. Agree to curtail shipments to particular customers. Territory limitations. Credit standards. Circulation of promotional material. After sales service. Information on annual sales etc. Maintain employees. No co-op. Termination and repurchase. Termination for below suggested retail price. Includes terms for Master distributor. (380)

2 **Stocking distributor agreement (1999).** Distributors sell only to store front retailers only in US, curtail shipments as requested, warehouse acceptable to browning, no advertise to consumers through print media, termination on 30 days, only to FFL holders, repurchase option on termination compliance with firearms regulations. Information on total sales and existing inventory (105)

3 **Stocking distributor agreement (1998)**. Distributors sell only to store front retailers only in US, curtail shipments as requested,

warehouse acceptable to browning, no advertise to consumers through print media, termination on 30 days, only to FFL holders, repurchase option on termination compliance with firearms regulations (104) (107)(108)

4 **Full service distributor agreement (?).** Warehouse under acceptable conditions, sales to store front retailers only, no advertising in print media, furnish information on total annual sales and existing inventory, termination on 30 days, repurchase of products option upon termination.

5 **Browning Full Service Distributor Agreement. (19??).** Subject to credit standards. Sales only to retailers with storefronts with regular business hours and knowledgeable sales staff. Distribute promotional materials. Provide after sales service to retailers. Compliance with laws. Furnish information on total sales and existing inventory. Staff of employees. No coop advertising. Sales only to full service retailers. Termination and repurchase. Not agent. (379)

6 **Browning Full Line Dealer Program 1993-95.** Full year display of line. Special seminars. Sales rep work to determine if credit worthy. Cooperate with dealer. Check of inventory. Seminars conducted (381)

f. **Browning (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Concerns with products being associated with crime.** Yes. (Guevremont 130)

(2) **Awareness of small number of dealers who are bad apples.** Not familiar (Guevremont 175)

(3) **Efforts to understand how firearms become part of criminal market.** I am not sure. (Guevremont 185-6)

(4) **Concern of Browning - when someone breaks the law.** If they have not broken the law we are not concerned (Guevremont 187-190)

(5) **Concern for criminals acquiring guns. Concerned with anybody breaking the law.** But will not get involved in law enforcement. (Guevremont 305)

(6) **Browning concerned for those breaking law.** If the dealer is doing – has got an approved FFL, he's doing everything that the law is asking him to do, Browning is not objecting then (Guevremont 311)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor contract.** Not standard form but do have one (Koening 58)

(ii) **How marketing to distributors and dealers.** Contract. (Koening 83)

(iii) **Distributor agreements.** Yes. (Guevremont 143)

2 **Dealer agreements**

(i) **How marketing to distributors and dealers.** Contract. (Koening 83)

(ii) **Full-line dealer agreement.** Full line inventory requirement and sales reps has to check if they have such product in their stores to display. (Guevremont 99-100)

(iii) **Dealers contracts.** Yes, but some may not who buy from distributor. (Guevremont 104)

(iv) **Browning dealer agreements.** Not sure if all have signed.

(Guevremont 116)

(v) **Browning versus nonbrowning dealer**. Browning dealers sign agreement. Non browning don't. Don't know who nonbrowning dealers are. (Guevremont 117)

(vi) **Browning imposes conditions on dealers**. Some marketing requirements. (Guevremont 306-7)

(2) **Framework**

1 **Selection**

(i) **Criteria.** Establishment of safeguard requirements to be met by a distribution partner

1) **FFL requirement**. Potential distributor must have FFL. (Guevremont: 114)

2) **FFL but doesn't see what else could do.** A. ... we only sell to FFL, so we sell to legal entity that are authorized and verified by the federal government of United States and the local government. ... we also know that the consumer buying must have an FBI background check ... I don't see what else Browning could do ... (Guevremont: 131)

3) (Guevremont 116)

4) **Authorized dealer application**. (Guevremont 153)

5) **FFL and authorized sporting goods stores**. Only allowed to sell through authorized sporting goods stores and must be federal firearms licensed holder. (Koening: 83)

(ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Dealers checked federally and locally**. "The dealers are... checked federally, locally and each consumer's background in the United States is checked... by the FBI – it's called the NICS." (Guevremont: 122)

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Distributors role**. Sell product to Browning dealers and not Browning dealers. Maintain inventory. Distributors provide credit, inventory functions. (Guevremont 102)

2) **Could browning ask reps to ask dealers for background check reports**. Not in their responsibility. Would have to hire additional people to check on places with turnover. We could ask Walmart, Bass pro shop, . Not feasible. Could not ask for paperwork on a spot basis. No legal background. If I was a dealer I would not let them go through my files. (Guevremont 138-9)

3) **Owner safety responsibility**. Part of responsibility of customer to buy gun safes and properly store their guns. Owning a firearm comes with a responsibility. And one of that responsibilities is to safely store your product, your firearm. (Guevremont 158)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Security department**. Each Browning facility has its own security department. (Guevremont: 49)
2) **Don't want to create laws**. Q. ... I'm asking whether you would see any problem with Browning requiring that its dealers verify information on the form, the 4473 form, by reference to at least two pieces of identification provided by the purchaser? ... A. Well, I don't know if Browning would want to be put in a position to create laws. (Guevremont: 125)
3) **Criminal background checks on dealer employees not advised**. Q. Does Browning advise its dealers to do criminal background checks on their employees? A. No, we don't. (Guevremont: 132)
4) **Delivery only to FFL address**. Dealer agreement says Browning will only deliver to the address on the FFL. (Guevremont: 149)
5) **No sale at location other than on application**. Dealer agreement: "applicant will not sell Browning products other that through the outlet location specified in this application." (Guevremont: 155)
6) **Safety presentations by reps on gun safes**. Q. Are there any presentations made regarding safety issues relating to Browning arms? A. Well, I'm sure our reps spend a lot of time on – on gun safes. (Guevremont: 157)
7) **Encourage people to follow the law**. "We encourage people to follow the law. We put it in all of our literature, all of our agreements; all of our transaction are by the book." (Guevremont: 183)
8) **Dealer cannot sell below min advertised price**. Dealer cannot sell below minimum advertised price. (Guevremont: 273)
9) **Serial number engraving more than asked for**. Browning serial number engraving is "way more than what they ask for, as far as depth of engraving... and the size and the depth of the area." (Guevremont: 281)
10) **Documents on design and implementation**. Q. Does U.S. Repeating or the marketing arm have any documents regarding design and implementation of safety features on the firearms? (Koening: 70) A. I'm sure there are documents. R&D would be involved in that but that's the extent of my knowledge (Koening:

71)

11) **Documents on safety locks.** Q. Does U.S. Repeating have any documents regarding safety locks on its firearms? (Koening: 71) A. I'm not aware of any documents. We provide a safety lock on all of our firearms (Koening: 71)

12) **Owner's manual for safety.** Q. Do you know of any document that U.S. Repeating has about the warnings that are provided with their firearms? (Koening: 73) A. Other than I know that we have several manuals that go with the firearm for our – for the owner's benefit as far as safety – the safety features of the gun. There's an owner's manual . There's several booklets that go with the gun (Koening: 73)

13) **No access to information on analysis of use of firearms.** Q. Do you know whether U.S. Repeating has any documents regarding or analyzing the use of U.S. Repeating firearms? (Koening: 74) A. I don't think we have access to that information (Koening: 74)

14) **No documents on how owners of firearms store.** Q. Do you know whether U.S. Repeating has any documents that analyze of study the way their firearms are stored by owners of the firearms? (Koening: 76) A. No (Koening: 76)

15) **Surveys conducted of demographics.** Q. Has U.S. Repeating conducted any demographic information about the purchasers of its firearms? (Koening: 78) A. Other than the surveys that we buy, I'm not aware of anything that we would have (Koening: 78)

16) **List of dealers who buy direct but not those that go through distributor.** Q. Does it have a similar list about the dealers that sell U.S. Repeating firearms? (Koening: 79) A. Yes. The ones that buy direct. The distributors sell to dealers that we would have no record of (Koening: 79)

17) **Contract outlines how its firearms are to be marketed.** Q. Do you know whether U.S. Repeating has documents indicating to its distributors or its dealers how its firearms are to be marketed and advertised? (Koening: 82) A. I think the contract we have somewhat outlines that, but that would be the extent I would be aware of (Koening: 83)

18) **Hunter safety booklet.** Q. Now, does the hunter safety program you were talking about, there are documents regarding that? (Koening: 87) A. I don't know if there's documents regarding that... an individual has to go through hunter's safety before he can buy a gun or purchase a hunting license (Koening: 87)

19) **Considerable emphasis by Browning on safe**

storage at home. Catalog. Sales rep encourage dealers to sell safes (Guevremont 160-2)

20) **Current training could be inserted into contract and made mandatory.** Yes. We don't need to. (Guevremont 296-7)

21) **Training to distributor with respect to avoiding bad dealers.** Only allowed to sell to FFL. . Only legitimate dealers (Guevremont 285)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Never offered bonuses or incentives to distributors or dealers.** Q. Do you know whether U.S. Repeating has documents relating to incentives or bonuses offered to distributors or dealers for sales? (Koening: 85) A. To my knowledge, we have never offered the distributors bonuses or incentives (Koening: 85)

2) **Verification of dealer requirements and conditions.** Yes. We can verify these. (Guevremont 126-7)

3) **Sanctions for not following dealer agreement.** Mostly in coop advertising. (Guevremont 294)

4) **Incentives for participation in training clinics.** No. They are happy to get those clinics. No money paid. No better deals on discounts. They get hats. (Guevremont 294-6)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Can Browning require dealers to ask for 2 ID's.** If law yes, but do not want to create law. . Would have to look at how to enforce. (Guevremont 125-6)

2) **No reimbursement for selling below min price.** "If they sell the product below our minimum advertised price, we don't reimburse the co-op, so it's sort of a discipline because they don't get reimbursement." (Guevremont: 293)

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Distributor termination.** Yes. Based on

nonpayment (Guevremont 17)

2) **Field salespeople inform of dealers going out of business**. Field salespeople inform Browning if a dealer has gone out of business. (Guevremont: 117)

(3) **Other**

1 **Browning would take not action until proof of breaking law**. Will not work with rumors. Not a law enforcement group. (Guevremont 192-3)

2 **Market research on consumers**. Extensive profiling of demographic and psychographic (Guevremont See 216-226)

3 **Dealer coop program**. Yes. Reimbursement for ad. Excludes some ads (Guevremont 242-247)

4 **Browning imposes conditions on dealers**. Some marketing requirements. (Guevremont 306-7)

5 Browning feels that compliance with law is enough (Guevremont 308)

iii. **Information System**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

(i) Information from sales rep added to information base on dealers and distributors (Koening 58)

(ii) **Indep sales rep responsibilities**. Service the account. Shoe product, arrange displays, well positioned, show product line. Help dealers what available, take orders. Eyes and ears of browning. (Guevremont 111)

(iii) **Indep sales rep reports**. No written. On phone with telemarketing team, sales mangers (Guevremont 111-2)

3 **Distributors**

(i) **Lists of distributors and dealers.** Yes (Koening 58)

(ii) **Electronic sales records.** Serial number, invoice number, data, customer number, FFL (Koening 79)

4 **Dealers**

(i) **Lists of distributors and dealers.** Yes (Koening 58)

(ii) **Lists of direct dealers.** Yes... the ones that buy direct. (Koening 79)

(iii) **Lists of nondirect dealers.** No.. no record of (Koening 79)

(iv) **Information on nondirect dealers.** Don't have access to that information (Koening 81)

(v) **Dealers who purchase through distributors and sales rep visits**. Could be visited by distributor and Browning indep rep. (Guevremont 109)

(vi) **Dealer problems process**. Indep rep calls sales manager. Experienced professionals. Long time in business. (Guevremont 112)

(vii) **Training**. Dealer training academy. Get dealers to be familiar with Browning teams and products and educate them on products. (Guevremont 120-1)

(viii) **Full line dealer training**. Product knowledge clinic. Clinic. No safety information except on selling gun safes.. . (Guevremont 158)

5 **Trade Associations**

6 **Other**

(i) **Record retention policy.** Yes (Koening 29)

(ii) Marketing and distribution information, serial number stored on Oricle database (Koening 36)

(iii) **Inter mfg correspondence.** Not aware of anyone who corresponds with other mfgs (Koening 66)

(iv) Purchase consumers surveys (Koening 77-78)

(v) **Polk marketing study**. Consumer study involving demographics, etc. (Guevremont 55-74)

(2) **Trace/ATF related**

1 **Information about use of guns by criminals.** Not to my knowledge (Koening 75)

2 **Analysis of ATF data.** No (Koening 85)

3 **ACCESS 2000**. Being discussed. (Guevremont 198-9)

4 **Analysis of ATF data.** No (Koening 85)

5 **Use of trace requests to enforce conditions**. Not role (Guevremont 127-8)

6 **Request for additional information from traces**. I don't know. (Guevremont 284-5)

7 **Could Browning use trace data to monitor its authorized distributors and dealers**... out of proportion. Not our role. Its FBI. We are not trained for it. (Guevremont 303-4)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **No knowledge of documents regarding recovery of firearms by law enforcement**. Q. Does U.S. Repeating have any documents regarding any of its firearms that may have been recovered by law enforcement agencies? (Koening: 75) A. I don't thing we have information where they've been recovered. We do record on our records if it's been stolen coming to us or going to our customer...and we turn that over to the ATF (Koening: 75-76)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Authorized dealers only.** I know they're only allowed to sell through authorized sporting goods stores. (Koening 83)

2 **Browning dealer**. Must have storefront (Guevremont 117)

3 **Simple dealer agreement**. Must have storefront. (Guevremont 118)

4 **Actions to prevent association of product with criminals**. Only sell to FFL. Consumer background check. . (Guevremont 131)

5 **Could Browning advise dealers to do background check on employees**. Would have to check with marketing. I see problem with that. Would have to think if it can be enforced. Check with legal. Would we benefit. (Guevremont 132 -136)

6 **Dealer requirements**. Storefront es, amount of lighting, amount of display space, checking inventory on new dealers. (Guevremont 134-6)

7 **Store front requirements**. Browning dealers must have a storefront, certain hours they have to be open, enough lighting, enough gun racks to show guns. (Guevremont: 116)

8 **Storefront if part of buying group**. Must have a storefront, to be part of a buying group – members are usually Browning dealers independently. (Guevremont: 120)

9 **Browning dealer criteria**. Store front. Properly display product. Enough money.

10 **Concern for high trace dealers**. Depends if breaking the law (Guevremont 181)

11 **If reported that dealer was substantial source of crime guns**. Would not inquire if reported. No would not. Would not ask dealer about inventory. Not even if identified as major sources. . No (Guevremont 192-5)

(3) **Gun show sales**

1 **Consideration of restricting dealers from selling at gun shows**. No. (Guevremont 154)

(4) **Thefts**

1 **Thefts documents or information on.** Only if enroute... provided to ATF (Koening 82)

2 **Security at dealers**. Reps look at store when first opened up. Not our reps job to verify security of each dealer. Not part of his agreement. . BATF duty . No action taken. Not our job to enforce law. (Guevremont 113-5)

3 **Awareness of dealer theft**. No. They would tell me if there was something. (Guevremont 115)

4 **ATF report on stolen guns**. If firearms are stolen warehouse general manager would be required to file a report with the ATF regarding the stolen guns. (Guevremont: 268)

(5) **Strawpurchases**

1 **Strawpurchases documents or information on.** No records. Don't sell pistols (Koening 81)

2 **Strawpurchase training**. No. No effort for identification of straw purchases. Participate in Don Lie for the Other Guy. NICS checks for background. (Guevremont 122-3)

3 **Participation in Don't Lie for Other Guy**. Including brochure in each on of our firearms. Magazine advertising from Heritage fund (Guevremont 124)

4 **Don't Lie for Other Guy**. Directed at consumers not dealers or distributors. Yes (Guevremont 124)

5 **Support Don't Lie for Other guy**. (Guevremont 132)

6 **No gun show sales**. Some orders at Shot Show. No sales to general public at shows. (Guevremont 148)

7 **Dealers selling at gun shows**. Don't know. (Guevremont 149)

8 **Restriction of dealers selling at gun shows**. I don't know. Agreement seems to suggest they restrict sales by dealers to location of storefront? (Guevremont 149 -156)

9 **Dealer requirements to participate in Don't Lie.**. No. No incentives to participate in . Not that I know of. (Guevremont 272-3)

10 **Need for Don't Lie**. I imagine if we are participating.. like to think so. I don't know (Guevremont 282-3)

11 **Is if possible for an FFL to be involved in a strawpurchase**. Yes its is possible. (Guevremont 287)

12 **Would it be possible to provide training to dealers on how to avoid strawpurchases**. Don't know how to identify. Not Browning job. (Guevremont 288)

13 **Faced with a strawpurchase scenario should a dealer make further**

inquiries. No. . I don't know. Each case would be different. Dealer should obey the law. If not breaking the law, then I do not agree (Guevremont 291-293)

14 **Could you require dealers to participate in Don't Lie**. Yes we could. (Guevremont 297)

15 **Why don't you require dealers to participate in Don't Lie**. My feeling is that every dealer does already (Guevremont 297)

16 **Strawpurchase** - Nothing but participation in Don't Lie. A. ... No effort for identification of straw – the only thing we have done that we feel is pretty substantial is we participate with the NSSF to a special brochure; and I don't remember what the name is, but something about "Don't lie for the Other Guy" (Guevremont: 122)

17 **No specific training for strawpurchase**. Q. So the short answer is Browning has not ... done any training of its dealers with respect to straw purchasers? ... A. Specific training, no. Participation in a campaign for all dealers across the United States, yes. (Guevremont: 123)

18 **Include Don't Lie for Other Guy brochure in each firearm**. A. ... we're still including one ["Don't Lie for the Other Guy"] brochure in each one of our firearms; ... Browning is part of the pool of industry players that are giving money. (Guevremont: 124)

19 **No requirement of dealers to participate in Don't Lie**... No requirement for Browning dealers to participate in Don't Lie program. (Guevremont: 272)

20 **Don't require dealers to participate in Don't Lie**. Q. Would it also be true that the company could, through its contractual arrangements with dealers, require dealers to participate or view the "Don't Lie for the Other Guy" training? ... And why does the company not do that? A. I don't know why. ... My feeling is that every dealers already do it. (Guevremont: 297)

(6) **Multiple sales**

1 **Could Browning require authorized dealers not to sell multiple guns to a single purchaser**. We have a lot of collectors that collect consecutive serial numbers. . Some people want to buy two guns of different calibers for hunting. . Ton of legitimate reasons to buy multiple guns. . (Guevremont 298-302)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

1 Marketing and distribution information, serial number stored on Oricle database (Koening 36)

2 **Electronic sales records.** Serial number, invoice number, data, customer number, FFL (Koening 79)

v. **Trade Association activities**

vi. **Industry Agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

g. **Bryco (company profile)**
  i. **General**
    (1) **Size**
      1 **Employees**: 30 to 35 employees. (Jennings 20)
    (2) **Product/markets**
      1 "Bryco/Jennings is in CA." **(Descriptive-41:Web)**
      2 "The distributor is in NV ..." (Descriptive-41:Web)
    (3) **Marketing**
      1 **Promotion of guns**. No. Not set up for large scale (Jennings 38)
      2 **Advertising of guns**. Not that I recall (Jennings 38)
      3 **Prices to distributor**. Its just set. What we felt we needed. . We don't have a formula. (Jennings 108-109)
  ii. **Marketing channels**
    (1) **Direct to dealer**
      1 **Dealer sales process**. Phone orders. No writing. Scanned and recorded in AD books and invoice would be made up. (Jennings 35-6)
    (2) **Indirect through others**
      1 **Distributors**
        (i) **Distributor**. Sales are to BL Jennings and to Valor and Slim's Gun Shop. (Jennings 33-34)
        (ii) **Distributor sales process**. BL Jennings gives estimate of how many guns they want. Over a six month period. Guns would be shipped. (Jennings 34-5)
        (iii) **Distributor sales**. 98 percent to BL Jennings

h. **Bryco (documents)**

i. **Bryco (depositions)**
  i. **Awareness and knowledge of diversion and potential safeguards**
    (1) **Knowledge of dealers that distributors sell to.** No (Jennings 66)
  ii. **Coordination systems**
    (1) **Distributor and dealer agreements**
      1 **Distributor agreements**
      2 **Dealer agreements**
    (2) **Framework**
      1 **Selection**
        (i) **Criteria.** Establishment of safeguard requirements to be met by a distribution partner.
          1) **No contracts with distributors**. Q. Does Bryco Arms have any contracts with its distributors? A. No, Bryco does not (Jennings: 50)
        (ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.
        (iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.
      2 **Management**
        (i) **Role responsibilities and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.
        (ii) **Operational guidelines, programs and strategies.**

Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **No prevention of unintentional shooting**. Q. Does Bryco Arms do anything to prevent unintentional shooting? A. I don't know what Bryco would be able to do. (Jennings: 103-105)

2) **Steps to prevent unintentional shootings**. No. (Jennings 103)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

iii. **Information system**

(1) **Contacts**

1 **Own firm/employees**

(i) **Document retention policy**. Yes. For taxes (Jennings 48)

2 **Sales representatives**

3 **Distributors**

(i) **Correspondence with distributor**. No written other than invoices (Jennings 45)

(ii) **Distributor suggestions to mfg**. Yes. On features (Jennings 61)

(iii) **Suggestions to distributors on how to sell**. No (Jennings 66)

4 **Dealers**

5 **Trade Associations**

6 **Others**

(i) **Suggestions from BL Jennings for modifications.** Marketing purposes. (Jennings 101-2)

(2) **Trace/ATF related**

1 **Trace request retention**. We don't have copies. (Jennings 46-7)

2 **Trace requests**. 1 or 2 a month. (Jennings 70)

3 **Trace request written record**. No (Jennings 71)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Does't know what could do to prevent purchase of guns by convicted felons.** Q. does Bryco Arms do anything to prevent the purchase of guns by convicted felons). A. Again, I don't know what Bryco would – we sell to a distributor, and we don't – they have – you know, they are legal, and I don't know what Bryco would do. (Jennings: 103-105)

2 **Blue sheet about law in as prevention of purchase by under 18 persons.** Q. Does Bryco Arms do anything to prevent the purchase of firearms by persons under 18? In each of the firearms, as they leave the company, if you remember, I told you we put in what we call the blue sheet that has the federal law and the warnings (Jennings: 103-105)

3 **Steps to prevent the purchase of guns by convicted felons.** I don't know what we would do (Jennings 104)

4 **Steps to prevent purchase by persons under 18.** Blue sheet on federal laws in firearm box (Jennings 104)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

(3) **Gun show sales**

(4) **Thefts / Losses**

(5) **Strawpurchases**

1 **No prevention of strawpurchases.** Q. Does Bryco Arms do anything to prevent straw purchases? A. No, it does not. (Jennings: 103-105)

2 **Steps to prevent strawpurchases.** No (Jennings 103)

(6) **Multiple sales**

1 **No prevention of multiple sales.** Q. Does Bryco Arms do anything to prevent multiple sales? A. No, it does not. (Jennings: 103-105)

2 **Steps to prevent multiple sales.** No (Jennings 103)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

(1) **Trade Associations.** SAAMI - no. NSSF - no. American Shooting Sports Council - no. (Jennings 128)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

j. **Carl Walther (owned by Smith & Wesson) (company profile)**

i. **General**

(1) **Products/markets**

1 "Military, police and other governmental security groups in every country of the world have relied on the high quality craftsmanship and rugged durability of Walther products. At the same time, hunters and target shooters everywhere are familiar with the name Walther." (Descriptive-67:Web)General

2 "In the autumn of 1886 when Carl Walther laid the foundation stone of todays Walther Works in Zella-Mehlis, a traditional site for many German factories" (**Descriptive-67:Web**)

ii. **Marketing Channel**

(1) **Indirect through others**

1 **Distributors**

(i) "In 1999, another step was taken to bring the Walther name into the new millennium. Smith & Wesson of Springfield, Massachusetts and Carl Walther GmbH of Germany announced a joint plan to form Walther USA to distribute Walther branded firearms, air guns and accessories in the United States." Descriptive-67:Web)

k. **Carl Walther (owned by Smith & Wesson) (documents)**

l. **Carl Walther (owned by Smith & Wesson) (depositions)**

m. **Colt (company profile)**

i. **General**

(1) "Founded in 1836 by Samuel Colt, the company is about 83%-owned by investment firm Zilkha & Co." **(Descriptive-11:Web)**

(2) "... inventor of the revolver and a stalwart of New England's so-called Gun Valley." **(Descriptive-26:1)**

(3) **Intrepid system.** Online computer file. Out computer system. Financial records. Sales records. Payroll. Mfgs data, quality data. Engineering data. Tracks mfg through process. Not after shipped. (Reissig 91-94)

(4) **Size**

1 **Sales**

(i) 2000 Sales (mil.): $100.0 (est.) (Descriptive-11:Web)

(ii) **Sales projections.** 250,000 in 2001 (Dorsey 21)

(iii) **Commercial sales.** 35 to 50 percent depending on year (Reissig 247)

2 **People**

(i) 545 people (Dorsey 48)

(ii) 2000 Employees: 700 (est.) **(Descriptive-11:Web)**

(5) **Products/markets**

1 "Through its subsidiaries, Colt's Manufacturing makes handguns (Cowboy, Defender) and semiautomatic rifles for civilian use. It also makes military weapons (M-16, M-4 Carbine) for the US and other governments. Colt's also licenses its name to a variety of other companies, such as Encore Software (for Encore's Wild West Shootout game)." **(Descriptive-11:Web)**

2 "... before the month [October 1999] is out, Colt will stop taking orders for virtually all consumer handguns" **(Descriptive-26:1)**

3 "Colt will keep making military and collectible guns, which are the bulk of its busness." (O'Donnell, Oct 18, 1999)

4 **Markets.** US Government, international law enforcement and commercial (Dorsey 26)

5 **Market sales. 10% law enforcement.** 30 percent US govt. 30% international. 30% commercial sales. Balance law enforcement. Based on dollars (Dorsey 244)

6 **Commercial business.** Percentage of total business is 30% (Dorsey 119)

(6) **Marketing**

1 **Store contact.** Phone (Dorsey 37)

2 **Distributor contact by email.** Rarely (Dorsey 38)

3 **Marketing budget.** Last two years... virtually no advertising or marketing budget (Dorsey 40)

4 **Market surveys.** Not in several years (Dorsey 119)

5 **Market survey.** Has seen results. Has not done one (Dorsey 127)(

6 **Marketing plan.** Not formal. No. Then shown 1999 marketing plan that contains SWOT and other specifics (Dorsey 139-140)

7 **Trade show booth.** Yes (Reissig 169)

8 **Marketing personnel.** 15 are administration. 2 are salesforce (Reissig 291-2)

9 **Advertising.** Based on trends. (Reissig 310)

10 **Advertising.** One since mid 1999. Ceased for financial reasons.

(Reissig 311)

11 **Trade show attendance.** Attended yes and attended ATF presentations. (Reissig 324-327)

12 **Shot Show.** Sell guns. We have taken orders (Reissig 327)

13 **Coop program.** Advertising. Yes in the past but not now. Stopped when stopped promotions. (Reissig 304)

(7) **Competitors**

1 Beretta (Descriptive-11:Web)

2 Smith &Wesson Holding (Descriptive-11:Web)

3 Ruger (Descriptive-11:Web)

ii. **Marketing channel**

(1) **Direct to dealers**

1 **Sales direct to dealers.** Custom shop only (Dorsey 131)

2 **Sales direct to end user.** Yes. Custom shop products. Can only ship to FFL (Dorsey 131-2)

3 **Custom shop.** Engravings. Various grips. Go through dealer to access (Reissig 84-85)

4 **Sales to dealers.** Small. Very small. Not in past seven years except through "custom shop" (Reissig 105)

5 **Dealer direct is possible.** We could do that if deemed appropriate. (Reissig 165)

(2) **Indirect through others**

1 **Distributors**

(i) **Distributors.** 16 distributors currently (Dorsey 50)

(ii) **Distributors.** Number is 16. No inclination to increase or decrease (Dorsey 63-64)

(iii) **Top distributor.** RSR (Dorsey 95)

(iv) **Reputable distributor.** Integrity. Respectable. (Dorsey 99-100)

(v) **Incentives for distributors.** Not aware (Dorsey 129)

(vi) **Sales to distributors.** Yes. (Reissig 104)

iii. **Mfgs salesforce**

(1) **Sales force.** Single. He is it. (Dorsey 78)

(2) **Would like to have larger salesforce.** Would like 5 people. Increase market presence. Distributors want us to have a salesforce (Dorsey 79-80)

(3) **Distributors want visits from salesforce.** Enhance communications between us. To get more orders of products. Part of sales is to establish that human relationship. Easier. Human bond, trust and confidence. Enhanced communications (Dorsey 80-81)

(4) **Structure of desired salesforce.** Domestic sales force who would make regular visits to wholesalers. Daily phone calls. Frequent visits to known dealers and infrequent phone contact. . Market efforts. Catalog. Designed to increase trust and establish communication (Dorsey 88-89)

(5) **No more salesforce.** Had commercial and military salesforce prior to late 1999. Financial reasons for stopping. Cash flow issues. (Reissig 57-58)

(6) **Cost of salesforce.** 100,000 a year (Reissig 60)

(7) **Salesforce.** 7 in 1995. (Reissig 60+)

(8) Salesforce as independent mfg reps. (Reissig 191)

(9) **Salesforce [when had] would have been in contact with dealers.** Would have known dealers through "service agreement cards," talking with customers at shows, whatever way they could (Reissig 193)

(10) **Salesforce**. Independent reps. 91-93 had indep reps. Not employees. Five or six employees of Judd and Associates. Represented them at shows. Sold product. Visit distributors. (Reissig 288-9)

(11) **Sales force**. Employees of colt after 1993. 2 people. 17 people involved in sales and marketing (Reissig 290-1)

(12) **Marketing personnel**. 15 are administration. 2 are salesforce (Reissig 291-2)

(13) **Sales force duty**. Maintain contact with distributors, educate and train salespeople. Product demo. Market trend determination. Colt days and handle customer service issues (Reissig 296)

(14) **Salesforce submit reports**. Mostly monthly from 1995-98 (Reissig 296-8)

(15) **Sales force duties**. Written materials for training. Not aware of. Extensive training on product line. Into factory. Our systems. How orders processed. Several weeks training. (Reissig 298-299)

(16) **Salesforce duties to train distributor salespeople**. Visit and educate and train. When visited dealers would train distributors. Feature and benefits of products. Instruction. Etc. during colt days. (Reissig 299)

iv. **Distributors**

(1) **Minimum purchase by distributors**. No (Reissig 300)

(2) **Distributor numbers**. Had 100 in early 90's (Reissig 130)

(3) **Distributor numbers**. Smaller number allow us to visit more frequently. Work with them (Reissig 130-1)

(4) **Distributors and FFL sold to in last ten years**. Acusport, Davidsons, Camfour, Dixie Shooters Supply, Ellet Brothers, Jerry's Sports Centers, RSR. Shawmut. Southern Ohio, Valor, Williams Shooters Supply. (Reissig 230-233)

(5) **Distributors**. 16 to commercial market (Reissig 235)

(6) **Distributors promote by.** Telemarketing. Internet. (Reissig 244-5)

(7) **Distributor territory limitations**. No (Reissig 245)

(8) **Distributor numbers**. No intention to increase (Reissig 250)

(9) **Incentives to distributors**. No, but have in the past. Stopped because of money ran out in late 1999 (Reissig 302-3)

(10) **Incentives to distributors**. Would pay SPIFFS when they would sell colt product. 2 to 5 dollars (Reissig 303)

v. **Dealers**

(1) **Dealers**. Number. 3000 to 14,000 depending on type and line (Reissig 134-5)

(2) **Distributors**. Number (Reissig 16)

(3) **Dealer promotions**. When had would arranged through distributor. Distributor would work with dealer. (Reissig 168-9)

(4) **Premier Dealer program**. Application form. Define your business – "storefront" or "nonstorefront." Mid 90's. Now FFL requires storefront (Reissig 184-9)

(5) **Limitations on number of dealers**. No. (Reissig 197)

(6) **Direct to dealers**. Going back. Don't know. (Reissig 229)

(7) **Distributors and FFL sold to in last ten years**. Acusport, Davidsons, Camfour, Dixie Shooters Supply, Ellet Brothers, Jerry's Sports Centers, RSR. Shawmut. Southern Ohio, Valor, Williams Shooters Supply. (Reissig 230-233)

n. **Colt (documents)**

i. **Interaction with channel members**

(1) **Weekly sales rep reports to manufacturers**. Colt has reps fill out reports on store visits detailing status of dealer, inventory, complaints, issues, competition, and other relationship aspects. Includes reference to "if we are serious about eliminating the "FFL holder nonstore front dealer" we could do this by

establishing an "authorized colt dealer" network - only sell Colt. (76)

(2) **Distributor correspondence.** Colt Letter to dealer congratulating them on becoming account (77)

ii. **Distributor agreements**

(1) **Authorized distributor agreement (1983).** Excludes some products, financial statements on request, must cooperate to develop maximum sales potential, 30 day termination, right of repurchase, distributor is independent contractor, compliance with firearms laws and regulations (110)

(2) **Authorized distributor agreement (1990).**Term, exclusion of some product, furnish financials, authorization and acceptance of trademarks, cooperate to develop maximum sales potential of retail dealers, termination, right to repurchase on termination, independent contractor, compliance with laws and regulations,

(3) **Authorized distributor agreement (1991).** Term, exclusion of some product, furnish financials, authorization and acceptance of trademarks, cooperate to develop maximum sales potential of retail dealers, termination, right to repurchase on termination, independent contractor, compliance with laws and regulations, (131)

(4) **Nonexclusive authorized law enforcement distributor agreement (1992).** Term of 1 year, furnish current financial statements, authorization and use of trademarks - not use in any way that dilutes, maintain trained specialist staff, represent colt at shows, sell only to authorized enforcement agencies and others authorized, termination on 30 days, independent contractor with reservation of right to ask distributor to cease selling to dealer who deems prejudicial to dealers interests, compliance with all laws and regulations (121)(122)

(5) **Nonexclusive authorized distributor agreement (1993).** Term of 1 year, furnish current annual financial statements, authorization and use of trademarks, best efforts to cooperate in developing maximum sales potential to retail dealers, termination, right of repurchase, independent contractor with reservation of right to require distributor to cease sale to dealers who colt deems as prejudicial to interests, comply with all applicable laws. (120)

(6) **Nonexclusive authorized law enforcement distributor agreement (1995).** Financial statements furnish, authorization and acceptance use of trademarks, maintain staff specialist, represent colt at law enforcement conventions, sell only to law enforcement authorized, submit quarterly update on market trends, monthly update on where products are being shipped, sell restricted firearms only to authorized agencies or officers, licensed dealers, termination on 30 days notice, right to repurchase on termination, representation that distributor understands and will comply with applicable laws and regulations (119)

1 **Addendum to distributor agreement (1995).** Volume agreement, provision of forecasts of sales, month ending report including model, serial, and state shipped to, right to third party audit of distributor records (112)

(7) **Nonexclusive authorized law enforcement distributor agreement (1998).** Term of 1 year, maintain staff of trained specialist in market, sell only to law enforcement authorized, submit a quarterly update of market trends within scope of business, monthly update on where products are being shipped, submit letters from customers showing they are authorized, limited distribution area, termination on 30 days, rights of repurchase, compliance with firearms laws and regulations (117) (118)

(8) **Colt distributor [incentive] program 1998.** Quotas established. Incentives for early purchases. Purpose to add value to relationship. Growth incentives.

Individual sales incentives $3/unit

(9) **Distributor agreement for calendar year 199_).** Name and reputation adverse affect clause, No use of trademark or name in unauthorized manner, financial statements, unit sales of new products reported, no new product sales at gun shows, no export in excess of 5 new handguns, right of repurchase, compliance with firearms laws and regulations, termination upon 30 days notice, year auto termination (111)(116)

(10) **Law enforcement distributor agreement.** (No terms identified). (109)

(11) **Colt distributor agreement (2001).** FFL. Adhere to sales and safety policies. Ship only to FFLs. Maintain financial and competitive capabilities. Provide financial statements certified [cross out]. Sufficient inventory. Personnel for demo of safety. No gun show. No sales at gun shows directly or indirectly. No sales unless dealer has verified its compliance with law. Compliance with laws. Verify that holder has complied with laws and regulations. Exhibit A dealer compliance: permits and licenses, qualified person under law, certification to ATF. Over age 21 sales of handguns [18 for other]. No sale if thought not reasonable qualified. Multiple sales forms fill out. Report thefts. Modified versions that address verification that parties sold to by distributor are in compliance with laws and compliance with background check and other (402)

(12) **Colt distributor agreement (200?).** FFL. Conduct ethically and in accordance with spirit and letter of law. Termination rights. Adhere to sales and safety policies. Ship to other wholesale distributors also under contract. Maintain financial and competitive capabilities for effective distribution. Financial statements. Sufficient inventory. Report sales and provide reports. One employee who has safety training. No sales at gun shows directly or indirectly. No sales unless dealer has verified its compliance with law. Compliance with laws. Trace request compliance. Notify if FFL ineffective or other. Exhibit A dealer compliance: permits and licenses, qualified person under law, certification to ATF. Over age 21 sales of handguns [18 for other]. No sale if thought not reasonable qualified. Multiple sales forms fill out. Report thefts. (369). Modified versions that address verification that parties sold to by distributor are in compliance with laws and compliance with background check (370, 371)

iii. **Dealer programs**

(1) **Colt premier dealer program.** Recognize vital role dealers play. Formalized method for presenting marketing introduction. Strong alliance. Push and pull based approached. Dealer sales incentives and other support. Classification of dealers based on commitment, SKU's, store type, enthusiasm, slotting or POP commitments and other measures. 250 dollar merchandising kit. Tactics: Identify key dealers from 25,000 legitimate dealers. Dealer support program. POP, national consumer sales promotion, literature support, Colts Notes subscription,. Incentive programs. Feedback opportunities. Training activities including videos and dealer rep training. Tracking of colt purchases by dealers from distributors (10,000 a month). Dealer rankings. (298) (303) (304)

iv. **Market research**

(1) **General.** Colt Market Overview includes analysis of consumer markets and product markets (85)

(2) **Sales rep reports to manufacturers.** Colt has reps fill out reports on store visits detailing status of dealer, inventory, complaints, issues, competition, and other relationship aspects

v. **Colt termination of distributors (1999)**

(1) Weeded out 5 distributors. Consolidation of distributor network down to right

size in terms of numbers, quality and effort. They represented 4% of sales. Not performing up to acceptable standards and we need to shrink anyways. (401)

o. **Colt (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Determination of whether distributors have been indicted.** Not sure how would know. Maybe word of mouth. Not that I am aware of. (Reissig 217)

(2) **Gun trafficking awareness.** Yes. End up in hands of someone who should not have (Reissig 364)

(3) **Knowledge of which guns are trace more frequently.** No (Dorsey 30)

(4) **Awareness of project Home Safe.** Not aware of details (Reissig 648)

(5) **Awarenes of Premier Dealer Program.** No knowledge (Dorsey 91)

ii. Coordination systems

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor contracts.** Yes (Dorsey 64-65)

(ii) **Changes to distributor agreements.** Yes (Dorsey 76)

(iii) **Distributor agreement 2001.** No retail sales unless dealer verified with laws. Not a police force that monitors the conduct of distributors (Dorsey 237-8)

(iv) **Distributor agreement 2001.** Warning letter provision. Never in last two years. Has to law enforcement distributor. Based on lack of production. In 2002. (Dorsey 241-243)

(v) **Distributor agreements.** Yes (Reissig 164)

(vi) **Distributor involvement in negotiation for distributor agreement.** One negotiated instance (Reissig 173)

(vii) **Distributor agreements.** Time span January to December. (Reissig 272-3)

(viii) **Distributor agreement.** 1996. Amendment and changes. (Reissig 276-9)

2 **Dealer agreements**

(i) **Dealer contracts.** No (Reissig 139)

(ii) **Dealer agreements.** No (Reissig 164)

(iii) **Dealer contracts.** No (Reissig 254)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **FFL requirement.** Requires that distributor must get verification from dealers that it is in compliance with law. Despite provision no attempt to get verification. I don't know if that is what it means. I didn't draft. There's no way. Only requirement is that they have a valid FFL. That means [we interpret] they are in compliance (Dorsey 240-241)

2) **FFL requirement.** Requirement of FFL for buyers (Dorsey 32)

3) **Requirements beyond FFL.** No, I do not know (Dorsey 33)

4) **Key distributor contract terms.** Normal discourse of business. Follow the law. Be ethical. (Dorsey 68)

5) **Distributor contract**. Compliance with law. (Dorsey 69-70)
6) **Distributor application**. Analyze their organization. Mutual potential. Credit ratings. (Dorsey 103-4)
7) **Distributor criteria and investigation for signing up.** Have to have a facility. Large enough for inventory. Sound financial history. Good credit rating. Business references. Ability to market our product and desire to market our product. Facility versus those that might be kitchen dealers. (Reissig 178-180)
8) **Criteria for Premier Dealer program**. Volume, location. Facility. What facility looked like. Attitude towards are product. How they filled out application. (Reissig 201-202)
9) **Distributors sales**. Not if not FFL. But otherwise just have to follow the law. (Reissig 301)
10) **Dealer research into that they sell to.** Must have FFL. 50 percent payment upfront. (Reissig 255)

(ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

(ii) **Operational guidelines, programs and strategies**. Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Intrepid database**. Database listing buyers (Dorsey 35-36)
2) **Intrepid system**. Database that reveals if distributor or dealer has a valid FFL. (Dorsey 60)
3) **Intrepid system**. Every FFL we ship to has FFL in our system (Dorsey 71)
4) **Intrepid system**. Online computer file. Out computer system. Financial records. Sales records. Payroll. Mfgs data, quality data. Engineering data. Tracks mfg through process. Not after shipped. (Reissig 91-94)
5) **Intrepid system**. Satisfies ATF requirements for reporting. (Reissig 99)
6) **Premier Dealer program**. Never go off the ground. Try to get more information into consumes hands. Catalogs. Spec sheet. Decals. Posters. Financially could not do. Number of dealers. (Reissig 196)
7) **Premier Dealer program**. Did receive responses on

it. We distributed some materials. (Reissig 194-200)

8) **Warranty cards**. Included with orders. (Reissig 307)

9) **Return card from customers**. Lifetime limited service agreement. Yes. Includes a description of product and ask for name, address. About 10 percent returned. Customer information card and warranty card used prior to 1997. (Reissig 307-9)

10) **Colt days**. Event over a weekend to promote colt product. Reps and show our product. Safety devices on guns. Range. Took place at dealers. From 1993 to 1999

11) **Distributor investigation or discipline**. No (Dorsey 52)

12) **Reasons for distributor numbers changing**. Separate case for each. Mutually beneficial relationship, location, sales volume, payment problems. Reasons for reduction. Also perceived effort and our assessment of their potential. Also complaints or violation of law (Dorsey 51-56)

13) **Restrictions on distributors relationship with dealers**. Not above what the law requires (Dorsey 115-7)

14) **Limited lifetime service agreement as a basis for knowing customers**. Don't get returned but it is a way to know customers. Also Colt collectors organization. (Dorsey 117-120)

15) **Steps to deal with unauthorized use of firearms after 1999.** Sells to distributors who have FFL. Distributors can only sell to FFLs. . Abundance of information about safety. (Reissig 52)

16) **Why can't include term that requires distributors to give them a list of their dealers**. We are not dominant force. If we attempted we not sell our product. But we never asked (Reissig 172-174)

17) **Security recommendations by salesforce to distributors**. I don't know. (Reissig 367-8)

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Tracking sales to see if a high number sold to a distributor**. If sold high number would get his attention. (Dorsey 98)

2) **Caps on number of products sold to distributor.** None (Dorsey 99)

3) **Monitoring to insure distributor or dealer has an FFL**. Yes. (Dorsey 59-60)

4) **Monitoring for valid permits**. No (Dorsey 62-63)

5) **Dealer monitoring**. We don't have surveillance on

our customers. (Dorsey 128)

6) **Sanctions for violation of distributor agreement general principles**. No (Reissig 258)

7) **How assure that distributors only sell to FFL's. Agreement**. No specific information asked for. (Reissig 55-6)

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Requires of distributors beyond agreements**. "General principles" yes (Reissig 257)

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **Distributor agreement changes**. Due to litigation. To ensure better working relationships (Reissig 279)

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Termination**. There are a litany of reasons in our agreement that we can terminate. With or without cause. (Dorsey 130-1)

2) **Distributor termination**. Reduced number in the last ten years. (Reissig 130)

3) **Termination of dealers**. If not FFL we don't sell (Reissig 138)

4) **Colt distributor termination of dealer**. I can only assume. Nonpayment. (Reissig 140-141)

5) **Distributor terminated**. Based on information from dealer (Reissig 175)

6) **Distributor termination**. Yes for chapter 11 reasons (Reissig 177-8)

7) **Suggested pricing and possible termination if not follow**. If not follow then they get letter and then suspend them and maybe terminate them (Reissig 284)

8) **Termination of distributor**. No not in last 10 years. (Reissig 285)

9) **Termination of distributor for security issues**. We did not. (Reissig 368)

10) **Distributor reduction in number over time**. Used to be more. I have spoken to others about reducing (Dorsey 50)

11) **Distributor reduction**. Reduced number to obtain better control. We wanted to get our salesforce down. We wanted to be able to enhance our

distributor's sales position in the marketplace. (Reissig 130)

12) **Distributor reduction**. We were looking cutting back based on sales volume how they promote. High integrity. Good reputations. Well-established. (Reissig 244)

(3) **Other**

1 **Forecasting analysis**. Quantitative and qualitative. Look at quantity sold and try and predict (Dorsey 26-29)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

3 **Distributors**

(i) **Learning about distributor or dealer complaints**. No process in place (Dorsey 57)

(ii) **Process of learning about distributor or dealer law violation**. Same manner in which you would. We do not monitor their phones, any of those issues. BATF or newspaper tells us. (Dorsey 58)

(iii) **Distributor visits**. Yes I have. (Dorsey 77-78)

(iv) **Distributor communication**. Monthly flier. Any relevant information that we think they would like to know (Dorsey 100)

(v) **Distributor communication**. Monthly flier - ever put anything about compliance with the law. No (Dorsey 101)

(vi) **Distributor communication**. Any information to them regarding compliance with law that they need to comply to . Not by phone, conversations, faxes, newsletters, memos. No (Dorsey 102)

(vii) **Distributor training**. On products only. Through trade shows and discussions with them (Dorsey 122)

(viii) **Distributor training**. On products, pricing, financial terms of sale. (Dorsey 122-3)

(ix) **Distributor training**. On law through written correspondence. Peculiarities in Maryland and NY and California. July of this year (Dorsey 123)

(x) **Distributor communications**. FAX each month (Dorsey 124)

(xi) **Distributor dissemination of information**. About what we are doing so they can make plans (Dorsey 126)

(xii) **Distributor questionnaire**. No. (Dorsey 126)

(xiii) **Distributor lists**. Yes. (Reissig 100)

(xiv) **Distributor visits**. Within last year all. See at various years. Once a month in 1991. We had a larger sales force then (Reissig 131)

(xv) **Importance of distributor visits**. Nice to face them and talk with them (Reissig 132)

(xvi) **Disadvantage of not visiting as frequently**. Competition has better contact. (Reissig 133)

(xvii) **Distributor contact**. Once a week. (Reissig 134)

(xviii) **Distributor discussions about their dealer programs.** Inherent in that if we talk about it. Give information to distributor about trends. We do that. (Reissig 141-2)

(xix) **Difficulty in getting lists of dealers from distributors.** Not give it to us. That's a business (Reissig 171)

(xx) **Distributor files.** Yes (Reissig 256)

(xxi) **Distributor gun orders.** Fax or call. Hard copy sent. Product by model number. Order reviewed. Sales specialist process. 99.9 percent guns made to order. We carry minute inventory. Different from prior years. Carried inventory until 1999. (Reissig 305-308)

(xxii) **Communication with distributors on a regular basis.** 5 years ago. (Reissig 367)

(xxiii) **Knowledge of dealers.** Difficult to do. Difficult to get information from our distributors. (Reissig 170)

(xxiv) **How know if distributors following the law.** Faith in legal system. I do not know of anything specifically done to ensure they are following the law (Dorsey 72-74)

(xxv) **Knowledge of who distributors sell to.** Do not track (Dorsey 83)

4 **Dealers**

(i) **Learning about distributor or dealer complaints.** No process in place (Dorsey 57)

(ii) **Process of learning about distributor or dealer law violation.** Same manner in which you would. We do not monitor their phones, any of those issues. BATF or newspaper tells us. (Dorsey 58)

(iii) **Distributor dealers.** Knowledge of them. No (Dorsey 84-85))

(iv) **Dealer communications.** No. We do not have the budget (Dorsey 86)

(v) **Dealer mailings.** Cost prohibitive. Claims do not send catalogs to dealers. Dealers wanted catalogs. (Dorsey 87)

(vi) **Dealer contact and information.** Trade show where dealers come by our booth. Routine discourse between shop and dealer (Dorsey 94)

(vii) **Dealer lists.** Intrepid system includes those customers that we have active FFL on. . Not sure if includes dealers. (Reissig 101)

(viii) **Dealer visits.** Its rare. I don't have enough people to go out and visit (Reissig 133)

(ix) **Dealer visits in the past.** More frequently. (Reissig 133-4)

(x) **Dealer contact.** Based on custom shop (Reissig 134)

(xi) **Dealer visits.** Customer issue reason. If customer wasn't satisfied we might visit and talk about service techniques . (Reissig 167)

(xii) **Dealer visits.** Regular sales calls in 1992. Go in and see how the dealer was doing. If they had POS materials. Show product. Make arrangements for Colt promotions. (Reissig 168)

(xiii) **Dealer visits.** Trade shows, but only specific ones given

budget (Reissig 169)

(xiv) **Dealer mailing**. 1991. (Reissig 262)

(xv) **Dealer mailings**. To announce a new product. To advise dealers of promotions that they can get involved in. 12,000 dealers sent to in 1991. (Reissig 261-5)

(xvi) **Dealer mailings - addresses**. Based on service agreement cards, warranty cards and other. (Reissig 264-5)

(xvii) **Dealer hotline**. 800 number. Same number and still have (Reissig 265)

(xviii) **FFL newsletters to Colt.** Yes (Reissig 225)

5 **Trade Associations**

6 **Other (Distributor-dealer comunication)**

(i) **Distributor communication to dealers**. Some fliers to dealers (Dorsey 128)

(2) **Trace/ATF related**

1 **Consideration of conducting trace analysis for which guns sold more frequently**. No. (Dorsey 30)

2 **Consideration of conducting trace analysis**. No (Dorsey 47)

3 **View of trace analysis**. Irrelevant. View that majority of guns were produced in 70's and 80's. Distributors distribute nationally. Colt is not a police force. (Dorsey 48)

4 **Trace data monitoring**. No (Dorsey 130)

5 **Traces per day received**. 20 a day on average. Referring to another person's testimony (Dorsey 149-150)

6 **Trace requests received**. 4000 roughly in 2000. (Dorsey 193)

7 **Trace requests received**. Average of 20 per day. (Dorsey 194-5)

8 **Trace analysis**. No (Dorsey 202)

9 **Trace analysis**. No study. (Dorsey 206)

10 **Trace requests**. 20 per day. (Dorsey 207)

11 **Trace requests as a basis for evaluating sales practices**. No because trace data is normally about older guns (Dorsey 208)

12 **Trace requests for recently sold guns**. Yes. (Dorsey 209)

13 **Trace requests of recently sold guns as a basis for evaluating sales practices**. No. Quantities are not sufficient to make a credible assessment. (Dorsey 209)

14 **Attempt to calculated models more likely to be traced**. No (Dorsey 211)

15 **Trade association publications**. Yes. NSSF. And others (Dorsey 218)

16 **Trace request research**. Particular distributor. Don't know. (Reissig 153-4)

17 **Trace request research**. Particular distributor. We could probably do that. Trace requests come in for various reasons. (Reissig 154)

18 **Trace request research**. Knowledge of dealers. Would not know about distributors. We ship to FFL distributor. (Reissig 154-155)

19 **Trace analysis**. No (Reissig 206)

20 **Outside company offering to do trace analysis**. Not aware of any (Reissig 206)

21 **Consideration of seeking outside help on trace analysis**. No (Reissig 207)

22 **Trace analysis of dealers**. No. (Reissig 208)

23 Trace analysis of dealers and asking ATF if they should no (Reissig 208)
24 **ATF conversations on tracing dealers.** Said that they would not provide information (Reissig 209)
25 **Determination of number of traces from dealer.** No (Reissig 211)
26 **Awareness of traces for dealers.** No (Reissig 214)
27 **Trace request record keeping.** Yes. (Reissig 217)
28 **Have trace requests gone up.** I don't know (Reissig 217)
29 **Trace analysis.** Keeping track of number of traces. No (Reissig 218)
30 **ATF literature.** Yes pick up from trade shows. (Dorsey 45)
31 ATF tracing center visit (Dorsey 46)
32 **ATF discussions on tracing.** No (Dorsey 47)
33 **Security logs erased.** Every month in accordance with instructions from ATF. April 2000 start (Dorsey 150-1)
34 **ACCESS 2000.** Aspects (Dorsey 165-177)
35 **ATF correspondence.** Security department, he and Anton. (Dorsey 181)
36 **ACCESS 2000.** No amount paid except to have data input. (Dorsey 186)
37 **ATF encouragement to track trace requests.** No (Dorsey 211)
38 **ATF tracing. Serial number inquiry.** When it was made, shipped, who it was shipped to, the caliber of the gun. (Reissig 143-4)
39 **ACCESS 2000.** ATF access gun manufacturer records directly. (Reissig 144)
40 **Intrepid versus ACCESS 2000.** Almost the same (Reissig 146)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Obligation to monitor distributors or dealers for abiding by law, has a store front, has an FFL, does not sell to criminals.** Don't know of any legal obligation. We care. We're not in a position to do this. (Dorsey 58-59)
2 **Dealers and storefronts.** (Dorsey 83)
3 **Dealer store fronts.** Knowledge if dealers distributors sell to have storefronts. No (Dorsey 84)
4 **Dealer store fronts.** Ever looked into. No (Dorsey 84)
5 **Distributor requirement to have a storefront.** No (Dorsey 104)
6 **Premier Dealer program.** Application form. Define your business – "storefront" or "nonstorefront." Mid 90's. Now FFL requires storefront (Reissig 184-9)
7 **Compliance of dealer as having storefront.** Depend on FFL requirement that now requires storefront (Reissig 187)
8 **Assurance that distributors are only selling to dealers with storefronts.** Our agreement requires that they follow laws including FFL requirements. When we had a salesforce, we were able to determine this for each that we visited. We would verify. (Reissig 187-88)
9 **Asking distributors to verify that they are selling to dealers with storefronts.** No (Reissig 188-9)
10 **Premier Dealer program.** Asking about storefront as a screen (Reissig 200)

11 **Opinions regarding distributors business practices.** If they did not have good practices we would not sell to them. (Reissig 243)

(3) **Gun show sales**

1 **Gun shows.** Distributor agreement. Distributors should not sell at gun shows. Would disturb our pricing structure. Don't have control of pricing. (Reissig 281-283)

(4) **Thefts / Losses**

1 **Security system.** Motion detectors, cameras, metal detectors in office building. (Reissig 121-122)

2 **Change of sales practice based on ATF presentations at shows.** How we keep records. How to prevent theft. Improve security. We cooperate and listen (Reissig 329)

3 **Theft awareness.** Yes. We are aware that our guns have been stolen (Reissig 364)

4 **Theft prevention.** Sales force would visit distributors and do a visual survey of their warehouse and their safety and security procedures. We are in communication. Discuss it. (Reissig 366)

5 **Security.** Security logs. (Dorsey 10-14)

(5) **Strawpurchases**

1 **Strawpurchase.** Attempt by more than one person where one person represents they have the appropriate ability to purchase a gun when its really for somebody else (Reissig 350)

2 **Awareness of strawpurchase.** Last year and half as to term but generally aware in last ten years (Reissig 352-4)

3 **Strawpurchase prevention.** Demographic research shows that purchasers of Colt products would not do. Average customer is 35 years. Owns a couple of guns. Little more educated, little higher economic status. Market research firm did. Some focus groups. (Reissig 355-7)

4 **Concern for multiple sales by strawpurchase.** 100 guns and strawpurchase. Doubt it would be approved because of circumstances. Not in violation of law potentially 5 years ago. (Reissig 385)

5 **Don't Lie for the other guy.** Strawpurchase program. Goal to reduce. Encouragement of dealers to participate. Out position that for the ATF and with our support through NSF... to educate dealers in that way. We have not contacted dealers (Reissig 631)

(6) **Multiple sales**

1 **Multiple sales awareness.** Yes (Reissig 376)

2 **Multiple sales process.** Form 4473. NICS check. Waiting period (Reissig 377)

3 **Concern for multiple sales.** 10 guns. We need to know what the circumstances are. If did not follow rules we would be concerned. (Reissig 379-384)

4 **System to assess issues with multiple sales.** No system. (Reissig 385)

(7) **Time to crime**

1 **Time to crime.** Knowledge of but considers a misnomer. Not necessarily involved in crime if trace. Has not read any reports. Don't know if received reports. (Reissig 218-220)

2 **Time to crime.** Indicator of illegal trafficking. I don't know (Reissig 221)

3 **Time to crime.** Their demographic being older purchases suggests they

have a longer time to crime for their guns. Have not studied. We believe this. (Reissig 222-3)

(8) **Obliteration of serial numbers**

1 **Monitoring that is done**. Insure FFL, serial number control. Chain of custody on serial number documentation. (Dorsey 61)

2 **Altering serial numbers**. Prevention of. Not involved in discussions (Dorsey 211-213)

3 **Prevention of criminals from altering serial numbers**. No. I don't know (Dorsey 213)

4 **Prevention of altered serial numbers**. Colt steps. Don't know (Dorsey 216)

5 **ATF tracing. Serial number inquiry**. When it was made, shipped, who it was shipped to, the caliber of the gun. (Reissig 143-4)

6 **Awareness of obliteration of serial numbers**. They were before 1980 (Reissig 392-3)

7 **Prevention of obliterated serial numbers**. ATF requires certain depth and size etching. Serial numbers in more than one place. Exceed ATF requirements. That is all (Reissig 391-5)

8 **Limits on gun sales to employees**. 4 or six depending on document (Reissig 420-422)

v. **Trade association activities**

(1) **Trade associations**. NSF. SAAMI. ASSC. (Reissig 227-8)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

p. **Excel Indus. (manufactures Accu-Tek guns) (company profile)**
  i. **General**
    (1) **Products/markets**
      1 "ACCU-TEK Firearms are manufactured and sold DEALER DIRECT by: EXCEL INDUSTRIES, INC." **(Descriptive-40:Web)**
      2 "These ultra compact stainless steel pistols are 100% American made ..." **(Descriptive-40:Web)**
      3 "... we handle our own Investment Casting, Mold making, Tool & Die, Metal Stamping and State of the Art CNC Machining all under one roof." **(Descriptive-40:Web)**
    (2) **Marketing**
      1 **Prices and discounts**
        (i) "... very affordable price." (Descriptive-40:Web)
q. **Excel Indus. (manufactures Accu-Tek guns) (documents)**
r. **Excel Indus. (manufactures Accu-Tek guns) (depositions)**

s. **Glock (company profile)**

i. **General**

(1) "Named after founder, owner, and president Gaston Glock" (Descriptive-16:Web)

(2) "Glock has operations in Austria, Hong Kong, Uruguay, and the US." (Descriptive-16:Web)

(3) "Glock was founded by Mr. Gaston Glock, an engineer, in 1963 in Deutsch-Wagram, near Vienna to specialize in the manufacture of plastic and steel components." (Descriptive-46:Web)

(4) **Membership**

1 Glock is a member of NSSF (Jannuzzo (1) 26)

2 **NSSF member. Not a member of SAAMI... only American companies.** Heritage Fund. (Jannuzzo (1) 241)

3 **ASSC [American Shooting Sports Council].** Member and secretary. Paid dues. Classes of membership. Some distributor members. Retailer members. Buying consortiums. Board members had same voting rights. Glock not a member of the board. (Jannuzzo 546-564)

4 **Hunting and Shooting Sports Heritage Foundation.** Member (Jannuzzo 590)

(5) **Size**

1 **Sales**

(i) "The largest seller of firearms to law enforcement agencies" **(Descriptive-16:Web)**

(ii) "The two-millionth GLOCK pistol to be produced by the GLOCK factory was displayed at the 1999 Shot Show." (Descriptive-50:Web)

(6) **Products/markets**

1 "The largest seller of firearms to law enforcement agencies" (Descriptive-16:Web)

2 "In the USA, GLOCK pistols are in use in 65% of law enforcement agencies ... such as the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), New York Police Department and more than 7.500 other agencies at the federal, state and local levels" (Descriptive-51:Web)

3 "Since its founding in 1963, Glock has supplied more than 2.5 million pistols to armies (starting with its home country) and other government customers, as well as to civilians in more than 100 countries." (Descriptive-16:Web)

4 "... the company offers nearly 40 pistol models under the Glock name. It also markets field knives, entrenching tools, and apparel." (Descriptive-16:Web)\

5 **Markets.** Commercial including sports shooters, hunters and defense. Law enforcement including by department, specialized units, swat teams, FBI, DEA, Csotmes, Capitol Police (Jannuzzo (2) 36)

6 **Sales.** Sales 50/50 to 70/30 law enforcement/commercial (Jannuzzo (2) 39)

(7) **Competitors**

1 Beretta (Descriptive-16:Web)

2 Smith & Wesson Holding (Descriptive-16:Web)

3 Ruger (Descriptive-16:Web)

(8) **Price**

1 **Range of prices for Glock.** High 400 to 600 dollars (Jannuzzo (2) 708)
2 **Rebates or other promotional offers.** No (Jannuzzo (2) 156)

ii. **Marketing Channel**
(1) **Direct to dealers**
1 **Direct sales to dealers.** No, but have if friend, warranty card drawing, writer (Jannuzzo (1) 50-51)
2 **Requirements for Stocking dealer program.** Storeforont, FFL, tax licns, not violating zoning laws, picture of store, visit before we sign them up. (Jannuzzo (2) 56)
3 **Stocking dealer program package.** Banner, pencils, safety information, Glock Annuals, videotape on basic firearm safety and products and history of company... booklete on Don't Lie for the Other Guy .... NOTE: can sell prior to receiving package with video etc. (Jannuzzo (2) 60)
4 Distributor recommendation of dealer required to become stocking dealer (Jannuzzo (2) 61)
(2) **Indirect through others**
1 **Distributors**
(i) **Distributors.** Glock deals with 50 and was ½ over ten years ago when he arrived. Growth of company brought more in (Jannuzzo (1) 45)
(ii) **Distributor growth.** No new distributors (Jannuzzo (1) 60)
(iii) **Distributor requirements.** FFL, tax license, financial information... no new ones for 6 to 10 years (Jannuzzo (2) 61-62)
(iv) **Financial terms to distributors.** 30 day net, 15 days at 4 percent. Not negotiable . Not determined by volume (Jannuzzo (2) 152... 155). Some variance and prepay (Jannuzzo (2) 159-160)
(v) **Management.** Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49)
2 **Buying groups**
(i) No sales through buying consortiums. (Jannuzzo 560)
(3) **National accounts.** Yes. Sell directly (Jannuzzo (2) 560-561)
(4) **Internet sales.** No (Jannuzzo (2) 785)

iii. **Salesforce**
(1) **Trainers as salespeople.** No, but they are one of our best sales tools (Jannuzzo (1) 30)
(2) **27 field salespeople.** Visit dealers.. (Jannuzzo (1) 54)
(3) **Sales reps e.g., outside agents or contractors in sales.** No, except prior to 1993) (Jannuzzo (1) 73)
(4) **Out of house field sales .** 27 individuals with 24 for law and 3 for commercial but all are charged with visiting dealers in their areas ... west, mid and east (Jannuzzo (2) 37-38)
(5) No independent reps (Jannuzzo (2) 38-38)
(6) **Prior to 1993, used independent rep groups.** Seven or eight groups (Jannuzzo (2) 75)

iv. **Distributors**

(1) **Ellet brothers distributor.** 10 years at least relationship. 4-6000 guns a year. Very efficient. Pay bills on time. After out the door to their customers I do not know. (Jannuzzo (2) 194-195)

(2) **Amchar distributor.** 10 years or more relationship. Unknown volume. Good cusmtoter. Law enforcement. Pay bills slowest, no complaints. (Jannuzzo (2) 196)

(3) **Davidson Supply Company.** Don't know if sell to them. Highly reputable (Jannuzzo (2) 197-8)

(4) **RSF Group.** 10 years of more relationship. 17 to 19 thousand guns per year. Excellent corporation. Know personally. (Jannuzzo (2) 199-200)

(5) **Camfour. Relationshp since mid 90's. 3-4000 guns a year.** Professional organization, computer literate, dedicated dealer base,... put out circular with their dealers. Delivered electronically through dealer PIN. Made it easier for dealers to shop. Computer ordering and ability of delaer...(Jannuzzo (2) 201-3)

(6) **AccuSport Corporation.** Since at least 1991. Personal relationship with people. 20 to 22 thousand guns per year. Highly professional. MBA controller. Sophisticated order picking system.. electronically (Jannuzzo (2) 204-5)

(7) **DL Fleurys.** No relationshp (Jannuzzo (2) 206)

(8) **Kevin Incorporated.** No relationship (Jannuzzo (2) 206)

(9) **Holidom.** No relationship (Jannuzzo (2) 206)

(10) **Lipsey's.** At least eight years probably 10 or 11. . Amount fallen off over years. Very professional (Jannuzzo (2) 206-7)

(11) **Interstate Firearms Company.** Before 1991 relationship. Volume varies from year to year. (Jannuzzo (2) 208-9)

(12) **Chattanooga Shooters.** Sold in the past. (Jannuzzo (2) 209-210)

(13) **Bangers Enterprise.** 10 years or more. Volume less than any others weve spoken about. Personal relationship . Conscientious and good with knowledge (Jannuzzo (2) 211-213)

(14) **Distributors.** Glock deals with 50 and was ½ over ten years ago when he arrived. Growth of company brought more in (Jannuzzo (1) 45)

(15) **Distributor growth.** No new distributors (Jannuzzo (1) 60)

(16) **Distributor markets.** Law enforcement and commercial dealers. Each monitors the other to discern if selling in their markets and field sales also (Jannuzzo (1) 78-79

(17) **Distributors.** 50 with a portion s law enforcement distributors (Jannuzzo (1) 79)

(18) **Distributor minimum order.** No can order one gun (Jannuzzo (1) 107)

(19) **Financial terms to distributors.** 30 day net, 15 days at 4 percent. Not negotiable . Not determined by volume (Jannuzzo (2) 152... 155). Some variance and prepay (Jannuzzo (2) 159-160)

(20) **Distributor list.** Yes and files in credit department. (Jannuzzo (1) 66)

v. **Dealers**

(1) **Stocking gun dealers.** 1500 that are signed up to a special program. (Jannuzzo (1) 54)

(2) **Dealer min order from distributor.** Don't know. (Jannuzzo (1) 107)

(3) **Nonstorefront v. storefront.** Prior controversy between storefront and nonstorefront dealers.. not a large issue now given 67,000 FFL's .... was a competitive advantage in costs (Jannuzzo (1) 356)

(4) **Costs of stocking dealer program.** No idea (Jannuzzo (2) 114-115)

(5) **Dealer list.** No comprehensive list of who sells our firearms. (Jannuzzo (1) 54)

(6) **Rule of conduct for stocking dealers.** Entirely possible (Jannuzzo (2) 730)

(7) **Can dealers sign agreements with multiple distributors.** Ruger at one point had a restrictive policy on this. (Jannuzzo (2) 756)

t. **Glock (documents)**

i. **Distributor agreements**

(1) **Commercial distributor agreement (1990).** Best efforts to maintain an active and trained sales force, sales to dealers who maintain all licenses, no sales to unauthorized distributors, term expires 12/31(123: 215737)

(2) **Commercial distributor agreement (1991).** Best efforts to maintain an active and trained sales force, sell only to retailers who maintain all licenses, furnish financial information, term, compliance with law, no authority to sell to sole source mass merchandisers, no publication of prices. (123: 215738)

(3) **Commercial distributor agreement (1992).** Best efforts to maintain and active and trained sales force, sales only to retailers who maintain licenses, no sales to nonapproved distributors or exports, term, furnish of financials, applicable law compliance, no solicitization of law enforcement, nonactivity termination, distributor agrees to host minimum of two dealer safety and maintenance courses, termination allowed if do not comply with courses (123: 215739)

(4) **Commercial distributor agreement (1993).** Best efforts to maintain and active and trained sales force, nonactivity termination, sales only to retailers which maintain all licenses, no unauthorized distributor or export sales, term, furnish financials, applicable laws, no sales to sole source mass merchandisers, NOTE: no course requirement as in 1992. (123: 215741)

(5) **Glock commercial distributor agreement (1993).** Best efforts active and trained salesforce. Full line. Only sales to dealers that maintain licenses. Notify of financial changes or public credibility. Termination of dealer if no activity. No advertising of wholesale prices. (377)

(6) **Commercial distributor agreement (1994).** Best efforts to maintain an active and trained sales force, nonactivity clause, sales only to retailer who maintain all licenses, no unauthorized distributor or export sales, term, furnish financials, applicable law, no sales to sole source mass merchandisers NOTE: no course requirement as in 1992. (123: 215742)

(7) **Commercial distributor agreement (1996).** Terms, best efforts to market products and to maintain active and fully trained sales force, lack of best effort can result in termination, sales only to retailers who maintain license, no sales to nonapproved distributors or to export without permission, term, furnish financials, compliance with applicable law, no law enforcement sales, no sales to sole source mass merchandisers, nonactivity termination, no publication of prices, (133:1857)

(8) **Glock Commercial distributor agreement (1996).** Best efforts. Fully trained salesforce. 200,000 sales as benchmark of best efforts. Grounds for termination if not best efforts. Sales to only retailers which maintain licenses. No sales to nonapproved distributors. Notification of ownership or change in organization. Credit and financial information. Period of nonactivity termination clause. No publish of wholesale prices. POR acceptable. (301)

(9) **Commercial distributor agreement (1997).** Terms, best efforts to market products and to maintain active and fully trained sales force, lack of best effort can result in termination, sales only to retailers who maintain license, no sales to nonapproved distributors or to export without permission, term, furnish financials, compliance with applicable law, no law enforcement sales, no sales to sole source mass merchandisers, nonactivity termination, no publication of prices (133:1858)

(10) **Glock commercial distributor agreement (1997).** Best efforts. Fully trained

salesforce. 200,000 sales as benchmark of best efforts. Grounds for termination if not best efforts. Sales to only retailers which maintain licenses. Must furnish. No sales to nonapproved distributors. Notification of ownership or change in organization. Credit and financial information. Period of nonactivity termination clause. No publish of wholesale prices. POR acceptable. (301)

(11) **Commercial distributor agreement (1998).** Terms, best efforts to market products and to maintain active and fully trained sales force, lack of best effort can result in termination, sales only to retailers who maintain license, no sales to nonapproved distributors or to export without permission, term, furnish financials, compliance with applicable law, no law enforcement sales, no sales to sole source mass merchandisers, nonactivity termination, no publication of prices, UPC code errors no charge (133:1859-61)

(12) **Glock commercial distributor agreement (1998).** Best efforts. Fully trained salesforce. 200,000 sales as benchmark of best efforts. Grounds for termination if not best efforts. Sales to only retailers which maintain licenses. Must furnish. No sales to nonapproved distributors. Notification of ownership or change in organization. Credit and financial information. Period of nonactivity termination clause. No publish of wholesale prices. POR acceptable. (301)

(13) **Commercial distributor agreement (1999).** Terms, best efforts to market products and to maintain active and fully trained sales force, lack of best effort can result in termination, sales only to retailers who maintain license, no sales to nonapproved distributors or to export without permission, term, furnish financials, compliance with applicable law, no law enforcement sales, no sales to sole source mass merchandisers, nonactivity termination, no publication of prices, UPC code errors no charge (133:1860) (152)

(14) **Glock commercial distributor agreement (1999).** Best efforts. Fully trained salesforce. 200,000 sales as benchmark of best efforts. Grounds for termination if not best efforts. Sales to only retailers which maintain licenses. Must furnish annually original signatures. No sales to nonapproved distributors. Notification of ownership or change in organization. Credit and financial information. Period of nonactivity termination clause. No publish of wholesale prices. POR acceptable. (301)

(15) **Law enforcement distributor agreement.** Best efforts to sell to market, awarded based on forecasts, termination right if not meeting forecasts, adequate number of personnel who have passed safety course, approved information used in advertising, reserves right on direct sales, term. (124)

(16) **Glock commercial distributor agreement (2000).** Best efforts. Fully trained salesforce. 350,000 sales as benchmark of best efforts. Grounds for termination if not best efforts. Sales to only retailers which maintain licenses. Must furnish annually with original signatures. No sales to nonapproved distributors. Notification of ownership or change in organization. Credit and financial information. Period of nonactivity termination clause. No publish of wholesale prices. POR acceptable. (301)

ii. **Dealer programs**

(1) **Glock Days Promotion.** Benefit of becoming involved in Stocking dealer program. Glock days for promotion that includes information and requirements, dropshipment of pistols to dealer, giveaway promotion, (178: 4193)

(2) **Glock stocking dealer program.** Distinguished from other programs because it has a purchase requirement and includes promotion, training seminar, training manual but not on safety per se, . This differs from others where..."basically you provide the manufacturers with an FFL, fill out an application, send in a picture your storefront and maybe a yellow page ad, it goes back to that manufacturer

and all of a sudden they approve you and you become a stocking dealer (178: 4196)

(3) **Glock stocking dealer agreement (1999).** Stocking dealer defined as one with storefront. Promotional package provided. Dealer agrees to evident valid storefront operation through photo and copy of yellow pages. Lack of best efforts can lead to termination. Rules of sales conduct: lists prohibited persons for sales by law and strawpurchasers. (299) (378)

(4) **Glock stocking dealer agreement (2001).** Distributors only sell to dealers: selling exclusively from place of business, compliance with law. Must be knowledgeable with law. Report violations to law enforcement. Authorized dealers must establish: all licenses, compliance with law, trained in how to comply with law, internal compliance procedures on safety and testing of employees, security system, background checks on employees, notify of change in licensing status, evidence of valid storefront through phot and copy of yellow page. Glock will evaluate dealers to insure compliance. Glock with retrain of suspend or discontinue dealers that act irresponsibly or violate policies. Glock will participate with oversight entities. Audit or otherwise test or investigate compliance with policies and standards. Assist stocking dealers to obtain materials to train in how to recognize attempts to illegally purchase firearms, diversion and how to respond. Dealer must use best efforts and maintain knowledgeable sales force. Best efforts includes compliance with law. Termination on 30 days notice. Best effort (297) (396)

iii. **Programs**

(1) **Glock stocking dealer guide**. Information on how to order, hosting a Glock day promotion. Comprehensive guide to Glock products, telephone numbers, contacts, selling points, etc.

(2) **Glock "Bullet-in" Stocking Dealer Newsletter**. Stocking dealers only. Information on incentives. Publications. Bits and Pieces. Special offers. Articles (375)

iv. **Commercial distributor price list**

(1) Glock commercial distributor price list conditions of sale

1 Hold FFL license and other license. Credit authorization. Notification of shortages in shipment (300)

(2) Glock US Commercial distributor price list conditions of sale 1999

1 Hold FFL license and other license. Credit authorization. Notification of shortages(300)

(3) Glock US commercial distributor price list conditions of sale 1998

1 Credit authorization. Compliance with law. Notification of shortages (300)

(4) Glock US commercial distributor conditions of sale 1995

1 Credit authorization required. Compliance with law. (300)

u. **Glock (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) Attends ATF seminars and reads publications (Jannuzzo (1) 18-19)

(2) **Leeching of law enforcement firearms to consumer market.** We are concerned and its unfair to our dealers and distributors (Jannuzzo (1) 119)

(3) **Trafficked.** I don't know. State to state. I've seen the concept... ATF... they're the experts. (Jannuzzo (1) 167)

(4) **Unlicenced dealers and sales of trace guns.** I don't have a belief (Jannuzzo (1) 167)

(5) **Dealer sales off the books.** I don't know.. If we did we would report it. No

research on this (Jannuzzo (1) 168)

(6) **Knowledge of Glock guns used in crime.** Lists three individuals but no follow up to find out... I have no morbid fascination to find out ... found out by news.... no longer collect press clippings (Jannuzzo (1) 169-171)

(7) **Nonstorefront problems of no background check.** Not aware of (Jannuzzo (1) 257)

(8) **Awareness of problems with nonstorefront dealers.** May have read (Jannuzzo (1) 258)

(9) **Aware of Locket [retailer] article admonishing dealers.** Yes (Jannuzzo (1) 262)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreement**

(i) **Signed contracts by distributors and have changed over years.** Q. And did the distributors sign contracts with Glock? A. Yes, ma'am, yearly. Q. And do the terms change on a yearly basis? A. Not on a yearly basis, no. Q. Have they changed recently? A. I think in the last three years or last two years, yes. (Jannuzzo: 65)

(ii) **Distributor contracts.** Responsibilities and expectations. Januzzo (3) 65)

2 **Dealer agreement**

(i) **Terms to stocking or other dealer**. Not negotiable. (Jannuzzo (1) 157)

(ii) **Dealer agreements.** Not until Glock stocking dealer program (Jannuzzo (1) 68)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Security system required in Stocking Dealer program**. "Maintains a security system for the premises to deter theft;" In Glock Stocking Dealer Program agreement. (Jannuzzo:98)

2) **Criteria.** Have to have established place of business, draw your security system and where you keep firearms (Jannuzzo (1) 256)

3) **Any restrictions beyond agreements to distributors and stocking dealers.** I can't think of any (Jannuzzo (1) 144-45)

4) **Could Glock sell to only authorized dealers/code of conduct.** Not impossible. Potentially possible... right code and right amount of time. Yes. (Jannuzzo (1) 266)

5) **Requirements for Stocking dealer program.** Storeforont, FFL, tax licks, not violating zoning laws, picture of store, visit before we sign them up. Januzzo (3) 56)

6) **Distributor requirements.** FFL, tax license, financial information... no new ones for 6 to 10 years Januzzo (3) 61-62)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Knowledge of distributors in a personal and business sense.** Q. Does Glock know its distributors? A. Most definitely. Q. In a personal sense? A. Yes, ma'am. Q. In a business sense? A. I believe so, yes, ma'am. (Jannuzzo: 47)
2) **Application process and visit for Stocking Dealer program.** Q. And how does one apply to become a Glock stocking dealer? A. You write to us and ask for an application, or you pick up an application at the shot show, or if it looks like a store that we'd like to have in the program, when our field salespeople are out on the road and they visit them they'll tell them about the program and give them an application. Q. (Jannuzzo: 56-57)
3) **No comprehensive list of dealers.** Q. Does Glock have any idea who its dealers are? ... A. Well, we're not totally ignorant of it. ... but we don't have a comprehensive list of who sells our firearms. (Jannuzzo: 53-54)
4) **Pictures and visits of every Stocking Dealer.** "We have pictures of every store, that we put on as a Glock stocking dealer, and ones that we're uncertain about are visited by our field salespeople." (Jannuzzo:98)
5) **Condition to have picture, visit and recommended by reputable distributor to be Stocking Dealer.** "...as far as the Glock stocking dealers, we know exactly who they are, and we've told them what our conditions are, we've got a picture of their store, they've been visited, they've been recommended by a reputable distributor." (Jannuzzo:104)
6) **Could sell only to authorized dealers who adhere to code of conduct.** Q. Could Glock, if it wanted to, sell only to authorized distributors and authorized dealers who adhere to a code of conduct? ... A. It's certainly not impossible. (Jannuzzo: 265-266)
7) **Selection of distributor.** No reply (Jannuzzo (1) 46)
8) **Cooperation of stocking gun dealers.** We pick them. They are cooperative. We have told them what are conditions are, we have picture, we visit, they're recommended by a reputable distributor. Januzzo (3) 104)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

1) **File in credit department includes FFL, license, D&B information and correspondence.** Q. Does Glock maintain a file as to each distributor? A. There is definitely a file in the credit department – and in there would be, you know, their most recent FFL

signed obviously, original signature, sale tax licenses, any Dun & Bradstreet information that we have on them, any information that perhaps our credit manager gets at the National Association of Credit Manager meetings that he goes to. And correspondence. (Jannuzzo: 66)

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Distributor contracts spells out law requirements**. Distributors sign contracts with Glock which "spells out the state of the law… but it's just another reminder of what their responsibilities are under the law, and what we feel our responsibilities under the law are, and the kind of dealers that we want them selling to." (Jannuzzo:65)

2) **Stocking dealers sales only at premises listed on FFL**. Q. Do Glock stocking dealers – are they permitted to sell at gun shows? ... A. ... if you look at paragraph five, "sells guns only at the premises listed on their FFL." (Jannuzzo: 102)

3) **Stocking dealers sales allowed anywhere NICS check is conducted**. Glock stocking dealers "are permitted to sell anywhere that a background [NICS] check is conducted." (Jannuzzo:102)

4) **No min order requirement**. Q. Are there any minimum orders for Glock distributors? A. No, ma'am. Q. They can order one gun. ... A. Yes, ma'am. (Jannuzzo: 107)

5) **Could require dealers not to sell to anyone who has not taken safety course**. Q. Could Glock require authorized dealers not to sell guns to anyone who has not taken certified firearm safety course? ... A. I'm not a hundred percent certain, but I think that's the law in California, so it's obviously possible. (Jannuzzo: 268)

6) **Requirement of dealer security procedures not impossible if you have personnel and time**. Q. Could Glock require its authorized dealers to implement specific security procedures to prevent gun thefts? A. If you're going to have a blanket procedure, which would obviously have to address the worst neighborhood scenario, if you will, I don't think that would be implementable. If it was subjective and, once again, you had the personnel and the time to know the location that the store was in, it does not seem impossible. (Jannuzzo: 268)

7) **Does not require lockup and separation of ammunition and guns at dealers**. Q. And does Glock require its authorized dealers to keep Glock pistols, you just said, locked up on a chain or a cord? ... And separate from the ammunition? A. No, that is

not part of our contract with them, I don't believe. (Jannuzzo: 270)

8) **Firearm safety.** All at Glock responsible (Jannuzzo (1) 35)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Contracts have become longer and more detailed mostly in terms of spelling out law.** Q. Do you know in what way they've [distributor contracts] changed? ... A. ... they've become longer and more detailed. Most of the detail, frankly, just spells out the state of the law, but it's just another reminder of what their responsibilities are under the law, and what we feel our responsibilities under the law are, and the kind of dealers that we want them selling to. (Jannuzzo: 65)

2) **File maintain on distributor that hold FFL and sales tax license.** Glock maintains a file on each distributor which holds, among other things, "their most recent FFL signed, ...original signature, sales tax license. (Jannuzzo:66)

3) **Only requirements those required by Fed for sale at range.** Q. And so the ranges can resell the Glocks that they purchase. ... A. After a certain amount of time, yes. ... Q. Does Glock impose any restrictions? A. Just the ones the federal government has stipulated. I mean it has to be somebody that passes a criminal background check, is of the proper age, resident of the state that they're buying it in. (Jannuzzo: 69-70)

4) **Records of certified armors.** Glock keeps records of all certified Glock armors so make sure at least one certified armor is on staff at each location. (Jannuzzo:94)

5) **PIN number for reordering by dealer.** "This year we're going to have a PIN number that's attached to each Glock stocking dealer, and that PIN number will be used when they reorder from whatever distributor they reorder from." (Jannuzzo:101)

6) **Will sell to indicted dealer and distributor.** Q. Will Glock sell to a distributor or a dealer that was under indictment for violation of a federal gun law? ... A. Yes, ma'am. (Jannuzzo: 123)

7) **Mfg facilities produce incomplete guns.** "We have two factories in Austria. One's 300 miles away from the other one. The barrel and slides are made in Ferlach, and the frame and trigger groups are made in Deutsch-Wagram... one of the reasons... was nobody could walk away with a complete gun." (Jannuzzo:239)

8) **Could G require authorized dealers to keep pistols**

locked separate from ammunition. Don't know how to enforce and would take time (Jannuzzo (1) 271)

9) **Stocking dealer program package.** Banner, pencils, safety information, Glock Annuals, videotape on basic firearm safety and products and history of company... booklets on Don't Lie for the Other Guy .... NOTE: can sell prior to receiving package with video etc. Januzzo (3) 60)

10) **Range program.** Januzzo (3) 69)

11) **Consideration of restrictions on resale or the sale.** No. We admonish not to sell if it doesn't feel right but we cannot put a brinks guard... (Jannuzzo (1) 144)

12) **Glock Stocking dealer video.** No mention of straw purchases (Jannuzzo (1) 244)

13) **Ideas to help dealers avoid illegal sales.** No (Jannuzzo (1) 244)

14) **Change of stocking gun dealer program.** PIN number for tracking orders better. (Jannuzzo (3) 245)

15) **Does G require separation of pistols and ammunition.** No not part of contract. (Jannuzzo (1) 270)

16) **Training to distributors and dealers.** Basic safety and maintenance course. Firearm safety and handling, internal workings of product.. computer animation. Video for stocking gun dealers (Jannuzzo (1) 108-9)

17) **Video for stocking gun dealers.** 35,000 cost (Jannuzzo (1) 110-113)

18) **Armour class.** 35 students, four day program and they have list of those who completed training (Jannuzzo (1) 95)

19) **Could G require authorized dealers not sell guns to those who have not taken safety course.** Law in CA and therefore possible (Jannuzzo (1) 268)

3 **Glock Annual.** A marketing tool to get information out about Glock products, safety for firearms and product brochure. Given out at shows and send 50 to each stocking dealer and our field sales force has hundreds.. (Jannuzzo (1) 283-4)

4 **Glock stocking dealer program.** 97 or 98 started.. storefront. Purpose to get immediate feedback from that last part of the chain ... the last 18 inches across the counter..consumer knows they are qualified.. full line stocked.

5 **Glock stocking dealer program handbook.** Section on scenarios not in since inception. Once ATF had provided they included (Jannuzzo (3) 122)

(i) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Monitor price policy compliance through reading**

periodicals. Q. How do you monitor whether distributors are in compliance with that [price on request portion of the contract]? ... A. That one's pretty easy. I mean we're only talking about two or three different periodicals, and there are more than several people in the company that read those religiously because they want to. (Jannuzzo: 71)

2) **Monitor through field sales telling us what distributors doing**. Q. And how do you monitor whether a law enforcement distributor sticks to his or her territory? ... A. The other guys tell on them, because they're playing in their sandbox. Q. So the field sales folks do not monitor. A. Sure. If they see a gun at a law enforcement agency, and they're talking to the local law enforcement distributor, and they know didn't not come from him, they'd send the serial number in or call somebody with the serial number to see where it went. (Jannuzzo: 78)

3) **Employees look at sales transaction records from time to time**. Q.-- subpart 13, "Rules of Conduct"? ... A. ... I guess you have to mostly rely on either the police departments in their territory or their competitors. Number E, our guys will take a look at those sales transaction records form time to time. (Jannuzzo: 82)

4) **Nothing wrong then sales reps will not report**. Q. And when your field sales representatives check up on subpart E of 13 do they submit any forms to the Glock headquarters? ... A. No, ma'am. Q. Do they maintain any files? A. No. It's – you know, it's kind of proving a negative. If there's nothing wrong, there's nothing to report. (Jannuzzo: 83)

5) **Monitors compliance with distributor agreement**. Q. Does Glock monitor compliance with this [distributor] agreement? A. yes, ma'am. Q. Does Glock use different methods for different subparts? A. yes, ma'am. (Jannuzzo: 88)

6) **Sales rep monitoring**. Monitoring of certain terms (reference Exhibit GI 01875 through GI 01879 entitled "Glock Incorporated Law Enforcement Sales Agreement 2000) in agreement is done through field salespeople or one of Glock's competitors. (Jannuzzo:89)

7) **Competitors provide information**. "It's a very competitive business, and if one of these guys were selling their law endorsement [sic.] guns at a gun show, I suspect we would hear about it from one of the competitors." (Jannuzzo:91)

8) **Records of all our armors**. Q. – does Glock monitor whether the purchasers maintain at least one certified Glock armor on staff at each location? ... A. ... yes, we have records of all our armors. (Jannuzzo: 94)

9) **For security monitoring we have picture of store and ones uncertain we visit.** Q. Let's take C(6). Does Glock monitor for compliance with that provision? ... A. "Maintains a security system for the premises to defer theft"? Q. Yes. A. We have a picture of every store, that we put on as a Glock stocking dealer, and ones that we're uncertain about are visited by our field salespeople ... that's got to be a subjective call. (Jannuzzo: 97-98)

10) **Visit to stocking dealers.** Q. Does Glock monitor compliance with subpart C – subpart 1, section C, section 10? ... A. We do not attach every warranty card that comes in to a particular Stocking Dealer Program. Our guys do visit these stores. They see them in action. ... Q. ... as to section one, subpart C, subpart 11, does Glock monitor for compliance with that term? ... A. If you've done ten, you've done eleven. (Jannuzzo: 100)

11) **PIN number for each stocking dealer.** Q. Has Glock ever considered changing its monitoring of this program? ... A. To some degree. This year we're going to have a PIN number that's attached to each Glock stocking dealer, and that PIN number will be used when they reorder from whatever distributor they reorder from ... yes, ma'am. (Jannuzzo: 100-101)

12) **High volume sales deterred through if dealer feels wrong.** Q. Does Glock do anything to discourage its Glock stocking dealers from making high volume sales? A. ... There's an ammunition and the page before that that says something to the lines of, you know, if a sale feels wrong, it probably is, and no one bad sale is worth a potential damage to the community and your reputation, so I guess if that's discouraging, we do. ... If we found out about it, we'd report it to the BATF. That's certainly a fair amount of discouragement. And there is a fair amount of federal laws and regulations that, you know, govern those sales, so I'm fairly confident that they're doing what they're supposed to be doing. (Jannuzzo: 121-122)

13) **Would discourage dealers with sales that had inappropriate instant check.** Q. So would Glock discourage its Glock stocking dealers to making this type of sales [with inappropriate instant check]? A. Yes, ma'am. .. (Jannuzzo: 252-253).

14) **Would discourage dealers with sales that had inappropriate instant check but would have to be in store.** Q. ... But does Glock monitor its Glock stocking dealers to see if they make this type of sale? ... A. unless one of our salesmen just happened to be in the store at the time, I have no idea how he could. (Jannuzzo: 252-253)

15) **Do monitor if FFL license is valid.** Q. And does

anyone at Glock monitor the FFL licenses to determine if they're valid? A. Yes, ma'am. (Jannuzzo: 273)

16) **Monitoring.** Customer safety awareness card packaged with each sale and asks if dealer explained safety. Forms, however stay with dealers (Jannuzzo (1) 51)

17) **Monitoring of dealers for diversion type sales.** No. Impossible unless we put in a person (Jannuzzo (1) 182)

18) **Distributor sanctions.** Only one that comes to mind is violation of POR.. No cut rate prices and advertisements in general periodicals... price on request. Monitored through 3 periodicals.. people in company generally read them .... Shotgun News Januzzo (3) 70-72)

19) **Monitor compliance by distributor [law enforcement agreement].** Sales manager checks up Januzzo (3) 89)

20) **Warranty card drawing**. Returned to dealer and then drawn. Dealer incentive to do safety awareness card. Do it from time to time (Jannuzzo (1) 50-52)

21) **Field sales inquiry on diversion type sales.** No, but they watch sales practices in the store .. observation (Jannuzzo (1) 182)

22) **Monitoring.** Customer safety awareness card packaged with each sale and asks if dealer explained safety. Forms, however stay with dealers (Jannuzzo (10) 51)

(ii) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Sanctions of distributors only for violation of POR term**. Q. Has Glock ever sanctioned a distributor for failing to meet the terms of the Glock agreement ... with the distributor? ... A. The only thing that comes immediately to mind are distributors who violate the POR portion of the contract, price on request. (Jannuzzo: 70)

2) **Cannot recall sanction for distributor operating outside territory**. Q. And has a distributor been sanctioned as a result ... of the business conduct [not staying within designated territory]? A. It hasn't happened in a long time. I don't recall the last time it did. (Jannuzzo: 78-79)

3) **Salesperson spoken to for violating sales agreement**. Referring to subpart 13A (Exhibit GI 01875 through GI 01879 entitled "Glock Incorporated Law Enforcement Sales Agreement 2000), a competitor complained about a report of violation by a salesperson and "that person was spoken to."

(Jannuzzo:85)

4) **No termination recall for violating export term.** A. ... I believe in here somewhere it says you may not export. ... If somebody does export, and you have to get us to sign off on the refund [of excise taxes], we won't. ... Q. But you haven't terminated a relationship on the basis of such an export sale. ... A. I don't believe so, but I'm not a hundred percent positive right now. (Jannuzzo: 92-93)

5) **If violation of Armor on staff requirement we would offer course.** Q. If Glock were to discover that someone did not have a certified Glock armor on staff, would Glock sanction this distributor? A. First, actually, we'd make an offer of an armor's course in their area, and I don't recall anybody ever saying no. (Jannuzzo: 94)

6) **Still sell to distributor or dealer if under indictment.** Q. So if Glock were to find out that a distributor or a dealer was being prosecuted for a violation of a federal firearm law, it would not suspend sales? ... A. If a distributor was under indictment and was going to stand trial for an indictment of a federal firearms violation of some sort, no, we would not suspend sales. I frankly think that probably be the safest place in the county to sell guns at that time, because I can't imagine anyone that would be under more scrutiny. (Jannuzzo: 125)

7) **No legal action for distributor failure to pay on time.** Q. Have you ever had to pursue legal action against a distributor for failure to pay on time? A. There's been no contractual action like that, no. (Jannuzzo: 154)

(iii) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

6 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **Sanction for violation of export term is profit reduction.** If a distributor violates the part of the agreement regarding exporting, Glock refuses to cooperate by signing the excise refund form, "so they've just probably taken the profit out of the deal, so I think that's probably the sanction." (Jannuzzo:93)

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Cut off dealer who was intoxicated on a regular basis.** A. We had a distributor in California who it was reported that they were fairly intoxicated during the course of the day on a regular basis. Q. And who reported that? A. A competitor. ... Q. Do you know if

that person was sanctioned? A. I believe they just cut her off. (Jannuzzo: 86-87)

2) **Could terminate sales to any dealer who sells disproportionate crime guns.** Q. Could Glock terminate sales to any dealer who sells a disproportionate number of guns used in crime? ... A. ... you can't make a generalization like that. It's got to be more subjective. Q. So even with subjective considerations could Glock implement a program? A. Again, given the right amount of time and the right code and the personnel and the administrative staff to do it, it's not impossible. Certainly. (Jannuzzo: 266-268)

3) **Termination.** Normal business evolution (Jannuzzo (1) 47)

4) **Could G terminate dealer who had disproportionate amount of crime guns.** Can't make a generalization... needs to be more subjective ... but not impossible (Jannuzzo (1) 267)

(3) **Other**

1 **Free pistol giveaway to dealers.** FFL check, and copy of FFL provided (Jannuzzo (1) 52-3)

2 **Warranty cards.** 200,000 cards but behind in entering (Jannuzzo (3) 42-43)

3 **Rules of conduct.** [not clear what for but appears to be law enforcement agreements] Field reps checking up but do not report (Jannuzzo (3) 83-4)

4 **G discouragement of high volume sales by stocking dealers.** No. Booklet that goes to this and discusses scenarios.... this discourages. Also a matter of contract (Jannuzzo (3) 121-22)

iii. **Information systems**

(1) **Contacts**

1 **Own firms/employees**

(i) **Inventory of guns.** Conduct cycle counts... every month (Jannuzzo (1) 147-8)

(ii) **Records kept by G.** Acquisition and disposition records for 20 years. 7 years for IRS. FFL for long as they are valid 3 years. (Jannuzzo (1) 273)

2 **Sales representatives**

(i) **List of field sales people.** Yes (Jannuzzo (1) 73)

3 **Distributors**

(i) **Other provisions.** Visit store. (Jannuzzo (3) 100-101)

(ii) **Distributor list.** Yes and files in credit department. (Jannuzzo (1) 66)

(iii) **List of distributors it does business with.** Yes (Jannuzzo (3) 210)

(iv) **Distributor contact.** Telephone. (Jannuzzo (1) 67)

4 **Dealers**

(i) **Management.** Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go

to the plants same as any business relationship (Jannuzzo (1) 47-49)

(ii) **Dealer list.** No comprehensive list of who sells our firearms. (Jannuzzo (1) 54)

(iii) **Stocking gun dealers.** Maintain files. Not clear program has increased sales. Some complain that it takes to long to get package. (Jannuzzo (1) 59-60)

(iv) **Dealer list that distributors sell to.** No (Jannuzzo (1) 67)

(v) **Complaints on requirement that stocking gun dealers only sell where background checks occur.** None (Jannuzzo (3) 102)

(vi) **Cooperation of stocking gun dealers.** We pick them. They are cooperative. We have told them what our conditions are, we have picture, we visit, they're recommended by a reputable distributor. (Jannuzzo (3) 104)

5 **Trade Associations**

6 **Other**

7 **Firearms training to law enforcement.** Five employees that are trainers (Jannuzzo (1) 21-22)

(2) **Trace/ATF related**

1 **ATF related**

(i) **Access 2000 as stand alone system**. To safeguard Access 2000 data, "There's a security log put in there... It's not connected to our network. It's a stand-alone system." (Jannuzzo:126-127)

(ii) **ACCESS 2000.** Why participate.. a good tool for law enforcement. Prior to this we had to comb the books.. now computer (Jannuzzo (1) 126)

(iii) **ACCESS 2000.** Prior used to go through books, but now information is being put into computer for tracing purposes. Get hard copy request for trace from ATF (Jannuzzo (1) 128-9).

(iv) **ATF position on analysis by mfgs in tracing.** Stay out of way... statement and in published literature? (Jannuzzo (1) 136)

(v) **ATF publications.** Read yes. (Jannuzzo (1) 137-8)

(vi) **No analysis of traces**. Q. Has Glock ever analyzed the traces from ATF? ... A. No, ma'am. (Jannuzzo: 131)

(vii) **No consideration of analyzing traces**. Q. Has Glock ever considered analyzing the traces? ... A. No. There would be no reason to. (Jannuzzo: 131)

(viii) **No knowledge of ATF reports listing frequently traced guns**. Q. Is Glock aware of ATF reports listing Glock guns that are frequently traced by the ATF? ... A. I don't know of one that says Glock guns have been frequently traced. (Jannuzzo: 139)

(ix) **No monitoring by sales reps of traces involving dealers or distributors**. Q. But do the field sales representatives monitor traces involving these dealers or distributors? A. No, ma'am, they don't, because it wouldn't tell them anything. As we know, trace is a crime gun, but a crime gun ... is not necessarily

a gun used in crime. (Jannuzzo: 183)

(x) **No interest in FFL who had 10 traces.** Q. Would Glock be interested to know if an FFL selling Glock guns had ten traces? ... A. ... so I'll say no because there is nothing you could do with it. (Jannuzzo: 225)

(xi) **Could determine through trace requests which models are most often traced. Q. Could Glock use the ATF trace data that it has in its possession to determine which models of Glock guns are most often traced?** ... A. ... Yes, ma'am. (Jannuzzo: 272)

(xii) **Could determine through trace requests which distributors are responsible for traces.** Q. Could Glock analyze ATF trace data to determine which distributors are responsible for which guns are being traced? ... A. ... yes. That's a simple mechanical process. (Jannuzzo: 272)

(xiii) **Analysis of ATF traces.** No. No reason because not all trace requests represent crimes. Example of donated guns resulting in trace and police officer. Have analyzed for Hamilton case (Jannuzzo (1) 131-3)

(xiv) **Analysis of traces to determine if certain dealer involved in a large number of traces.** No. We couldn't have, we never analyzed anything. That is ATF's job. Bad idea .. we only get serial number (Jannuzzo (1) 134)

(xv) **Trace requests per year.** I don't know (Jannuzzo (1) 134)

(xvi) **Analysis of traces to determine if certain distributor involved in a large number of traces.** No. ATF role. Bad idea (Jannuzzo (1) 134)

(xvii) **Trace requests have increased.** Comprehensive tracing lead to more trace requests. Up sever hundred percent (Jannuzzo (1) 135)

(xviii) **Knowledge of models with ATF high trace requests.** Yes (Jannuzzo (1) 139-40)

(xix) **Monitoring of traces involving dealers or distributors.** No because trace gun may not mean a crime... even though crime gun (Jannuzzo (1) 183)

(xx) **Interest in dealer who had 10, 50 or 1000 traces.** Curiosity... no... nothing we could do with it ... if inordinate amount e.g., 1000.. it would be ATF responsibility (Jannuzzo (1) 225)

(xxi) **Could G take ATF trace data in its possession and determine models traced.** Simple. Yes... but would not tell us anything. (Jannuzzo (1) 272)

(xxii) **Could G take ATF trace data in its possession and determine distributors involved in trace.** Simple mechanical process. (Jannuzzo (1) 272)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Knowledge of how criminals obtain guns.** I don't know for a fact.. theft, barte and trafficking, strawman based on ATF discussions and anecdotal (Jannuzzo (1) 176-181)

2 **Glock discussion of ways to prevent criminal access to guns.** Yes internally. Security and theft in transit. ... don't have guns in address

described. Double staple boxes... wrapper to orange so could be spotted (Jannuzzo (3) 186)

3 **Hiring of outside consultant to assess if it could do more to prevent criminal access to guns.** Not at dealer level . Good handle on in-house security given personnel. (Jannuzzo (3) 192)

4 **Sales to indicted or under prosecution distributor or dealer.** Yes. Have had a dealer in Chicago under indictment. If going to trial would still sell. (Jannuzzo (1) 123-5)

5 **Possession of guns by minors and juveniles.** No (Jannuzzo (1) 247)

6 **Could G require authorized dealers not to allow access by children under 18 to stores or sections/ or if not accompanied by adult.** I don't know how we could do that. Impossible under three tier. Can't impose our will on independent businessman (Jannuzzo (1) 269-270)

7 **Does not know how could require limited access by under 18 year old in store.** Q. Could Glock require its authorized dealers not to allow children under 18 access to the store or to sections of the gun store where guns are sold ... unless accompanied we an adult? ... A. I don't know how we could do that, you know, as a manufacturer. (Jannuzzo: 268-269)

8 **No outside consultant hired to determine if could do more to prevent criminal access.** Q. Has Glock ever hired an outside consultant to determine if there was more it could do to prevent criminal access to guns? ... A. Not as far as the dealer level, no, ma'am. (Jannuzzo: 192)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Background checks of employees.** Yes at Glock (Jannuzzo (1) 151)

2 **Stocking dealers.** Must have storefront (Jannuzzo (1) 255)

3 **Nonstorefront dealers and prevention of Glock sales.** We have it in our contract... action to prevent its guns from being sold by nonstorefront dealers. No complaints about sales and no complaints by stocking dealers. (Jannuzzo (1) 255)

4 **Nonstorefront problems of no background check.** Not aware of (Jannuzzo (1) 257)

5 **Discussions with trade associations on nonstorefront dealer problems.** No (Jannuzzo (1) 258)

6 **Could G sell to only authorized dealers/code of conduct.** Not impossible. Potentially possible... right code and right amount of time. Yes. (Jannuzzo (1) 266)

7 **Does G monitor FFL to see if valid.** Yes (Jannuzzo (1) 273)

8 **Distributor not vouching for stocking dealer applicant.** Some not approved... not a storefront. (Jannuzzo (3) 101)

9 Distributor recommendation of dealer required to become stocking dealer (Jannuzzo (3) 61)

10 **Storefront, Picture of storefront, FFL and licenses and visit to sign them up.** Q. And what is the Glock stocking dealers program? A. ... you have to be a storefront, hence the stocking dealer term ... storefront, obviously without [?] and FFL; any sales or tax licenses that they need, or use tax licenses; ... they have to send us a picture of the store. And one of our guys in the field will go visit them before we sign them up if there's any questions. (Jannuzzo: 55-56)

11 **Want to sell to stocking dealers with storefronts.** Q. What are the

types of dealers that you want distributors to sell to? A. Stocking dealers with storefronts. (Jannuzzo: 66)

12 **Have taken action to prevent nonstorefront dealers from selling.** Q. But Glock has taken action to prevent its guns being sold by non-storefront dealers. A. We have it in our contracts with our distributors, and it's a requirement for the Glock Stocking Dealer Program, so in that way, yes. (Jannuzzo: 255)

13 **Storefront for distributors and stocking dealers.** "We have it [must have a storefront] in our contracts with our distributors, and it's a requirement for the Glock Stocking Dealer program." (Jannuzzo:255)

14 **No monitoring of dealers or distributors for instances of illegal purchases.** Q. And no one at Glock monitors dealers or distributors for any of these types of sales or ... instances [illegal purchasing of guns]? ... A. And the answer is any of these instance, no. ... It would be impossible unless we put a person in every one of these stores and every one of these distributors. (Jannuzzo: 182)

15 **Sales reps do not ask about any instances of illegal purchases.** Q. Does Glock know if its field sales representatives ask about any of these instances, any of these methods? ... A. That's kind of like a are you still beating your wife questions. You know, did I walk in and ask somebody do you know, are you still committing straw purchases or closing your eyes to it? No. (Jannuzzo: 182)

16 **Dealers desired for distributors to sell to.** Stocking dealers with storefronts (Jannuzzo (1) 66)

(3) **Gun show sales**

1 **Stocking dealers prohibited from attendance at gun shows.** Prohibited by contract from doing that and we r4eceived no reports that they are (Jannuzzo (1) 117-8)

2 **Nonstocking dealers and attendance at gun shows.** I don't know who they are (Jannuzzo (1) 118)

3 **Trace guns sold a gun show.** No belief .. I don't know how we would know (Jannuzzo (1) 165)

4 **Gun show sales and problems.** No as long as background check... if a dealer who is obligated (Jannuzzo (1) 259)

5 **Gun show dealers and background checks.** We obligate ones we have contracts with and then leave rest to ATF (Jannuzzo (1) 260)

6 **Gun show dealers and expressed problems by dealers.** Yes (Jannuzzo (1) 262)

7 **Stocking dealers and gun shows.** Permitted to sell anywhere background checks are conducted... with NICS check they can. (Jannuzzo (3) 101-2)

8 **Gun shows and expressed problems by dealers.** No (Jannuzzo (1) 260)

9 **Stocking dealers prohibited from participating in gun shows.** Glock dealers are prohibited by contract from participating in gun shows. (Jannuzzo:117-118)

10 **No visit to gun shows to monitor distributor agreement term.** Q. So they [Glock field salespeople] don't visit gun shows in order to enforce subpart four of the [distributor] agreement? ... A. No, they don't. (Jannuzzo: 90-91)

11 **Salesman talk to stocking dealers about participation in gun shows,**

but no formal letter. Q. ... Does Glock ask its distributors or its stocking gun dealers about participation in gun shows? ... A. I'm sure our salesmen have talked to people about that. But do we have a formal letter that goes out and says do you participate in gun shows? No. (Jannuzzo: 117)

12 **No research to determine how many of its guns sold at gun shows.** Q. Has Glock ever undertaken any research to determine how many of its guns are sold at gun shows? ... A. No, ma'am. (Jannuzzo: 118)

13 **Obligate dealers to check at gun shows that others selling are conducting background checks but then rely on ATF.** Q. Has Glock taken any actions to determine whether dealers at gun shows who are selling GLOCKs are having – conducting background checks? ... A. We obligate the ones that we have contracts with to do it, by contract, and then from there we leave it to the ATF. (Jannuzzo: 259-260)

(4) **Thefts / Losses**

1 **Shipments of guns and tracking.** UPS, US mail... certified to reduce lost guns. (Jannuzzo (1) 188)

2 **Interest in dealer who had repeated theft problems.** Interesting yes. Has received information one instance, but did not take action. ... I can't imagine what we would do. This was a stocking dealer. (Jannuzzo (1) 228-230)

3 **Could G require authorized dealers to implement security to prevent theft.** If blanket no, if subjective and had personnel, it does seem possible (Jannuzzo (1) 268)

4 **Dealer program agreement [stocking dealer].** Monitor for security system on premises to defer theft. We have picture of every store... we visit if uncertain. Subjective call. Picture provides comparative.. if they claim they have a 20,000 security system but it looks like a 500 dollar store we check it out either by telephone or visit (Jannuzzo (3) 97-99)

5 **Glock discussion of ways to prevent criminal access to guns.** Yes internally. Security and theft in transit. ... don't have guns in address described. Double staple boxes... wrapper to orange so could be spotted (Jannuzzo (3) 186)

6 **Prevent criminal access through theft by no gun address, no return address, double strapping, florescent green plastic.** Q. Has Glock ever discussed ways in which to prevent criminal access to guns? ... A. Yes. Q. Can you give me an example of an action it's taken? ... A. ... we were losing some pistols in transit, and they generally seemed to be going from Atlanta to Florida. ... We discussed it with the ATF. Their advice was mostly common sense and practical, and we adopted it immediately. ... don't have gns or anything like that in the address. Firearms. We even took out sporting goods. Don't have return addresses as Glock ... We started double stapling the boxes so they didn't open easily. And we got – we changed our inside wrapper from a clear plastic to a fluorescent green ... so if the box was opened, it would be very apparent from the distance. (Jannuzzo: 185-186)

7 **Repeated thefts at FFL would require more information.** Q. Would Glock be interested in knowing if an FFL who is selling Glock guns had a repeated problem with thefts from their premises? ... A. ... more information would be interesting, yes, because there you know that there was some sort of a solution. (Jannuzzo: 229)

8 **Could not imagine what could when received information on theft**

from FFL. Q. Has Glock ever received information regarding thefts from FFLs selling Glock guns? A. We know – I know of one in Rome, Georgia at a store called Franklin's. Q. And did Glock take any action in in response to that knowledge? A. I can't imagine what we could do. (Jannuzzo: 229-230)

(5) **Strawpurchases**

1 **Straw purchase.** I know they exist. (Jannuzzo (1) 162)

2 **Strawpurchase.** A straw man is a front (Jannuzzo (1) 162)

3 **Corrupt dealers.** Sold by a dealer who knowingly engaged in a strawpurchase... define (Jannuzzo (1) 162)

4 **Dealer guides [stocking dealer] versions.** Latter includes scenario on strawpurchase (Jannuzzo (3) 179)

5 **Support of Don't Lie for Other Guy.** Purpose to increase awareness of those at the end of the distribution chain to not be duped. BATF program in participation with NSSF..Glock provides ATF portions of ATF document in its Stocking Dealer Guide.. supplied lists of dealer, letter urging dealers to go, salespeople talk it up in feold and we encourage them to do this (Jannuzzo (1) 242-3)

6 **Glock Stocking dealer video.** No mention of straw purchases (Jannuzzo (1) 244)

7 **Stocking gun dealer guide scenarios on straw purchase.** Scenarios... "do you make the sale" question asked if transaction was with friend and NIC not made. ... not even a straw purchase. .. would discourage from sale ... yes (Jannuzzo (3) 253-4)

8 **Monitoring of straw purchase involving dealer selling to friend without NIC.** Only if salespeople happened to be in the store at the time... don't know how could (Jannuzzo (3) 253)

9 **Don't Lie pages sent to new Stocking Dealers.** A booklet sent to new Glock stocking dealers has "two or three pages of handouts from the BATF and about the Don't Lie for the Other Guy Program and some ten to twelve different scenarios that the ATF has on a sheet about straw purchases" (Jannuzzo:60)

10 **Dealer guide has list of strawpurchase scenarios.** "We've got that one page in the stocking dealer guide that lists… eight to twelve [straw man purchase] scenarios… maybe just having those in there will increase somebody's awareness if they see something similar to that going on in their store." (Jannuzzo:177)

11 **Strawpurchase deterence through face time.** "The only thing we can do is get as much face time, if you will, with people we deal with directly," [to deter straw man sales]. (Jannuzzo:182)

12 **Supported Don't Lie through providing list of dealers and letter.** To promote the Don't Lie program, Glock "supplied a list of dealers that [they] know" and "may have sent a letter out to those dealers urging them to go." (Jannuzzo:243)

13 **Send schedule of Don't Lie to managers so they can send to dealers.** "Whenever I get a schedule of any sort that indicates that [the Don't Lie program] is going to be in this particular region, I send it to the managers in that region so that they'll know that it's coming… soon, and they can make sure that that's something they impart to the dealers." (Jannuzzo:243)

14 **Salesman talk up Don't Lie when visiting dealers.** Glock salesmen "talk up" the Don't Lie program in the field when visiting a dealer.

(Jannuzzo:243)

(6) **Multiple sales**

1 **Multiple sales.** I know they occur. There legal. There's a form.. (Jannuzzo (1) 163)

2 **Interest in dealer who had 3, 50 multiple sales or 10 multiple sales in 1 day.** No it is not information that we can do anything with. (Jannuzzo (1) 227)

3 **Information on multiple sales. Never attempted to get information.** I know the job is being taken care of... paperwork and those charged with responsibility are capable of doing it (Jannuzzo (1) 228)

4 **Multiple sales as a problem.** No. (Jannuzzo (1) 247)

5 **Multiple sales ending in crime.** No specific knowledge. Aware of reports and studies (Jannuzzo (1) 248-9)

6 **Multiple sales as law enforcement tool.** ATF told us..(Jannuzzo (3) 164)

7 **No policy on multiple sales and has not considered**. Q. Does Glock have any policy as to the number of guns a Glock stocking dealer can sell to one person at one time? A. No. ... Q. Has Glock ever considered establishing such a policy? ... A. No. (Jannuzzo: 121)

8 **Multiple sales form**. Regarding multiple sales procedures: "There's a form that has to be sent… to the CLEO… within 24 hours… of the sale and it also goes down to their tracing center… and they have a profile down there, and that profile… they use to try to figure out who is making straw purchases. And, in fact, I've been told by ATF that they consider multiple sales and multiple sale forms a law enforcement tool." (Jannuzzo:163)

9 **No interest in FFL who had 3 multiple sales**. Q. Would Glock be interested to know if an FFL selling Glock guns had three multiple sales? ... A. No, ma'am. (Jannuzzo: 226)

10 **No interest in FFL who had 50 multiple sales**. Q. Would Glock be interested to know if an FFL selling Glock guns had 50 multiple sales? ... A. No, ma'am. (Jannuzzo: 226)

11 **Can't do anything with information of FFL who had 10 multiple sales transaction in one day**. Q. What about an FFL selling Glock guns who sold ten multiple sales transactions in one day, would Glock be interested in knowing that? ... A. It's information that we can't do anything with. It indicates absolutely no wrongdoing on behalf of the dealer. (Jannuzzo: 227)

12 **Multiple sales form are law enforcement tool**. Q. And how do you know that they consider a multiple or a multiple sales form as a law enforcement tool? A. I've been told that by agents of the ATF. (Jannuzzo: 164)

13 **No attempt to obtain information regarding multiple sales by FFL.** Q. So Glock has never tried obtain information regarding multiple sales transactions by FFL selling Glock guns. ... A. We have never tried, that's correct. (Jannuzzo: 227-228)

(7) **Time to crime**

1 **Time to crime. Does not know if ATF views this as indicator of illegal trafficking.** My have seen reports by ATF of guns with shortest time to crime (Jannuzzo (1) 140)

2 **No interest in FFL who sold 2 month time to crime gun**. Q. Would

Glock be interested to know if an FFL selling Glock guns sold a gun with a time to crime of two months? ... A. It doesn't tell you anything. (Jannuzzo: 228)

3 **Interest in dealer who had a time to crime of two months.** It doesn't tell you anything (Jannuzzo (1) 228)

(8) **Obliteration of serial numbers**

v. **Trade association activities**

(1) **Glock Sports Shooting Foundation.** Shooting matches 30-35 a year (Jannuzzo (1) 31)

(2) **Distributor trade association.** NASGW (Jannuzzo (1) 50)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **SW agreement.** No discussions with trade or dealers, but with consumers and internally (Jannuzzo (1) 263-6)

(2) **HUD agreement**

(3) **Boston agreement**

v. **H&R 1871 (company profile)**
  i. **General**
    (1) **National Buying Syndicate.** 20 plus sporting goods stores that are independently owned coop. Financial services. Coop is selective. (Garrison 36-7)
    (2) **Production**
      1 **Manufacturer based on sales not forecasts.** Manufacturer parts and then assemble as needed. Assemble 100 day max (Garrison 48-51)
    (3) **Marker/products**
      1 **Market.** Only knowledge from people coming to us at shows. Writers writing on the use of our products by some people. (Garrison 64-65)
      2 **Market projections.** No (Garrison 82)
  ii. **Marketing Channel**
    (1) **General**
      1 **No direct shipments.** (Garrison 84)
    (2) **Direct to dealers**
      1 Uses dealers: has "Dealer Search" option on website (Descriptive-56:Web)
      2 **Direct sales.** Less than 10% to Sports Inc. and National Buying Syndicate (Garrison 35)
    (3) **Indirect through others**
      1 **Sales mainly to wholesaler.** 95-98% (Garrison 34-35)
    (4) **Sells online**: has "Store" option on website (Descriptive-56:Web)
  iii. **Salesforce**
    (1) **Sales rep groups.** Paid on commission basis. Five groups. Approximately 55 reps. (Garrison 40-1)
    (2) **Sales rep sales.** To buyers who are wholesalers/distributors. (Garrison 41-2)
    (3) **SPIFF incentive.** My definition of spiff is a sales rep goes in and will offer a prize type of program to the salespeople from that distributor who sells the product. Typically on a new product. Savings bond of something like that (Garrison 72-73)
  iv. **Distributors**
    (1) **Distributors.** 1991-95 approximately 50 dealt with. (Garrison 37)
    (2) **Distributor terms of sales.** Financial terms. No price reductions. No spiffs. Everybody pays the same. (Garrison 68-72)
    (3) **Insurance.** Provided to distributors on product liability. Extra to insure them (Garrison 74-5)

w. **H&R 1871 (documents)**
  i. H&R 1871. Future of firearms and the shooting sports can only be assured if manufacturers fully support the well trained, professional gun dealers. H&R will send you information on becoming a gold star dealer. Database. To NASGD dealers. (399)

x. **H&R 1871 (depositions)**
  i. **Awareness and knowledge or diversion and potential safeguards**
    (1) **Awareness of black market.** No (Garrison 54)
    (2) **Reading of reports on illegal sales.** Yes I have read many stories (Garrison 55-6)
    (3) **Knowledge of illegal sales in US.** No (Garrison 60)
    (4) **Knowledge of chemical industry work.** No (Garrison 116)
  ii. **Coordination systems**
    (1) **Distributor and dealer agreements**

1 **Distributor agreements**
2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Distributors numbers reduced.** Dropped after some consolidation. Wanted to be sure that I was selling to legitimate wholesalers and not just a dealer that was calling himself a wholesaler. Financial stability and cleanliness of sale (Garrison 37-8)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Belief as to their responsibility to take steps to insure distribution members are acting responsibly.** No. I believe that is ATF responsibility (Garrison 107)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) Distributors restricting who the sell to of FFLs. Not to my knowledge (Garrison 58)

2) **Distributors restricting to stocking dealers.** One distributor recalled (Garrison 58-9)

3) **Distributors restricting to stocking dealers as important.** No. Their choice. (Garrison 59)

4) **Restrictions on distributors as to type of dealers they can sell to.** FFLs. Prefer they not sell to mass merchants because we believe we have a specialty product that would be more appropriately dealt with on an individual basis and not just thrown out on display on a price basis. . Talk to them about it. No contractual thing. . Assumption only to FFL. Presumption that they are not going to do anything illegal. No other restrictions (Garrison 78-82)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

iii. **Information systems**

(1) **Contacts**

1 **Own firms/employees**

2 **Sales representatives**

(i) **Sales rep interaction**. Meet at the NASGW show. I meet with them individual at other shows and when visiting distributors. They go with me. (Garrison 41)

3 **Distributors**

(i) **Distributor visits**. At least once a year and I meet them at the NASGW show. I go to their facility. They come to mine (Garrison 38-9)

(ii) **Review of bound books of distributors**. No (Garrison 59)

(iii) **Instructions of sales rep to review bound books of distributors**. No (Garrison 60)

4 **Dealers**

(i) **Sales rep visits to dealers**. Yes. Not on my behalf. (Garrison 42)

(ii) **Sales rep surveys of dealers**. Never asked (Garrison 42)

(iii) **Sales rep reports of sales to dealers**. No (Garrison 42)

(iv) **Gold star dealer program**. Information program for new products. They send FFL and we send them package of materials. Catalogs. Press releases. Mailing list. Started in 1995. We were looking for vehicle to get information about our products quicker to the world. FFL's get free and others pay $2.00 (Garrison 42-4)

(v) **Distributors sending catalogs to nonFFLs**. No idea (Garrison 59)

(vi) **Gold star dealer program information kept for marketing decisions**. No (Garrison 84-85)

(vii) **Information to dealers**. Gold star program. Shot show. (Garrison 85)

5 **Trade Associations**

(2) **Trace/ATF related**

1 **Distributors purchasing ATF lists of FFL's** . No idea (Garrison 59)

2 **ATF**. Online with them to provide information on trace requests. 1996 started. (Garrison 60-1)

3 **ATF resources**. No steps taken. My assumption is they have (Garrison 108-9)

4 **Trace requests**. Fax us a request with serial number. Write in requested information and then send it back. Multiple people did it. (Garrison 61-62)

5 **Consideration of retaining trace requests.** No (Garrison 62)

6 **Trace requests numbers.** Minute and infrequent. . From 1991 to 95 received five to ten per year. (Garrison 62-3)

iv. **Particular types/aspects of diversion and specific steps taken**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Reading on illegal sales by dealers** (Garrison 56)

2 **Prevention of illegal sales.** We deal with members of NASGW. We believe these are legitimate businesses. They have financial strength. My own personal observations. (Garrison 57-8)

(3) **Gun show sales**

(4) **Thefts / Losses**

1 **Stolen.** Yes. One occasion on handguns. Notified police. No idea on filing forms with insurance. (Garrison 117-9)

2 **Stolen firearms as problem. I don't' know.** There are certainly problems with stolen firearms. (Garrison 118)

(5) **Strawpurchases**

1 **Reading on strawpurchases.** Yes (Garrison 56)

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

(1) **SAAMI.** Member. 1995 (Garrison 87)

(2) **ASSC.** Member (Garrison 87)

(3) **NSSF.** Member 1991 (Garrison 87)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

y. **Heckler & Koch (company profile)**

i. **General**

(1) "Heckler and Koch GmbH (HK) was registered in December of 1949 and officially opened for business in this historical center of German gun-making enterprise in 1950." (Descriptive-53:Web)

(2) **Memberships.** NSSF. SAAMI. ASSC (Meyer 255-6)

(3) **Size**

1 **People**

(i) Employees. 50 (Meyer 21)

(ii) "Today, the Oberndorf factory employs approximately 500 employees, from machine operators to designers." (Descriptive-52:Web)

(4) **Price**

1 One price list, but different terms to different qualifying dealers. (Meyer yes 134)

(5) **Products/markets**

1 **Market sales.** Commercial 2/3 of sales. (Meyer 30)

2 **Products.** Pistols and rifles and shotguns (Meyer 33)

3 **Commercial distribution.** Different and handled separately from military and law enforcement (Meyer 41)

4 "Heckler & Koch GmbH, of Oberndorf, Germany, currently manufactures approximately two hundred and fifty different models of firearms on its production line." (Descriptive-52:Web)

5 "All HK product, both for the commercial/law enforcement and military market, is developed and tested to NATO specifications." (Descriptive-52:Web)

6 " ... much-heralded tradition of heckler & Koch small-arms manufacturing. In early 2000, the USC .45 utility carbine joined the SL8-1 .223 as new age firearms made almost entirely of high strength polymers." (Descriptive-53:Web)

(6) **Competitors**

1 **Competitors.** SIG, Colt, Remington (Meyer 38-39)

ii. **Marketing Channel**

(1) **Direct to dealers**

1 **Dealer relationships.** Yes (Meyer 41)

2 **Direct sales to dealers.** All direct on commercial sales (Meyer 42)

(2) **Issues**

1 **Distributors and dealers issues.** Not thrilled when added distributor because qualified dealers had market and other dealers had to buy from them. Now could get from distributors also (Meyer 48)

2 **Dealer direct versus distributor.** Service and elite status favors direct. Difficulty in servicing favors distributor. (Meyer 50)

iii. **Salesforce**

(1) **Types and numbers**

1 **In-house**

(i) **Sales employees.** 16 (Meyer 26)

(ii) **Sales department.** Customer service and orders (Meyer 28)

(iii) **Inside sales and reps.** Both. (Meyer 55)

2 **Independent reps**

(i) **Numbers**

1) **Independent reps.** 40 organized by geography

(Meyer 55)

(ii) **Rep groups**

1) **Rep groups.** Citadel Sales, Outdoor Sports Marketing, Sports Marketing south, Jack Harding and Associates, Mainstream. (Meyer 56)

(2) **Role and responsibilities**

1 **2001 indep sales rep agreement.** Must visit authorized dealer once each 6 months. Find out what's going on. Any issues. Delivery problems. Market feedback. Need for product. (Meyer 63)

2 **Reps have call reports.** Documentation of review of store, up and running, financial issues, meeting requirements. Customer service issues (Meyer 63)

3 **2001 indep sales rep agreement.** Best efforts to ensure that dealer is legitimate storefront dealer. Quality reason. Present the product. No sale out of car trunk.

iv. **Distributors**

(1) **Numbers**

1 **Distributors.** One RSR. Since 1998. Chosen on performance. Responsible for 10% of sales (Meyer 44-45)

2 **Distributors in the past.** Acusport in 1995 (Meyer 45)

v. **Dealers**

(1) **Numbers**

1 **Dealers.** 230 qualified dealers. 600 last year. In process of qualifying dealers. Fluctuates between 600 and 1000 dealers (Meyer 43)

2 **Dealer reduction.** To 600 to achieve good quality (Meyer 43)

(2) **Classifications**

1 **Qualified versus non-qualified**

(i) **Dealers.** 230 qualified dealers. 600 last year. In process of qualifying dealers. Fluctuates between 600 and 1000 dealers (Meyer 43)

2 **Authorized versus non-authorized**

(i) **Authorized dealers.** 700 apply. 600 currently and most are carry-overs. Some do not take application from (Meyer 72)

(ii) **New authorized dealers.** Sales rep get commissions for identifying (Meyer 73)

(3) **Activities**

1 **Key dealer program.** Better credit terms and free shipping in return for selling specific quanity. (Meyer 129)

2 **Premiere dealer program.** Longer terms, free shipping, promotional materials for selling 20 total guns. (Meyer 130)

z. **Heckler & Koch (documents)**

aa. **Heckler & Koch (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Dealer arrest would be handled by VP of sales, credit manager or president aware.** Q. When a problem would come up, like a dealer being arrested as this article describes, who would handle that at HK, Inc.? A. I would say that the vice president of sales, and I'm sure our credit manager would be aware of it, and the president would be aware of it. (Meyer: 158)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreement**

2 **Dealer agreement**

(i) **Requirement of retail establishment for dealer agreement.** We want him to display our product (Meyer 95)

(ii) **Dealer contracts.** Allowance of company reps to look over records. Yes. Will review. How much product sold, what's moving. (Meyer 110)

(iii) **Dealer contracts.** Safety features and techniques. Explain how product used. (Meyer 111)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **New authorized dealers.** Reps check out. Credit check. FFL. If rep checks out put them on. Others also look intol (Meyer 76-77)

2) **Sales only through authorized stocking dealers and realization of giving up basement bandit market.** Q. In the second paragraph, the first sentence says, quote, "When we decided upon our new distribution policy of selling only to stocking dealers as our Authorized Dealers, we realized that we were taking a serious business risk by eliminating a major source of sales through basement bandits and national discount store chains." (Meyer: 118-119)

3) **Sales through authorized stocking dealers not driven by safety issue.** Q. So what are the benefits of making this move [eliminating basement bandits and national discount store chains from Authorized Dealers pool] despite the risks? ... is there any safety consideration in there as well, or is it just the commercial reasons that you're describing? A. No, I don't believe there is any safety issues. (Meyer: 121-122)

4) **Requirement of retail establishment is commercial reason..** Q. ... On the first page, Section IA, the heading is qualification. ... can you tell me what the purpose of that requirement in that section is? ... A. It's to make sure he has a retail establishment. ... Because we want to display our product, want to promote our product. If he's not doing that, he's not helping us promote the product. ... I don't see any safety concerns ... Q. It's a commercial reason? A. Right. (Meyer: 95-97)

5) **Only allowed to sell at establishment location.** Q. ... Section ... IF, the heading is locations, and it says the dealer's authorized to sell the company products only at the retail establishment locations in the United States that are specified in the checklist originally submitted with the agreement. What's the purpose of having that term in the agreement? A. So that they're selling in their establishment, they're promoting our product in that establishment ... Q. So it does prohibit

them from selling at gun shows? (Meyer: 97-98)

6) **No sales to other dealers or FFLs.** Q. Second page, Section IID has the heading retail sales, and it states that the authorized dealers are not to sell HK firearms to other dealers or federal firearms license holders. Why does HK, Inc. have that requirement? A. ... we don't want dealers selling back ad forth because they're not supposed to sell. They're supposed to retail it. (Meyer: 113)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Must stock our product to become dealer.** A. We have a qualifying order. You have to buy stock. You have to stock our product to become a dealer. (Meyer: 49)

2) **Contact required to become dealer and then indep rep has checklist, looks at store, location, credit check and checked out.** Q. So when someone wants to become an HK authorized dealer, what do they need to do? A. ... the first thing they need to do is contact somebody who works for HK, Inc. Okay. Then we have, the independent rep goes out, and there is a checklist, that he looks at the store, he looks at the location, and there is a whole list ... then there is credit checks, credit applications that are filled out. he has to provide an FFL. ... if the independent rep and the sales guy agree, then his application is submitted, and if everything checks out, we put him on. (Meyer: 75-76)

3) **No set min of time must be in business.** Q. ... do you have any minimum amount of time that you want to see a dealer who has already been in business before you take them on? A. ... we don't have a set okay, you haven't been in business for two years, you can't be a dealer. No, we don't have anything like that. (Meyer: 77-78)

4) **Require photos of business.** Q. ... does H&K, Inc. require dealers to provide photographs of their places of business? A. Yes. ... So that we can see that it's a legitimate business. (Meyer: 85-87)

5) **We don't look for credit we have pre-pay policy.** A. ... we have had pre-pay accounts in the past, COD accounts where they don't look for credit. ... we are reviewing that. We are going to have credit applications on everybody. (Meyer: 88-89)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

1) **No new agreements required if on file in 97-99.** Q. ... why did HK, Inc. not have the written agreements, executed for the '97 to '99 period? A. ... my understanding was that it was just to save the time on the administrative and the paperwork because if they

were on file, they were a current dealer ... signing the contract again. (Meyer: 91-92)

2) **New dealer in 97-99 had to execute an agreement.** Q. ... do you know whether from 1997 to 1999, brand new dealers who never had a, an agreement with HK, Inc. from, before from '97 or before, do you know whether they executed written agreements, or did they basically go with the verbal understanding approach as well? A. No. I would believe a new dealer in that timeframe would have to execute an agreement. (Meyer: 92)

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Modification of terms of agreement for dealer.** Q. Has Koch ever agreed to modify any of the terms for a particular dealer? A. Yes. Q. How often does that occur. A. Not very often – occasionally. Q. What changes can you recall being made for a particular dealer? A. ... it had something to do with remedies like who's going to return the merchandise ... there is some responsibility under the insurance, that type of stuff. (Meyer: 95)

2) **No disributor agreement with RSR but had verbal agreement.** Q. HK, Inc. enters into written agreements with RSR as well, is that right? A. No. ... Q. Why is that? A. I'm not sure. ... We have a verbal requirement that they will not sell to law enforcement. ... We ask them not to sell below our dealer price. (Meyer: 123-124)

3) **Distributor RSR can sell to nonstocking dealers and no concern about it.** Q. Can RSR sell HK firearms to dealers who are not stocking dealers? A. They – yes. Q. ... Does HK have any concerns about them doing that ...? A. No. (Meyer: 125)

4) **Distributor RSR can sell to nonstocking dealers but at higher price than stocking.** Q. ... why is it that ... HK, Inc. prohibits its authorized dealers from doing that, and yet you don't have a concern about the dealers who get them from RSR doing it? A. ... I have never seen it as an issue where people at RSR are selling to, have gone out and do that because RSR has to sell it at a higher price, and most likely, the customers can get it at a cheaper price from a stocking authorized dealer. (Meyer: 127)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Policy on indictment.** No. We would address it immediately . (Meyer 69-70)

2) **Consideration of adding policy beyond law.** No (Meyer 141)
3) **Training.** Instruct on product to mfgs. (Meyer 27)
4) **Rep training of dealer.** Show product. Safety instructions. (Meyer 112)
5) **Training on new products and products and is up to the rep.** Q. Does HK, Inc., provide any training to authorized dealers or their employees? A. The reps will go in and give them training on a particular product, especially a new product. Q. Is there a formal program for that, or is it sort of up to the rep to decide when and what to cover? A. It's up to the rep. (Meyer: 111-112)
6) **Training by reps in stores varies in frequency.** Q. ... do you know how often reps generally give some sort of training to a dealer, or does it vary a lot? A. It definitely varies. (Meyer: 112)
7) **No prohibition on dealers advertising shotguns.** Q. Does H&K prohibit authorized dealers from advertising prices of the FABARM shotguns? A. No. (Meyer: 129)
8) **Prohibition on dealers advertising some shotguns.** Q. Did it [H&K] prohibit them [authorized dealers] from advertising prices of the Benelli shotguns? A. Yes. Q. Why was that? A. ... I'm not sure, but I'm just going to assume that they didn't want ... it to be blown out [discounted]. (Meyer: 129)
9) **No policy on arrested or indicted FFL but would review.** Q. Will HK, Inc. sell to a distributor or dealer that has been arrested or indicted for making an illegal firearm sale, but still has his or her FFL? ... A. We don't have a policy, but I'm more than positive that we would review that and that would be discussed. (Meyer: 144)
10) **No policy if reps are arrested.** Q. ... Does HK, Inc. have any policy as to what it would do if the rep is arrested or indicted but has not yet been convicted? A. No, we don't have a policy. (Meyer: 68-69)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Sanctions.** Warnings. (Meyer 131)
2) **Compliance on terms.** Sales reps visit (Meyer 111)
3) **Reps visit retailers twice a year to see if complying.** Q. What does HK do to determine whether dealers are complying with these requirements? A. We have our reps visit the retail establishment twice a year. (Meyer: 108)
4) **Salesman visit dealers occasionally.** Q. Do, does anyone else from HK, Inc. ever visit dealers other than the independent reps we talked about? A. Our

salesmen will visit dealers occasionally. (Meyer: 109)

5) **Reps review dealer records of sales.** Q. ... Does HK, Inc. review dealer records periodically as that gives it the ability to do? A. The reps will go in and review their records. How often they do it, I'm, I'm not sure. Q. Do you know which particular types of records they would review? A. Their sales of HK product. (Meyer: 110)

6) **Reps visit stores to insure compliance on safety feature requirements.** Q. How does HK, Inc. ensure that the dealers are carrying out their obligations undre this section [on safety features and techniques]? A. We have the reps go by and see how the dealers are working, see if there is any issues. (Meyer: 111)

7) **Reps see what's going on to determine compliance with dealers not selling to other dealers.** Q. What does HK, Inc. do to ensure compliance with that provision [requirement that dealers do not sell HK firearms to other dealers or federal firearms license holders]? A. ... The distributor, or excuse me – the reps will go out and see what's going on, and if they were to notice that a non-HK dealer had one of our guns, they would try to find out where it came from. (Meyer: 113-114)

8) **No HK visits to dealers who purchase through RSR, but independent reps may.** Q. ... Does anyone from HK, Inc. ever visit dealers that sell HK guns but are getting them through RSR? A. ... HK people – no. ... Independent reps may because they visit many dealers that may not be HK dealers, ... and they may check the serial number to see where the gun came from. (Meyer: 128)

9) **No encourage or discouragement of dealers from making large volume sales to customers.** Q. ... Does HK, Inc. do anything one way or the other to encourage or discourage dealers from making larger volume sales to customers

10) **No sanction of punishment for violating agreements other than warning ever.** Q. ... Any other forms of sanction or punishment that HK, Inc. has ever issued for a dealer violating the agreement other than a warning or termination? A. No. (Meyer: 131)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Why limit dealers to not sell to unauthorized dealers but allow distributors to do so.** Distributor gets to another market that is not a stocking dealer (Meyer 125-6)

2) **Give warning if dealers selling to other dealers.** Q.

Do you generally – it sounds like you give them [dealers selling HK firearms to other dealers or federal firearms license holders] one warning? A. Yes. (Meyer: 115)

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Dealer termination for violation.** Yes can at any time (Meyer 131)

2) **Terminations.** Before two years yes. Selling guns to other dealers. Not paying. (Meyer 132)

3) **Sure they have terminated dealer for violating terms of agreement**. Q. Has HK, Inc. ever terminated sales to an authorized dealer because the dealer violated the, any of the terms of the agreement with HK, Inc.? ... A. I'm sure we have. (Meyer: 131)

4) **Termination of dealer for selling guns to other dealers**. Q. Do you recall what the reasons were for those terminations? A. Selling guns to other dealers. (Meyer: 132)

5) **Termination for not paying**. Q. ... do you ever have to terminate anybody for simply not paying their invoices? A. yeah. Oh, yes. (Meyer: 132)

6) **No termination for not ordering enough because this is qualification**. Q. ... have you had to terminate dealers because they're not ... ordering enough product and that has occurred in your tenure? A. No, because they way ... it works is if they ... have a qualifying order, and once they qualify, we'll sell them, they can buy one gun for the rest of the year if they want, or they don't have to buy any. (Meyer: 133)

7) **Termination for nonpayment**. Q. And does HK, Inc. currently sell firearms to B&B? A. No. Q. Did it do so in the past? A. yes. Q. And why did it stop? A. Because of non-payment. (Meyer: 153-154)

(3) **Other**

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

(i) **Reps have call reports.** Documentation of review of store, up and running, financial issues, meeting requirements. Customer service issues (Meyer 63)

(ii) **2001 independent sales rep agreements.** Reps attending meetings up to four a year. Telephone or shot show or other.

Go over issues, what's selling, what's not, problems. (Meyer 68)

3 **Distributors**

(i) **Considered asking for dealers who buy from distributor.** No (Meyer 52)

(ii) **Lists of dealers distributor sells to.** Q. Did you consider asking them [RSR] not just for the states where they sell them, but you know, for the actual names of the dealers and quantities that they sell to? (Meyer: 52)

4 **Dealers**

(i) **Reports of dealer sales.** Yes by state and used for sale rep commissions. (Meyer 52)

(ii) **Dealer information checklist.** Brand new dealer (Meyer 81)

(iii) **HK people visiting RSR dealers sold to.** No (Meyer 128)

(iv) **No new dealer information checklist each year.** Q. As far as you understand, you don't need a new one of these ["Dealer Information Checklist"] every year? A. No. (Meyer: 82)

5 **Trade Associations**

(2) **Trace/ATF related**

1 **ACCESS 2000.** yes. (Meyer 145)

2 **Trace counts.** No track of. (Meyer 147-8)

3 **Interest in traces by dealer.** Doesn't mean illegal activity. ATF would give us that activity. If ATF gave us that information it would be of interest to see if problem (Meyer 149)

4 **Trace request document retention.** Not surece. (Meyer 150)

5 **No number of trace requests tracking.** Q. Do you know if Ms. Painter keeps track of the number of traces, trace requests that are received for particular dealers? ... A. No, she doesn't. (Meyer: 148)

6 **Would be interested in information on dealer with disproportionate large number of traces.** Q. ... would it be of interest to you to find out if you had one particular dealer, for example, who had a very disproportionately large number of traces? A. I'm sure ATF would give us that information. ... Q. Now if ATF didn't give you that information, but you could get it from another source, would it still be of interest to you? A. Sure. (Meyer: 149-150)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **2001 indep sales rep agreement.** Best efforts to ensure that dealer is legitimate storefront dealer. Quality reason. Present the product. No sale out of car trunk.

2 **Authorized dealer qualification and information checklist.** Photographs included to insure legitimate dealer. . References required. Credit references. (Meyer 86-88)

3 **Retail establishment requirement and safety.** No. Commercial reason (Meyer 97)

4 **Dealers not to sell to unauthorized dealers.** Competition with mfg. (Meyer 113)

5 **Dealers not to sell to unauthorized dealer.** Reps will report. They will go in and find out where it came from by getting serial number and calling back to HK and ask who sold it [note this is process that would

also allow identification of traces]. Has been done. Termination for violation after warning (Meyer 114)

6 **Sales to authorized dealers.. we realized we were taking serious business risk by eliminating a major source of sales through basement bandits.** No safety consideration on this decision. (Meyer 119-121)

7 **Concerns for RSR distributor selling to nonstorefront dealers.** No (Meyer 126)

8 **Policy on selling to indicted FFL.** No (Meyer 144)

9 **Best efforts to determine that dealer is legitimate storefront dealer.** Q. ... the middle of that same paragraph, Section Two B, it say, "Representative shall also use its best efforts to ensure that each dealer is a legitimate storefront dealer. (Meyer: 65)

(3) **Gun show sales**

1 Prohibition of authorized dealers selling at gun shows. (Meyer 99)

2 **Dealers asking if they can sell at gun shows.** No (Meyer 13)

3 **Discourage from authoried dealers selling at gun shows but prohibited also in agreement.** Q. ... is it allowed for them to sell at guns shows, but discouraged, or is it actually prohibited and they're not supposed to and it would be a violation of the agreement? ... A. ... It is definitely discouraged. ... Q. ... but at the end of all this, is it correct that your understanding is that this provision prohibits your dealers from selling gun shows in the sense of actually making, completing transactions? A. Yes. (Meyer: 102)

4 **Complaints on prohibition of dealers selling at gun shows.** No (Meyer 103)

5 **Attempt to determine extent sold at gun shows.** No. Our reps would inform us. (Meyer 104)

6 **Complaints on sales at gun shows.** No (Meyer 104)

7 **Can RSR sell to dealers who then sell at gun shows.** No specific requirements (Meyer 126)

8 **Ever consider asking RSR dealers to not sell at gun shows.** No (Meyer 128)

(4) **Thefts / Losses**

1 **Theft and missing.** Yes (Meyer 135-138)

2 **Awareness of stolen guns at dealers.** We are aware. (Meyer 140)

3 **No dealer security requirements.** Q. Does HK, Inc. have any sort of requirements about what security measures or systems the dealers have to have in place? ... A. No. ... Q. You mean you want to leave it up to the dealer? A. Yeah. (Meyer: 140-141)

(5) **Strawpurchases**

1 **Dealer contracts.** Best practices. Strawpurchase. What do they do to ensure compliance. Reps visit twice a year. . (Meyer 108-9)

2 **Must follow regulations and also awareness of strawpurchases and regulations.** Q. Section IIA has the heading responsible dealers best practices, and then two lists five things here. What is the purpose of having this term in the dealer agreement? ... A. We want to make sure that they are, again, for each point, that they understand that they have to follow the regulation. They should know this, and it's the law, but we're telling them in their contract they are bound to the contract to follow those. Also we want the manuals and the printed information to go with

the gun, not to sell without that. ... Straw purchases, they should be aware that people should not be buying guns for other people, and they have to maintain records. (Meyer: 108)

(6) **Multiple sales**

1 **Multiple sales policy**. No (Meyer 141)

2 **Anything to encourage of discourage multiple sales**. No (Meyer 142)

3 **Concern for dealer who sold 10 identical pistols.** No could be training program or range (Meyer 143)

4 **No policy on multiple sales**. Q. Does HK, Inc. have any policy about the maximum number of guns that one of its authorized dealers can or should sell to a customer at one time or within a period of time such as a week or a month? A. We do not have a policy. ... I think ATF has a policy (Meyer: 141)

5 **No concern for dealer that sold 10 identical pistols**. Q. Would HK, Inc. be concerned about a dealer that sold someone say ten identical HK pistols at one time? A. No, not really. ... Q. What if it was a hundred, a hundred pistols? A. ... I would just answer it no. (Meyer: 142-143)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

(4)

bb. **Hi-Point (company profile)**

i. **General**

(1) **Size**

1 **People**

(i) **Employees**. 24-25 employees (Deeb 31)

2 **Sales**

(i) **Gross sales**. 60,000 in 2000. 60,000 in 1999. 30,000 in 1998 (Deeb 37)

3 **Price**

(i) **Suggested retail price**. No. (Deeb 46)

(2) **Price setting**. Whatever anyone else sells and then we go 10-15 percent below (Deeb 46)

(3) **Products/markets**

1 "Hi-Point Firearms manufactures semi-automatic handguns in several calibers, as well as semi-automatic Carbines. All Hi-Point Firearms are made in the United States of America with no imported components or parts." **(Descriptive-54:Web)**

2 "They [Hi-Point Firearms] are available at a very affordable price." (Descriptive-54:Web)

3 **Target market**. Working people, law enforcement, hunters, people who need self-defense weapons. (Deeb 46-7)

4 **Products**. Hi-Point handguns. Nine millimeter carbine. (Deeb 47-48)

5 **Selling point**. Low price gun (Deeb 48-49)

6 **Demand**. Back ordered months. (Deeb 110-111)

(4) **Marketing**

1 **MKS does marketing**. (Deeb 93-94)

2 **MKS distributor fliers with Hi-Point information in.** Yes. (Deeb 100)

3 **MKS advertising**. Trade magazines. American Firearms Industry, Shooting Industry, Shotgun news. (Deeb 113-114)

4 **Budget to MKS or dealers to advertise**. No (Deeb 125)

ii. **Marketing Channel**

(1) **Direct to dealers**

1 "They [Hi-Point Firearms] cannot be purchased directly from the manufacturer." **(Descriptive-55:Web)**

2 "Most dealers usually order from their distributor several times a week ..." (Descriptive-54:Web)

3 **Dealer direct sales**. Only to Mac's Guns. Ohio and Sportsman Den. (Deeb 84-85)

4 **MKS distribution to dealers**. Yes. I don't know if direct or through other buying group (Deeb 103)

5 No direct dealer sales unless in buying group (Deeb 104-5)

(2) **Indirect through others**

1 **Distributors**

(i) "Most dealers usually order from their distributor several times a week ..." (Descriptive-54:Web)

(ii) **Buying group**. Group of dealers buying at group rate. (Deeb 105-6)

iii. **Distributors**

(1) **Distributor**. One major distributor. MKS. (Deeb 46)

(2) **Main distributor MKS.** Only distributor. (Deeb 84)
(3) **Distributor.** MKS sole distributor since. Early 90's (Deeb 94)
(4) **MKS as distributor.** They ship to dealers and distributors (Deeb 96-97)

cc. **Hi-Point (documents)**

dd. **Hi-Point (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Knowledge of where MKS is advertising.** I believe I do. No I do not have a list. (Deeb 120-121)

(2) **Knowledge of distributor MKS's distributors and dealers.** Some distributors and some buying groups. (Deeb 97)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreement**

2 **Dealer agreement**

(i) **Dealer contracts.** No. (Deeb 92-93)

(ii) **Dealer terms.** Pay on delivery (Deeb 93)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Oversight of MKS.** Don't pay attention to him.. I don't totally ignore him. (Deeb 116-7)

2) **Tracking of model and number of units produced.** Yes, Could go through A&D book (Deeb 39-40)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Ability to change MKS advertising.** I'd fire him if I found him advertising in children's magazine (Deeb 120)

(3) **Other**

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

3 **Distributors**

(i) **MKS distributor contact.** I talk everyday and they send me stuff. FAX, phone (Deeb 98)

(ii) **Contact with distributors.** Send information to him. Advertising and fliers (Deeb 98)

(iii) **Reports on MKS distributor marketing.** No (Deeb 102)

(iv) **Distributor MKS visit.** 6 times a year. (Deeb 107)

(v) **Distributor MKS discussions.** How many guns. Daily business. Regular business. Back orders. (Deeb 108-9)

(vi) **Marketing by MKS.** MKS provides shipping, ads, visits to distributors, trade shows, talk to dealers, promote the product (Deeb 96)

(vii) **Inventory by MKS.** Yes. (Deeb 110)

(viii) **Discussions with MKS.** Include advertising. General discussions (Deeb 116)

4 **Dealers**

(i) **Communication with dealers.** Web pages. MKS makes catalog. Flier. (Deeb 83-84)

(ii) Personal relationship with both dealers. (Deeb 87-89)

(iii) **Dealer visits.** Go in an watch how they conduct business. I like the way they do business. (Deeb 89)

(iv) **Dealer discussions.** Product and what consumers want (Deeb 89-90)

(v) **Dealer contact.** Know some of them. We talk on a regular basis on the phone. They call for support (Deeb 105)

(vi) **List of retailers.** No (Deeb 106)

5 **Trade Associations**

(2) **Trace/ATF related**

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

(3) **Gun show sales**

(4) **Thefts / Losses**

(5) **Strawpurchases**

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**
(3) **Boston agreement**

ee. **Kel-Tec (company profile)**
- i. **General**
  - (1) Founded in 1991
  - (2) **Trade association activities.** Heritage foundation shot show. Not active otherwise. (Kellgren 137-8)
  - (3) **Products/markets**
    - 1 **Main sales.** Law enforcement. And concealed license holders (Kellgren 110)
  - (4) **Marketing**
    - 1 **Marketing of guns.** Attend trade shows. Advertise. (Kellgren 70)
    - 2 Trade show booth and promotional materials (Kellgren 71)
- ii. **Marketing Channel**
  - (1) **General**
    - 1 **Sales to.** FFL distributors and dealers directly also and some employees (Kellgren 60-61)
  - (2) **Direct to dealers**
    - 1 **Dealer suggested price.** Yes (Kellgren 105)
    - 2 **Kitchen table dealer.** None storefront FFL. (Kellgren 121)
  - (3) **Indirect through others**
    - 1 **Distributors**
      - (i) **Why distributors.** They have retail contacts. More efficient in selling to them. Easier to keep contact and control with smaller number of dealers. (Kellgren 63)
- iii. **Distributors**
  - (1) **Why distributors.** They have retail contacts. More efficient in selling to them. Easier to keep contact and control with smaller number of dealers. (Kellgren 63)
  - (2) **Biggest distributors.** RSR, Jerry's AcuSport. (Kellgren 98)
  - (3) **Incentives to distributors.** Yes. Progressive sales depending on amount they purchase in a year. Certain amount of free guns at end of year. (Kellgren 100-101)
  - (4) 2001 distributor incentive program. (Kellgren 185-6)
- iv. **Dealers**
  - (1) **Dealer suggested price.** Yes (Kellgren 105)
  - (2) FFL fee 250 (Kellgren 310)

ff. **Kel-Tec (documents)**

gg. **Kel-Tec (depositions)**
- i. **Awareness and knowledge of diversion and potential safeguards**
  - (1) **Trafficker.** Person engaged in business of buying and selling without FFL [attorney]. (Kellgren 120
  - (2) **Knowledge of guns being sold to traffickers.** No (Kellgren 120)
  - (3) **Criminal use of firearms and information kept.** No. (Kellgren 175)
  - (4) **Knowledge of dealers that their distributors do business with.** No (Kellgren 105)
- ii. **Coordination systems**
  - (1) **Distributor agreements**
    - 1 **Distributor agreements**
      - (i) **Distributor agreement.** Guidelines. (Kellgren 89)
      - (ii) **Distributor agreement.** Current. Yes. This is the one (Kellgren 202-3)
    - 2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Distributor agreement requirements.** Talk with them. Listen for complaints. No visit though. (Kellgren 92)

2) **FFL requirements.** Business of firearms, no criminal record, approved by state... criminal background check (Kellgren 130)

3) **FFL, state license, acceptable credit history and min order.** "they have to have a valid federal firearms license; they have to have state licenses, local licenses; they have to have an acceptable credit history; they do have to take a certain amount of firearms the first order." (Kellgren: 67)

4) **Distributor agreement required.** Have to sign a distributor agreement. (Kellgren: 92)

5) **Distributor agreement requirements.** Display. No. Not really displayed (Kellgren 94)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Investigation of distributors prior to selling.** Yes. Valid FFL. Credit history. Min order. (Kellgren 67)

2) **Investigation of dealers prior to selling .** Yes similar to distributors (Kellgren 68)

3) **Distributors must have valid FFL and long and good reputation in industry.** "We make sure they are distributors with a valid FFL and a long and good reputation in the industry. And we have to assume that if they have been in that that long, they would protect against sufficiently so that they don't get stolen." (Kellgren: 128)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Require distributors to put restrictions on dealers.** No. (Kellgren 105)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Distributor order process.** Send fax with PO and then ges sent down to shipping room pack and shipped. Prior we validate that buyer has FFL. (Kellgren 96-7)

2) **Distributors training.** Demo guns. Literature.

Answer questions. (Kellgren 84)

3) **Dealer training.** Law enforcement firing and fixing problems (Kellgren 86)

4) **FFL on file and check expiration of FFL prior to each shipment.** Have FFLs on file, and check copy of FFL and its expiration before each shipment. (Kellgren: 93)

5) **Attempts at purchase of nonserial number guns reported to ATF.** "On a few occasions we have gotten letters or e-mails where people want to buy firearms without serial numbers, and, of course, those we immediately hand over to the ATF." (Kellgren: 132-133)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Distributor agreement monitoring.** We assume they are (Kellgren 93)

2) **Distributor agreement monitoring.** Self-evident. Min purchase order. ATF monitors. (Kellgren 95-6)

3) **Sanctions of dealer.** Stopped selling to one dealer. No written guidelines. (Kellgren 107)

4) **Efforts to track if guns sold to unauthorized persons.** No (Kellgren 196)

5) **Tracking of guns from distributors to dealers.** No (Kellgren 81)

6) **Tracking of guns from dealers to buyers.** No (Kellgren 81)

7) **Tracking of guns from mfg to distributors.** Yes (Kellgren 82)

8) **Distributor agreement monitoring.** If we get information. Nothing proactively. (Kellgren 90)

9) **No monitoring of facility but do monitor distributors and dealers from complaints against one another.** "We normally talk to [our distributors] and consult them at trade shows... we make sure that their licenses are valid. And we would monitor and listen... to other distributors if they have any complaints against them, as well as retail dealers, if they had any information on the specific distributor. But actually going in and monitoring their facility, no, we do not do that." (Kellgren: 92)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

1 **Resale restrictions on price.** No (Kellgren 103-4)

iii. **Information system**

(1) **Contact**

1 **Own firm/employees**

2 **Sales representatives**

3 **Distributors**

(i) List of distributors (Kellgren 64-65)

(ii) **Distributor visits.** No (Kellgren 89)

(iii) **Distributor reporting back.** No ask them to (Kellgren 89)

(iv) **Discussions with distributors or direct dealers.** No (Kellgren 121)

(v) **Telling distributor not to do business.** No (Kellgren 105)

4 **Dealers**

(i) **Monitoring of dealer suggest price.** No (Kellgren 106)

5 **Trade Associations**

6 **Other (other manufacturers, end users)**

(i) **Communications with other gun manufacturers on how distribute.** No (Kellgren 134)

(ii) **Information on end users.** Yes. No compilations. Service calls and evaluations provide information (Kellgren 109)

(iii) **Track end users.** No. Impression from sources (Kellgren 110)

(2) **Trace/ATF related**

1 **Records.** Invoices on sales and ATF records showing particular models of gun sales (Kellgren 83)

2 **Trace requests.** Few a week. (Kellgren 112)

3 **Trace request process.** Fax. Takes to computer and looks up serial number and faxes information back to ATF immediately. (Kellgren 113)

4 **Record keeping of trace requests.** No and no on type or state or distributors (Kellgren 113)

5 **Why no record keeping.** Trace requests do not indicate criminal activity (Kellgren 114)

6 **Trace requests are kept on file.** Nothing else (Kellgren 117)

7 **ATF audits.** Excise tax and compliance with gun control act. Once a year. (Kellgren 132-33)

8 **ATF oversight activities and discussions with distributors.** No (Kellgren 134)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Kitchen table dealer.** None storefront FFL. (Kellgren 121)

2 **Awareness of guns being sold through or by distributors to kitchen table dealers.** No (Kellgren 121-2)

3 **Kitchen dealer conversations with distributors or dealers.** No

(Kellgren 122)

(3) **Gun show sales**

1 **Gun shows and awareness of sales.** May be. (Kellgren 123)

2 **Attempt to determine extent sold at gun shows.** No (Kellgren 123)

(4) **Thefts / Losses**

1 **Thefts.** One incident (Kellgren 125)

2 **Awareness of guns stolen from distributor.** No (Kellgren 127)

3 **Awareness of guns stolen in transit.** Two or three time by UPS. (Kellgren 127)

4 **Thefts by employees.** No (Kellgren 127)

5 **Discussions with distributors on theft.** No. No discussions nor instructions. (Kellgren 128)

6 **Reading of ATF publications on theft.** Yes and have reviewed. (Kellgren 129)

7 **Awareness if distributors and dealers employed methods of ATF to deter theft.** No (Kellgren 129)

(5) **Strawpurchases**

1 **Strawpurchase.** Eligible individual buys for an ineligible individual (Kellgren 118)

2 **Awareness if their guns sold in strawpurchase.** No (Kellgren 118)

3 **Attempt to find out what dealers do to prevent strawpurchase.** Discussions. No writing. We leave to ATF. (Kellgren 119)

4 **Don't lie for other guy.** Yes aware. Cooperation of NSSF and ATF. Way to reduce strawpurchases. Assume of interest to NSSF to make shooting sport legal and safe. (Kellgren 140-1)

5 **Discussions regarding strawpurchases at shot show.** "We have discussions [regarding straw purchases] at the SHOT show, where we discuss that problem. And, also, our two local dealers, we also discuss that problem." (Kellgren: 119)

(6) **Multiple sales**

1 **Multiple sale.** More than one gun at a time (Kellgren 123-40

2 **Awareness of multiple gun sales at dealers.** No (Kellgren 124)

3 **Attempt to determine multiple gun sales at dealers.** No. Not possible (Kellgren 124-5)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

(1) **Trade association activities.** Heritage foundation shot show. Not active otherwise. (Kellgren 137-8)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

hh. **North American Arms (company profile)**

i. **General**

(1) **Products/markets**

1 "NAA manufactures a family of finely crafted, small caliber personal protection tools." (Descriptive-57:Web)

2 Several markets: " ... law enforcement, ... self-defense, ... riders, hikers or bikers ..." (Descriptive-57:Web)

3 "... pocket-sized handguns ..." (Descriptive-57:Web)

(2) **Marketing**

1 Prices and discounts

(i) "This program enables federal, state and local law enforcement officers, regulatory agents and other similarly exempt individuals ... to purchase directly from the factory ... at a substantial discount to the published suggested retail price." (Descriptive-57:Web)

ii. **Marketing Channel**

(1) **Direct to dealers**

1 Uses dealers: "Here you can find a local dealer, who stocks our products ..." (Descriptive-59:Web)

(2) **Indirect through others**

1 Distributors

(i) Uses United States distributors: "Please note that only Federally Licensed Firearms Dealers may purchase from Distributors." (Descriptive-61:Web)

(ii) Uses international distributors: "International Distributor Roster" (Descriptive-60:Web)

(3) **Direct to end user**

1 "This program enables federal, state and local law enforcement officers, regulatory agents and other similarly exempt individuals ... to purchase directly from the factory ... at a substantial discount to the published suggested retail price." (Descriptive-57:Web)

ii. **North American Arms (documents)**
jj. **North American Arms (depositions)**

kk. **Phoenix (company profile)**
- i. **General**
  - (1) **Insurance.** Yes they have. (Brazeau 213)
  - (2) **Size**
    - 1 **People**
      - (i) **Employees.** Ten (Brazeau 28)
  - (3) **Products/markets**
    - 1 **Try to determine customers.** No market research. Just not the way we do business (Brazeau 122)
    - 2 **Sales to law enforcement or military.** No but some distributors do. (Brazeau 189)
  - (4) **Marketing**
    - 1 **Prices and discounts**
      - (i) **Price suggestions to dealers.** Yes. (Brazeau 62-3)
      - (ii) **Price list.** (Brazeau 134-135)
    - 2 **Advertising**
      - (i) **Advertising.** Yes (Brazeau 123)
    - 3 **Market surveys.** No (Brazeau 122)
    - 4 **Marketing documents.** Discusses target markets. Objectives. (Brazeau 127-8)
    - 5 **Trade shows.** Shot shows. NASDW. Both. Brochures. Discussions with dealers and distributors (Brazeau 130-132)
- ii. **Marketing Channel**
  - (1) **Indirect through others**
    - 1 **Distributors**
      - (i) **Sales to.** FFL distributors. (Brazeau 45)
  - (2) **Others that sell their guns.** No. Just two people (Brazeau 70-71)
- iii. **Salesforce**
  - (1) **Types and numbers**
    - 1 **In-house**
      - (i) **Sales department.** Phone orders. Two people handle. (Brazeau 45)
      - (ii) **Sales agents with distributors.** No (Brazeau 70)
      - (iii) **Sales agents with dealers.** No (Brazeau 70)
      - (iv) **Mfg reps.** No (Brazeau 70)
- iv. **Distributors**
  - (1) **Numbers**
    - 1 **Distributors.** 30 distributors (Brazeau 49)
  - (2) **Limitations on distributors.** No written rule on geography. Do limit that they abide by law. They provide license. We do EZ check. Look at application. (Brazeau 52)
  - (3) **Distributor contact.** By person. (Brazeau 49)
  - (4) **Distributor issues.** Gun product related. They talk about product. No suggestions. (Brazeau 55-6)
  - (5) **Order process for distributors.** Fax or phone. Order. Sometimes enter in computer. Try to print invoice. We mfg just in time. Invoice goes to shipper. FEC ex. Bar code label. Key for locks arrive later. (Brazeau 73-5)
- v. **Dealers**
  - (1) **Numbers**

1 **Dealers.** How many. No I do not have that information. (Brazeau 62)

ll. **Phoenix (documents)**

mm. **Phoenix (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Don't want guns in the hands of criminals.** We have businesses and don't want to lose (Brazeau 60)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor agreements.** Yes. Verbal agreements that they will abide by the laws. They will give me orders and I fill them. Maintain FFL. They need to respond to trace requests. (Brazeau 47)

2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Sell of guns to federally licensed firearms distributors.** Phoenix Arms sells its guns to federally licensed firearms distributors. (Brazeau: 45)

2) **Sell only to people they know in the industry.** "They have to be someone that I've known in the industry." (Brazeau: 52)

3) **Sell to FFL dealers or distributors.** Sell strictly to FFL dealers or distributors. (Brazeau: 194)

4) **Distributor criteria.** Don't solicit. They approach me. (Brazeau 48)

5) **Deciding on distributor.** A fell of do I know the person. What kind of company they are. Where are they located. Not too many in one area. (Brazeau 50-51)

6) **Requirements of distributors.** Known for long time (Brazeau 53)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

1) **FFL EZ Check.** "They provide licenses, and we do the FFL EZ Check." (Brazeau: 52)

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Verbal agreements with distributors that they will abide by the laws.** "I have… verbal agreements that they are going to abide by the laws of their state, the federal government, the county that they have their businesses in, and they will give me orders, and I'll fill them with product." (Brazeau: 47)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Steps to prevent unauthorized use.** Sell strictly to FFL dealers or distributors. Gun locks. Instruction manual. Cable lanyard. Youth safety notice. Track each shipment. Send key through another source (Brazeau 194-195)

2) **Materials with guns.** Brochures. What the state requires in safety warnings (Brazeau 76)

3) **Steps to prevent unauthorized use.** Sell strictly to FFL dealers or distributors. Gun locks. Instruction manual. Cable lanyard. Youth safety notice. Track each shipment. Send key through another source (Brazeau 194-195)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Relationship termination with distributors that don't do the right thing.** "If I had a distributor that wasn't doing the right thing, and I was notified by law enforcement, I would cut him off." (Brazeau: 60)

2) **Termination of distributor.** Never had opportunity or need to (Brazeau 56)

3) **Distributor reprimand.** I would cut him off if notified by law enforcement. If someone else said, I would notify ATF and ask what is up. If not following law (Brazeau 60-61)

(3) **Other**

iii. **Information systems**

(1) **Contacts**

1 **Own firms/employees**

(i) **Employee training.** Demonstrate. Whatever kind I need. No materials (Brazeau 44)

2 **Sales representatives**

3 **Distributors**

(i) **Contact with distributors.** Face to face twice a year at show. . Phone call away. Can talk anytime. Two times a month to three times a year. Discussions on orders. Send some brochures. Where is my order. (Brazeau 54-55)

(ii) **Distributor discussions about dealers.** They will get dealer name and call them. Handful of times. (Brazeau 56-7)

(iii) **Distributor guidance.** I have no information they do not have. Were on the same page. (Brazeau 58-9)

(iv) **Discussions with distributors about dealers.** Shot shows and trade shows. Dealer said this or that. I've got a great dealer – things like this (Brazeau 62)

(v) **Invoices.** Saved. (Brazeau 151)

4 **Dealers**

(i) **Discussions with dealers.** I speak with dealers quite often. They call. They write. See at shot show (Brazeau 57)

(ii) **Discussions with dealers about how they are selling.** They tell me. (Brazeau 57-8)

5 **Trade Associations**

6 **Other (consumers)**

(i) **Communications from consumers** . Yes (Brazeau 136)

(2) **Trace/ATF related**

1 **Trace request.** Trace requests fulfillment by distributors. People come in if they don't respond. (Brazeau 47-48)

2 **EZ check.** Website by ATF. FFL copies sent to one you are doing business with. Each license has unique number. Can access on website. (Brazeau 52-3)

3 **Trace requests.** Logs into computer. Same generate acquistion and disposistion books. Faxes information back. (Brazeau 83-4)

4 **Trace request analysis.** Reviewed on a monthly basis to see if discernable pattern. I look a computer printout with wholesaler information. Look at date, wholesaler. Rare same wholesaler shows up. . Hired someone some time ago to alter program so I could obtain information (Brazeau 84-87)

5 **Studies on trace information.** No further besides monthly review (Brazeau 90-1)

6 **Outside consultant to study traces.** No (Brazeau 94)

7 **Trace requests.** Kept and saved. Within last two years saved everyone (Brazeau 150)

8 **Trace requests and information about dealers.** No information if provided. (Brazeau 210)

9 **Trace requests.** 4-5 day but days when 1 and days when we don't get any. Steady average. When ATF indicated they received a lot it did not strike me (Brazeau 219)

10 **Trace requests.** 4-5 a day. (Brazeau 85)

11 **ATF website.** Information on Don't Lie. Has accessed. (Brazeau 53)

12 **ATF.** I have asked for information regarding trace. Not told. Phone conversation. Talk at shot show. (Brazeau 89-90)

13 **ACCESS 2000.** No use. Not compatible software. Cost of phone line (Brazeau 99)

14 **ACCESS 2000.** Modem and software and ATF is allowed to download information. . (Brazeau 102-3)

15 **Trace requests**. They need to respond to trace requests." (Brazeau: 47)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Background checks of employees**. As required by law. (Brazeau 71-2)

2 **Background checks on employees**. Do FBI and California background checks annually on all employees. (Brazeau: 71)

3 **Requirement of distributors to only sell to dealers with place of business**. No. I might encourage it but not stipulation. Rural areas where they only sell a few guns and issues with having storefront make it difficult. Not privy to distributors policies (Brazeau 65-67)

(3) **Gun show sales**

(4) **Thefts / Losses**

1 **Theft.** I would encourage them to do something about it (Brazeau 67-8)

2 **Theft**. Never had a gun turn up missing that he is aware of. (Brazeau 75)

3 **Shipping security**. "Any pistol going to a residential address has got a lock on it without a key to it. The key arrives U.S. mail several days after the locked gun arrives at that person's place. Even though it's next-day priority, and they have to sign for it… there's that oddball free chance that somebody's not going to do the right thing, and leave the FedEx box on the porch, and for that possibility, we make sure the gun's locked up and the key doesn't arrive." (Brazeau: 75). "When sending firearms, we track every one in its shipment." (Brazeau: 194)

(5) **Strawpurchases**

1 **Strawpurchases and distributor discussions**. On occasion discuss at shot show and NASDW show. Don't Lie program. Newsletter about strawpurchases. (Brazeau 59)

2 **Agree with Don't Lie program**. Yes. We support it. (Brazeau 59)

3 **Don't Lie for the Other Guy program support**. Supports the "Don't Lie for the Other Guy" program. (Brazeau: 59)

(6) **Multiple sales**

1 **Multiple sales**. Knowledge if distributor requires dealers to sell only one per day. (Brazeau 68)

2 **Multiple sales**. Forms and their utility for identifying criminals. If develop tool it would tell them a lot. (Brazeau 69)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

nn. **SIGarms (company profile)**

i. **General**

(1) "In 1853, Friedrich Peyer im Hof, Heinrich Moser and Conrad Neher began what they thought would become a successful wagon factory above the Rhine Falls in Switzerland. ... their company would become one of the world's most renowned manufacturers of small arms." (Descriptive-64:Web

(2) **Products/markets**

1 "In 2001, SIGARMS, Inc. continues to expand its role in the firearms market with new contracts in the law enforcement market as well as new products for the civilian market." (Descriptive-64:Web)

oo. **SIGarms (documents)**

i. **Manufacturer representatives reports**

(1) **SIG manufacturer rep reports** SIG manufacturer reps providing market information to SIG including general information, competitor programs, legislative initiatives locally, (178: 4199-4209)

(2) **SIG manufacturer rep reports** SIG manufacturer rep report providing accolades for dealer education and indicating this is an area that has been traditionally neglected at dealer level (179: 4224)

(3) **SIG manufacturer rep reports**. Sales report on product, discounts, special programs, sales, forecasts for competition and general market information, local legislative initiatives, comments (180)

(4) **SIG manufacturer rep reports**. Sales report on product, discounts, special programs, sales, forecasts for competition and general market information, local legislative initiatives, comments (180)

(5) **SIG manufacturer rep reports**. Overviewing law enforcement agencies, distributors, commercial dealers, distributors (181) (182)

(6) **SIG manufacturer rep report**. Overviewing market and discussing competition and gun show schedule (183)

(7) **SIG manufacturer rep report**. Overviewing competition, distribution, rumors, legislation (184)

(8) **SIG manufacturer rep report**. Product thoughts, competition, overall market, market analysis, shot show reaction (186)

ii. **Distributor agreements**

(1) **Criteria for SIGARMS Wholesale Distributor (1992).** Stock order that represents complete selection, min of 600 guns, 90% resolds to independent licensed dealer, agree not to export, criteria must be met each year (162: 00104)

(2) **Criteria for SIGARMS Wholesale Distributor (1993).** Stock order that represents complete selection equal to 70% of 1993 purchases by quarter, min of 600 guns, 90% resolds to independent licensed dealer, agree not to sell to other distributors, agree not to export, criteria must be met each year (163: 00102)

(3) **Criteria for appointment of SIG Wholesale Distributor (1993).** Stock order min of 600 guns, 90% of inventory sold to independent, licensed firearms dealers, (168)

(4) **Distributor terms and conditions for 2001**. Resell only to authorized SIG distributors or FFL retailers selling exclusively from where products are displayed to the shooting public and who have a state resale tax number (where applicable). This will help ensure compliance with laws, proper promotion of products and provide the opportunity for demonstration of safe handling of SIG by knowledgeable dealers. Duty to be fully knowledgeable of and comply with laws.. And request from enforcement authorities for information and keep all

required records. Distributors must report any suspected ... violations of law. Distributors will use their best efforts to sell .. normally accepted business practices. Distributor agrees to maintain and active and knowledgeable sales force capable of fully explaining and demonstrating operation, safe handling features and benefits of pistols. All new firearms are shipped with instructions, locks and lockable boxes. These assist retail customers in the safe storage and use.. No SIGarm is to be sold if not accompanied by the instruction manual and locking device. Distributor shall not sell to nonapproved distributors or export without prior written approval. Distributor agrees to notify if any licenses revoked, canceled or expires. Distributor agrees to provide information from time to time related to inventory, sales, and other .... such information may include but not be limited to demographic information on customers of SIGARMS such as zip codes and specific product sold. Distributor agrees to notify changes in financial standing and furnish financials. (160: 4481-4482) (187: 4481-4483)

iii. **Programs**

(1) **Unclassified**

1 **SIG Pro Dough Deal reimbursement 1998-99.** Rebate program to sales participants (208)

2 **SIG Fall Shotgun Promotion.** Aggressive price offer on over and under shotgun 1-6% discount (172: 3905) (212)

3 **SIG premium rebate fulfillment promotion.** Requirements include redemption form, documentation (172: 3907) (213) (215)

4 **SIG Pro Promotion.** R&A fulfillment for SIG Pro Promotion with quantity of 60,000 letters (220)

(2) **Distributor programs**

1 **1998 SIGARMS Distributor Spiff.** Hot Deal for Cold times to 85,000 dealers and promotion pull through deal. Spiff is $10 for every pistol salespersons sells. Salespeople also receive free rifle. (164: 4328) (185)

2 **2000 Wholesale Distributor Program SIGARMS.** Opening order of product line specified quantities (166: 999)

(3) **Dealer programs**

1 **1996 Summer Sales Program.** One case of ammunition shipped with sale of various pistols to dealer - credit received through free goods. For every four SIG arms sold and shipped with four cases of ammunition, one free pistol to distributor (161: 170898-899)

2 **2000 Dealer Direct Program SIG.** Min orders of 2 or more rifles and related totaling $3000, (166: 1001)

3 **2000 Dealer Direct Early Buy Program SIG.** Qualify with 2 or more rifles totaling $5000 dealer cost, (166: 1002)

4 **SIG pro dealer promotion recommendation.** Targeted direct mail program to push through 18,00 pistols on to dealer shelves and position as premier handgun, reward individual salespeople, special price to retailers and their employees. Includes various promotional merchandising elements - cover letter, counter card, promotion sell sheet (172: 3903-04) (211)

5 **SIG Spiff Rebate Program.** Sheeran Direct marketing proposal for fulfillment to SIG on Spiff Rebate program 1998 (219)

6 **Spiff rebate for Sig pro 1999.** check register (210)

7 **Spiff rebate for pro.** Listing of checks to persons who qualify (173, 176)

8 **SIG Pro order form mockup** 1998for sig retailers and their employees (209)

9 **SIG pro day instore promotion.** Coop ad, outline for ad, giveaways, demo, gun raffle, set up (172: 3908) (214)

(4) **Trade association program**

1 Petersen's Sportsmen's society and SIG's attempt to appeal to them through offering discounts on products or promotion information proposal (216)

iv. **Direct marketing**

(1) Catalog fulfillment proposal to outsource - total requests each month are 5,200 from telephone, magazine, internet and mail (221)

(2) Sheeran Direct marketing catalog fulfillment proposal 1998 (223: 3973)

(3) SIG communication with telemarketing firm for database management, telemarketing, fulfillment and warehousing services (174, 175)

v. **Communications with channel members**

(1) **Invoice from Ellett Brothers.** Wholesale price less 5% early buy (169: 2596).

(2) **2000 Letter to SIG investigating compliance with MASS law** regarding shipment of possible disallowed firearms, lack of deactivation devices, drop test failure, tamper resistant serial numbers.. (170)

(3) **Company variance in record keeping.** SIG arms request for record keeping variance detailing records it keeps including: date of receipt, name and address, name of manufacturer, model, serial, number, type, caliber, date of sale, transferee (94)

vi. **Market research**

(1) **General**

1 SIGARMS qualitative interviews and quantitative survey research program to identify attitudes about brand image, product quality and performance, programs, profile of customers likely to purchase and decision factors that influence purchase - recommends communicating directly with dealers and to provide training and incentives to dealers and staff salespeople (171: 3890-3895)

(2) **Dealers**

1 Example: SIGARMS obtained report from market monitor study of dealers addressing question of direct versus through of distributor sales. Study revealed 64% prefer to by from distributors/wholesalers because of lower min purchases, easier to fill requests and easier to deal with. Dealers prefer support literature/booklets/product description sheets and case rebates and give aways (177: 4037)

(3) **Sales reps**

1 Sales reports to manufacturer. SIGARMS has reps fill on monthly market/competitor information including programs, special discounts, promotions, information, price, inventory, sales, ad programs, general market information, local legislative initiatives (178) (180)

2 SIG manufacturer rep reports. Sales report on product, discounts, special programs, sales, forecasts for competition and general market information, local legislative initiatives, comments (180)

3 SIG manufacturer rep reports. Overviewing law enforcement agencies, distributors, commercial dealers, distributors (181) (182)

4 SIG manufacturer rep report. Overviewing market and discussing competition and gun show schedule (183)

5 SIG manufacturer rep report. Overviewing competition, distribution, rumors, legislation (184)

6 SIG manufacturer rep report. Product thoughts, competition, overall market, market analysis, shot show reaction (186)

vii. **Online.** Currently on line with a hard copy being developed. (94)

pp. **SIGarms (depositions)**

qq.

rr. **Smith & Wesson (company profile)**

i. **General**

(1) "Smith & Wesson Holding (formerly Saf-T-Hammer) owns Smith & Wesson, which was founded in 1852." (Descriptive-36:Web)

(2) "On 14th May, 2001, S&W was sold for US$15m to Saf-THammer, a start-up corporation in Arizona that makes trigger locks. Its assets were estimated at US$97m and its liabilities at approximately US$53m." (Descriptive-31:8)

(3) "... in August [1999] it began a joint venture partnership with Walther, a German gun manufacturer." (Descriptive-30:4)

(4) "Horace Smith and Daniel B. Wesson formed their first partnership in 1852, in the city of Springfield, Massachusetts." (Descriptive-65:Web)

(5) "In January of 1984, Lear Siegler Corp. of Santa Monica, California, purchased Bangor Punta Corp. and consequently, acquired Smith & Wesson." (Descriptive-65:Web)

(6) "... factory in Springfield, Mass. - a 700,000-square-foot complex" (Descriptive-5:2)

(7) Trade groups. NSSF - National Sports Shooting Foundation and SAAMI - Sporting Arms and Ammunition Manufacturers' Institute, American Sprots Shooting Council, Hunting and Shooting Sports Heritage Foundation, National Shooting Sports Foundation (Killoy 42-43)

(8) **Impact on SW.** Loss of 16 million over year when never had a loss. (Scott 111 -112)

(9) **Existence of market in firearms.** Yes (Hass 18)

(10) Antitrust issues in setting price or allocating markets (Hass 97-99)

(11) **Membership**

1 **Trade association participation.** NSSF and SAAMI (Hass 77)

(12) **Strategy**

1 **Distribution strategy to max sales, quality products in a cost effective way.** We seek a strategy that maximizes our sales.. quality products... cost effective manner ... (Killoy 92)

(13) **Size**

1 **Sales**

(i) "... the US's second largest handgun maker, after Sturm, Ruger" (Descriptive-35:Web)

(ii) "2002 Sales (mil.): $76.5" (Descriptive-36:Web)

(iii) "2001 Sales (mil.): $70.7" (Descriptive-35:Web)

(iv) "... Smith & Wesson's sales dropped from $150 million in 1995 to $112 million in 2000." (Descriptive-12:1)

(v) "Meanwhile in Massachusetts, strict new regulations mean that only one company's new handguns can be sold legally: Smith & Wesson." (Descriptive-2:2)

(vi) **Impact on SW.** Loss of 16 million over year when never had a loss. (Scott 111 -112)

2 **People**

(i) "2002 Employees: 682" (Descriptive-36:Web)

(ii) "2000 Employees: 650" (Descriptive-35:Web)

(iii) "He [Shultz] had 800 employees [as of January 2000]." (Descriptive-4:2)

(14) **Products/markets**

1 Markets for handguns. Sporting goods, law enforcement and international business (Killoy 69)

2 **Existence of market in firearms.** Yes (Hass 18)
3 Antitrust issues in setting price or allocating markets (Hass 97-99)
4 "... sells the accoutrements of a modern peace officer: not just its storied revolvers, but also handcuffs, holsters, and even coffee mugs" (Descriptive-35:Web)
5 "To combat waning gun sales, Smith & Wesson has expanded its non-lethal offerings to include clothing, tools, and toys. It also sells mountain bikes outfitted for police officers." (Descriptive-35:Web)
6 "Smith & Wesson Holding Corporation (formerly Saf-T-Hammer Corporation) makes gun safety devices (Maximum Security Cable, Saf-T-Trigger, Versa Vault), and it makes and sells handguns, police accessories, and mountain bikes through subsidiary Smith & Wesson Corp." (Descriptive-36:Web)
7 "Lear Siegler realized the strength of Smith & Wesson relied on its law enforcement products and its handguns. Smith & Wesson divested itself of all unrelated product lines and focused solely on what made the company famous. Smith & Wesson divested itself of all unrelated product lines and focused solely on what made the company famous." **(Descriptive-65:Web)**
8 "'These types of items represent a small percentage of our overall sales,' he says. 'We're still a firearms company.'" (Descriptive-12:1)
9 "It is distancing itself from Diaz's critique that it's 'only a handgun manufacturer,' by developing new guns, expanding its brand name to licensed products, and developing joint ventures with other firearms manufacturers." (Descriptive-30:3)

(15) **Marketing**
1 **Prices and discounts**
(i) **Discounts on closeout**. No standing series of discounts (Killoy 227)
(ii) **VIP purchase program/retail sales program.** Opportunity for sales people at dealer level a chance to purchase at discount... 20% and a limit on one per person.... limited to mak sure for personal use (Killoy 268)
(iii) **Six Pack Promotion.** Distributor and retail level incentive buy five and get sixth free (Killoy 274-5)
(iv) Antitrust issues in setting price or allocating markets (Hass 97-99)
(v) Same prices to all distributors (Pluff 188)
(vi) No restrictions on dealer pricing (Pluff 188)
2 **Other**
(i) **Inquiries to distributors about store front dealers for marketing coordination purposes.** We would ask distributors for good accounts to help them with instore promotions..sales coordination (Killoy 86)
(ii) **Top gun accounts program and Partnership Wholesale program were marketing program.** Best accounts that warranted additional advertising and POS material and resources and another program, but not others except (Killoy 89)
(iii) **Direct sales at shows.** Not for firearms (Scott 157)
(iv) **Pull versus push marketing description** - emphasis on pull. Suppport of stocking dealers, in store seminars, in store

promotional event, book signing by professionals. We like to think we engage in pull through marketing programs and promotions that help distributors and reailer and consumers (Killoy 226)

(v) **Promotional program notification.** By fax, by mail, by advertising in the case of dealers in trade magazines, magazines and POS material and ad slicks (Killoy 254)

(16) **Competitors**

1 Browning (Descriptive-35:Web)

2 Glock (Descriptive-35:Web)

3 Ruger (Descriptive-35:Web)

(17) **Price**

1 Same prices to all distributors (Pluff 188)

2 No restrictions on dealer pricing (Pluff 188)

ii. **Marketing Channel**

(1) **Direct to dealers**

1 Stocking dealers. A subset of the overall FFL dealers... generally not sold directly to.. we sell through buying group and then deliver directly to them (Killoy 70-71).

2 Some stocking dealers sold to direct through show. If member of buying group... attends their shows.. we allow them to write one order... through show arrangement (Killoy 75-76)

3 No direct sales to nonFFL's. No. But some transfers from SW stores to other SW stores (Killoy 80?)

4 Yes sales to SW employees. (Killoy 80)

5 Only direct to buying groups, national accounts and incidental situations (Killoy 165)

6 **Dealer direct arrangements.** Buying groups and some retail accounts. (Scott 156)

(2) **Indirect through others**

1 **Distributors**

(i) Sporting goods channel. Primarily distributors or wholesalers... who in turn sell to FFL and also includes direct accounts and also sales to buying groups that act essentially as distributors to negotiate pricing, but have member dealers that buy on a cooperative basis (e.g., Sports, Inc., Worldwide and Nations Best Sports)... in a nutshell that's the way we go to market (Killoy 69-70)

(ii) "Last week [end of March 2000] Smith's biggest distributor, which sells some 35,000 of the handguns a year, said it plans to drop the company form its product lines. 'I can't do business with them under these terms,' said Bob Steger, CEO of RSR Wholesale." (Descriptive-17:1)

(iii) "... two-tier distribution system - first to distributors, and then to retailers" (Descriptive-5:2)

(iv) Distributors and wholesalers used. (Killoy, between 72 and 73)

(v) Distributor relationships. Monthly visits (Killoy 78)

(vi) Indirect sales through distributors - never required them to initiate some sort of dealer contact system - difficult from a resource perspective (Killoy 166)

(vii) **Limitations on distributors doing business with competitors.** Contemplated but not effective. (Scott 173)

2 **Buying groups**

(i) Stores of buying groups relationships. Yes visit stores, but not certain if all... more than once a year (Killoy79)

(ii) Buying group contracts. No and not sure if ever had (Killoy 115-116)

(iii) **Direct sales.** To buying groups and chains (Scott 24, 25)

(3) **Smith and Wesson Stores**. Small number of firearms that we sell through our retail stores.. four stores currently ... may have been six or seven... Pigeon Forge, TN, Branson Missouri, Springfield Mass and Myrtle Beach (Killoy72)

iii. **Salesforce**

(1) "Of the seven Smith & Wesson territories, four are staffed by manufacturers rep agencies that sell noncompetitive product lines along with Smith & Wesson guns. The other three each comprise three sales reps and a national accounts manager." (Descriptive-30:5)

(2) "To assist that skeletal team, the company has an associate sales program, in which nonsales employees make sales calls and conduct in-store promotions with reps." (Descriptive-30:5)

(3) **In house sales reps.** Seven direct. In addition mfg reps used. Such as Leisrue Sales, SPA Group and Schueler, LaFond Spry ... two rep groups will be three (Pluff 9-11)

(4) Sales rep groups. Schuler, Lafonnd and Spry, Ludwikowski and Associates (Killoy 51-52)

(5) **National accounts relationship**. Includes promotion and merchandising but do not call on daily basis. Reps do visit more than once a year (Killoy 77-78)

(6) **National accounts strategy involves in-store, ads, seminars to acquaint with product**. Multiple location accounts, central warehouse.. direct relationship... feel could benefit from working directly with them and more focused support through coop advertising, ins tore ads, flyers, seminar or appearance by SW salesperson, foree goos, tailored promotion, some training and seminars of national account sales staff involving actually handling and firing products (Killoy 96-98)

(7) Number of national accounts not known (Killoy 126)

(8) **Programs to sales dealers**. Promotion spiff - $5 for each gun sold (Killoy 306)

(9) Field reps cover 50 states (Killoy 136)

(10) **No telemarketers** Tried in 1997, but staff attrition and cutbacks stopped (Killoy 141)

(11) **Incentives available to stocking dealers and varies with national accounts and buying groups, but not nonstocking**. Involve product, free item or cash SPIFF e.g., $5 for each model gun sold. Not offered on a typical basis, several times a year could be. (Killoy 257-9)

(12) **Operation sell guns promotion.** Two objectives, increase sales and drive home importance of quality, timely delivery, understand retail ... send out a staff person working on an in-store promotion at a dealer location.. training to these staff in terms of product familiarization, updating on programs, structure, education on product line... but no training on straw purchase (Killoy 264)

(13) **Salespeople salary**. Salespeople paid by salary plus incentive based on sales by state up to 25% (Killoy 286-7)

(14) **Manufacturer rep salary.** Manufacturer reps are paid commissions measured by state no incentive (Killoy 288-9)

(15) **Incentives to dealers or distributors based on volume.** No. We do SPIFFS at the distributor and dealer level. (Pluff 187-8)

(16) **Operation sell more guns.** Program to make company personnel more aware f

what the marketplace .. our concerns with our dealers and consumers. Ensure quality. PR program. Coordinate store events or promotions. Send factory personnel out and get familiar with dealers. Volunteers and training of factory individuals for e.g. sales associates. Set guidelines for these individuals for their visits. What not to do, how to deal with media and other. Only to stocking dealers. Not a direct sales call initiative. Involved over 100 dealers. 211 top gun accounts, 225 locations - not all included. Limited number of resources. Sales goals was a min of 50 guns per dealer. Road warrior personnel participating filled out reports.. a summary of how the event went. Basic safety training for employees who needed it. Sales effects not known.. Primary goal of program..no. Build relationships with our dealers and get our factory personnel more in tune. No bonuses or prizing for employees. Guns supplied directly to dealers and was unusual. To insure adequate inventory. . Other volunteers also participated. Possible goal to sell 60,000 additional guns. (Pluff 138-168)

iv. **Distributors**

(1) **Some retailers do not handle handguns**. Walmart does not, Oshman/Gart, Sports Authority (Killoy 65)

(2) Distributors and wholesalers used. 24 or 25 used, but this has shrunk over the years... sporting goods and law enforcement categories. (Killoy, between 72 and 73)

(3) **New distributors**. Big Rock Sports, Jerrys, Acusport, Davidsons (Killoy 74)

(4) **SW wholesaler cannot sell to another SW wholesaler**. In distributor contract.. depend on violation of contract being brought to attention. We expect wholesalers to sell our products to retailers and not to sell it to other wholesalers who don't have a relationship with SW (Killoy89-90)

(5) **Distributors use of telemarketing and other**. Distributors using telemarketing and direct mail and circulars (Killoy 305)

(6) **Distributors and retail sales**. Some distributors conduct retail sales (Killoy 374)

(7) **Limitations on distributors doing business with competitors.** Contemplated but not effective. (Scott 173)

v. **Dealers**

(1) **Activity**. Top Gun dealers based on sales and retail presence (Killoy 125)

(2) Stocking gun dealers numbered at 2200 as a subset of the stocking dealer program (Killoy 126)

(3) **List of FFLs**. 125,00 FFL's listed by ATF... available to SW but not purchased (Killoy 143)

(4) Lists of dealers commercially available (Killoy 148)

(5) **Dealer categories.** Stocking dealers, national accounts, and other FFLs. (Pluff 120)

(6) **Stocking and national accounts.** 2800 retailers (Pluff 122)

(7) **Non-stocking and non-national accounts.** Don't know how many. 68,000 less 2800 [stocking and national account]. Part of this number (Pluff 122)

(8) **Direct sales.** To buying groups and chains (Scott 24, 25)

(9) **Dealer direct arrangements.** Buying groups and some retail accounts. (Scott 156)

(10) **Direct sales at shows.** Not for firearms (Scott 157)

(11) **Stocking dealers arrangements.** Not a direct relationship. No commitments from them. They buy from distributors. We provide information, promotional, advertising. (Scott 157)

(12) **Legitimate dealers.** Those that are a full-fledge retail operation. (Scott 174).

(13) **Trademark dealers.** Contemplated but not implemented. (Scott 177)

(14) **Distribution share percentages.** We estimate that the two hundred top Gun dealers could represent as much as 20 percent of the retailer and the balance of the three thousand stocking dealer base an additional 30 percent (Scott 186)

ss. **Smith and Wesson (documents)**

i. **Leadership sentiment**

(1) CEO statement: "You can't just say, I made it, I shipped it, its out of my hands. That just doesn't fly with a reasonable public" Ed Shultz, CEO of Smith and Wesson (97)

ii. **Smith & Wesson Agreement with City of Boston**

(1) **Generally**

1 A recent agreement between Smith and Wesson and government emphasizes the need to focus on dealers selling a "disproportionate number of crime guns (54: 567)

2 Gun Violence Reduction: National .... Strategy (2000): Smith and Wesson agreement to take measures to design, manufacturer and distribute and market to reduce criminals access to guns and prevent gun accidents. The agreement represents that common sense distribution and safety measures are practical and can be embraced by the gun industry as a matter of responsible business practices. Key provisions included new sales and distribution controls to help keep guns out of the hand of criminals, help law enforcement solve gun crimes and reduce firearms accidents including assured background checks at guns shows, required ballistics testing for new firearms and gun safety training for purchasers (60: 35)

3 **Press**

(i) Smith & Wesson imposed requirements on dealers: (Boston Herald, 2000) Inventory tracking, Customer background checks, Customers must present firearms license, Security guards must be hired during store hours, Training and certification of, Liability insurance for employees

(2) Settlement agreement entered in Court is different from earlier signed. Differences include:

1

(3) Settle Document 3/17/2000: Agreement to dismiss with prejudice in return for specific compliance on (2)

1 **Safety and Design** (2: 2)

(i) Testing, handgun requirements on serial numbers, locks, technology for unauthorized use, child safety, min barrel length, performance tests, drop test. Pistol additional requirements of safety , min length and height, magazine disconnector, chamber load indicator, large capacity mags no accepted in pistol, additional safety features

1) Military exception

(ii) Warning about safe storage and handling - description of harm and risks

2 **Sales and Distribution** (2: 7)

(i) Standard of conduct to make every effort to eliminate sales of firearms that might lead to illegal possession and/or misuse by criminals, juveniles and other prohibited persons e.g. suspect firearms sales

1) Suspect firearms sales include

2) straw purchasers

3) multiple sales of handguns w/o reasonable explanation
4) sales w/o completed background check

(ii) Action against sellers who violate

(iii) Sales to only authorized distributors and dealers
1) Qualifications include
2) FFL,
3) Completion of forms and requirements under Brady and Gun control act,
4) Carry insurance,
5) No gun show sales unless background check,
6) Inventory tracking plan including electronic recording of information, inventory accountability and security, forms retained on premise, audit can lead to termination
7) Security plan for shipments including locked display cases, secure area, ammunition stored separately
8) Under 18 years accompanied by parent
9) Ammunition magazines of no more than 10 rounds, no automatic and sell only those that comport with other aspects of agreement
10) Full access to documents to law enforcement
11) Participate and comply with ATF monitoring
12) Electronic record of all trace requests by ATF
13) Cooperate with oversight provisions of agreement
14) Training for all employees that includes law, straw purchasers and other, diverted indicators, safe handling and storage
15) Employees pass an exam with failure leading to prohibition on sale by employee
16) No transfer until receiving notice by NICS that not prohibited person
17) Verification of FFL before transfer (nonpublic)
18) Forego transfer if dealer or distributor under indictment
19) Transfer only if demo of safe handling by transferee through course or examination, demo of actual safe handling, copy of ATF disposition transfer, signature on forms, accurate description so can be identified
20) Procedures for termination
21) Additional provision for authorized distributors
22) Only sell to other authorized dealers and distributors
23) Additional provision for authorized dealers
24) No sale to straw purchaser,
25) Multiple gun sale procedure that only one gun on first day and then filing of multiple gun report with subsequent purchase to be after 14 days

(iv) Manufacturers
1) Quarterly information
2) Not market to juveniles
3) No modified firearms to be like those that cannot be imported
4) No ads in vicinity of schools, crime zones or public

housing
5) Verify FFL validity
6) Forego any transfer where known indictment
7) Security plan for firearms including in shipment
8) Including visitor into facility
9) Restricted areas
10) Detection of unauthorized entry
11) Cartons shipped have no identifying marks
12) Use carriers who have only background checked employees
13) Those who encourage dealers and distributors to consent to ATF unannounced checks

(v) Corporate responsibility
1) If oversight commission notifies party to agreement that a disproportionate number of gun traces to dealer or distributor then take steps to terminate or demand explanation and if not satisfactory terminate them. If continue then terminate
2) Oversight commission can also take action
3) Oversight commission will determine disproportionate amount of crime gun sales

iii. **Distributor agreements**

(1) **Distributorship agreement (1989).** Adequate and effective community relations, best efforts to sell and promote, incidental sales at gun shows allowed on terms of SW, compliance with laws, sufficient staff adequately trained, acknowledgment of name and reputation of SW, distributor will provide periodic annual sales forecast by model and market, changes to agreement right, not an agent, furnish special reports on sales and service efforts and the condition of the market, consumer preferences and other such matters requested, furnish financials, limitations on use of trademark so as not to cause confusion or deception (125)

(2) **Distributor agreement (1992).** Acknowledgment of name and reputation of SW, furnish financials (addendum for Accusport as a privately held company who does not release financials), no shipments to noncontract distributors, adhere to sales policies, provide sales and market reports reasonably requested, no sales at gun shows, trade name and trademark limitations, limitation of liability, term,(129)

(3) **Distributor agreement (1993).** Acknowledgment of name and reputation of SW, furnish financials, no shipments to noncontract distributors, adhere to sales policies, provide sales and market reports reasonably requested, no sales at gun shows, trade name and trademark limitations, limitation of liability, term, (126: 215795-798)

(4) **Distributor agreement (1994).** Acknowledgment of name and reputation of SW, furnish financials, report unit sales by state, no ship of products to noncontract distributors, key personnel controlled by distributor, no sales at gun show, no sales to law enforcement, no export of more than 5 handguns, trademark limitations, limits on liability, term and breach (126: 215790-794)

(5) **Distributor agreement (1995).** Acknowledgment of SW reputation, act ethically and strictly follow laws and spirit of laws, provide financial statements, report unit sales of handguns on a monthly basis, not ship to unauthorized distributors, adhere to sales policies, no sales at gun shows, no exports in excess of five handguns, termination upon 30 days notice, term 1 year (114) (154)

1 **Distributor agreement (1995 addendum).** Provisions do not apply to any claims made against distributor - limitation on liability (130)

(6) **Distributor agreement (1999).** Acknowledgment of name and reputation of SW, maintain financial and competitive capabilities, provide financials, report unit sales by state for handguns on a monthly basis, no shipments to non SW contract distributors, adhere to sales policies, provide sales and market reports, no gun show sales or law enforcement, no export of more than 5 handguns without approval, trademark limitations, term, (155)

(7) **Distributor agreement (1999).** Acknowledge compliance to law, ethically and in conformance to law and spirit of law, compliance to law, employ trained and competent personnel who follow law, sales to only those authorized to purchase, no sale to someone knowingly noncompliant, maintain books and records relating to sale and law, limit sales to only FFL and regular place of business retailers, locking device on sales, provide safety literature from SW, adhere to sales policies, maintain financial capability to achieve and support effective distribution, report of sales by state for units and dollars for handguns, no shipments to unauthorized distributors, sales and market reports to SW, no sales at gun shows, no sales or market through magazine or mail order outlets, knowingly sell to persons or dealers where false statements have been made, no sale if violation of law, no law enforcement, no export of more than 5 handguns without express permission, indemnification of SW, trade name and trademark use, limitation of liability, term (155)

1 **Exceptions to current agreement.** Submission of annual marketing plan, must include plan for direct dealer contact including store visits regularly and may include selling show (shot show does not satisfy), participation in market share/volume incentive program. (156) (157)

(8) **Distributor agreement - law enforcement (1999).** Acknowledgment of name and reputation, maintain financial and competitive capabilities, financials, no ship to non SW contract distributors, adherence to sales policies, advertise for direct sale to law, provide access to "bound book" to insure sales policies are being adhered to, employ adequately trained sales and competent personnel, provide market, sales and call reports, attend shows, assigned territories, no gun show sales, no nonlaw enforcement sales, no export of more than 5 handguns without approval, indemnity, trade name and trademark responsibility, limitation of liability, (155)

(9) **Smith & Wesson Wholesale Sporting Goods Distributor agreement (1999).** Acknowledgment of compliance with laws. Duty to comply with law. Sufficient and adequately trained staff. Restrict sales to those lawfully authorized to purchase. Not knowingly sell to those violating law. Limit sales to other SW distributors or retailers with place of business. Adhere to sales policies. Provide financials. Report sales by state and type. Not ship to non SW distributors. Provide reports as requested. No gun show sales. No sales through publications listed. No sales to false or misleading statements. Return inventory on termination. (347)

(10) **Smith & Wesson Wholesale Sporting Good Distributor agreement (2002).** Acknowledge of compliance with laws. Duty to comply with law. Sufficient and adequately trained staff. Restrict sales to those lawfully authorized to purchase. Not knowingly sell to those violating law. Limit sales to other SW distributors or retailers with place of business. Adhere to sales policies. Provide financials. Report sales by state and type. Not ship to non SW distributors. Provide reports as requested. No gun show sales. No sales through publications listed. No sales to false or misleading statements. Return inventory on termination. (348)

iv. **S&W Stocking dealer programs**

(1) **SW stocking dealer program (1995)**

1 Includes: exclusive product offerings. Promotional product purchase program to insure sufficient product availability. Co-op advertising plan. In both shot show promotion including prize incentives. Communications. No other handgun manufacturer stays in touch with their dealer based like SW. Twice monthly at least mailing covering entire spectrum from new products to exclusive contests. Bimonthly newsletter. Visit as many dealers as possible throughout year. Encourage inbound inquires and place outbound calls to solicit dealer input. Regional seminars in the field over multiple months and multiple per month. (342).

2 Discussion of prior stocking dealer program for SW and problem of distributors subverting through advertising at wholesale (383)

3 SW incentives to dealers under stocking dealer program. Sweepstakes with trips and TV's. (384)

4 Upholding spirit of stocking dealer terms. Discussion of how distributors that sell in publications violate spirit of stocking dealer agreement. (390)

v. **Dealer Code of Responsibility**

(1) Code of responsibility. Maintain a store premise, verified storefront and yellow page listing, tax certificate, FFL verified, signed application and Code statement, familiarity and compliance with laws, employ trained and competent employees who comply with law, no sell or advertising of products in publications, sales include locking devices, no sale without completion of forms, no sale to those who cannot provide proof of identity, age and residence, no sale if reason to believe misleading statements or straw purchases, no buy or sale of stolen firearms, no sale if violation of any law, maintain all records, cooperate with law enforcement, sole discretion of S&W to suspend or terminate including enforcement agency brings into question distribution practices (61)

(2) **Stocking dealer code of responsible business practices [part of application for stocking dealer program]**. Maintain store premise. Verification of storefront, yellow page listing, tax certificate, valid FFL, signed application and code. I am familiar with laws. Trained and competent employees who adhere to law. Not sell through publications. Sale compliance with law. Comply with law. No sale if reason to believe strawpurchase. No sale of known stolen arms. Maintain records by law. Termination for any reason. (460)

vi. **SW Operation Sell More Guns**

(1) Consumer directed program with retailers. Work with retailer capable of selling 50 new guns during a weekend promotion. Provide salesforce or factory rep, additional coop advertising support, promotional materials, a free gun door prize and assistance in inventory. Qualified volunteers from SW will help demo in store. Consignment inventory. Target it 20 locations a (342) (344) (345)

vii. **Smith & Wesson Strategic Plan 1996-98**

(1) Growing sales.

(2) US largest market in world for handguns ((349: 2)

(3) Competitor overview (349: 6-8)

(4) Customer targets: sporting goods, law enforcement, personal protection, international (349: 8-9)

(5) Distributor reduction tactic: we will continue to strategically reduce the number of domestic distributors until optimum level is reached to provide adequate access, sufficient credit and telemarketing coverage while maintaining and

acceptable. (349: 13)

(6) Direct dealer tactic. Direct sales where advantageous (349:13)

(7) Dealer support tactic: continue to promote and expand the benefits of our stocking dealer program and to provide a reason for dealers to stock and feature our product over our competitors. (349: 13)

(8) Promotions: we will utilize video tapes, mailings and trade advertising to expand our base (349: 17)

viii. **Retail sales associate policy and procedure training.** Syllabus (93) (195)

(1) **Purpose of course** is to train retail sales associates on proper procedure and policy to be used when selling firearms so as to reduce and eliminate the potential risk to the public while maintaining a pleasant sales experience (93:14909) (93:14916)

1 **Overview of federal and state law and company policy** of zero tolerance at to noncompliance, policy of double check by manager (93:14910) (93:14917-24)

2 **Procedure for display of firearms.** In locked case, keys held by key personnel, video 24 hours a day for handgun, locked in safe at night (93:14910)(93:14917-24)

3 **Procedure for showing firearms.** Sales associate present, one at a time, none to under legal age, other (93:14911)(93:14917-24)

4 **Procedure for completion or noncompletion of sale.** Forms, verification, double check by manager, no completion of sale criteria - if no match on ID, strawman indication, threats of violence use, intoxication, drug use, mental instability signs, strawman, other (93:14912)(93:14917-24)

5 **Potential customer and sales associate consequences for nonsale.** Contact manger, fall on safety side, can be arrested. Implication for negative reputation for S&W. (93:14914)(93:14917-24)

(2) **Handouts and slides.** "Straw purchases of firearms" (93:14934). Powerpoints (93:14935-941)

(3) **Time.** 1 hour classroom, 1 hour role play and testing (93:14915)

ix. **Market research**

(1) **Positioning studies.** Management Horizons positioning study for Smith & Wesson regarding pistols and distribution issues - asked respondent retailers about their marketing programs (83 and 83:18486)

(2) **Positioning studies.** Management Horizons positioning study for Smith & Wesson regarding pistols and distribution issues - asked respondent retailers about their marketing programs (83 and 83:18486

(3) **Positioning study to Smith and Wesson suggesting a more effective dealer support program** including POP collateral and displays that promote brand switching and promotions to motivate and gain loyalty of sales personnel. The recommendations included incentives directly to retail sales clerks, mail in cards for sales, redemption coupons for sales people (83:18504)

(4) **Positioning study to Smith and Wesson suggesting a more effective dealer support program** to motivate and gain loyalty of sales personnel. The recommendations included incentives directly to retail sales clerks, mail in cards for sales, redemption coupons for sales people (83:18504)

(5) **Dealers.** S&W dealer questionnaire asking about dealer support, how often rep visits, last visit from rep, product quality, advertising quality, warranty issues (72)

tt. **Smith and Wesson (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Aware of Partnership for Progress by ATF and NSSF** but not participated and doesn't think it involves anything in terms of safeguards beyond reference to Don't lie for the other Guy program. (Killoy 105)

(2) **Awareness of illegal conduct by FFL.** Illegal purchase, use of guns in crime, FFL's engaging in illegal conduct ... not aware of others (Killoy 25-26)

(3) **Dealers acting ethically**.. yes concern. (Killoy 336)

(4) **Diversion and access.** Through thefts, straw purchases, illegal purchases, transfers not in compliance ...but not aware of magnitude of problem (Killoy 490 - 92)

(5) **Indicted FFL and attempt by SW to find out.** We use ATFs FFL EX check system to verify validity of our stocking gun database ... look at newspaper, watch internet (Killoy 509)

(6) **General awareness of ATF and other reports on gun crime**... some generally and others not (Killoy 521-526)

(7) **Opinions on specific FFL's.** Generally but not considerable knowledge of (Killoy 530-3)

(8) **Reduction in FFL as good thing.** Don't know (Hass 21)

(9) **Awareness of certified gun dealers proposals.** Yes have heard. Preferred retailer program. (Hass 54)

(10) **Awareness of ATF reports.** Yes to exhibit (Hass 33-6)

(11) **Awareness of ATF report on small proportion of FFLs that account for large number of gun traces.** Statistics agreed with his memory (Hass 35)

(12) **Awareness that SW agreement asks SW to sell to only authorized distributors and dealers.** Q. Do you recall that the agreement asks Smith & Wesson to sell only to authorized distributors, dealers, who adhere to a certain code of conduct? ... A. I believe so. (Hass: : 84)

(13) **Personal and industry awareness of illegal market when at SW.** By deduction (Hass 28-9)

(14) **Aware of small proportion of FFL's that account for large number of gun traces as public policy problem.** Yes (Hass 36)

(15) **Should others have been aware that there were problem dealers.** Should have, could have and would have.. yes (Hass 37)

(16) **Belief as to unlawful diversion as a problem.** A public policy problem.. yes.. a problem nationwide (Hass 38)

(17) **Adequacy of ATF resources to address.** Not known (Hass 38-9)

(18) **Belief that mfgs know that guns they sell are frequently used to cause harm.** Yes, I guess they do (Hass 55-56)

(19) **Belief that mfgs are on notice of the extent of criminal use of firearms.** Yes along with knife and baseball bat manufacturers (Hass 55-56)

(20) **Belief that mfgs have a responsibility to ensure safe distribution.** Within confines of commercial law, yes (Hass 57)

(21) **Belief that mfgs could take additional steps that they could to make distribution safe.** To the best of his knowledge (Hass 58)

(22) **Belief that mfgs could refuse to do business with a distributor.** Essentially yes, but can be complicated (Hass 60)

(23) **Ability and knowledge if while at SW did SW attempt of actually identify a dealer with unusual high amount of traces.** No (Hass 69)

(24) **Knowledge of SW attempt to find out which of gun models accounted for a disproportionate amount of traces.** No (Hass 71)

(25) **Knowledge of SW attempt to determine what geographic areas accounted**

for a disproportionate number of trace requests. No (Hass 71-2)

(26) **Why SW did not attempt to determine dealers who accounted for disproportionate amount of traces. Not information that was shared.** Those that performed traces guarded their function. Combination of territory and the fewer number of people that had that information the better. (Hass 73)

(27) **Aware of some who sell that are not stocking.** Yes. We really have no way of knowing 100 percent. (Pluff 120)

(28) **Knowledge of retailers who sell SW guns.** Know some. Stocking dealers, national accounts. (Pluff 120)

(29) **Knowledge of non-stocking or non-national accounts.** Other FFLs are known based on just doing business with them and yellow pages (Pluff 121)

(30) **How learn if any dealers are indicted.** Scan internet news, articles. This is a difficult task. Internet search on daily basis. Only found 2 in two years. (Pluff 183-186)

(31) **Trace report data and relevance.** Did not interest him. (Hood 20-21)

(32) **Trafficking.** Not a term he is familiar with (Scott 32)

(33) **FFL violators not caught.** No knowledge (Scott 35)

(34) **Awareness of ATF newsletters and reports.** Not aware of any reports. (Scott 50-51)

(35) **Awareness of reports**. ATF 2000 to 2005 strategic plan, DOJ National integration Firearms Violence Reduction Strategy, Following the Gun, Commerce and Firearms 2000. ..... Operation Snapshot 1993, Don't recall any. (Scott 52-54)

(36) **Compliance with monitoring by SW, ATF.** Unknown (Scott 95)

(37) **Distributors refusing to sign distributor agreement.** No not to knowledge (Scott 144)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor agreement**. Never required distributors to submit a annual sales and marketing plan as they specify the are to (Killoy 170-171)

(ii) **Distributor contracts** are annual typically (Killoy 74)

(iii) **Distributor contracts** standard contracts (Killoy 75)

(iv) **Buying group contracts**. No and not sure if ever had (Killoy 115-116)

(v) **Distributor agreement.** Never required follow of pricing guidelines even though specified. No controls implemented (Killoy 171 - 175)

(vi) **Distributor contract**. Standard distributor contract with no variation (Killoy 317)

(vii) SW agreement was executed in a way that lead to its failure. (Hass 85)

(viii) **SW agreement and hampering of their ability to do business.** Yes from what I have read. Criticism is widespread

2 **Dealer agreements**

(i) **Stocking dealer program.** Existence as far back as 1985 (Pluff 224)

(ii) **Dealer contracts.** No (Scott 24)

(iii) **Dealer agreements.** No agreement with dealers. Expect them to follow law. Don't have ability to examine ethical conduct

(Scott 149-150)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Selected based on financial strength and presence and niche.** Q. How are distributors selected by Smith & Wesson? (Killoy: 73) A. Financial strength, their market strength and market presence, whether or not they have a specific niche (Killoy: 73)

2) **FFL, photograph of store, copy of yellow page ad and sales tax certificate.** "We require them to have, obviously, an FFL. In their application, we ask for a photograph of the store, a copy of their Yellow Page advertisement, and I believe there may have been a requirement for a retail sales tax certificate." (Killoy: 84)

3) **Sufficiently trained and competent.** A. ... We want to make sure that a distributor has a sufficient adequately trained – "sufficient" I would term to be enough, not understaffed – adequately trained and they are competent and they abide by all the laws, statutes, and regulations relating to the sale and distribution of firearms. (Killoy: 364)

4) **New draft contract.** "Employed sufficiently and adequately trained staff...competent and abide by all laws... competent to understand the laws and follow them.. never before required this (Killoy 365)

5) **Stocking dealer code.** What is this? (Killoy: 401) A. document called Stocking Dealer Code of Responsible Business Practices? (Killoy: 401) Q. What was the purpose of this code? (Killoy: 403) A. One was a kind of delineate the requirements to be a stocking dealer (Killoy 403)

6) **Selection criteria of distributors based on financial, market strength.** Criteria includes financial strength, market strength and market presence/specific niche... good working relationship. (Killoy 73-75)

7) **Requirements to become stocking gun dealer.** FFL, photo of store to insure storefront so that referred customers can find, copy of ad in yellow pages, tax certificate, information on volume of sales .. that's all that is required (Killoy 84-85)

8) **Criteria.** Top Gun dealers based on sales and retail presence (Killoy 125)

9) **Selection.** Requirements of stocking dealers limited to photo, FFL (Killoy 177)

10) No requirements on non stocking dealers (Killoy 178)

11) **Stocking dealer applications** ... turned down .. don't know but estimate over 100 in 12 years (Killoy 179)

12) **Stocking dealer applications** turned down because of lacking in marketing requirements (Killoy 181)

13) **Selection.** Store security at stocking dealer application visit - store security is issue only if obvious or egregious problem e.g., no regard for proper security, inability to lock the doors. No minimum security required (Killoy 182)

14) No instructions to distributors not to sell to turned down stocking dealer applicant (Killoy 183)

15) **Four requirements to be a SW stocking dealer.** Yes and hasn't changed since 1993 (Killoy 197)

16) **Distributor criteria.** Distributor information for Jerry's Sports Center collected before entering agreement.. visited, financial data.. looked at warehouse operations, understand how they go to market, discussed operational logistics and review of how they conduct business (Killoy 302-4)

17) **Conform with laws.** Smith & Wesson dealer contract required that the distributor conform with federal, state local laws of the sale of firearms. (Hass: 45)

18) **Stocking dealer yellow page requirement.** Must be listed. (Pluff 65-66)

19) **Other dealers not in yellow pages.** Not suspect. But do believe they do not invest in their business as much as those that are in yellow pages. (Pluff 66-68)

20) **Dealer application.** Stocking dealers. Estimated number of handguns. Entered in database. Must submit four items. Photo of store. Always visit store prior. (Pluff 201-202)

21) **Proof of original signed FFL.** Must have proof of original signed copy of FFL. (Pluff: 202)

22) **Regional sales rep must be familiar with dealer.** Regional sales rep must be familiar with dealer and location. (Pluff: 202)

23) **Ethical conduct clause in distributor agreement.** Honestly and forthrightly. Not pay bills. Willfully violate laws. Aware through other distributors, currency of FFL (Scott 148-149)

24) **Reduce number of distributors.** Prior to 1999. 60 to 20to 25. Not a need for that many and marketing purposes. Regionalization not as important as it once was (Scott 146)

25) **Responsible distribution steps.** Established business relationships. Annual contract that spell out responsible business practices. Sell only to license FFLs (Scott 23)

26) **Sell only through contract distributors who can sell to FFL's.** Meet laws (Scott 90)

27) **Insurance.** Individual dealer decisions. No requirement. (Scott 91-92)

28) **Dealer requirements in distributor agreement.** Limit sales to FFL who have a regular place of business. (Scott 154)

(ii) **Identification, assessment and choice.** Identification,

evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Egregious security problems considered.** Regarding store security of prospective stocking dealers: "to the extent if they saw an obvious or egregious problem, I'm sure they would consider that a factor when the regional manager looked at that store." (Killoy: 182)

2) **Turn down applications if lacking in storefront, advertising or does not maintain business hours.** Applications to be a stocking dealer have been turned down because "they'd be lacking one of the requirements – whether it be a storefront presence, whether it be advertising. They might not maintain regular business hours." (Killoy: 191)

3) **Personal visit, looked at warehouse and sales operation and review of how they conduct business and review of past advertising.** Q. What kind of information did Smith & Wesson gather from Jerry's [distributor] before entering into a contract with them? A. Our salesman had been selling the Jerry's organization the Walther product. I visited personally the Forest City location with two of my sales staff. We had a meeting at our location with Jerry's management. We did review of their financial data to ensure credit worthiness. ... Looked at their warehouse operations, looked at their sale operations, tried to understand how they go to market with their advertising approach, discussed their operational logistic systems to include truck delivery systems and just made a review of how they conduct business. ... Review of their past advertising in terms of their circulars ... we've known the folks from Jerry's for many years. (Killoy: 303, 305)

4) **Conduct operations ethically and in accordance with law.** Q. Is there any other aspect of being a good and reputable business partner? A. I think the language pretty much stands on its own. Conduct their operation ethically and strictly in accordance with and in the spirit of the applicable laws. (Killoy: 320)

5) **Could require dealers to obtain insurance but would force us out of business.** Q. Could S&W choose to sell to the dealers who were able to obtain insurance? (Killoy: 449) A. We could, for a couple of months before we went out of business (Killoy: 449)

6) **Could choose retailers.** Q. Do you believe that the manufacturers can choose the retailers to whom they sell their firearms? ... A. Much more complicated, but ... such a movement could be started, and I suspect once it was started, it would get easier to execute. (Hass: : 60)

7) **Fewer dealers would not improve distribution practices.** Q. Do you believe manufacturers could

improve their distribution practices by dealing with fewer retailers? A. No. (Hass: : 63)

8) **Fewer dealers would not ease supervision.** Q. Do you believe that the manufacturers could more easily supervise their distribution chain if they did business with fewer distributors? ... A. No. (Hass: : 63)

9) **Creditworthiness and general business reputation looked into.** Q. ... did Smith & Wesson conduct any investigation to look into the background of the distributors it was going to do business with before selling them its products? A. To some extent; certainly, creditworthiness and general business reputation. (Hass: : 68)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

1) **Regional manager signoff.** Smith & Wesson regional manager has "to know who the dealer is and he has to sign off on it." (Killoy: 178)

2) **Regional manager visits store and takes a look.** Regional manager visits the store to "take a look and see how the product is merchandised, how the customers are treated, whether or not... they maintain a good market presence, they can be a good representative of Smith & Wesson, and whether they can be a good source that we would include in our stocking dealer list to refer our customers to." (Killoy: 179)

3) **Copy of yellow page ad.** Must provide a copy of yellow page ad to Smith & Wesson to become a stocking dealer. (Pluff: 65)

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Responsible distribution.** Definition of responsible distribution as compliance with laws and working with ATF, an working with staff to achieve ethical standards. I consider the way we distribute our firearms today to be responsible gun distribution...we're in compliance with fed, state and local regulations.. we work hard with ATF and organizations like the firearms and tool Mark Examiners group to educate new agents of the ATF and examiners... we reach out to ATF ... tracing programs and working with staff to conduct business ethically ... nothing else (Killoy 19)

2) **No one responsible for access issues.** Q. Who is responsible for access to and use of firearms by criminals, juveniles, and other prohibited by law from acquiring or using firearms? (Killoy: 39) A. Probably no one (Killoy: 39)

3) **No one responsible for diversion issues unless**

allegation. Q. (who is responsible for) diversion of firearms to illegal purchasers and markets, gun trafficking, ... diversion of firearms to illegal purchasers and markets? (Killoy: 39) A. No one specifically unless an allegation were brought to us... (Killoy: 39)

4) **Distributors cannot sell to other distributors.** A. Smith & Wesson wholesalers, distributors, will not sell Smith & Wesson products to other non-Smith & Wesson wholesalers – and I believe that language is in our existing distributor contracts. (Killoy: 90)

5) **Distributors sell only to dealers.** A. We expect wholesalers to sell our product to retailers and not to sell it to other wholesalers who don't have a relationship with Smith & Wesson. (Killoy: 91)

6) **Distributor restrictions on resale to others in contract.** "There are restrictions in the contract on who the distributors can sell to." (Killoy:146)

7) **No sales by distributor to other distributors.** In distributor agreement: "shall not ship products to other wholesale distributors who are not Smith & Wesson contract distributors." (Killoy:276)

8) **Distributor employs adequately trained and competent personal who follow laws.** Distributor agreement: "employee sufficient adequately trained and competent personnel who will follow all federal, state and local laws." (Killoy:364)

9) **Distributor requirement to impose FFL requirement on dealers.** Q. Has Smith & Wesson ever required distributors to impose any requirements on the dealers that they sell to? ... A. ... They obviously have to have a Federal Firearms License. (Killoy: 366)

10) **Distributor requirement to sell only to those lawfully authorized.** Distributor agreement: "3 C restricts the sales of firearms to those persons or dealers lawfully authorized to purchase or own firearms." (Killoy:367)

11) **Distributor requirement not to sell where false or misleading statements made.** Distributor agreement: restricts "Knowingly sell[ing] firearms to persons or dealers where false or misleading statements have been made with respect to the information required to purchase a firearm." (Killoy:368)

12) **No dealers objected to trained and competent sales personnel requirement.** Q. Do you recall whether ... any of them [stocking dealers] objected to the clause here [in Stocking Dealer Code of Responsible Business Practices] that says, "I will employ trained and competent personnel who will adhere to the laws and requirements which relate to the distribution and sale of firearms"? A. Not specifically; no. (Killoy:

409)

13) **Stocking dealer no sales to those not authorized by law to purchase.** In stocking dealer code: "I will not knowingly sell a firearm to an individual not authorized by law to own one." (Killoy:410)

14) **Stocking dealer no sales to persons believed to be providing false or misleading statements.** In stocking dealer code: "I will not make any sale in which I have reason to believe false or misleading statements have been made with respect to the actual purchaser of the firearm. I will not knowingly sell firearms to straw purchasers, i.e., persons who are illegally purchasing a firearm for another." (Killoy:410)

15) **Spirit of stocking dealer code to protect community and insure distribution in proper and lawful way.** In stocking dealer code: "By signing and abiding by the Smith & Wesson Stocking Dealer Code of Responsible Business Practices, you will be protecting your community and helping to ensure that Smith & Wesson handguns are distributed in a proper and lawful manner." (Killoy:419)

16) **Distributors restricted from selling to SW contract distributors.** Q. ... Smith & Wesson distributors are already restricted from distributing to other – to only Smith & Wesson contract distributors, correct? A. yes. ... But not to only Smith & Wesson stocking dealers ... Or authorized dealers. (Killoy: 482)

17) **Conform with laws.** Q. While you were employed at Smith & Wesson, did Smith & Wesson make any requirements related to sales practices for distributors or retailers it did business with? ... A. ... it specified that the distributor was to conform with the laws of the sale of firearms: federal, state, local. (Hass: : 45)

18) **Required to cooperate with law and ATF.** Dealer/distributor contract and code of responsible business practices say that the dealer is required by law to cooperate in any law enforcement/ATF investigation and are required by law to cooperate with any ATF audits. (Pluff: 27)

19) **Stocking dealer code compliance with all law forms.** Stocking dealer code: "I will not make sales of firearms without completing all federal, state application forms satisfying all requirements." (Pluff: 190)

20) **Stocking dealer code verification not selling to individual not authorized.** Stocking dealer code: "I will verify as required by law all information required for the completion of the sale. I will not knowingly sell firearms to an individual not authorized by law to own one." (Pluff: 190)

21) **Stocking dealer code no sales if prohibited person.**

Stocking dealer code: "I will not knowingly sell firearms to any person if that person's purchase or possession would be in violation of the law or regulations applicable at the place of sale or delivery." (Pluff: 190)

22) **Can prohibit sales to specific dealers.** In distributor agreement, S&W may request that a distributor not sell to a specific dealer. (Pluff: 195)

23) **Requirement of updated information and sign of code.** Sent out a letter to stocking dealers that "explained or that requested that the dealer update their information that we had on file and also sign the Code of Responsible Business Practices and return it within thirty days of receipt." (Pluff: 204)

24) **Spirit of code to protect community.** Stocking dealer code: "By signing and abiding by the Smith & Wesson Stocking Dealer Code of Responsible Business Practices, you will be protecting your community and helping ensure Smith & Wesson handguns are distributed in a proper and lawful manner." (Pluff: 204)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Syllabus for their retail store employees, and may have used outside of stores.** A. We use a syllabus for our retail store personnel that are Smith & Wesson employees. ... Q. Do you use that syllabus outside of those four stores? A. I believe it may have been provided on occasion ... (Killoy: 107)

2) **No minimum security recommended for stocking dealers.** Q. Is there any minimum security that S&W recommends to the stocking dealers? (Killoy 182) A. No (Killoy: 182)

3) **No reliance on distributors to provide training to dealers.** Q. Does S&W rely on its distributors to provide training to dealers that sell S&W products? (Killoy: 184) A. No (Killoy: 184)

4) **No discussion of criminal access to guns at focus groups with stocking dealers.** Q. Did you ever discuss access to guns by criminals or unauthorized juveniles at any of the focus groups [conducted by Smith & Wesson with their stocking dealers]? A. Not to my knowledge. (Killoy: 213-214)

5) **No inquiry as to extent gun owners keep guns locked.** Q. Has S&W ever inquired the extent to which S&W gun owners keep their firearms unlocked? (Killoy: 244) A. Not to my knowledge (Killoy: 244)

6) **Limit on employee purchases.** Q. Is there a limit on how many guns can be purchased this way [retail employee discount program]? A. There was always a

limit. ... One per person was my recollection. ... we wanted to make sure these were for the personal use of the individual buying the firearm and that they would retain it and use it and become familiar with it and hopefully better extol our virtues to the customers coming through the stores. (Killoy: 268)

7) **Employee purchase limit put into place given concerns of employees reselling.** Q. Did you ever have any concern whether these retail employees would take advantage of this to acquire and resell S&W firearms? (Killoy: 268) A. That's why we put the limit (Killoy: 268)

8) **Some plans to train in-house staff and mfg reps but not finalized.** Q. Have either the in-house staff or the manufacturers' reps ever been considered to provide training or materials, even, regarding straw purchasing to retailers? A. We have had some plans that we have looked at and not finalized on that subject. Q. What were those plans? A. Based on some of the requirements of the HUD agreement, there were requirements for dealer and distributor training and there were discussions and thoughts on whether or not the sales force could or should be involved in delivering a portion of that training if that were possible. (Killoy: 291)

9) **Considered delivering training through CD-ROM, print or web.** Q. So what ways did you consider delivering that training? (Killoy: 293) A. One of the thoughts we had... was the idea of a video, the idea of a print-based material or CD-ROM, or web-based training... (Killoy: 293)

10) **Some discussions with NSSF on coordinating their training with our plans.** Q. Was there discussions with NSSF about coordinating training with the Partnership for Progress or Don't Lie For The Other Guy? A. We had some discussions about what materials NSSF had currently and what materials NSSF was working on, but not a planning session with NSSF to dovetail their requirements with ours. (Killoy: 294-295)

11) **Could have coordinated with NSSF.** Q. Is it possible that ... Smith & Wesson could have done the training in coordination with other parties to expand its resources? ... A. I think the best approach would be an NSSF approach that was an industry-wide approach. A Smith & Wesson package or medium in the post-HUD environment would not have been well-received by dealers ... (Killoy: 295)

12) **No video, web or coordinated training implemented.** Q. How far did you – did you begin to implement any of the things that you discussed? (Killoy: 296)... Did you do anything regarding a

video? (Killoy: 296) A. No (Killoy: 296) Q. What about Web-based training? (Killoy: 296) A. No (Killoy: 296)

13) **Sufficient training means those involved in transactions.** Q. Would sufficient training [mentioned in distributor agreement draft] require them to go through the training regarding spotting straw purchases? A. At the distributor level, I would think not because they wouldn't be involved – unless they also had a retail operation, they wouldn't be involved in anything involving a retail transaction. (Killoy: 365)

14) **Dealer training academy did not get off the ground.** Q. Did Smith & Wesson ever start up or implement this dealer training academy or Smith & Wesson university or whatever you want to call it? A. I don't know if we ever really got it off the ground. (Killoy: 377)

15) **Training syllabus for their store personnel.** A. This is a training syllabus that we use for our store personnel – our Smith & Wesson retail store personnel. ... there's a lot of laws and requirements that go along with the sale of firearms at both the federal, state, and local level and we felt it important for our employees to be cognizant of those laws and cognizant of our policies and follow those laws and policies. (Killoy: 387)

16) **New employees of their stores would receive training.** Q. So any new employee that was hired at one of the Smith & Wesson stores would receive this training? A. If they were involved in the sale of the firearms. (Killoy: 389)

17) **Things that could not be implemented from settlement agreement.** The Settlement Agreement has been rescinded by the parties and therefore is not a viable, binding document...Are there specific terms that S&W could not implement? (Killoy: 447) [from rescinded Settlement Agreement between Smith & Wesson and the City of Boston and Boston Public health Commission]:

    a) **Insurance major problem because some dealers cannot get insurance.** A. Item C, "Insurance." That was a major problem from day one. A lot of firearms dealers are unable to get adequate insurance because of the nature of how many times there have been suits, however legitimate or frivolous that they may have been involved in, and they are not able to obtain adequate coverage. (Killoy: 449)

    b) **No sales at gun show unless background checks at all - problem given dealers is now**

being held accountable for others. A. "Sales at Gun Shows." Again the issue there, the current language says, "Make no sales of Smith & Wesson firearms at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check." The objection there is not to what that individual dealer's standard of conduct is. It's that dealer is now being held accountable for the action of somebody else that he doesn't know. (Killoy: 450)

c) A. ... A particular problem on this item, the monthly backups of these records shall be maintained in a secured container designed to prevent loss by fire, theft, and other mishaps. Part of the problem, if you are maintaining a manual bound book as opposed to an automated system, there's no way to do a monthly backup. (Killoy: 451)

d) **Storage of record challenge.** A. ... so long as there's not been a change in that licensee or a new license issued, all those forms [ATF 4473 transaction records] are required to be stored, and in some cases that's several roomfuls of file cabinets or whatever it may be of 4473s. (Killoy: 453)

e) **Storage of firearms** - If stored out of reach then could be in violation. A. ... Even here we have some very good dealers that don't use display cases. ... we have dealers who said wait a minute, I've got my firearms stored out of reach of customers but not in display cases, am I in violation. They read that as a yes ... (Killoy: 456-457)

f) **Locked storage.** A. ... item two, non-business hours, Smith & Wesson firearms locked in a locked fireproof safe or in another secured or locked area or by use of a security system. (Killoy: 457)

g) **Firearm and ammunition storage separately - interpretation.** A. Next item, also modified from the HUD agreement that talks about Smith & Wesson firearms to be stored separately from handgun ammunition, and again, the gun store lawyers would talk to that as what's separately? Does that mean same room? We'd say no, this is common sense here, you need to store the ammunition behind the counter and guns in the case or whatever your format is. (Killoy: 461)

h) **No under 18 handle.** A. ... "not permit any person under eighteen to handle a Smith &

Wesson firearm unless he or she is under the direct supervision of both an employee and a parent or guardian. However, a person under eighteen may handle a Smith & Wesson firearm as part of an organized training program while under the direct supervision of an employee." (Killoy: 461-462)

i) **No sale of certain guns - if had inventory already.** A. H, titled "Sale of Products." ... not sell any Smith & Wesson semi-automatic assault weapon as defined in 18 U.S. Code 921 (a) (3) regardless of date of manufacture. ... The issue the dealer had there is ... I acquired that inventory legally and they have pre-crime bill high cap magazines and now you're telling me that I have to throw away those high capacity magazines. (Killoy: 462-463)

j) **Access to information - 4th amendment issues.** A. "Access to Documents Regarding Compliance." "Provide Smith & Wesson with full access to any documents related to the acquisition and disposition of Smith & Wesson firearms deemed necessary for purposes of complying with Sections 2-A-2 and 2-A-3." This is where the gun counter Fourth Am7endment scholars claim that this would be a violation of their constitutional rights and they don't have to give access to anybody except to law enforcement with proper warrants or subpoenas and to ATF gaining proper conduct to their duties and they are not going to give Smith & Wesson access to anything beyond what they have to. (Killoy: 465)

k) **Insurance and security and background checks - problem of some dealers obtaining and conducting.** Q. ... Can you recall what significant aspects of the agreement dealers were saying they couldn't implement? ... A. ... insurance is in one of those categories of couldn't. Interpretation of secure storage was interpreted in many cases as couldn't. Security issues that we already discussed was interpreted as couldn't. Some of the items were interpreted as ... they couldn't from the standpoint of the sale of products that I mentioned. (Killoy: 470) ... they felt they would not be able to, not because they didn't want to but they couldn't verify that everyone there was conducting background checks, even when potentially not required in the case

of a private party transfer, if that was allowed by that particular jurisdiction. (Killoy: 473)

l) **Monitoring of distribution - issue of SW being part of law enforcement chain.** A. ... "Monitoring of Distribution." "Participate in and comply with all monitoring of firearms distribution by Smith & Wesson, ATF, or law enforcement." ... big problems with Smith & Wesson being somehow part of their – of that law enforcement chain ... That's a wouldn't. (Killoy: 475)

m) **Transfer only to those who have training and safety examination - how implement.** A. ... the Smith & Wesson firearms may only be transferred to individuals that go through this training and safety examination, how do they implement it at the point-of sale on a Saturday. (Killoy: 479)

n) **Authorized dealer - issue of checking to see if authorized.** A. ... C, "Authorized Dealers, Additional Provisions." ... He [the dealer] has to check if someone is a Smith & Wesson authorized dealer beyond being a licensed federal firearms dealer. (Killoy: 482-483)

o) **Multiple sales - restriction of individual rights.** A. ... Multiple handgun sales, this was a big problem for several reasons. Again, it's seen as a restriction of individual rights, restriction on the sales efforts of the dealer. ... some of them felt that this could be interpreted by the ATF as purposely and knowingly trying to get around the requirements for the existing ATF procedures to handle multiple gun sales. (Killoy: 483)

p) **Compliance inspections.** A. ... item eight, "Encourage its authorized distributors and dealers to consent to up to three compliance inspections each year" (Killoy: 485)

18) **Learning of criminal access through working with ATF and address through packaging and nondescript address.** Q. Have you done anything to learn more about the various means of access that you've just described (criminals and unauthorized juveniles gain access to firearms?) (Killoy: 490) A. Well, we've worked with ATF and law enforcement officials on at least one occasion that I'm aware of on a sting operation where there were some firearms being stolen ... We've taken measures internally to make sure that we package our firearms so that the outer cardboard containers that are shipped from Smith & Wesson contain a nondescript return address (Killoy: 491)

19) **Implemented from strategic plans** - range program, reduced some distributors, support of dealer base... gained greater control over product presentation and environment - yes we have more presence or direct relationship with chain accounts giving greater environment control [merchandising] (Killoy 235-7)

20) **Never have given instructions to stocking gun dealers or national accounts not to sell to other dealers.** Have you ever instructed the 2000 stocking gun dealers not to resell to anyone else. No (Killoy 131)

21) Buying groups are not given instructions not to sell to others (Killoy 133)

22) **Limitations on advertising**. Distributors restricted from advertising in Shotgun News and Gun List in 1990's. (Killoy 150)

23) **Implemented from strategic plans** - range program, reduced some distributors, support of dealer base... gained greater control over product presentation and environment - yes we have more presence or direct relationship with chain accounts giving greater environment control [merchandising] (Killoy 235-7)

24) **Excluding sales to specific distributors**. Ruger policy of not allowing distributors to sell SW .. yes but not now (Killoy 312)

25) **Operation sell more guns.** Program to make company personnel more aware f what the marketplace .. our concerns with our dealers and consumers. Ensure quality. PR program. Coordinate store events or promotions. Send factory personnel out and get familiar with dealers. Volunteers and training of factory individuals for e.g. sales associates. Set guidelines for these individuals for their visits. What not to do, how to deal with media and other. Only to stocking dealers. Not a direct sales call initiative. Involved over 100 dealers. 211 top gun accounts, 225 locations - not all included. Limited number of resources. Sales goals was a min of 50 guns per dealer. Road warrior personnel participating filled out reports.. a summary of how the event went. Basic safety training for employees who needed it. Sales effects not known.. Primary goal of program..no. Build relationships with our dealers and get our factory personnel more in tune. No bonuses or prizing for employees. Guns supplied directly to dealers and was unusual. To insure adequate inventory. . Other volunteers also participated. Possible goal to sell 60,000 additional guns. (Pluff 138-168)

26) **Dealer investigation prior to selling to them.** No (Pluff 168)

27) **Dealer training.** Field seminars for stocking dealers.

But not to nonstocking dealers. Periodic in nature. Going on over 6 years. Take attendance. Product information overview, features and benefits of products. History of SW. Review additional products. (Pluff 168-171)

28) **Can you stop distributors from selling to particular dealers.** Yes. Contract has clause that allows SW to make request. (Pluff 195-198)

29) **Could you stop distributors from selling to dealers who did not sign code.** Yes, If we did distributors would lose business and terminate their relationship with us. I don't believe a distributor would sign. SW and distributors would go out of business given the limited number of outlets they would have for volume (Pluff 195-198)

30) **Letter on Code to stocking dealers.** Signing code will protect community. (Pluff 204)

31) **Telemagic database printout and deletion of convicted dealer.** Alerted by sales rep (Pluff 208-9)

32) **National accounts strategy involves in-store, ads, seminars to acquaint with product**. Multiple location accounts, central warehouse.. direct relationship... feel could benefit from working directly with them and more focused support through coop advertising, ins tore ads, flyers, seminar or appearance by SW salesperson, foree goos, tailored promotion, some training and seminars of national account sales staff involving actually handling and firing products (Killoy 96-98)

33) **Compliance.** Distributor compliance.. steps.... day to day awareness .. if found out then we would address... no investigation... no instructions for, but implied responsibility for salespeople to report on (Killoy 335)

34) **SW Stocking Dealer Code of Responsible Business Practices**. ... purpose to delineate requirements to become stocking dealer... solicit pledge to follow items contained.. distributed by mail or handed out.. follow up process.. tracked to see who signed it... some refused to sign, but were distributors were not instructed to not deal with them... nothing deals... objections were generally to control and shifting of responsibility... stocking dealers should not be a problem in complying with requirements... others would have trouble given non storefront (Killoy 405-414)

35) **SW Stocking Dealer Code of Respon**.... keep list but only indicate if signed or not... no separate list... drop from stocking dealer list if do not sign... only 4 or 5 that did not sign that SW tried to make sure they did not receive any SW product .... letter sent to them indicating they were dropped from the stocking dealer program and directed not to be sold any additional

product (Killoy 435-7)

36) **"Breaking prices" and steps taken to remedy Two price lists.** One for police. One for sporting goods distributors. Occasionally retailers would take advantage of their position in one or the other of the distribution chains and price deviate from list. Some distributors were distributing to both markets. Would learn through looking in ads and then approach and ask them to quit. (Hass 47-9)

37) **Partnership dealer program.** Contemplate but not implemented. Did not feel effective. (Scott 178)

38) **Dealer programs and feasibility.** Opinion that programs designed for independents would not work for chains. If you have SPIFF could not implement easily in chain. Could do this with independent. Independent could accept new product easier than chain given SKU and data entry (Scott 183-4)

39) **Training programs being worked on but still in formative stages.** "We are working on some [Dealer training] programs right now that are still in the formative stages as far as some training materials." (Killoy:104)

40) **Their employee training includes NICS, store policies, security and all things with running store.** Any new employee that was involved in the sale of firearms had to go to training "related to their sate and conduct of NICS checks and store policies as will as it relates to security and burglar alarm systems, liaison with the local police, and all of the things that go into running a retail operation." (Killoy:388-389)

41) **Advocate safe storage and separation of ammunition and firearms.** "We have always advocated, in all the groups we are in, the same storage of firearms -- separation of ammunition of firearms and a security plan that's right for the individual, taking into account, is there likely to be children that could gain access to a firearm." (Killoy:244)

42) **Retail salesperson purchases program conducted through FFL.** Regarding firearms purchased through retail salesperson purchase program: "that would be transacted through the FFL that we worked for so that even though it was a purchase from Smith & Wesson, it would actually be transferred in accordance with the laws of that FFL, whatever state or city they were in." (Killoy:267)

43) **They make information available to their staff and engage in role playing.** "we try to make all that information available to those individuals and train them, use role-playing techniques, and make sure that we have the best trained staff possible on those retail counters." (Killoy:495)

44) **Standards are set.** Q. Do you believe that the

manufacturers could set standards to help define, for example, straw purchasing for retailers? ... A. ... the standards are set (Hass: : 52-53)

45) **Reporting of sales would not work.** Q. Do you believe that the manufacturers could require distributors and dealers to report to them on a regular basis by name, model and serial number the manufacturers' firearms they have sold? ... A. I doubt that would work. (Hass: : 64)

46) **Consideration and testing of UPC code process.** Smith & Wesson is considering using a software package that scans the UPC code of a product to track the product, serial numbers, sales, and consumers in an electronic format. Testing software at S&W factory stores. (Pluff: 21)

47) **Coop funds for inventory tracking software purchase by dealers.** Will allow S&W dealers to use co-op (advertising) funds to offset cost of inventory tracking software. (Pluff: 25)

48) **In process of training program for dealers.** Under Smith & Wesson settlement agreement, S&W are in the process of developing training program for dealers which would include either a video or NSSF training. Training includes Don't Lie for the Other Guy, sales techniques, what to/not to look for. (Pluff: 31-32)

49) **Dealer training syllabus has been prepared.** Have a dealer training syllabus prepared but do not have a CD or video ready. (Pluff: 33)

50) **Consumer training video is complete.** A consumer training video is complete and has been approved but has not been distributed. (Pluff: 33)

51) **Database that allows tracking of dealers.** Installed Telemagic database, a contact management database that allows Pluff to track the stocking dealers (including FFL numbers & expiration dates) with which they do business. (Pluff: 123)

52) **Factory reps went to store for promotion.** Factory reps were sent out to retail outlets as part of a promotion, however, were not allowed to assist in the direct sale of the firearm, communicated with store manager the degree to which they were to assist with answering questions. (Pluff: 146)

53) **Factory reps went through training for instore promotion.** Factory reps that were sent out for promotion were required to go through training. (Pluff: 155)

54) **No training to nonstocking dealers.** Does not provide any training to non-stocking dealers. (Pluff: 169)

55) **Training video on consumer safety.** Editing stage (Killoy 194)

56) **Strategic plans** to enhance management of sales and

promotional efforts and EDI and dealer support (Killoy 234)

57) **Training feasibility.** Feasibility of SW starting training - looked at resources, but felt reaction to HUD agreement created feeling of betrayal in relation to SW and 4th amendment (Killoy 297)

58) **Training through video.** Video training in final stages after being developed, scripted, produced and edited...for consumers (Killoy 300)

59) **SW Stocking Dealer Code of Responsible Business Practices.** ... purpose to delineate requirements to become stocking dealer... solicit pledge to follow items contained.. distributed by mail or handed out.. follow up process.. tracked to see who signed it... some refused to sign, but were distributors were not instructed to not deal with them... nothing else... objections were generally to control and shifting of responsibility... stocking dealers should not be a problem in complying with requirements... others would have trouble given non storefront (Killoy 405-414)

60) **Training through video.** Had considered video training and print materials, but not implemented (Killoy 292 - 4)

61) **Training as industry approach.** Views industry wide training as best approach (Killoy 296)

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Make sure all aspects of our business conducted at highest level, not just legally.** "We just make sure that all aspects of our business are conducted at the highest level, not only legally, but just what I call moral, ethical standards." (Killoy:20)

2) **Do not know if distributor sell to unauthorized distributor unless violation brought to our attention.** Q. How would a S&W wholesaler know that another wholesaler – how would they know whether they were a S&W wholesaler? A. We publish a list of S&W wholesalers Q. How do you know whether your wholesalers are complying with that? A. We don't unless a violation of our contract is brought to our attention (Killoy: 90)

3) **Violations of distributor contract revealed through another wholesaler.** Violations of the distributor contract could be revealed "from another wholesaler or one of our salespeople or we could see it in somebody else's advertisement." (Killoy:90)

4) **Employees in their stores would report violations to manager.** "If there was a violation or any suspicion that was ever raised to any Smith & Wesson employee,

I know that they would report it to the appropriate store manager or to our management chain." (Killoy: 102)

5) **Field employee in national account would report to manager if they witnessed something.** "A Smith & Wesson employee in the field at a national account that witnessed something [illegal] would certainly bring it to the store manager's attention." (Killoy: 103)

6) **After learning of dealer involved/charged crimes told people who sold to them to not sell.** After learning of dealers that were involved and charged with firearms-related activity or crimes, Smith & Wesson sent a letter to their distributors and to the dealers involved instructing their distributors not to sell to those dealers: "We didn't sell them direct so we told the people that sell our products not to sell them."(Killoy:130)

7) **Reports by sales managers sometimes.** "Sometimes when we've had managers go out… he's stop in and visit three of our stocking dealers and might write up a short report about who he talked to and how things were and what the condition of the business was." (Killoy:262)

8) **Require documentation for incentives based on quantity.** "If we had a promotion that entailed an incentive to a distributor salesperson… that was based on the number of firearms sold during a given period, we would require documentation from the distributor to substantiate that." (Killoy:270)

9) **If salespeople observed illegal activity would report.** A. I'm sure if they [salespeople] observed one – an illegal activity – they would report it or take action. (Killoy: 338)

10) **Monitor of catalogs for sales.** "If I were to observe in the Ellett Brothers catalogue that they had a page of new Smith & Wesson for sale, I would endeavor to find out where they were buying the new Smith & Wesson from, because it's not me." (Killoy:339)

11) **Would ask sales reps to visit stores to determine if out of business.** Q. Would you ask any of your sales representative to either – either manufacturing reps or internal sales representative – to visit the stores to determine whether he was out of business? A. Typically, yes. (Killoy: 423)

12) **Never asked ATF to identify dealers who had inventory problems.** Q. Has Smith & Wesson ever asked ATF to identify dealers that it might be aware of who have had inventory problems? A. I'm not aware of whether we have or not. Q. Or whether there are dealers out there that can't account for their inventory? A. Again, I'm not aware that we've ever asked that of ATF. (Killoy: 456)

13) **Ask for current FFL and send out notices when expires.** "We ask them for current FFLs. Whenever theirs expire, we automatically send out requests for renewal notices." (Killoy:509)
14) **Control and methods of control of distribution.** If you mean implement... reports of sales expenses, distributor value, internal budgets, watching competition... watch effectiveness and cost effective (Killoy 93)
15) **Monitoring.** No instruction of sales reps monitoring dealers... they know the people they do business with. If ethical breach then no longer do business (Killoy 336)
16) **Monitoring.** If sales force or mfg reps became aware of illegal activity they would report or if they read it in the newspaper (Killoy 338)
17) **Supervising and monitoring of distribution chain.** Very frequently for conformance to law. (Hass 44-45)
18) **Ability of mfgs to oversee retail level.** Not total control, no (Hass 51)
19) **Monitoring of distribution.** Valid FFLs (Scott 95-96)
20) **Market Monitor.** Provided a retail market share estimation (Scott 166)
21) **SW Stocking Dealer Code**... terminated dealers... not followed up to determine if distributors stopped selling product.... the dealer had signed the code of responsibility (Killoy 440-443)
22) **Dealers**. Cannot identify all of the dealers that they have shipped to directly... difficult (Killoy 153)
23) **No transfer prior to NICS notification.** Not a requirement (Scott 98-99)
24) **Any requirements that SW could require of distributors.** Can't sell to other distributors. (Scott 122)
25) **Any requirements that SW could require of dealers.** We can't control third parties. No
26) **What can SW control.** Things we can put in a box, can supply things to dealers. Brochures... things we can put in our gun box that our product is in. Warning. (Scott 124-4)
27) **Infrequent monitoring and supervising with respect to complying with laws.** Q. Did you [Smith & Wesson] supervise and monitor with respect to identifying distributors or retailers who may not be adhering to federal, state or local laws? A. Very infrequently. (Hass: : 44-45)
28) **Could impose conditions and requirements on distributors.** Q. Do you believe that the manufacturers can impose conditions and requirements on their distributors? ... A. To some

extent and as a group. (Hass: : 61)

29) **Monitoring of internet for news on dealer violations.** Pluff scans internet news for articles on dealer firearm violations. (Pluff: 183)

30) **Sales reps visit stocking dealers periodically and enforce code.** Stocking dealer code is enforced by sales reps periodically visiting dealer. (Pluff: 206)

31) **Overseeing stocking gun dealer program.** Correspondence, keeping track of dealers on program, dealer training. (Pluff 8)

32) **What can SW control.** Things we can put in a box, can supply things to dealers. Brochures... things we can put in our gun box that our product is in. Warning. (Scott 124-4)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Distributors (but not buying group) instructed not to sell to dealers charged with crime.** Q. You said you instructed your distributors not to sell to those dealers [who were charged with firearms-related crimes]? A. ... I know we sent a letter to our distributors as well as a letter to the dealers involved. ... We didn't sell them direct so we told the people that sell our products not to sell them. (Killoy: 130) Q. Did you inform the individual retailer members of the buying group not to resell to these dealers? A. No. (Killoy: 133)

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **Coordinated security system availability to dealer.** Worked out a deal with ILC to provide security systems to S & W's dealers at a discount upon request. (Pluff: 55)

2) **Coop funds used for purchase of security system.** Allowed dealers to use their co-op (advertising) funds to help pay for installation of a security system. (Pluff: 57)

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Dealers in lawsuit would be dropped from stocking dealer list.** "If there was a dealer lawsuit or an FFL were notified or terminated... They would just be dropped from our stocking dealer list." (Killoy: 135)

2) **If I felt someone unethical I would terminate.** A. I don't' think ethics is a gray area. If I find someone just

I felt in my gut that they were being unethical in their dealings with me or my company, I would terminate them in a minute. (Killoy: 327-328)

3) **Termination on breach of agreement.** Q. Turning to paragraph twelve of the two agreements, ... It also says, "Smith & Wesson may terminate this agreement immediately by giving thirty days written notice to the other party and, provided further, that Smith & Wesson may terminate this agreement immediately by giving written notice of termination if any of the following happen: A, a breach ... B, a change in the business ... C, distributor has failed to provide any financial statements as required by Section 2(c). (Killoy: 347-348)

4) **Stocking dealer who refused to sign code dropped from list.** Q. If a stocking dealer refused to sign the stocking dealer code, what would happen? (Killoy: 407) A.... I believe we dropped them from the list (Killoy: 407)

5) **Deleting dealer after conviction of crime.** A. PJP is Paul Pluff ... deleting this dealer from our stocking dealer list because we were made aware that he was convicted on federal firearms violations ... (Killoy: 422)

6) **Notification of law enforcement prior to firing.** "We would probably contact law enforcement first to ensure we didn't fire him and have him skip town before we informed law enforcement." (Killoy: 436)

7) **Example of instructions to drop dealer who was under indictment.** "Then the next item is an entry from the Telemagic system with a note from Paul Pluff on 6/01/2000 saying, drop this dealer; dealer under indictment by Virginia State Police for a class six felony, parenthesis, improper firearms transfer charges." (Killoy:440)

8) **Termination of dealers with too many traces.** Consideration of terminating. Not that I am aware of. (Scott 47)

9) **Dealers dropped for being engaged in illegal activity.** Also going out of business, limited hours and not convenient (Killoy 128) Dropped 4-5 dealers in Chicago for illegal activity learned from newspaper (Killoy 128). Stopped selling to them. Some question of whether other SW dealers could then in turn sell to them (Killoy 130)

10) **Termination of distributor.** Distributor termination based on "ethically and accordance with law"... not that aware of except for Canadian who violated export laws

11) **Termination.** Never terminated for breach, change in business or failure to provide financial statements (Killoy 348)

12) **Termination.** Have terminated based on determination to go with fewer distributors (Killoy 349)

13) **Termination.** Only one aware of for cause (Killoy 350)

14) **Dealers refusing to sign Code of responsibility.** 500-600 dealers. Not on our current stocking dealer list. Dropped if did not sign. Did not sign because advised by attorney, felt it was infringing, SW could not dictate. View that if they did not agree to follow the law did not mean they would not follow the law. Dropped because we deemed them non wanting to build a relationship with SW. Did not stop them from selling because they could obtain from distributors. (Pluff 191-195)

15) **Termination of distributors.** For business reasons. A number 144)

16) **Dealer termination.** Others beyond Chicago. No. (Scott 165)

17) **Refusing to sell to indicted dealers.** Based on information they gathered they decided to do this [even though they suggest that indictment doesn't mean illegal]. Media reports. Sale reps stated. Have not been approved for sale yet. Have not been informed they were cleared. But if they were cleared on a technicality, we would not sell because there would still be a shadow of doubt whether they were following the law on how they transact business. Sent letter of notification to distributors and advised them not to sell. Have not followed up however, but sales reps have not reported back. We also sent letter to dealers and our field salesforce had stopped relationships. Not visited since. Dealers would also alert us if they were now selling (Pluff 174-183)

18) Dealer terminated upon indictment. (Scott 29-30)

19) **Could cut of retailer from selling a specific gun.** A. ... if they're interested in the high proportion of traces and interested in what is going on and if it continues to persist, the company could cut off the retailer from selling a specific – that company's gun. (Hass: : 44)

20) **Termination based on media reports and input from sales rep on trafficking.** S&W would not sell to a Chicago dealer who was involved with illegal firearms trafficking, based on media reports and input from local sales reps. (Pluff: 175-76)

21) **Dealers dropped who do not sign code.** Dealers that did not sign the Code of Responsible Business Practices are dropped from the stocking dealer list. (Pluff: 192)

22) **SW Stocking Dealer Code**... terminated dealers... not followed up to determine if distributors stopped selling product.... the dealer had signed the code of

responsibility (Killoy 440-443)

(3) **Other**

1 **Trademark dealers.** Contemplated but not implemented. (Scott 177)

2 **Distributor contract language**... ethically and in accordance with laws... we expect our distributors to be good and reputable business partners... pay their bills, honest... examples of not are all marketing based.... (Killoy 318+)

3 **Distributor contract language** ... ethically and accordance with laws... innocent until proven guilty... if not revoked FFL then I think it would be presumptuous to assume guilt....(Killoy 320+)

4 **Distributor contract language**... ethically and accordance with laws... if new of straw purchase through information but not held legally would not... if found insufficient reason to prosecute SW would not do anything (Killoy 325-329)

5 **Distributor contract language** .. "financial and competitive capabilities.. sound business practices defined as (Killoy 332)

6 **Contract language.** Shipping by distributor to non contracted distributor .. observe through catalog if other distributor carrying... cannot recall breach of this provision (Killoy 338-9)

7 **Contract language.** Adhere to SW sales policy..... never issued sales policy (Killoy 340)

8 **New draft contract.** "Distributor restrict sales .. to those persons or dealers lawfully authorized to purchase."..... cannot interpret. Does not know what it means (Killoy 368)

9 **Incentive abuse through sales to other dealers or wholesalers.** Someone other than a retail sale is prohibited in programs... some sales to other dealers by stocking dealers to nonstocking dealers .. as long as it was a legitimate dealer e.g., FFL, legally doing business. Prior to paying they will ask for salesperson name, what they sole, when they sold so that we can verify (Killoy 278)

10 **Authorized dealer code new.** Revised (Pluff 88-91)

11 **If all manufacturers required dealers to sign a dealer code, would distributors sign.** Can't speculate. (Pluff 199-200)

12 **Walmart announced policy to not transfer sale until NICS notification - even if late.** SW no plans to alter policy. Cannot control dealers (Scott 100)

13 **Stocking gun and Top gun dealers.** More attention to Top Gun dealers. (Scott 184-5)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

(i) **Work hard with staff to insure knowledge of laws.** "We work very hard with our own staff to make sure they're aware of laws that impact them as it relates to firearms." (Killoy:20)

(ii) **Self education about gun trafficking.** Smith & Wesson educates themselves about gun trafficking by "being familiar with ATF laws, state laws, understanding and learning about straw purchases and how they can be watched for by our own staff." (Killoy:21)

(iii) **Information** - Clipping service. Clippings circulated to

executives, but not ATF publications (Killoy 18)

(iv) **Magazine** - catalog produced each year and provided to dealers and some times bundled with Shooting Times Magazine.

(v) **Excise tax tracking.** No get from government (Killoy 228)

(vi) **Training syllabus for SW own retail stores.** Training important because of lot of laws they need to be aware of. ... used ATF trainer... managers get first hand training and then train their store personnel.... not known if circulated outside of SW or with NSSF (Killoy 387-8)

(vii) **Operation sell more guns.** Program to make company personnel more aware f what the marketplace .. our concerns with our dealers and consumers. Ensure quality. PR program. Coordinate store events or promotions. Send factory personnel out and get familiar with dealers. Volunteers and training of factory individuals for e.g. sales associates. Set guidelines for these individuals for their visits. What not to do, how to deal with media and other. Only to stocking dealers. Not a direct sales call initiative. Involved over 100 dealers. 211 top gun accounts, 225 locations - not all included. Limited number of resources. Sales goals was a min of 50 guns per dealer. Road warrior personnel participating filled out reports.. a summary of how the event went. Basic safety training for employees who needed it. Sales effects not known.. Primary goal of program..no. Build relationships with our dealers and get our factory personnel more in tune. No bonuses or prizing for employees. Guns supplied directly to dealers and was unusual. To insure adequate inventory. . Other volunteers also participated. Possible goal to sell 60,000 additional guns. (Pluff 138-168)

(viii) **SW acquisition and disposition records.** Computerized and show shipments to AZ, CA and NV and includes models, dates shipped and which models shipped to which dealers. (Pluff 235-7)

(ix) **SW database.** Date of mfg, date of shipment, model, caliber, identity of person to whom gun transferred. (Hood 12)

(x) **Inventory tracking.** No requirement (Scott 92)

(xi) **Access to documents.** I don't believe we do (Scott 94)

(xii) **Employee training.** Awareness of legal requirements and how to handle guns. But not anyone else (Scott 97)

(xiii) **Employee testing and certification.** No for employees or anyone else (Scott 98)

(xiv) **Website.** We put safety rules. Links to other websites. Update. (Scott 123-4)

2 **Sales representatives**

(i) **Training of in house sales staff.** Training for in-house sales staff at SW stores - yes (Killoy 290)

(ii) **Training for sales field reps.** Sales people in field have not been trained - not recall , but have thought about it (Killoy 291)

(iii) **Training by sales field reps.** Effectiveness of salespeople in field for training, do not consider it the role and difficult but do visit stores regularly and provide training on weapons as best they can. (Killoy 292)

3 **Distributors**

(i) **Distributors do not inform of who they sell to.** Q. Do the distributors you sell through inform Smith & Wesson who they've sold Smith & Wesson guns to? A. No (Killoy: 81)

(ii) **Dealer sales.** Distributors protective of their sales so do not get that information (Scott 186)

(iii) **Information to distributors on SW compliance with law.** Provide information to distributors so they can understand that their products are in compliance with laws (Killoy 20)

(iv) **National accounts relationship**. Includes promotion and merchandising but do not call on daily basis. Reps do visit more than once a year (Killoy 77-78)

(v) **Distributor relationships**. Monthly visits (Killoy 78)

(vi) **Does not know all FFL that sell its guns**. Too many e.g., 70,000... do not have the ability to know the customers of our wholesalers (Killoy80-81)

(vii) **Distributors do not inform SW of FFL's they sell to.** Have asked for specific information at times to avoid distribution conflicts (Killoy 81-82)

(viii) **Distributor communication to dealers**. Flyers and catalogues, circulars, websites, invitation to visit, (Killoy 184)

(ix) No reliance on distributors to train dealers (Killoy 184)

(x) Some distributors visit and some rely on telemarketers, (Killoy 186)

(xi) Feedback from dealers and distributors does make it back to SW but informal and infrequent and on marketing and competitive topics(Killoy 186)

(xii) National account feedback from buyers or merchandise manager (Killoy 189)

(xiii) **Training videos**. Oriented toward products, and performance on products (Killoy 194)

(xiv) **Information on application asking for number of guns sold** - probably not provided and asked for marketing purposes (Killoy 200)

(xv) **Warranty card database**. One million names (Killoy 227)

(xvi) **Warranty card reports include gender, age, demographic data and mailing list**. Can use to contact prior customers for promotion and followup questionnaire - not participating as fully in it (Killoy 238)

(xvii) Scout report based on consumer panel tracking different channels and trends (Killoy 239-240)

(xviii) **Questionnaire and telephone surveys.** We would take warranty card information and phone them in down time...questions about do you read Guns and Ammo.. could have instituted questions regarding anything in terms of marketing or good taste .. but has not asked questions about safe storage (Killoy 244)

(xix) **Sales information.** Our distributors are required to submit to us on a monthly basis, a report of unit sales by state... used to pay commissions to reps and ascertain performance for salespeople... some by model some by SKU (Killoy 250).

(xx) **Inventory information.** We also gent on an as needed or as requested basis, inventory data.. how many SW in stock at distributor level. (Killoy 251)

(xxi) **Financial information.** Annually we get requests from tem to get financials... fiscal year close (Killoy 252)

(xxii) **Business information.** I constantly talk to distributors and ask how is business (Killoy 252)

(xxiii) **Analysis of information from distributors.** Put into excel sheet. (Killoy 254)

(xxiv) **Promotional program notification**. By fax, by mail, by advertising in the case of dealers in trade magazines, magazines and POS material and ad slicks (Killoy 254)

(xxv) **Operation sell guns promotion.** Two objectives, increase sales and drive home importance of quality, timely delivery, understand retail ... send out a staff person working on an in-store promotion at a dealer location.. training to these staff in terms of product familiarization, updating on programs, structure, education on product line... but no training on straw purchase (Killoy 264)

(xxvi) **Documentation of sales for programs.** Required for incentive programs. Some kind of data. Possibly down to the dealer level . If a store level promotion they would ask for that documentation from the store ... substantiate serial numbers through cross checking .. but not check which distributor it went through (Killoy 270-274)

(xxvii) **Contract language.** Provide sales and ... reports...have asked for inventory amounts and names and numbers of sales people so we can follow up with them ... distributors have never refused requests for information (Killoy 340)

(xxviii) **Communications between mfg and distributor.** Daily and constant at many different levels... orders, sales, credit. There is a constant discussion across the breadth of mfg and distributor (Hass 65-6)

(xxix) **Visits of mfg to distributors.** Yes and for reasons of sales and customer service related reasons. (Hass 66)

(xxx) **Distributor directory.** Distributed at SHOT show to dealers that came to booth. All that they had contracts with in 1998. (Pluff 221-222)

(xxxi) **Distributors reports of guns sold.** On a monthly basis and by state. Not models, depends. Some distributors could if sophisticated enough to be able to sort and have data. (Pluff 242-244)

(xxxii) **Work hard to provide information on laws.** "We work very hard to be in compliance with [certain states'] laws and make sure we provide information to our dealers and distributors so they can understand which of our firearms are in compliance with those particular state laws to facilitate their business and eliminate confusion regarding our product

line." (Killoy:21)

(xxxiii) **Authorized distributor list is published and distributed.** Smith & Wesson publishes and circulates a list of all of their wholesalers, which is available to all of their dealers and distributors so wholesalers know other wholesalers are Smith & Wesson wholesalers. (Killoy:90)

(xxxiv) **Distributor versus dealer training.** Would have approached distributors and dealers applying different training approaches... reconsidered (Killoy 302)

(xxxv) **Belief that mfgs could require distributers and dealers to report name, model and serial number of guns sold.** I doubt that would work. None of mfgs business. BUT although in some cases sales personnel do review distributor's FFL books. ... in relation to pricing.. and could be done for tracing. (Hass 64-5)

(xxxvi) **Communications by mfg to distributor or dealers regarding traces.** No (Hass 74)

(xxxvii) **Could mfgs communicate to distributors and dealers the issue of unauthorized access.** Yes. None of this is a mystery to me. (Hass 76) Knowledge exists about unauthorized access and don't need to communicate (Hass 76-77)

(xxxviii) **Dealer and distributor contact.** Determine if gun shipped. (Hood 24)

4 **Dealers**

(i) **Do know stocking dealers.** Regional sales managers have to sign off on their application and have visited... more than once a year typically (Killoy 83)

(ii) **Marketing training of FFLs.** ... national and independent accounts on features and benefits of products. Overview of product lines competitive positioning, explaining support provided, assistance, instore promotion

(iii) **Stocking gun dealer seminars** - marketing, but no longer providing. Review of product, programs, POS, ad programs and opportunity to fire the products (Killoy 137)

(iv) **Information**. Dealer database "Telemagic" software could be supplemented with additional information. Keeps list of name, address, phone, fax, catalogue receipt, any complaints for sales rep... contact management tool that could be supplemented with additional information (Killoy 139)

(v) **Information**. Dealer contact through database contact management, phone, voice mail, fax (Killoy 140)

(vi) **List maintained by SW**. stocking gun dealers (includes buying groups), distributors, yellow page lists or ATF list, national accounts, (Killoy 152)

(vii) **Dealers**. Cannot identify all of the dealers that they have shipped to directly... difficult (Killoy 153)

(viii) **Stocking dealers applications**... suppose to visit store to see how product is merchandised, treatment of customers, market presence, are they a good source of guns (Killoy 179)

(ix) **Training.** Stocking dealer some training prior to signing up (Killoy 181)

(x) **Stocking Dealer Program seminars.** Planned to offer twelve, had offered five, but not sure ever received any (Killoy 192)

(xi) **Dealer information on their sales of guns** - could ask dealer (Killoy 201)

(xii) **Dealer information through email/computers asked for on application - asked for purposes of marketing too latter through email, clip art etc.** Email used since 96, 96, 97. Do communicate with other firms in industry now including other manufacturers, law enforcement. Trying to create database of stocking gun dealers and have emailed buying group members. Distributors also including RSR (Killoy 202 - 207)

(xiii) **Visits to stocking dealers.** Try to visit as many as possible as a policy (Killoy 209)

(xiv) **Tracking sales by computer versus bound book.** Have MIS staff do a query to sort our shipments by units by state for those periods,...because of concerns over computer problems many dealers are reluctant to give up their ways of processing a 4473 (Killoy 248-249)

(xv) **Questionnaires to retailers.** Questionnaire to retailers on occasion and to our stocking dealers mainly use phone or written (Killoy 307-8)

(xvi) **Market monitor information.** Market Monitor data provided was retail audit of market share by units sold at retail and average unit selling price... dealers filing out form of sales by caliber ... mail or give to MM rep... using sampling approach ten dealers in 20 markets or 20 in ten... some dealers chose not to participate (Killoy 316)

(xvii) **Concept of dealer training academy at one time...** never got off the ground (Killoy 375)

(xviii) Browning had a dealer training program (Killoy 376)

(xix) **Dealer training concept.** Felt NSSF better versus manufacturers, but never did anything to encourage ... could not recall... more effective by NSSF because dealers did not like SW.. because of HUD agreement... training to recognize straw purchase ... not sure on how extensive of reach .. whether all or just stocking dealers..... tied to Boston and HUD agreements... ... not known if submitted/passed on idea to NSSF (Killoy 384-6)

(xx) **SW Stocking Dealer Code of Respon....** keep list but only indicate if signed or not... no separate list... drop from stocking dealer list if do not sign... only 4 or 5 that did not sign that SW tried to make sure they did not receive any SW product .... letter sent to them indicating they were dropped from the stocking dealer program and directed not to be sold any additional product (Killoy 435-7)

(xxi) **Visits of mfgs to retailers.** Yes and for reasons of sales, customer service (Hass 67)

(xxii) **Mfg communication to retailers.** To some extent, certainly not 100 percent to all FFLs. Retailer mailing list, (Hass 67-68)

(xxiii) **Dealer training seminars. Product review.** Teach dealers on product information. Dozen or so that he participated in.(Pluff 8-9)

(xxiv) **Dealer retail sales associate training.** No training offered yet. (Pluff 34-35)

(xxv) **Stocking dealer letter.** To 2500. Indicating SW would publish a revised code. Never done. (Pluff 61-63)

(xxvi) **List of nonstocking dealers.** Periodically purchase list and yellow page program that allows us to separate. 12,000 dealers from yellow pages. Code in yellow pages allows identification of dealers. (Pluff 64-65)

(xxvii) **Circulation of draft code of responsibility.** Some changes after circulation (Pluff 118)

(xxviii) **Telemagic database.** Purpose of allowing SW to track stocking dealers and maintain information, mailing list. Maintain notes to dealers, see activities of dealer on day to day basis. Name, address, phone numbers, base, key contacts, FFL number and expiration. Potential handgun volume, best selling gun, distributors,. Less than 50% of dealers are on. Some consider the information privileged but speculation. They know information being kept. Could add additional fields of information. Can manipulate database for analysis. Previously analyzed who signed the revised code of responsibility. Notes taken and entered in order to keep track day to day so salesforce better able to meet and be prepared for dealer. Laptops provided to some salesforce so they can remotely access database. National accounts and stocking dealers listed. We only have day to day communication with these dealers. (Pluff 122-128, 130-136)

(xxix) **Dealers out of business.** How find out. Regional sales rep. Course of communications. (Pluff 129)

(xxx) **How validate that dealer is following code.** Strictly through periodic visits by our sale reps and them visiting (Pluff 206)

(xxxi) **Telemagic database printout and deletion of convicted dealer.** Alerted by sales rep (Pluff 208-9)

(xxxii) **Database of dealers prior to telemagic.** Database in existence as far back as 1985. Printout with zip code, current dealers. (Pluff 223-4)

(xxxiii) **Could a training syllabus like one for SW stores be prepared for stocking dealers.** Yes. (Pluff 246)

(xxxiv) **Supplying to dealers.** Product information, new product announcements, coop materials. (Scott 124)

(xxxv) **Additional materials that could be given to dealers - training materials.** Not that comes to mind (Scott 125)

(xxxvi) **Purpose of supplying dealers.** For purposes of running business and supplying necessary information to run business. Some safety purpose also (Scott 126-127)

(xxxvii) **Stocking dealer seminars.** Familiarization with our products. How to promote. Tools available (Scott 176)

(xxxviii) **Urge distributor contact with dealers.** Not aware of

formal requirement. . I had offered in conversation that I thought important. Build relationships. Manifest through visit to dealer (Scott 178-9)

(xxxix) **Distributor visits to dealers.** Course of year all visited I believe. Helps to create a complete relationship. (Scott 179)

(xl) **Dealer sales.** Distributors protective of their sales so do not get that information (Scott 186)

(xli) **Work hard to provide information on laws.** "We work very hard to be in compliance with [certain states'] laws and make sure we provide information to our dealers and distributors so they can understand which of our firearms are in compliance with those particular state laws to facilitate their business and eliminate confusion regarding our product line." (Killoy:21)

(xlii) **Authorized distributor list is published and distributed.** Smith & Wesson publishes and circulates a list of all of their wholesalers, which is available to all of their dealers and distributors so wholesalers know other wholesalers are Smith & Wesson wholesalers. (Killoy:90)

(xliii) **Distributor versus dealer training.** Would have approached distributors and dealers applying different training approaches... reconsidered (Killoy 302)

(xliv) **Belief that mfgs could require distributers and dealers to report name, model and serial number of guns sold.** I doubt that would work. None of mfgs business. BUT although in some cases sales personnel do review distributor's FFL books. ... in relation to pricing.. and could be done for tracing. (Hass 64-5)

(xlv) **Communications by mfg to distributor or dealers regarding traces.** No (Hass 74)

(xlvi) **Could mfgs communicate to distributors and dealers the issue of unauthorized access.** Yes. None of this is a mystery to me. (Hass 76) Knowledge exists about unauthorized access and don't need to communicate (Hass 76-77)

(xlvii) **Dealer and distributor contact.** Determine if gun shipped. (Hood 24)

5 **Trade Associations**

(i) **Codes by trade associations.** Not known or recall (Killoy 415-6)

6 **Other**

(i) **Stores of buying groups relationships.** Yes visit stores, but not certain if all... more than once a year (Killoy 79)

(ii) **Do know FFLs that are sold through buying groups.** Given they write order directly (Killoy 83)

(iii) **Buying group feedback** - no (Killoy 189)

(iv) **Focus groups.** Never any fixed schedule. He attended two and new of two others (Killoy 193)

(v) Smith and Wesson Academy training for law enforcement, consumers, civilian training, concealed permit carriers... for 25 years (Killoy 379+)

(vi) **Training academy for law enforcement instructions...** apparently being modified to apply to dealers for sporting or for SW stores (Killoy 393-6)

(vii) **Internet training for law enforcement and other.** Sniper schools, armorer school, advanced pistol... but not training unrelated to law enforcement (Killoy 399-400)

(viii) **Codes by other manufacturers.** Possible Glock (Killoy 415)

(ix) **Purchaser education.** Only as required by law. (Scott 102)

(2) **Trace/ATF related**

1 **Work with ATF.** "We work very hard with the ATF and organizations like the Firearms and Tool mark Examiners group to help education new agents of the ATF, the new firearms and tool mark examiners." (Killoy: 19)

2 **Reach out to ATF to participate in tracing programs.** "We reach out to the ATF locally and nationally to participate in some of their tracing programs as well as at the local level, do anything we can to assist in tours of our facility for ATF training purposes. (Killoy: 19)

3 **Cooperate and work with ATF.** Smith & Wesson cooperates "with law enforcement at every juncture on trace requests" and works "with ATF and firearms and too mark examiners to assist not only with current traces but traces of very old firearms to educate their agents and their officers in how to identify old firearms before computerized records, when manual records were kept. (Killoy: 21-22)

4 **Nothing aware of that SW has done to find out if its FFL's have sold guns traced to crime.** Q. ... What has Smith & Wesson done to find out if it's FFLs have sold guns traced to crime? A. I'm not aware of what we may have done or if we could have done anything to do that reverse trace, if you will. (Killoy: 510)

5 **Attempt to obtain tracing data back from ATF viewed as prohibited by law from doing.** Q. Do you know whether Smith & Wesson has ever tried to obtain tracing data back from ATF? ... A. It is my understanding that ATF is prohibited by law from disclosing that information. (Killoy: 517)

6 **FFL EZ check used to verify stocking dealer FFL validity.** "We use ATF's FFL eZ Check system to verify the validity of our stocking dealer database." (Killoy:509)

7 **ATF staffing adequacy to carry out its role.** Not my expertise.. don't know if they have expressed that they do not have sufficient staff. (Killoy 499)

8 **ATF license suspension.** How many? Don't know (Pluff 54-55)

9 **ATF reports.** Not until yesterday and not seen others (Hood 18)

10 **ACCESS 2000.** Participant since 1999. Can use to see which guns are being traced. Yes. Never done. Never asked. (Hood 57-58)

11 **ACCESS 2000.** Since inceptions (Scott 40)

12 **Working with law enforcement.** ACCESS 2000 and cooperate (Scott 129)

13 **Actions to be taken with retailer that has an unusually high number of traces.** At a minimum the companies could, should cut off the retailer from selling that company's gun (Hass 43-44)

14 **EZ check.** ATF website and cross check FFL number to see if valid. Prior to shipping SW internally checks this and attach copy to invoices

(Pluff 202-203)

15 **Involvement in traces.** Cooperate (Scott 37)

16 **If mfg aware that a retailer had a high proportion of traces is it appropriate to wait for ATF to prosecute before mfg looks into the dealers business practice.** Yes, I think they should move to cut them off .... work with distributor (Hass 75-6)

17 **Trace requests and whether SW could have taken additional steps.** Yes could have. An analysis of traces by distributor and retailer where we had the information on the retailers... nothing really formal... we were aware of the big hitters e.g. distributors... SW could have derived information about retailers from the distributors FFL records. It was done but not in relation to determining if a particular retailer had a higher than usual number of traces (Hass 40-43)

18 **What is indicated by a higher than normal number of traces.** If pattern persists for any significant length of time, it to me indicates a presumption that the retailer is not... may not be adhering to ... law (Hass 42-43)

19 **SW effort to identify or investigate retailers associated with significant number of traces.** No (Hass 45-6)

20 **Could SW identify retailers associated with significant number of traces.** I think that the companies.. certainly the larger ones, would be able to execute and administer some method of identifying those distributors and retailers with an abnormal number of traces... I'm sure that could be developed (Hass 46-7)

21 **Trace requests.** ATF would fax to us on a daily basis one or more serial numbers for which they needed trace information. We would access the information on the computer or go to the manually entered bound books, complete the faxed form and fax it back. Sometimes would get telephone urgent. (Hood 51-52)

22 **Trace request records kept.** 2 to 3 years ago started keeping. (Hood 52-53)

23 **Trace requests analysis.** No followup to see what distributor sold. No. (Hood 52-53)

24 **Request for aggregate tracing data from ATF.** No. (Hood 52-3)

25 **Trace requests analysis.** One year period review of model, destination state, recipient and caliber. 2000. To president of company. Simple excel spreadsheet. . Four days. . No conclusions drawn. If asked for last years data, I could provide. (Hood 53-55)

26 **Trace request.** Cooperate. Don't know how many. (Scott 39)

27 **Trace analysis.** No. We are not privy to purpose of trace request so could be for legitimate purposes not crime. (Scott 40-41)

28 **Trace utility in sounder and safer businesses.** I don't believe so. (Scott 40-41)

29 **Interest in 10 or 1000 traces.** Not useful. (Scott 42)

30 **Trace requests.** Yes (Scott 96)

31 **Reporting of tracing information could be done.** Q. Could they do it [report sales to manufacturers on a regular basis] related to tracing information? ... A. Yes ... on an industry-wide basis. (Hass: : 65)

32 **Trace requests analysis could have been done.** Q. Do you believe that they could have taken additional action with respect to those [trace] requests? A. I believe that ... an analysis of traces by distributor and

retailer where we had the information on retailers. ... The companies could have derived this information form the distributor's FFL records. ... It was done at times when there were cross-overs between the law enforcement and sporting goods ends of the business which caused disputes, but not in relationship to determining if particular retailers had a higher than usual average – higher than usual number of traces. (Hass: : 41-42)

33 **No effort to identify retailers with significant traces.** Q. ... did Smith & Wesson make any effort to identify retailers who were associated with a significant number of traces? A. No. (Hass: : 45-46)

34 **Could execute and administer some method of identifying distributors and dealers with abnormal amount of traces.** A. ... the companies, certainly, the larger ones, would be able to execute and administer some method of identifying, at the very least, identifying those distributors and retailers with an abnormal number of traces ... (Hass: : 47)

35 **No attempt to determine which distributors accounted for disproportionate traces.** Q. ... did Smith & Wesson make any attempt to determine which distributors accounted for a disproportionate number of trace requests? ... A. No. I'm not aware of any attempt to do that. (Hass: : 69)

36 **No attempt to determine which dealers accounted for disproportionate traces.** Q. Do you know if Smith & Wesson made any attempt to determine which dealers accounted for a disproportionate number of trace requests? ... A. No, they did not. (Hass: : 70)

37 **No attempt to determine geographic areas of disproportionate traces.** Q. Do you know whether Smith & Wesson attempted to determine what geographic areas accounted for a disproportionate number of trace requests? ... A. No. (Hass: : 72)

38 **No additional training to distributors or dealers because of number of trace requests.** Q. Do you know whether Smith & Wesson ... gave extra attention, training or supervision to any distributor or dealer because of the number of trace requests associated with them? ... A. No. ... we didn't have the data. (Hass: : 74)

39 **Could restrict sales to dealer with significant traces.** Q. Could the manufacturer take the initiative to restrict sales to a dealer associated with a significant number of traced firearms? ... A. That would have to be handled with a lot of legal help, but barring some final legal impediment, yes ... (Hass: : 75-76)

40 **Check of FFL on file.** On a day-to-day basis, prior to releasing an order, they must check to make sure a current FFL is on file. Also go to the ATF website to cross-check it against the FFL eZ Check. Paperwork check is kept on file. (Pluff: 202)

41 **Dealer who sold trace guns and SW to find out.** SW looks at degree of proportionality in terms of traces to guns sold... defers to ATF for them telling SW if something wrong.

42 Trace process and SW involvement. (Killoy 513-521)

43 **Sufficiency of criminal penalties and industry steps to address unlawful diversion.** I think the industry as a whole could be more active in analyzing the tracing of its guns and pinpointing those dealers who are involved in a significantly higher percentage of traces than the average (Hass 39-40)

44 **Did SW provide extra training, attention, supervision to dealer or distributor because of number of trace requests.** No.. didn't have the data. (Hass 74)

45 **Records clerk.** Recording of serial numbers and maintenance and responding to BATF trace requests (Hood 17)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Letter to Mr. Scott dated 1995.** Notes regarding thefts, guns in schools, smash and grab, 25 percent FFL storefront, strawman purchase is , juveniles through black market, trafficking is a critical area,, commerce guns dangerous commodity very unregulated versus pharmaceuticals, require degree pharmacist, insurance a big issue for dealers, produce a video, posters in stores, get ASSC, NSSF, SAAMI NRA endorsement in video. Alcohol industry has invested millions to discourage underage drinking and responsible driving.. federal funding, (Scott 58-69)

2 **Criminal and juvenile access.** Theft, none other that come to mind (Scott 26)

3 **Prevention of access.** Lawful manner of sale legally restricted channel. FFL (Scott 27)

4 **Could mfgs communicate to distributors and dealers the issue of unauthorized access.** Yes. None of this is a mystery to me. (Hass 76) Knowledge exists about unauthorized access and don't need to communicate (Hass 76-77)

5 **Did you market to criminals and not your intention or unlawful purposes.** No (Hass 91)

6 **Steps taken by SW to learn about FFL who have been indicted.** News sources. Not other (Scott 36)

7 **Ever attempt to find out if FFL has been cited for ATF violation, law enforcement, engage in irresponsible sales practices.** No (Scott 38)

8 **Work to limit diversion and access.** Worked with ATF, internal measures to package our firearms and address them in nondescript ways . (Killoy 491)

9 **Limitations on under 18 handling guns.** No requirement (Scott 93)

10 **Ability of mfgs to provide training to minimize illegal/unintended use.** Could assist in identifying people who are crossing the line (Hass 51-2)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Dropping dealers from stocking list because out of business or if involved in illegal activity.** Q. Why do you drop dealers from the [stocking dealer] list? A. Typically because they went out of business, change their store hours so maybe they are only open in the evenings and they are not convenient to refer people to. ... because we found out they were involved in illegal activity. (Killoy: 128)

2 **Turn down applications if lacking in storefront, advertising or does not maintain business hours.** Applications to be a stocking dealer have been turned down because "they'd be lacking one of the requirements – whether it be a storefront presence, whether it be advertising. They might not maintain regular business hours." (Killoy: 191)

3 **Distributor OK to sell to indicted dealer until criminally charged.** Q. If a distributor sold guns and continued to supply guns to a dealership

that had been indicted, would that be an ethical breach? ... A. If someone was indicted but the ATF had decided that he was innocent until proven guilty and had not revoked his Federal Firearms License then I think it would be presumptuous for someone to assume his guilt when the federal government has said it's okay for him to continue in business so I guess it would depend on the situation. (Killoy: 321-322)

4 **Part-time dealers**, without storefront, basement bandits, cellar dealers. Have FFL but no storefront. Not sold to directly, but no knowledge if sold to by distributors (Killoy 145)

5 Did not target part-time dealers given low volume, but not other considerations (Killoy 146-7)

6 **Strategic plan markets**. Legitimate storefront dealers... dealers who maintain a storefront (Killoy 230)

7 **SW Stocking Dealer Code of Responsible Business Practices**. ... purpose to delineate requirements to become stocking dealer... solicit pledge to follow items contained.. distributed by mail or handed out.. follow up process.. tracked to see who signed it... some refused to sign, but were distributors were not instructed to not deal with them... nothing else... objections were generally to control and shifting of responsibility... stocking dealers should not be a problem in complying with requirements... others would have trouble given non storefront (Killoy 405-414)

8 **Kitchen table deal.** Yes familiar with term (Hass 20)

9 **Kitchen table deals and criminals obtaining guns.** Yes (Hass 24)

10 **Kitchen table deals contribute to illegal market.** If illegal, yes (Hass 27)

11 **Mfg background check on distributors.** To some extent, certainly credit and general business reputation and other mfgs at minimum checked creditworthiness (Hass 68).

12 **Mfg background check on retailers.** No. (Hass 69)

13 **Sufficiency of criminal penalties and industry steps to address unlawful diversion.** I think the industry as a whole could be more active in analyzing the tracing of its guns and pinpointing those dealers who are involved in a significantly higher percentage of traces than the average (Hass 39-40)

14 **Illegitimacy to say that mfgs have no obligation to oversee because we sell to distributors and why.** No. Not sufficient. The nature of the problem demands that its distribution be handled in such a way as to minimize illegal and unintended use... Because the product can be used in a dangerous manner. Belief that industry could have taken steps. But can never wipe out totally (Hass 50)

15 **Policy to refuse to sell to dealer under indictment.** No but has unwritten policy to not condone illegal sales. Indictment doesn't mean illegal. (Pluff 174)

16 **Proof of storefront**. Must have proof of storefront. (Pluff: 202)

17 **Forego sale if under indictment.** Not selling to anyone indicted... but policy is valid FFL and indictment may not indicate crime. (Scott 101-2)

18 **Distributor sales to nonauthorized distributors.** No sales to unauthorized distributors (Scott 102-3)

(3) **Gun show sales**

1 **No distributor sales at gun shows.** In distributor agreement:

Distributors shall not, directly or indirectly, sell new products at "gun shows." (Killoy:341-342)

2 **Concern for sales at gun shows without background checks...** not within purview of SW (Killoy 345)

3 **Contract language.** Distributor shall not sell at gun shows... no table at gun show.. does not apply to dealers... reason for clause is so distributors do not compete with retailers (Killoy 342)

4 **Gun show sales and access by criminals to guns.** Yes. (Hass 25-26)

5 **Illegal gun shows contribute to illegal market.** If illegal yes (Hass 27)

6 **Sales at gun shows.** We have preclusion that distributors not to sell at gun shows. Not apply to dealers. (Scott)

(4) **Thefts / Losses**

1 **Letter to Mr. Scott dated 1995.** Notes regarding thefts, guns in schools, smash and grab, 25 percent FFL storefront, strawman purchase is , juveniles through black market, trafficking is a critical area,, commerce guns dangerous commodity very unregulated versus pharmaceuticals, require degree pharmacist, insurance a big issue for dealers, produce a video, posters in stores, get ASSC, NSSF, SAAMI NRA endorsement in video. Alcohol industry has invested millions to discourage underage drinking and responsible driving.. federal funding, (Scott 58-69)

2 **No minimum security recommended to dealers**. Q. Is there any minimum security that Smith & Wesson recommends to the stocking dealers? A. No. (Killoy: 182)

3 **Don't know if asked stocking dealers whether guns stolen from them during business hours**. Q. Has Smith & Wesson ever asked any of its stocking dealers whether such thefts [guns have been stolen from display cases or peg racks from premises during business hours] have occurred? A. I don't know. (Killoy: 460)

4 **Sales reps do not evaluate stores when they visit for security, but could if trained**. Q. When your sales representatives visit stores, do they make any evaluation of the store security system? A. Not necessarily. Q. Could they do so? A. If they were trained as security experts as opposed to salesmen, they might be able to, but it's currently not in the skill set they have. (Killoy: 460-461)

5 **Shell casing packaging**. "Smith & Wesson is already packaging the fire shell casing with each firearm specifically to meet the requirements for the states of Maryland and New York." (Killoy:487)

6 **Clerk theft would not blame dealer**. A. ... If a clerk stole a gun, I'm not going to necessarily – depending on the circumstances, I'm not going to necessarily blame the dealer who trusted someone and had an employee go bad on them and commit a crime. (Killoy: 456)

7 **Fed ex and theft.** Discussed modes, procedures. Made clear we would not identify our packages. No firearm on residential steps. (Hood 25-26)

8 **Fed ex and theft.** Have had thefts. Yes. 2000 there was 5. 2001 there was 12. 2002 non. (Hood 26-7)

9 **Fed ex and theft.** How find out if thefts. Customer complaint and then we trace. Fed ex trace. (Hood 27-28)

10 **Fed ex and theft.** Follow up to stolen guns. Don't know if lost or stolen. No followup.

11 **Yellow transport and theft.** Discussions of procedures. Have had thefts. (Hood 33-4)

12 **Sweeney transport and theft.** No discussions about preventing theft. They carry extremely small amount. None missing or stolen (Hood 34-5)

13 **Gun theft as serious problem.** No I do not. My belief extremely small amount stolen. (Hood 31-32)

14 **Theft from SW facility.** Yes. (Hood 32)

15 **Antitheft measures at dealers.** Dealer decision (Scott 34-35)

16 **Gun theft.** No opinion on seriousness of problem. (Scott 45)

17 **Gun theft and actions taken.** All precautions prescribed by law and outside advice. Including carriers. (Scott 46)

18 **Termination for gun thefts.** Not aware of (Scott 47)

19 **Employee testing and certification.** No for employees or anyone else (Scott 98)

20 **Common carriers**... yellow freight, consolidated... some SW discussions with on security (Killoy 533+)

21 **Security system offer to Stocking dealers.** Motion detector, VCR, sensor alarms. Panic button. Offer to dealers. Not sure if still do and not sure how many took advantage of it (Pluff 55-7)

22 Top five issues of dealers in signing agreements. (Pluff 70)

23 **Address on package.** SAW as acronym. Address (Hood 45-6)

24 **Security.** No requirement (Scott 92)

25 **Common carriers**... yellow freight, consolidated... some SW discussions with on security (Killoy 533+)

26 **Guidelines for shipping and handling.** He did, but not SW. For submission to SAAMI. Both regulatory and common sense. Draft was in 1996. Not aware of action by SAAMI. . No indication of why not published. Never proposed to SW to publish. More effective if published by trade organization. (Hood 33-37)

(5) **Strawpurchases**

1 **Letter to Mr. Scott dated 1995.** Notes regarding thefts, guns in schools, smash and grab, 25 percent FFL storefront, strawman purchase is , juveniles through black market, trafficking is a critical area,, commerce guns dangerous commodity very unregulated versus pharmaceuticals, require degree pharmacist, insurance a big issue for dealers, produce a video, posters in stores, get ASSC, NSSF, SAAMI NRA endorsement in video. Alcohol industry has invested millions to discourage underage drinking and responsible driving.. federal funding, (Scott 58-69)

2 **High turnover at retail and concerns for product knowledge and straw purchase**. Concern is that they may not know products. Additional concern in relation to ability to spot straw purchases.

3 **Education of self on strawpurchases**. Q. What have you done to educate yourself about gun trafficking? A. Well, ... understanding and learning about straw purchases and how they can be watched for by our own staff during their course of business (Killoy: 21)

4 **Training of their store managers on strawpurchases and syllabus.** "We have had extensive training for our retail store managers in recognizing straw purchases. We brought in an ATF agent from Boston to assist us in that and work through and educate and go through role-playing seminars. We had a syllabus that we sued for our personnel

to help in that process" (Killoy: 99)

5 **Strawpurchase training at their retail store but not taken in the field yet.** Q. Has there ever been any seminars or training regarding preventing straw purchasers? A. We have had extensive training for our retail store managers in recognizing straw purchases (Killoy: 99) Q. Have you taken that out into the field? A. Not at the present time (Killoy: 100)

6 **Support of Don't Lie program.** Q. I asked whether or not S&W has done anything to address the concern about the turnover among sales staff at national accounts... Is there anything else that S&W does to address that concern? (Killoy: 102) A. We support the NSSF recent partnership with the ATF on the Don't Lie for the Other Guy program. We thing that's an excellent program (Killoy: 103)

7 **Only encourage retailers to use Don't Lie program.** Q. Does S&W do anything more than just encourage retailers to use Don't Lie for the Other Guy? A. We have not — we are working on some programs right now that are still in the formative stages as far as some training materials that, frankly, we thing the NSSF could do a better job than we could, if it were seen as a S&W only product versus a NSSF or industry-wide product (Killoy: 104)

8 **No consideration of making Don't Lie mandatory for retailers.** Q. Has S&W considered making participation in Don't Lie for the Other Guy mandatory among its retailers? (Killoy: 104) A. I don't think the Don't Lie for the Other Guy program – and I could be wrong on this – I don't think it's a membership or an organization of sorts (Killoy: 104-105)

9 **Thinking about possibly launching similar program to Don't Lie.** Smith & Wesson was thinking of "possibly launching some dealer training programs that would cover some of the things in the Don't Lie for the Other Guy program." (Killoy: 106)

10 **No distribution of Don't Lie kits.** Q. Does S&W distribute the Don't Lie for the other Guy kits? (Killoy: 108) A. I don't believe we have distributed them. I think NSSF has made pretty wide distribution of them already (Killoy: 109)

11 **No awareness of training of national accounts on strawpurchase.** Q. Do you know whether the national accounts provide training on how to spot straw purchases to their retail sales staff?... But do you know of any particular training that they've been provided? (Killoy: 110-111) A. Not that I'm specifically aware of; no (Killoy: 111)

12 **No inquiry about training for strawpurchase.** Q. Do the regional managers ever inquire about training related to, say straw purchases at the time they visit a prospective stocking dealer? A. Typically, not. (Killoy: 182-183)

13 **No knowledge of distributors training retailers on strawpurchases.** Q. Do you know whether any Smith & Wesson distributors have trained dealers regarding not selling to straw purchasers? A. I don't have any knowledge of that. (Killoy: 185)

14 **No videos made on strawpurchases.** Q. Has Smith & Wesson ever made any videos regarding training regarding straw purchasing? A. Not my knowledge; no. (Killoy: 195)

15 **No discussion of training on strawpurchase at focus groups of dealers.** Q. Did you ever discuss training regarding preventing straw

purchases at any of the focus groups? A. Not that I recall; no. (Killoy: 213-214)

16 **No training of sales associates involved in promotion on strawpurchase.** Q. Did you ever train any of these people [sales associates or volunteers at the Operation Sell Guns] about how to spot straw purchasing? A. No ... we ... ensure that they did not get involved in the actual transaction of a firearm at someone else's place of business. (Killoy: 263)

17 **Sales associates involved in promotion would not know how to spot strawpurchasers.** Q. How would they [sales associates or volunteers at the Operation Sell Guns] know what would be done — what was done correctly or incorrectly regarding how to spot straw purchasing if they didn't have any training? A. They probably wouldn't. (Killoy: 264)

18 **No training provided to mfg reps on strawpurchases.** Q. Have manufacturers' reps been trained regarding how to spot straw purchases? A. I don't know. They are employees of the individual agencies. Q. Has Smith & Wesson provided any such training? A. Not that I can recall specifics at this time. (Killoy: 290)

19 **In-house sales staff for their stores are trained to spot strawpurchases.** Q. What about the in-house sales staff? Have they been trained regarding how to spot straw purchasing – or straw purchases? A. The in-house personnel involved with the sales at retail in our stores have all been trained. The factory external salespeople, I'm not sure. (Killoy: 290)

20 **Regional managers in field not trained in specifics [strawpurchases].** Q. But the regional managers, the people who are in the field going to dealers, have they been trained? A. I don't recall any specific training provided to them, and they are specifically not involved in the retail transaction of firearms. (Killoy: 291)

21 **If aware of sales person in their store who made strawpurchase then would fire them.** [related to distribution in Smith & Wesson stores] Q. ... If Smith & Wesson became aware that one of the retail sales associates at its stores had made a sale to a straw purchaser, what action would it take? ... A. We would fire him and report him to the police – or her. (Killoy: 495)

22 **No knowledge of dealers firing employees involved in strawpurchase.** Q. Do you know whether any Smith & Wesson dealers have fired employees for facilitating straw purchases? (Killoy: 496) A. I am not aware specifically of any of those situations (Killoy: 496)

23 **Awareness of straw purchase.** Straw purchases awareness before 1995 (Killoy 22-23)

24 **Training on straw purchases planned but not known if implemented.** We have extensive training [plans] for retail store managers... role playing.... train the trainer. .... cannot recall if ever implemented

25 **High turnover at retail and concerns for product knowledge and straw purchase.** Concern is that they may not know products. Additional concern in relation to ability to spot straw purchases.

26 **Straw purchase.** Alert store manager is if seen and support Don't Lie.... but not other. Alert store manager if sales force sees and support and encourage support of Don't Lie for the Other Guy (ATF and NSSF partnership). We have not done more but are working on some

programs. Does not require participation (Killoy 103)

27 **Aware of Partnership for Progress by ATF and NSSF** but not participated and doesn't think it involves anything in terms of safeguards beyond reference to Don't lie for the other Guy program. (Killoy 105)

28 **Have not required outside training on straw purchase, but have thought about it.** Consideration of requiring Don' lie for the other guy... yes, but have not implemented (Killoy106)

29 **SW training on strawpurchase - syllabus and looking at it, but only for SW stores.** Syllabus known to be used in only SW stores (Killoy 107)

30 **Support of Don't lie ...limited to saying they support.** No distribution of kits (Killoy109)

31 **National accounts training on strawpurchase** - no. (Killoy 110)

32 **Retail training on strawpurchase** - do not know of any (Killoy 111)

33 **Straw purchase training inquiry by SW** ... typically not and none that I am aware of (Killoy 183)

34 Some distributors train dealers on marketing but no knowledge of training on straw purchases (Killoy 185)

35 **No training video on strawman purchases (Killoy 195).** Only aware of Don't Lie for the Other Guy ... can't recall if they distribute video (Killoy 195).

36 **Focus groups with dealers** never discussed access of guns to criminals or training to prevent straw purchases (Killoy 213)

37 **Operation sell guns promotion.** Two objectives, increase sales and drive home importance of quality, timely delivery, understand retail ... send out a staff person working on an in-store promotion at a dealer location.. training to these staff in terms of product familiarization, updating on programs, structure, education on product line... but no training on straw purchase (Killoy 264)

38 **Training for mfg reps**. No training for manufacturer reps on strawpurchase not by mfg (Killoy (Killoy 290)

39 **Distributor contract language**... ethically and accordance with laws... if new of straw purchase through information but not held legally would not... if found insufficient reason to prosecute SW would not do anything (Killoy 325-329)

40 **Dealer relationship...** not zero tolerance for dealers making straw purchases ... would have to look at circumstances (Killoy 330)

41 **Dealer training concept**. Felt NSSF better versus manufacturers, but never did anything to encourage ... could not recall... more effective by NSSF because dealers did not like SW.. because of HUD agreement... training to recognize straw purchase ... not sure on how extensive of reach .. whether all or just stocking dealers..... tied to Boston and HUD agreements... ... not known if submitted/passed on idea to NSSF (Killoy 384-6)

42 **Strawpurchases**. A serious problem.. not known what they have done to determine if sold through strawpurchase...(Killoy 493-4)

43 **Strawpurchase by SW store employee.** Would fire them and report them to the policy.. and prior to any prosecution.. call law enforcement to insure he did not skip town .. have not fired anyone (Killoy 494-496)

44 **Strawpurchase.** A goes to a gun store, buys a gun and soon after

transfers it to B (Hass 20)

45 **Awareness of strawpurchases.** Yes (Hass 20)

46 **Straw purchases contribute to illegal market.** Yes (Hass 26)

47 **Ability of mfgs to set standards to help define strawpurchase.** Standards are set and these are the laws (Hass 52-3).

48 **Training for strawpurchase.** It couldn't hurt. (Hass 55)

49 **Dealer training.** Field seminars for stocking dealers. But not to nonstocking dealers. Periodic in nature. Going on over 6 years. Take attendance. Product information overview, features and benefits of products. History of SW. Review additional products. No strawpurchase training. (Pluff 168-171)

50 **Strawpurchase training.** NSSF provides this. (Pluff 171)

51 **Could SW provide strawpurchase training in field seminars.** Possible yes, historically limited time. Full day event with half to class and then to range. Could discuss strawpurchase in less than a day. . Priority is determined product familiarization.. that is priority (Pluff 171-2)

52 **Strawpurchase training as SW responsibility.** Yes. That is responsibility of the FFL. (Pluff 173)

53 **Restrictions on stocking dealers to who they can sell to.** Code of responsibility restricts to those who cannot provide proof of identify, age. Not to unauthorized individual. Reason to believe they have made false or misleading statement. Strawpurchasers. Violation of law. All are those required by law. No other restrictions beyond code. (Pluff 189-191)

54 Preventing strawpurchases will help protect the community against potential crime (Pluff 204-5)

55 **Is strawpurchase a crime.** Can't speculate. Have not seen statistics. (Pluff 205)

56 **Strawpurchases.** When one person buys a firearm for another who may not be legally eligible for that purchase. (Scott 33)

57 **Awareness of strawpurchase.** Not aware. Last five years became aware of term. No specific knowledge of dealers who engage in . (Scott 32-34)

58 **Strawpurchases.** Not aware of any (Scott 37)

59 **Sales to dealer known to engage in strawpurchase sales.** Policy that must meet all laws (Scott 103)

60 **Don't' Lie for other Guy.** NSSF function. No requirement of dealers except to meet laws. We can't monitor (Scott 121)

61 **Training like Don't Lie ... No memory that considered doing this.** Primary focus on safe handling. (Scott 183)

62 **Restrictions on stocking dealers to who they can sell to.** Code of responsibility restricts to those who cannot provide proof of identify, age. Not to unauthorized individual. Reason to believe they have made false or misleading statement. Strawpurchasers. Violation of law. All are those required by law. No other restrictions beyond code. (Pluff 189-191)

63 **Stocking dealer code no sales to those reason to believe providing false or misleading statements and strawpurchasers**. Stocking dealer code: "I will not make any sales in which I have reason to believe false or misleading statements have been made with respect to the actual

purchaser of the firearms. I will not knowingly sell firearms to straw purchasers." (Pluff: 190)

(6) **Multiple sales**

1 **Retail sales person purchase program limited to one per person.** Firearms purchased through retail salesperson purchase program are limited to one per person. (Killoy:268)

2 **Multiple sales process must fill out multiple sale paperwork.** "If somebody wants to buy two firearms, that's okay, but they would fill out the multiple sale paperwork with the dealer and that would give law enforcement and ATF the opportunity to double-check and make sure that that wasn't a problem situation." (Killoy:499)

3 **No encourage or discourage of multiple sales.** Q. Has Smith & Wesson done anything to encourage or discourage multiple sales? A. Not that I'm specifically aware of; no. (Killoy: 501)

4 **Multiple sales.** Two or more within 5 days.... Multiple sales within a certain period of days .. regulations provide a reasonable check and balance system (Killoy 498-9)

5 **Multiple sales and crime.** Doesn't know of linkage and has not looked at studies (Killoy 499-500)

6 **Multiple sales, legislation restricting and SW.** Never done anything to encourage or discourage multiple sales (Killoy 500-501)

7 **Interest in 200 multiple sales by FFL who sold SW.** ... would you do anything... not sure he would do anything either way (Killoy 501)

8 **Interest in 50 guns in one transaction by FFL who sold SW...** yes because it could reflect problem but we would have to look further to terminate (Killoy 502-503))

9 **Multiple sales and knowledge of dealers engaged in** ... no (Killoy 504-5)

10 **Multiple sales by dealer**... could look in dealers A&D book (Killoy 505)

11 **Multiple sales and access by criminals to guns.** Not specifically but sure it happens (Hass 25)

12 **Multiple sales contribute to illegal market.** If illegal, yes (Hass 26-27)

13 **Multiple sales.** More than one handgun in five day period. (Hood 58)

14 **Multiple sales and ATF data.** No do not receive.

15 **Multiple sale if hd 200.** Not interested. I don't know what it would tell us. (Scott 43)

16 **Multiple sales and crime guns.** Not related (Scott 43)

17 **Termination for multiple sales.** Not aware of (Scott 47)

(7) **Time to crime**

1 **Time to crime.** Interest in... need to know additional information (Killoy 506-7)

2 **Time to crime and trace requests analysis.** I could compile an elapsed time period between when the firearms was shipped and when the trace was received. I could do this based on serial number for time back to 1977 (Hood 56)

3 **Time to crime and interest in knowing about.** Dealers activities governed by law. Issue is for local authorities (Scott 44 -45).

(8) **Obliteration of serial numbers**

1 **Records clerk.** Recording of serial numbers and maintenance and responding to BATF trace requests (Hood 17)

2 **Could check records at SW and determine serial numbers that were stolen and see if traced.** Yes (Hood 41-42)

3 **Serial numbers, obliteration and hidden numbers.** Stopped including hidden numbers in 2001. ATF regs for deeper numbers lead to them stopping. Preclude need for hidden serial number. (Hood 47-9)

4 **Problem with Sigma guns and obliterated serial numbers.** Discovered serial number could be removed easily (Hood 48-49)

5 **Serial numbers.** Range of number assigned to specific gun. (Hood 50-51)

6 **Obliterated serial numbers and interest in dealers that sold.** Don't know what value it would be. Might indicate a problem in their system if received from SW. Might be afoul of law if tried to sell. (Scott 49-50)

7 **Dealers selling obliterated serial number guns.** Not to his knowledge (Scott 50)

v. **Trade association activities**

(1) **Trade groups**. NSSF - National Sports Shooting Foundation and SAAMI - Sporting Arms and Ammunition Manufacturers' Institute, American Sports Shooting Council, Hunting and Shooting Sports Heritage Foundation, National Shooting Sports Foundation (Killoy 42-43)

(2) **Codes by trade associations.** Not known or recall (Killoy 415-6)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **SW agreement and hampering of their ability to do business.** Yes from what I have read. Criticism is widespread.

2 SW agreement was executed in a way that lead to its failure. (Hass 85)

3 SW agreement 2000 or the HUD agreement (Pluff 12)

(2) **HUD agreement**

1 **HUD agreement** and whether mfgs discussed standing united against it... no not aware (Killoy 537)

2 **HUD agreement** (March 17, 2000) lead to pressure but SW did not lose any distributors, but did lose dealers. SW received a tremendous amount of email, postal mail, NRA ran articles, dealers chose not to stock, consumer boycotts. Constant touch with distributors Dealers lamented on SW decision. (Killoy 120 - 122)

3 SW agreement 2000 or the HUD agreement (Pluff 12)

4 **HUD agreement and channel**. Put a number of requirements on SW to monitor and dictate third party behavior. Make it impossible for them to do business. Require them to exceed laws. Dealers would have chosen not to go with SW. (Scott 81)

5 **HUD agreement versus doing on their own.** Same reaction. (Scott)

(3) **Boston agreement**

1 **Boston agreement** rescinded by parties (Killoy 447)

2 **Boston agreement.** Requirement of insurance under Boston. Many dealers unable to get insurance because of suits... could sell to only those that get insurance, but would go out of business given number... never attempted to determine those that have difficulty (Killoy 449-50)

3 **Boston agreement.** No sales at gun shows that any sellers not doing background checks. Issue that individual dealer is now being held accountable for the action of someone else (Killoy 450)

4 **Boston agreement.** Inventory tracking. Secure backup monthly of

records... difficulty of being able to do this...copy, safe and secure... questions? (Killoy 451)

5 **Boston agreement.** Storage of ATF 4473. Difficulty of storage beyond ATF requirements

6 **Boston agreement.** Theft. Unaccounted for firearms... concern on SW... frustrated that illegal activity might be occurring... never asked ATF for that information (Killoy 455-56)

7 **Boston agreement.** Display cases locked... Some dealers store on peg... but do not know how many had issues (Killoy 457)

8 **Boston agreement** non business hours locked in safe or secure area. ... if not have, dealers afraid they would be hauled into court by Boston (Killoy 457-8)

9 **Boston agreement.** Theft. Sales reps do not make any evaluation of he store security system (Killoy 460-1)

10 **Boston agreement.** Storage of guns and ammunition separately.... does this mean room or what proximity as issue (Killoy 461)

11 **Boston agreement.** 10 round magazines... some still legal and its SW and dictating how to run their business (Killoy 463)

12 **Boston agreement.** Provision that requires dealer to comport with section... how do SW know that you did it... burden on SW (Killoy 464)

13 **Boston agreement.** SW gets access to acquisition and disposition records. Issue was 4th amendment concerns by dealers (Killoy 465-6)

14 Boston agreement and other mfgs... if they had signed on would that have made a difference...at one time thought that... if common practice then not a problem... too easy to find other alternatives if it is one mfg (Killoy 468-9).

15 **Boston agreement.... dealers couldn't implement insurance, storage, security, sale of certain products, shift burden to dealers..... sales at gun shows...inventory tracking.. court enforcement,.. Display of product... monitoring by SW of distribution, employee training program interpreted as requirement of attending program by SW... Boston court oversight?** Transfer notice provisions.... transfer prerequisites and limitations..consumer education and training to onerous compared to competition ..enforcement and how implemented by SW and how interpreted .. resales to only authorized SW dealers... how do you check .. multiple handgun sales restrictions viewed as restriction on dealer rights and potentially setting up end around on ATF rules (Killoy 470-489)

16 City of Boston agreement. (Pluff 12)

17 **Boston agreement.** Authorized dealer requirement to sign a revised code of responsible business practice. No code revised. No draft. Never shown to dealers. Not revised to date. (Pluff 17-19)

18 **Boston agreement.** Helping dealers acquire cost effective insurance. Reviewing several insurance carriers and NSSF for group term . Nothing came of these. NSSF was willing to cooperate. Dealers would have been able to obtain insurance (Pluff 18-20)

19 **Boston agreement.** Options to provide dealers with software, hardware and training to comply with provision. Reviewed software, POS software that allowed them to track the product, serial number, sales on electronic format. Most product using UPC codes and bar codes. Scanning would eliminate human error. No we did not do this. Could have done this yes. We evaluated software in our 4 stores. Firpower is

name of software. No glithcers. Price of 2500 to 10,000. Thought about allowing dealers to use coop funds to purchase. Larger dealers would have had enough funds. (Pluff 21-26)

20 **Boston agreement.** Clarification of 18 year old individuals in store and signage. No signs ever. (Pluff 26)

21 **Boston agreement.** Cooperation of dealers. Dealer required to cooperate with law enforcement. This is essence (Pluff 27)

22 **Boston agreement.** Provision of software to dealers. POS software. Enter data. No software provided. Not difficult task to solve. Excel spreadsheet. (Pluff 28-29)

23 **Boston agreement.** Dealer maintain an electronic record of all trace requests and report to mfg. Never told by ATF to not do that (Pluff 29-31)

24 **Boston agreement.** Require all dealer employees to attend annual training and SW will provide media and printed materials. Never provided. We were in process of developing a syllabus, but no video yet for dealers. We have video for consumers (Pluff 30-33)

25 **Boston agreement.** Not completing transfer until NICS notice. Not required of dealers today. Walmart has implemented policy. SW did nothing in response to that (Pluff 35-36).

26 **Boston agreement.** Training aids and handout material. Not yet provided (Pluff 36-7)

27 **Boston agreement.** Implications of trying to implement. Dealers would not sign. We would have been out of business. Dealers do not want SW telling them how to run their business. (Pluff 37-8)

28 **Boston agreement.** Could and would dealers do the things asked for. Yes on several. Some not. Locked safe. Yes. Separate ammunition. Could. 18 year old. Could, but entry restriction could not for some. Could have but would not have signed . Oversight commission 50/50 issues. Electronic record of trace requests. Could, but 50/50 on would they. Training of employees. Could and a large portion would. Others yes could and would, EZ check. Could if had electronic. Show safety features. Could and would. (Pluff 39-47) (See further on Pluff 117)

29 **Boston agreement.** Termination procedures and enforcement. Yes could agree to and would be based on if signed (Pluff 47-48)(See further on Pluff 117)

30 **Boston agreement. If in violation stop supply of product.** Yes could have done it if part of contractual agreement. (See further on Pluff 117)

31 **Boston agreement.** Multiple gun sales limits and reports. Yes could and would. Some resistance on 14 day limit of time on next purchase given some distant dealers and travel. Not an issue in urban areas. (Pluff 49-51)(See further on Pluff 117)

32 **Boston agreement.** Insurance. Issues of cost (Pluff 51-2)(See further on Pluff 117)

33 **Boston agreement.** Would implementing terms lead to safer business. No. Many already do this. For dealers who are not following this format these terms would make them a safer business (Pluff 53-4)(See further on Pluff 117)

34 **Boston agreement.** Would and could on terms. Some would never sign because of association of agreement to Clinton administration and some would not sign because they felt it was passing liability to them (Pluff 117)

35 **Boston agreement.** Similar issues of distribution (Scott 83)

36 **Boston settlement and SW steps.** Agree to abide by law, (Scott 88)

37 **Could SW implement terms of Boston agreement.** No. Requirements exceed legal requirements. Required dealers to handle SW differently. Would not have agreed (Scott 105-106)

38 **If industry wide term implementation of Boston agreement could it be implemented.** No. Exceed laws and physical impossibility of monitoring (Scott 107)

39

uu. **Sturm, Ruger & Company (company profile)**

i. **General**

(1) Stock ticker symbol: RGR

(2) "... there is only one public US gun maker, Sturm Ruger" (Descriptive-34:1)

(3) "designs, manufactures, and sells firearms and precision metal investment castings. RGR offers products in all four industry categories: rifles, shotguns, pistols and revolvers. ... RGR also manufactures and sells accessories and replacement parts for its firearms." (Descriptive-38:1)

(4) RGR firearms "are sold under the Ruger name and trademark" (Descriptive-38:1)

(5) "Many of the firearms introduced by RGR over the years have become classics and are sought by collectors." (Descriptive-38:1)

(6) "The estate of late founder William Ruger and his son, chairman and CEO William Jr., own 26% of the company." (Descriptive-37:Web)

(7) "And in the course of the past half century, the company has had the opportunity to purchase each one of its 'big four' rivals." (Descriptive-63:Web)

(8) **Membership**

1 NSSF. Yes. (Sanetti 9/11: 44-45)

(9) **Size**

1 **Sales**

(i) "Ruger is the nation's biggest gun maker and the only one that produces all four categories of firearms: pistols, revolvers, rifles and shotguns." (Descriptive-37:Web)

(ii) "For 2001, 2000 and 1999, net sales attributable to firearms operations were about 85%, 82% and 78%, respectively, of total net sales." (Descriptive-38:1)

(iii) "Consolidated 2001 net sales were $174.3 million, representing a decrease of 14% from net sales of $202.7 million in 2000." (Descriptive-38:1)

(iv) "Firearms segment net sales decreased by 11.3% to $147.6 million in 2001 from $166.4 million in the prior year." (Descriptive-38:1)

(v) "titanium golf club heads, which had accounted for 30% of its [Ruger's] sales [before 1999]" (Descriptive-22:1)

2 **People**

(i) "2001 Employees: 1,537" (Descriptive-37:Web)

(ii) "In excess of 2,000 employees make and market the line of firearms and specialized castings ... "(Descriptive-63:Web)

(10) **Products/markets**

1 "This leading manufacturer of rifles and handguns for sporting and law enforcement purposes also produces ferrous and nonferrous investment castings." (Descriptive-39:1)

2 "As of early 2002, RGR manufactured 30 types of firearm products, with most available in several models, based on caliber, finish, barrel length and other features."(39:2)

3 "RGR aims to position its products at the high end of their respective markets, and emphasizes that it does not manufacture inexpensive, concealable firearms. In addition, it does not make any firearm classified as an assault weapon by the 1994 crime bill."(Descriptive-39:2)

4 "Ferrous, aluminum and titanium investment casting facilities (15% of 2001 sales, 18% in 2000) produce parts for use in RGR's firearms, as well as for other markets, including sporting goods, commercial, and

military uses." (Descriptive-39:2)

5 "For 2002 and beyond, the company plans to pursue other titanium and steel casting markets, as well as other golf club casting business." (Descriptive-39:2)

6 "In 1997 alone, Ruger produced more than 600,000 firearms for hunting, target-shooting, collecting, self-defense, law enforcement and the armed forces." **(Descriptive-63:Web)**

7 " ... over 50 models of guns in the company's line, in variations totaling over 300." **(Descriptive-63:Web)**

8 " ... specialized castings ... for industrial clients as diverse as aerospace, automotive, medicine and golf." (Descriptive-63:Web)

9 **Production**. Make ½ million guns a year and are largest (Sanetti 9/12: 73)

(11) **Competitors**

1 Browning (Descriptive-37:Web)

2 Remington Arms (Descriptive-37:Web)

(i) Smith & Wesson (Descriptive-37:Web)

vv. **Marketing Channel**

(1) **Direct to dealers**

(2) **Indirect through others**

1 **Distributors**

(i) "Firearms are primarily marketed through a network of selected independent wholesale distributors who purchase the product directly from the company." (Descriptive-39:2)

(ii) "In 2001, three distributors, AcuSport Corporation, Davidson's Supply, and Jerry's Sport Center accounted for approximately 47% of firearm sales." (Descriptive-39:2)

(iii) "The company instituted a sales incentive program in 2002 that allows distributors to earn rebates of up to 1.5%, compared with rebates of up to 5% in 2001." (Descriptive-39:1)

(iv) **Sell to.** Independent distributors. Not dealers (Sanetti 9/11: 86)

i. **Salesforce**

(1) **Sales department**. 10-15 people (Sanetti 9/11: 56)

(2) **Sales reps**. Some employees and some outside contractors. (Sanetti 9/11: 177)

(3) **Sales reps**. Five total. (Sanetti 9/11: 181)

(4) **Independent reps**. Yes. (Sanetti 9/11: 188)

ii. **Distributors**

(1) **Distributors**. 23. (Sanetti 9/11: 101)

(2) **Sell to.** 23 distributors. Yes (Sanetti 9/11: 132)

(3) **Sell to.** Used more distributors previously. High 30's. (Sanetti 9/11: 133)

(4) List of distributors. (Sanetti 9/12: 64)

(5) **Distributors issues**. We would contact phone or other (Sanetti 9/12: 65-6)

iii. **Dealers**

(1) **List of dealers**. Yes. Not comprehensive list. About 10,000 dealers. (Sanetti 9/11: 136)

(2) **Dealer survey**. 1993. Information on what dealer requires. (Sanetti 9/12: 74-81)

(3) Different volume dealers tiers and different information amounts to them (Sanetti 9/12: 84)

ww. **Sturm, Ruger & Company (documents)**

i. **Criteria for selection of distributor**: Most have known for a long time and have a relationship with. Most reputable distributors, strongest financial backing, not likely to have financial problems. They have to have a legitimate place of business. They have to have a resale tax number, comply with local laws. All have physical places of business. All have knowledge of firearms. Only to stocking retailers since 1985 as part of agreement and also to "promote safety." (65).

ii. **Distributor terms and conditions.** Written agreements with all - end of year cycle for signing. But we also abide by antitrust laws. (65)

(1) **Distributor terms and conditions for 1988.** Full line support and carry required, accurate inventory records kept, audited financial statements to start, sales to retailers with regular place of business, prohibited sales to unauthorized distributors, ability to review distributor sales records and warehouse,(113:117296-298)

(2) **Distributor terms and conditions for 1999.** Representative and ample inventory and carry required, accurate inventory records kept, audited financial statement to start, sales to authorized Ruger distributor or to retail dealers having a regular place of business where products are displayed to the shooting public, ability to review distributor sales records and warehouse, sale to foreign prohibited (167: 4016-17, may be incomplete)

(3) **Distributor terms and conditions for 2000.** Representative and ample inventory and carry required, accurate inventory records kept, audited financial statement to start, sales to authorized Ruger distributor or to federally licensed retail dealers selling exclusively from their regular place of business where products are displayed to the shooting public. This will help ensure compliance with laws, proper promotion of products and provide opportunity for demonstration of safe handling, ability to review distributor sales records and warehouse, sale to foreign prohibited, all FFL have a duty to be fully knowledgeable of and comply with laws, requests from enforcement authorities for information, immediately report suspected violations, lockable boxes or cable locks and must be sold with, no sale without (167: 4020-24)

iii. **Information, monitoring and oversight**:

(1) **Distributor interaction** SR. We are constantly on the phone to distributors with them to coordinate orders, we meet with them throughout the course of the year. (65)

(2) **Dealer correspondence** Letters from Sturm to dealers alerting them to POS material and purchaser record cards. (68)

(3) **Information to dealers and distributors**. Communication of policies to distributors through "Firearms ownership in american our responsibility for the future." – states in detail the companies position on bak ground checks , how guns should be sold, stocking gun dealers, prosecutions, cracking down on straw purchases, going beyond the law. We also provide periodic mailings to the dealers on our purchases record card list - safety measures, posters , newsletters to remind them we have a reputation to maintain and we don't like to see our products used irresponsibly (70)

(4) **Information from warranty registration cards**. This is monitoring - they know what dealers are selling the guns. But only a small number of these cards come back (70)

(5) **Not obtaining information from dealers as to what customers they are selling to.** Could do this but do not (70 - p. 657-58)

iv. **Termination**

(1) **Upon termination buy back guns**. If financial trouble we reduce inventory and then buy back guns if out of business - we don't want the possibility that we

don't have confidence they are going to engage in reputable business practices. We have reduced the number we deal with from 160 in the 80's to 130 in the 90's. (65)

(2) **Notification to distributor of dealer who lost license**. Letter to dealers telling them of dealers who lost their license (71)

v. **Law enforcement interaction**

(1) **Analysis of BATF trace requests - no.** Does not analyze the pattern of trace requests it receives from BATF and report the results back to BATF. Suggests that it is circular reasoning because BATF is requesting trace NOTE: does not see advantage to looking for patterns on traces as different from a single trace request (65). Could obtain information, but BATF would have first (70)

(2) **Cooperate with BATF on requests.** If BATF says we have an urgent trace request we drop everything. We are in the process of trying to computerize our records with BATF. We send witnesses to court for BATF. We receive letters of commendation (70).

vi. **Market research**

(1) Ruger sales charts - possibly reported or obtained through cards including information on sales by state, by handgun/long gun, sex, 1st time purchased, type of store, age, purpose use, income, education, magazines read (86)

(2) **Analysis of BATF trace requests - no.**

1 Does not analyze the pattern of trace requests it receives from BATF and report the results back to BATF. Suggests that it is circular reasoning because BATF is requesting trace NOTE: does not see advantage to looking for patterns on traces as different from a single trace request (65)

xx. **Sturm, Ruger & Company (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Study of responsible gun distribution**. I'm familiar but have not studied. (Sanetti 9/11: 39)

(2) **Percentage of suspect dealers**. View that 99 percent good (Sanetti 9/11: 82-83)

(3) **Awareness of state to state recovery of crime guns**. Yes. Crime in one state. Recovery in another (Sanetti 9/11: 163)

(4) **Gun trafficking as a recent term**. Yes. Mid 90's became aware (Sanetti 9/12: 40)

(5) **Identity of dealers not known**. Q. What is Sturm Ruger doing to try to learn who those bad dealers might be? A. I don't' think the identity of those dealers is known to us. I'm not sure they were mentioned in that report. (Sanetti v1: 83)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor agreement terms**. Unilateral terms and conduction. We impose on distributors. If you want to purchase from you have to understanding these are the terms and conditions we sell on. Not contracts, but terms and conditions to be met as a prerequisite to sale. (Sanetti 9/11: 193-4)

(ii) **Distributor agreement terms**. Condition that they not carry other gun mfgs products. 1998. We then dropped for antitrust concerns. (Sanetti 9/11: 195-6)

2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Distributors with regular place of business, licensed.** .Q. What was Sturm Ruger's policy? A. we sell our products to independent wholesale distributors for resale to independent licensed dealers with a regular place of business with a resale tax number where appropriate, and in this manner Ruger firearms can be ore properly promoted and their safety features more adequately explained.

2) **Not deal in certain other gun mfg products.** Q. And so one of the terms that you impose upon distributors is that they not deal in certain other gun manufacturers' products? A. That was our policy beginning in 1987. One of the problems we found was that competitors' products were clogging shelf spaces. So we thought that the best way to address that was to prohibit our distributors from handling the products of one major competitor who was number one in the handgun market at the time, which was S&W. I think in 1998 was for the fist time we surpassed S&W, so obviously at that point the purpose for our terms and conditions had been fulfilled... so we dropped that condition, and now people who handle Ruger firearms can also handle S&W' products or any other manufacturer's products (Sanetti v1: 194-196)

3) **Decision to not sell to distributor who sells to a dealer.** We can always decide to whom we sell products because our terms and conditions are unilateral terms and conditions. (Sanetti 9/11: 138)

4) **Criteria for distributor selection.** Best and most reliable. Financially sound. Conduct business according tot he standards we like. Safety conscious. (Sanetti 9/11: 188-9)

5) **Due diligence on distributors.** Must be reliable and responsible as provided for through financial statements. (Sanetti 9/11: 192-3)

6) **Changes to distributor terms and conditions.** Some changes. No sales through mail to other FFLs. (Sanetti 9/11: 320-324)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Don't require identities of distributors dealers.** Q. Sturm Ruger, doesn't require it's about 10,000 independents retail dealers selling Ruger firearms at the retail level A. No, we don't require identities of them. They all have to be federally licensed, but no, we don't require their identities (Sanetti v1: 136)

2) **Retail operations and with regular hours required.**

Q. And down the list, "Increased scrutiny of Retail Firearms Sales." The last sentence of that section says, "We pledge to redouble our efforts to stop sales by distributors to those who do not qualify to be on our dealer list. What has Ruger done to implement that pledge? A. In 1994, BATF systematically began cutting back on the number of persons qualified to be federal firearms dealer. in our terms and conditions said that we wanted the distributors only to sell to dealers who had a retail sales operations with regular hours where Ruger products were promoted (Sanetti v1: 205-206)

3) **Reduction in number of distributors from 150 to 30**. (Sanetti 9/11: 145-6)

4) **Reducing size of distributor numbers**. We know them better (Sanetti 9/11: 190)

5) **Distributors that they refuse to sell to.** We chose less than the total out there - 23 out of 130 (Sanetti 9/11: 197)

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

1) **Satisfy ourselves that through documents, personal interviews and reading about in media**. Q. What kinds of materials does Sturm Ruger receive from its distributors? A. If we have a new distributor coming on board, we have to satisfy ourselves that they will comply with our terms and conditions that and that they are, we hope the best, distributors in the business. And we get a variety of, a vide variety of information to help us evaluate those. Q. And how do you satisfy yourself that they will comply with your terms and conditions? A. Documents we receive, personal interviews, reading about then in the media (Sanetti v2: 58-59)

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Legislation forbids involvement**. Q. If you look to the next paragraph, ..."major messages by BATF is there is a critical shortage of agents and inspectors". Industry should not get involved in this issue other than be aware that ATF has a problem with short manpower. Why is it that industry should not get involved in this issue? A. I know exactly why industry shouldn't get involved with that, because we in industry, myself specifically, raised the question at this meeting. I said, "How can we help you get funding so you can staff up and get more agents and do the job you need to do?" Immediately, counsel for ATF leapt off the table and said, "no, no, no. That's a violation of" – I think the Hatch Act or something like

that that forbids federal agencies from lobbying or trying to influence legislation that appropriates money to their agency. So they said, "Please, stay out of this. We'll have to handle that on our own (Sanetti v1: 251-252)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Responsible distribution training.** (Sanetti 9/11: 117)

2) **Training of dealers.** Some mailing of brochures and information. Training implies all sorts of things. We are primary source of information for dealers about our products. (Sanetti 9/11: 186-7)

3) **Disseminate information on training programs through mailings** Q. Is there training that's administered or given out by the sales representatives to the dealers when they visit? A. When we have new safety program coming out, we disseminate information about our new safety programs, whether it's a retrofit or a recall or just safety information that we think they should get. As part of our dealer mailings we routinely mail out instruction manuals, sample batches of instruction manuals that cover all our products so that the dealers at the dealer level can instruct customers as to how to safely use Ruger firearms, how the safety mechanism work, how to safely store them, how to safely use them, etcetera (Sanetti v1: 184-186)

4) **No review of other industries because other industries are not comparable.** Q. Does Sturm Ruger ever look at what other industries do to enter into responsible distribution practices to consider for implementing on its own? A. The firearms industry is incomparable to lot of other industries. No other product that's available for general sales comes under all the criminal law sanctions for failure to follow appropriate distribution practices than the firearms industry does. What other industries our groups may do are not comparable to an industry that's heavily regulated by the Bureau of Alcohol, Tobacco and Firearms (Sanetti v1: 271-272)

5) **Awareness of SW training syllabus but they are different given they have some direct sales.** Q. Were you aware that S&W had developed a training syllabus for retail firearms dealers? A. No Q. Has Sturm Ruger ever considered developing a training syllabus of this kind on its own? A. Well, I think you're comparing apples and oranges again. I believe S&W has some dealer direct sales, and so since they're selling directly to retailers, I believe that's why

a policy like this might be appropriate for them. But we do not sell to retail dealers. We only sell to independent wholesale firearms distributors (Sanetti v1: 274-275)

6) **Dealer compliance with code of federal regulation.** Q. Has Sturm Ruger ever asked its distributors to ensure that the retailers that they sell to sign or otherwise adopt a code of practice along these lines or along the lines of the prior document? A. The code of practice is called the Code of Federal Regulations. I mean clearly that's something all dealers have to comply with as a condition of being federal firearms licensees. The dealer has to verify that the purchaser is who he is and that he's buying it for himself (Sanetti v1: 294-295)

7) **Almost prepared video on safety with NSSF.** Q. Exhibit 27, 2000 memo from Chris Dolnack to the safety video review committee of NSSF. Has such a video been prepared? A. We're about nine-tenths of the way there. Q. And what will be done with the video when it is finished? A. It will be given widespread distribution, as many of the other SAAMI and National Shooting Sports Foundation safety materials have been given. Anticipated that the individual manufacturers will also disseminate it in ways they believe to be appropriate. I think It's a great idea (Sanetti v1: 306)

8) **Requirement of distributors to identify dealers.** No (Sanetti 9/11: 136)

9) **Safeguards.** POS background checks. Prohibition of unsupervised possession of guns by juveniles. Safety programs. Safe storage. Scrutiny of retail sales. Endorse all of them - yes (Sanetti 9/11: 204-5)

10) **Responsible marketing practices.** Doesn't know what they do differently from others (Sanetti 9/11: 216-9)

11) **Attempts to get other mfgs to engage in responsible distribution.** Don't know what they could do (Sanetti 9/11: 218-219)

12) **Attempt to get other mfgs to engage in responsible distribution as a topic at trade associations.** No. Absolutely not (Sanetti 9/11: 219)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Monitoring for compliance with law by law agencies.** Q. In an ideal world, every gun dealer would act responsibly to prevent guns from being obtained by criminals and kids, but that doesn't actually happen. A. ...we know that over 99% of the dealers always conduct their business in ethical,

responsible, legal ways. There are federal, state and local law enforcement agencies supervising gun dealers to make sure they comply with the law, and unlike almost any other product, it's a federal felony to not distribute the product in accordance with thousands of state, federal and local laws. So gun dealers are being monitored in their compliance with the law and their responsibilities by appropriate law enforcement agencies, and the vast majority of them meet those responsibilities (Sanetti v1: 81-82)

2) **We can always decide to whom we sell and guided by ATF**. Among those 10,000 dealers that Sturm Ruger is aware of, is Sturm Ruger aware whether any of them have been arrested or indicted with respect to their firearms business? A. I remember ...a dealer was indicted. I immediately sent notice to all the distributors saying "this fellow had been indicted. Check with ATF. ATF responded appropriately to the dealers, and that's where we left it. Q. So you left it up to ATF...but could Sturm Ruger make a commercial decision... about whether to continue doing business with a distributor that sells to a dealer that has been indicted? A. We can always decide to whom we sell ... however when it comes to an indictment... it is obviously a very serious matter, and that's why we notified ATF, but we have to be guided by ATF in these matters. I mean it is just the appropriate thing to do (Sanetti v1: 17-18)

3) **Sales representatives visit from time to time and make phone contact with distributors**. Q. And what has Ruger done to investigate whether its distributors are complying with the terms of your contract? A. Somebody has been selling Ruger products in a trade publication. We'll make a buy of the gun, find out where the gun came from and say, "you sold this gun to so and so and we don't think it's an appropriate sale because it violates the term and condition, please stop" and they do (Sanetti v1: 156) Q. Anything else Sturm Ruger has done to try to learn whether its distributors are complying with this term? A. The sales representatives that we have do visit dealers from time to time. Mos of their contact with dealers is telephonic, but they do make stops with the dealers. They also make stops to the distributors; they meet with the distributors regularly (Sanetti v1: 157-158)

4) **No knowledge of inventory controls on part of dealers**. Q. Does Sturm Ruger think that many dealers lack proper inventory controls? A. We don't sell to dealers. We only sell to distributors, and they all have excellent inventory controls. I don't know what inventory control practices are done by all

dealers all across the country, but ATF, has security procedures so it's being watched (Sanetti v1: 160)

5) **Being told not to obtain information on who their dealers are.** Q. Could Sturm Ruger take action to within its own commercial distribution network through the distributors that it sold its guns to, learn the identity of the dealers of the guns, the Sturm Ruger guns that have been traced? A. ATF, the law enforcement and regulatory agency, has the information from us. They take it down the chain of distribution. They take appropriate action. It would not be appropriate for us to investigate this on our own and become almost a vigilante police force. There's a federal agency doing that...and basically they're selling us "don't do that" Q. And your assumption as to it's being inappropriate to do is based on your understanding of what ATF has informed you? A. Yes. Q. Is it based on anything else? A. This is the federal agency that congress has appointed to supervise the retail distribution and sale of firearms. They have regulatory power, they have investigatory power, they have law enforcement power, they have prosecutorial power. They're the ones that should and are doing this. And we assist them (Sanetti v1: 238-240)

6) **Investigation of distributors prior.** No need to investigate each year. We know them. (Sanetti 9/11: 190-1)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Warnings prior to cutting off dealers.** Q. When you just a second ago you mentioned that you've telephonically cut off distributors...have you told me of every instance in which you've done that? A. They were warned telephonically if they were doing something that we didn't want to see, and almost invariably they corrected their practice and remained a Ruger distributor (Sanetti v1: 207-208)

2) **Please comply and cease and desist letters for selling in prohibited publications.** A. This letter is an attempt by us to try to assure that the inventory of Sturm Ruger firearms from entities who have come on hard financial times, distributors, and are going bankrupt – what we have tried to doing the past is to get inventory back from the distributor; we've repurchased the inventory. One distributor ABN, went bankrupt very suddenly, they did have substantial Ruger inventory. We went to the bankruptcy court and tried to get the Court to realize that we thought it was important for us to get the bankrupt product back to

Sturm Ruger... we saw Ruger inventory formerly owned by ABN, being sold in this trade publication called "The Gun List". The way we want to see Ruger firearms sold, and this letter was part of our efforts to keep that from happening. But, again, we're powerless to stop the operation of the bankruptcy court. All we could do is exhort this company, Guns Unlimited, who was selling off the inventory, to please comply with our terms and conditions, but they were under no legal obligation to do so. It was no longer our property. We tried to do the best we could, but the law prohibited us from going any further. Q. Are there any other letters that were along this line, cease and desist letters, sent to any dealers by Ruger in the last ten years? A. We have sent various letters to distributors who have sold in trade publications contrary to our terms and conditions. We have told them to cease and desist those practices and they have (Sanetti v2: 51-55)

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **Reorder card for reorders by dealers**. Q. Tell me then what the first page is and what the second page is. A. The first page is a card that we mail as part of these dealer packets that I referred to earlier, and it's a reorder card. It allows the dealer to tell us the quantities of catalogs that they need: safety information; safety posters; decals, counter mats, with also contain safety (a mat one puts on a counter so that one is displaying something that sits on a mat. There's safety information on the counter mat (Sanetti v2: 77-78)

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **After letters or contact to dealers they often reform**. Q. Have any of these distributors been dropped based on actions Sturm Ruger deemed improper? A. If the distributors are doing something that we feel is questionable, again, normally we would have a either oral or telephonic contact with the distributor. In some cases we've sent them letters, as talked about. Invariable they've reformed whatever practice or allayed whatever concern that we had at the time. The reason that distributors leave our distributor list generally is because they're going out of business for on reason or another (Sanetti v2: 65-66)

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Terminated relationships for a variety of reasons including going out of business**. Q. Other than what

we've discussed previously, has Strum Ruger disciplined or sanctioned or terminated relations with any distributor for any reason? A. We have terminated relationships with distributors for a variety of reasons. Many times you find old line distributors, say it's a family business and they decide they don't want to stay in the business anymore. Sometimes businesses desire to get out of the firearms business, some of them, unfortunately, come upon hard financial times and we've terminated our relationship with them when they are getting in hard times with their business (Sanetti v1: 198-199)

2) **Termination for conviction and loss of license.** A. Obviously if the person is convicted and the person loses his license, that's the end of that person as a firearms dealer (Sanetti v1: 310)

3) **Distributor termination.** Variety of reasons. Out of business. Financial hard times. . unilateral decision on our part. (Sanetti 9/11: 198-99)

4) **Distributor termination/choice.** Not a mutual thing. We determine (Sanetti 9/11: 199-20)

(3) **Other**

1 **Expectation that guns will be used safely.** (Sanetti 9/11: 67)

2 **How determine if distributors are complying with terms of contract.** Rely on ATF. (Sanetti 9/11: 154-55)

3 **Knowledge if responsible.** Look at business practices. (Sanetti 9/11: 191-2)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

(i) **Sales manager knowledge of sales.** (Sanetti 9/11: 55)

2 **Sales representatives**

3 **Sales rep training.** Head of sales department. Meet each year on two occasions. Up to date on legal requirements. (Sanetti 9/11: 177-8)

4 **Distributors**

(i) **Distributors issues.** We would contact phone or other (Sanetti 9/12: 65-6)

5 **Dealers**

(i) **Attempt to learn dealers.** We do from time to time learn some. (Sanetti 9/11: 134-5)

(ii) **Attempt to learn of dealers.** Through "purchaser record cards." Send it back to mfg and it identifies information including dealer. (Sanetti 9/11: 135)

(iii) **Attempt to learn of dealers.** Our sales reps sometimes call on them (Sanetti 9/11: 135)

(iv) **Dealer lack of inventory control.** Don't know (Sanetti 9/11: 160)

(v) **Dealer visits by sales reps.** 5 or 6 dealers per week. 250 a year. Sometime mores. (Sanetti 9/11: 182)

(vi) **Contact and attempt to visit all dealers.** They change all the time. Its just not one list of 10,000. We also visit at shot show

where 50,000 distributors and dealers attend. They meet with us. Seminars. Phone. Mail. Marketing department mailings to dealers. . There's a variety of different kinds of contacts over the years and we do different things as appropriate. (Sanetti 9/11: 183-4)

(vii) **Sales rep** visits to dealers. (Sanetti 9/12: 81)

(viii) Different volume dealers tiers and different information amounts to them (Sanetti 9/12: 84)

6 **Trade Associations**

7 **Other (ATF)**

(i) **If new distributor was involved in gun trafficking**. We would tell ATF (Sanetti 9/11: 104)

(ii) **Change of business practices based on seeing reports and other information**. No reason to change our practices because ATF is on the job. (Sanetti 9/12: 16-24)

(iii) **Change in business practices based on seeing reports and other information**. No. Studied report but no reason to interfere with ATF on the job (Sanetti 9/12: 29-39)

(iv) **Change in business practices based on seeing reports and other information**. We've always engaged in responsible business practices. (Sanetti 9/12: 43-44)

(v) **Looking into other industries to see what they are doing in relation to responsible dealers**. What other industries do are not comparable to our industry (Sanetti 9/11: 271-3)

(2) **Trace/ATF related**

1 **Traces**. Reasons other than crimes (Sanetti 9/11: 74)

2 **National database on traces**. (Sanetti 9/11: 76)

3 **Studies to determine extent their guns traced**. Study reports issued by ATF. ATF is denoted to do this (Sanetti 9/11: 79-80)

4 **Tracing requests**. Telephone and paper. (Sanetti 9/11: 164)

5 **Trace request**. Immediately complied with. (Sanetti 9/11: 165)

6 **Trace request records**. 10 years with some gaps (Sanetti 9/11: 166)

7 **Trace request analysis**. We analyzed data for traces to new York. No pattern. No other analysis (Sanetti 9/11: 167-8)

8 **Trace requests**. Not more than 50,000. (Sanetti 9/11: 170)

9 **Trace analysis**. None other than described for New York (Sanetti 9/11: 176)

10 **Trace requests**. They do not know identity of dealers or others down the line (Sanetti 9/11: 238)

11 **Trace requests**. Could they learn those down the line sold to. Only thing making this inappropriate is that ATF told us not to. Enforcement scheme precludes us (Sanetti 9/11: 239-41)

12 **Reading of ATF studies**. Yes (Sanetti 9/11: 31)

13 **ATF asking them not to be involved**. Cannot recall, but gave examples and indicated discussions at shot show (Sanetti 9/11: 90-97)

14 **ATF resource sufficiency**. If they need more they should get more. (Sanetti 9/11: 122)

15 **ACCESS 2000.** Familiar but not part of . Consider in next year. (Sanetti 9/11: 165)

16 **ATF indication that certain factors related to traces require further inquire**. No (Sanetti 9/11: 173)

17 **Never been told to attempt to find bad apple dealers.** Q. Has ATF ever suggested that Sturm Ruger should make efforts to try to learn who the bad dealers might be in its distribution network? A. BATF has never told us you should investigate these 23 wholesale distributors because they're suspected of bad conduct. No, they have not (Sanetti v1: 101-102). Q. Has ATF ever suggested to Sturm Ruger that it should go further than the 23 distributors and try to identify who the dealers they might sell to that may be involved in bad activities? A...to the best of my knowledge no, they've never said to us, not only should you investigate your customers who buy guns from you, but you should investigate the customers, the retail dealers who buy guns from the wholesale dealers. So, no, I don't think they've ever told us to do that (Sanetti v1: 102)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Acknowledgment that their guns sought by criminals and juveniles.** Yes (Sanetti 9/11: 65-66)

2 **Safeguards.** POS background checks. Prohibition of unsupervised possession of guns by juveniles. Safety programs. Safe storage. Scrutiny of retail sales. Endorse all of them - yes (Sanetti 9/11: 204-5)

3 **Talk about POS background checks and prohibition of unsupervised possession by juvenilles and encouraging safe storage and increased scrutiny of sales.** Q. Are there any other things aside from what's on this list that Sturm Ruger believes could be done by those institutions or should be done by Sturm Ruger to minimize the criminal misuse of guns? A. We talk about instantaneous point-of-sale background checks. We talk about prohibition of unsupervised possession of firearms by juveniles with severe penalties. We talk about eliminating guns in schools. We talk about expanding firearm safety programs. We talk about encouraging secure storage of firearms and ammunition. We talk about increased scrutiny of retail firearms sales (Sanetti v1: 204-205)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Steps to determine bad dealers.** We don't know. We applaud efforts to find and put in jail. Function of ATF. (Sanetti 9/11: 83-87)

2 **Knowledge of dealers selling to criminals.** No (Sanetti 9/11: 103)

3 **Awareness of dealers involvement in gun trafficking.** No (Sanetti 9/11: 105)

4 **If dealer commits crime should be prosecuted.** (Sanetti 9/11: 122-123)

5 **Ability to prevent illegal gun sales by dealers that law cannot do.** Not something they can do. (Sanetti 9/11: 124)

6 **Corrupt FFLs as problem.** I don't know if serious problem (Sanetti 9/11: 132)

7 **Dealer indicted.** They alerted ATF. (Sanetti 9/11: 137)

8 **No sale by distributors to nonstorefront dealers.** Policy since 1987 that must have a place of business. It could a be a bait and tackle. Our goal was to make sure that the person was actually in the business and stocked firearms so people could compare and shop. (Sanetti 9/11: 142-44)

9 **No sale by distributors to nonstorefront dealers..** We thought policy was good business practice. We felt products could be best promoted by displaying on shelf and loyal cadre of distributors. (Sanetti 9/11: 145)

10 **Concern that nonstocking dealers more likely to be involved in illegal traffic.** No (Sanetti 9/11: 149)

11 **Steps taken to ascertain distributor compliance on having a place of business - buy and trace.** We will make a buy and trace gun. A dozen time (Sanetti 9/11: 156-157)

12 **Steps taken to ascertain distributor compliance on having in a place of business.** Reps do visit dealers from time to time. Also phone. Meet with distributors. Not every dealers. (Sanetti 9/11: 157-8)

13 **Awareness of trafficking coverup.** No (Sanetti 9/11: 160-1)

14 **Scrutiny of retailers.** Require distributors to only sell to dealers who had established hours of business. Attempted to cut of dealers who were not complying. A dozen times. (Sanetti 9/11: 207-8)

15 Steps to identify problem dealers. (Sanetti 9/11: 250)

16 **Code of ethics for dealers.** SAAMI discussion. Drafts made (Sanetti 9/11: 288-93)

17 **Indicted dealer and continuing to sell to them.** Tough call. Not conviction. (Sanetti 9/11: 309-10)

18 **We want sales through legitimate dealers.** (Sanetti 9/11: 324)

19 **Efforts to learn of bad apple dealers identified in Schummer report.** No (Sanetti 9/12: 27)

20 **No interference with BATF funciones on identity of bad apple dealers.** Q. Has Sturm Ruger taken any steps to try to learn who the bad dealers might be? A. One again, it is a function of BATF. They don't want you interfering with that. I don't know of any "bad dealers," (Sanetti v1: 84). For many years the NSSF has invited ATF to speak at dealer seminars at the SHOT show, and at those seminars to the dealers the ATF has stressed they are the appropriate law enforcement investigation. If there's any questions, turn it over to ATF, and they will investigate (Sanetti v1: 95)

(3) **Gun show sales**

1 **Sales a gun shows as problem.** (Sanetti 9/11: 158-9)

2 Policy that legitimate storefront dealers can display at gun shows. (Sanetti 9/12: 50)

3 **Storefront, FFL, licensed business with sales at gun shows conducted in way he would on premise.** Q. If you turn to page 3 of the report at the top, "Therefore, our policy is that a legitimate storefront retail licensed FFL dealer may exhibit Ruger guns at gun shows." What did you mean by this phrase? A. What I meant by this was the same thin as our terms and conditions... the types of retail dealers where Ruger firearms are made available for display, that their safety operation and mechanisms can be properly explained, that the dealer have a licensed place of business with a resale tax number where appropriate...I should add that if that dealer does make a sale at a gun show, he has to comply with exactly the same laws, the background check, etcetera, as he would if he made the sale from his premises (Sanetti v2: 50-51)

(4) **Thefts / Losses**

1 **Ways in which criminals acquire guns.** Criminal acts. Theft. (Sanetti 9/11: 41)

(5) **Strawpurchases**

1 **Don't Lie program.** ATF/industry effort. Method of surreptitiously acquiring guns. Program aids in providing questions to be asked. Help

cut down on these purchases through education. To minimize number of strawpurchases. (Sanetti 9/11: 106-109)

2 **Awareness of strawpurchase as problem.** 1990 by ATF. 1990's by Sturm (Sanetti 9/11: 112-113)

3 **Considered training dealers on strawpurchases.** No need because Don't Lie exists. (Sanetti 9/11: 116)

4 **Strawpurchase training as an idea whose time has come.** Its an idea whose time has come and it's a good program and we support it (Sanetti 9/11: 117)

5 **If dealer suspects strawpurchase.** Contact law. No sale. (Sanetti 9/11: 124-5)

6 **Awareness of strawpurchase of Sturm.** No (Sanetti 9/11: 127)

7 **Steps to prevent strawpurchases.** Besides supporting Don't Lie program. Don't know what else we can do. (Sanetti 9/11: 128-9)

8 **Sales rep training on Don't Lie.** Don't know (Sanetti 9/11: 178)

9 **Strawpurchase materials provided. Yes in 1993.** Booklet. Reminder to dealers strawpurchase subject to law. Mailings to dealers and distributors and we distribute at trade shows (Sanetti 9/11: 179-80)

10 **Don't lie.** Not involved in development (Sanetti 9/11: 259-60)

11 **Mailing to distributors asking them to make available Don't Lie materials.** (Sanetti 9/11: 266-7)

12 **Don't Lie program awareness.** Q. You're aware of the NSSF's Don't Lie for the Other Guy? A. ...ATF has used industry's good offices in trying to distribute information through the NSSF to dealers about straw purchases, how to identify and help prevent them... (Sanetti 106-109)

13 **Help dealer cooperate with ATF on recognizing strawpurchase.** Q. What has Sturm Ruger done to prevent its guns being sold to straw purchasers... besides supporting the Don't Lie for the Other Guy program? A. All we can do is help the dealer cooperate with ATF in recognizing what a possible straw purchase might be, and that is being done. Beyond that, I truly don't know what else we could do (Sanetti v1: 128-129)

14 **Initial mailing on Don't Lie for program.** A. This is the memo I sent to all Ruger commercial and law enforcement distributors on January 30th of this year relating to spreading the word about the Don't Lie for the Other Gun program. Q. Did you mail this to the dealers on the dealer list that you have A. This initial mailing went to the distributors and asking the distributors to make it available to all the dealer with whom they deal (Sanetti : 266)

15 **Urging BATF versus terminating for strawpurchase.** Q. And the next paragraph, it says, "we fell that there should be severe penalties for firearms dealers who knowingly sell to unqualified individuals or who knowingly participate in "straw man" transactions. Has Sturm Ruger ever terminated any distributor for selling to a dealer who engaged in these practices? A. This paragraph deals with us urging that the BATF intensify its efforts to prosecute illegal gun sales. We are urging BATF to step up its law enforcement efforts (Sanetti v1: 209-210)

(6) **Multiple sales**

1 **Multiple sales.** Should suspect something if sale of 10. Legitimate sale and report on form. Doesn't mean felon (Sanetti 9/11: 125-6)

2 **Multiple sales.** If circumstances suggest, dealer should alert law.

(Sanetti 9/11: 127)

3 **Multiple sales regulation.** Why passed. Don't know (Sanetti 9/11: 130)

4 **Multiple sales regulation.** Awareness in 90's.

5 **Steps to discourage multiple sales.** ATF monitors (Sanetti 9/11: 131)

6 **Multiple sales report forms.** Q. If someone comes into the store and wants to buy ten Sturm Ruger pistols, would you agree that the seller should suspect something in that circumstance? A. Another requirement that is imposed upon dealers is what's called a Multiple Sales Report Form. If someone attempts to buy, more that two firearms in a five-day period, they have to be reported as part of this multiple sales form, both to ATF and to local law enforcement (Sanetti vl: 125)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

1 **Obliterate serial numbers as problem.** No (Sanetti 9/11: 161-2)

v. **Trade association activities**

(1) **NSSF has network to reach dealers for training.** NSSF has a way and a network to get to those dealers and disseminate information and to conduct education seminars. (Sanetti 9/11: 116-117)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **SW training syllabus for retail sales associations.** Not comparable to Sturm given SW has direct sales and they do not (Sanetti 9/11: 274-5)

2 **Feedback on SW agreement.** Bredath and unenforceability. (Sanetti 9/12: 94-95)

3 **SW agreement feasibility.** Multiple sales without explanation. How does one enforce (Sanetti 9/12: 112)

4 **SW agreement feasibility.** Authorized dealers. Monitoring issues and licenses (Sanetti 9/12: 114)

5 **SW agreement feasibility.** Liability insurance required by dealer. Difficult to enforce by mfgs. (Sanetti 9/12: 114-115)

6 **SW agreement feasibility.** Make no sales at gun shows unless all sales are conducted only on completion of a background check. Unenforceable (Sanetti 9/12: 115)

7 **SW agreement feasibility.** Inventory tracking plans. Not in position to tell distributor or dealer what is the best inventory plan (Sanetti 9/12: 116-117)

8 **SW agreement feasibility.** Audit failure sanctions. Not a matter for mfgs but for dealers (Sanetti 9/12: 118)

9 **SW agreement feasibility.** Locking display cases. Dealer issue and how enforce (Sanetti 9/12: 118)

10 **SW agreement feasibility.** Guns in safe. How enforce that (Sanetti 9/12: 119-20)

11 **SW agreement feasibility.** Requiring minors be accompanied by parent. How enforce that (Sanetti 9/12: 120-121)

12 **SW agreement feasibility.** Compliance inspections and oversight committee. Confidential data and issues (Sanetti 9/12: 122-3)

13 **SW agreement feasibility.** Trace requests kept. Not enforceable (Sanetti 9/12: 124)

14 **SW agreement feasibility.** Employee training. We do. But oversight difficult (Sanetti 9/12: 124-5)

15 **SW agreement feasibility**. No transfer until notice of NICS. Now being done. (Sanetti 9/12: 127-8)

16 **SW agreement feasibility**. Foregoing sale to if know they are under indictment. Valid. But difficult (Sanetti 9/12: 128-29)

17 **SW agreement feasibility**. Authorized to authorized FFL sales only. Now in our agreements (Sanetti 9/12: 133-4)

18 **SW agreement feasibility**. No strawpurchases. That's the law. (Sanetti 9/12: 134-135)

19 **SW agreement feasibility**. Multiple sales. 14 day. How do we enforce (Sanetti 9/12: 135-6)

20 **SW agreement**. Verify validity of FFL license. Now doable (Sanetti 9/12: 140)

21 **SW agreement**. Security for mfg. We have (Sanetti 9/12: 140-1)

22 **SW agreement**. Shipping in un marked. We do (Sanetti 9/12: 141-2)

23 **SW agreement**. Theft reports in 24 hours. Unknowable. We notify immediately (Sanetti 9/12: 141-2)

24 **S&W agreement issues** - Multiples sales and difficulty of enforcing. Q. S&W agreement - Section 2, "Sales and Distribution". A. There are a lot of efforts that are already being undertaken that we've discussed to prevent those things, but as far as criminal misuse or unauthorized juveniles, they are not – that's not something that a dealer directly is doing and is not something, certainly that the firearms manufacturer is doing. Things – terms like "multiple sales of handguns without reasonable explanation".All multiple sales are already being reported to law enforcement, and whatever "reasonable explanation" is that's pretty wide latitude. And how does one go back to a dealer at some point and say, well, you made that sale without reasonable explanation? How does a manufacturer enforce something like that? From a commercial standpoint it doesn't seem practical (Sanetti v2: 110-112) A.

25 **S&W agreement issues** - Sales without a background check required by law. Obviously that's federal and state law, that can't happen. A distributor obviously they do have to possess a valid current federal firearms license and all licenses and permits required by state, local or federal law and comply with all these laws, so, how a manufacturer can add to that mix and get into the middle of that doesn't seem to me to be feasible or workable or enforceable. Required under the Brady Act and the Gun Control Act. That's federal and state law, that they have to be done. How do we as a manufacturer enforce that? We can't.(Sanetti v2: 112-114)

26 **S&W agreement issues** - Carrying liability insurance difficulties. I mean, I think that's a matter between the dealer and the – and its insurance carrier. I don't think that's something that a manufacturer could enforce against a dealer (Sanetti v2: 112-114) A.

27 **S&W agreement issues** - Make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check. That's legally unenforceable. Requiring a retail dealer to stop selling a gun at a gun show because somebody ten tables away making a private lawful sale doesn't do a NICS check, seems unenforceable. I just don't know how you would monitor or enforce something like that. If the law changes and requires that everybody at a gun show do a background check and makes the NICS system available

to everybody, well, that will be taken care of, but, again, that's a matter of statutory and law enforcement. It's not something that a manufacturer could enforce, given the current state of the law (Sanetti v2: 115-117)

28 **S&W agreement issues** - Inventory tracking plans. I certainly am not in a position nor is Sturm Ruger in a position to tell a dealer or a distributor what's the best inventory plan to use. If an audit of someone's inventory reveals any firearms not accounted for, they can lose their federal firearms license. This is not a matter that a conspiracy of manufacturers or distributors should be handling. It's a matter of the federal government. If they determine that a federal licensee isn't taking adequate precautions against theft, they should and can institute license revocation provisions and they won't get any guns (Sanetti v2: 116-118).

29 **S&W agreement issues** - Locking display cases and how to show a gun to a customer and how to handle guns. How could we ever police that? (Sanetti v2: 118-119)

30 **S&W agreement issues** - Securing all guns in a locked, fireproof safe or vault. How does a manufacturer possible enforce that? BATF does determine what appropriate safety and security provisions exist at the dealers' premises (Sanetti v2: 119-120)

31 **S&W agreement issues** - Storing ammunition separately our of the reach of customers. That is generally done, but once again, how can we presume to tell a dealer of enforce, at a dealer, whether or not they're storing ammunition separately from the reach of customers and away from firearms? (Sanetti v2: 120-121)

32 **S&W agreement issues** - Requiring persons under years, 18 years of age to be accompanied by a parent or guardian. I don't' know how that can possibly be enforced (Sanetti v2: 121)

33 **S&W agreement issues** - Not selling ammunition magazines that are able to accept more than ten rounds regardless of the date of manufacture. Other states may vary that, and that's fine and kind of proves my point: This is a matter of state and local regulation. It's not something a manufacturer can do thousands of miles away (Sanetti v2: 122)

34 **S&W agreement issues** - Providing safety locks and warnings with firearms. That, we do. But again, how can we ensure that a dealer sells the lock with the gun or passes the instructions manual on with the gun? (Sanetti v2: 122)

35 **S&W agreement issues** - Requiring all employees to attend annual training developed by manufacturers in consulting with ATF and approved by the oversight commission. One again, how do we require that all employees of a small gun store someplace in rural America comply with this? (Sanetti v2. 125)

36 **S&W agreement issues** - Foregoing transfers of firearms to licensees if the distributor or dealer knows a licensee is under indictment for violation of the Gun Control Act or any violent felony or serious drug offense. I believe that if that's a valid thing to do, if ATF wants to suspend the license for someone under indictment for violations of the Gun Control Act, certainly the regulations can be changed to reflect that, but that's not something that te manufacturers can do or enforce. (Sanetti v2: 128-129)

37 **S&W agreement issues** - Transferring firearms to individuals who have

demonstrated they can safely handle and store firearms through completion of firearms safety training courses. I think that if the states require individual qualifications over and above federal law for the ownership of firearms such as a mandatory safety course, that's fine if that's what they want to do, but they are the ones who should enforce it, not a manufacturer many miles away who certainly doesn't know what the content of the course is and wasn't consulted in putting the course together (Sanetti v2: 129-130)

38 **S&W agreement issues** - Demonstrating to the purchaser how to load, unload, and safely store the firearm, and how to engage and disengage all safety devices. Again, that's a good business practice, but how does a manufacturer enforce whether of not a dealer actually does that? (Sanetti v2: 130-131)

39 **S&W agreement issues** - Providing the Purchaser with a copy of the ATF disposition of firearms notice. That's the law. Obtaining the purchaser's signature on a form certifying that they've received any instructions and notices, again, they have to sign a 4473. Whether they have to sign a form certifying that they've received state required instruction is dependent upon the state form, no on anything a manufacturer can do or supervise or enforce (Sanetti v2: 130-131)

40 **S&W agreement issues** - Provide the purchaser with a written record of the make, model, caliber, gauge or serial number of each firearm transferred. That's generally done by a bill of sale. This might be a good thing to do, but it's not something a manufacturer could possibly enforce (Sanetti v2: 131-132)

41 **S&W agreement issues** - Not to engage in sales that the dealer knows or has reason to know are being made to straw purchaser. That's the law, that's being enforced by ATF, the appropriate agency (Sanetti v2: 134-135)

42 **S&W agreement issues** - Multiple sales. Again how do we enforce that? (Sanetti v2: 135) A. Encourage its dealers and distributors to consent to up to three unannounced ATF compliance inspections each year. How does a manufacturer enforce dealers to consent to anything (Sanetti v2: 143-144)

(2) **HUD agreement**

(3) **Boston agreement**

yy. **Taurus (company profile)**
- i. **General**
  - (1) **Trade association membership.** NSSF, SAAMI, both on Board of Governor, (Morrison 13-14)
  - (2) **Size**
    - 1 **Sales**
      - (i) **TIMI production.** 5000 to 20,000 annually (Morrison 20) [indirectly related to sales]
  - (3) **Products/markets**
    - 1 **SKU's produced.** Between 10 and 50 (Morrison 20-1)
- ii. **Marketing Channel**
  - (1) **Indirect through others**
    - 1 **Distributors**
      - (i) **Sales to distributors.** Yes primarily (Morrison 40)
- iii. **Distributors**
  - (1) **Role and responsibilities**
    - 1 **Communication with distributors.** Every day we get a customer being a distributor. I get orders, ... yes by purchase order that contains SKU... it contains lots of information (Morrison 50)

zz. **Taurus (documents)**
- i. **Distributor agreements**
  - (1) **Distributor agreement (1988).** Distributor will receive full support in all advertising and merchandising programs, no sales in print media, no resale to unauthorized dealers, agree to promote product in dealer catalog, sell only to FFL, termination on breach or 30 days. (113: 117302)

aaa. **Taurus (depositions)**
- i. **Awareness and knowledge of diversion and potential safeguards**
  - (1) **Nonspecific awareness, concern and attempts to learn of diversion in general**
- ii. **Coordination systems**
  - (1) **Distributor and dealer agreements**
    - 1 **Distributor agreements**
    - 2 **Dealer agreements**
  - (2) **Framework**
    - 1 **Selection**
      - (i) **Criteria.** Establishment of safeguard requirements to be met by a distribution partner.
      - (ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.
      - (iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.
    - 2 **Management**
      - (i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.
      - (ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

3 **Distributors**

(i) **Communication with distributors.** Every day we get a customer being a distributor. I get orders, ... yes by purchase order that contains SKU... it contains lots of information (Morrison 50)

4 **Dealers**

5 **Trade Association**

(2) **Trace/ATF related**

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

(3) **Gun show sales**

(4) **Thefts / Losses**

(5) **Strawpurchases**

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

3. **Distributor activities**
   a. **Generally**
      i. **Requirements to do business**: Shooting Industry list of all distributors includes for some requirement of copy of FFL, photo of dealer's storefront, copy of state tax permit, business license copy for state and city. Many do not require some aspects. Requirement of minimum purchase. (63)
   b. **BL Jennings (distributor for Bryco Firearms) (company profile)**
      i. **General**
         (1) **Size**
            1 **Sales**
               (i) **Sales since inception.** 2.5 - 3.0 million (Jennings B. 140)
            2 **People**
               (i) **BL Jennings employees.** 30 (Jennings B. 95)
         (2) **Products/markets**
            1 **Marketing segments.** Lower cost firearm market (Jennings B. 259)
            2 **Product focus.** 5-10 gun focus (Jennings B. 259)
            3 **Determination of market base.** Geographically focused on west (Jennings B. 430)
            4 **Market target.** No conscious decision to target under 200 dollars. (Jennings B. 431)
            5 **Market surveys.** No. Doesn't know how. (Jennings B. 433-434)
            6 **Retention of third parties to conduct market surveys.** No knowledge of third parties. (Jennings B. 435)
         (3) **Marketing**
            1 **Advertising**
               (i) **Advertising by BLJ.** Started in 1996 (Jennings B. 117)
               (ii) **Suggestions to mfgs and their adoption.** Advertising for Bryco done by BLJ, but not others (Jennings B. 445)
            2 **Promotion**
               (i) **Market steps to expand dealer base.** Advertisements. Phone. Mailings. Shot show (Jennings B. 433)
      ii. **Marketing Channel**
         (1) **Direct to dealers**
            1 **BLJ sales.** 40 percent to distributors and 60 direct to dealers. (Jennings B. 118)
            2 **Sales to various dealers.** (Jennings B. 135-139)
         (2) **Indirect through others**
            1 **Distributors**
               (i) **BLJ sales.** 40 percent to distributors and 60 direct to dealers. (Jennings B. 118)
               (ii) **BL Jennings.** A Distributor of firearms (Jennings B. 78)
      iii. **Distributors**
         (1) **Jennings firearm distributors.** Sold to distributors. 60 of them. Core of 20-30. (Jennings B. 76-77)
         (2) **Distributors of BLJ.** 15-20. (Jennings B. 134)
         (3) **Min prices for distributors and dealers.** No (Jennings B. 176)

      iv. **Dealers**
         (1) **Dealers of BLJ.** 5000 (Jennings B. 134)
         (2) **Min prices for distributors and dealers.** No (Jennings B. 176)

c. **BL Jennings (distributor for Bryco Firearms) (documents)**

d. **BL Jennings (distributor for Bryco Firearms) (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **File on instances of inappropriate users gaining access to firearms.** No (Jennings B. 46)

(2) Acknowledge of Schumer study (Jennings B. 126)

(3) **Awareness of firearm diversion.** Other than strawpurchases. I don't believe so. (Jennings B. 170)

(4) **Awareness of white house initiative to have mfgs change sales practices.** Yes (Jennings B. 380)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Customer criteria.** FFL. Phone numbers and financial information. (Jennings B. 119)

2) **Requirement of demonstration of compliance with law.** No (Jennings B. 120-1)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Acceptance of potential customers.** Q. And how does B.L. Jennings decide whether to accept a potential customer? A. When a customer is identified and a business relationship is initiated, during the initiation, they are required to supply the firearms licenses. We also establish the phone numbers persons contact. Sometimes we get financial information. ... Possibly a credit report, possibly bank references, credit references. (B.L. Jennings: 118-119)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

1) **Requirement to demonstrate that distributor/dealer are in compliance with state and local tax, zoning or licensing laws.** Q. Other than getting a copy of the dealer or distributor's federal firearms license, do you require them to demonstrate that they are in compliance with state and local tax, zoning or licensing laws? A. No, we do not. (B.L. Jennings: 120-121)

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities

and performance goals.

1) **No training provided to dealers or distributors.** Q. Does B.L. Jennings offer training of any sort to its dealers or distributors? A. No, it does not. (B.L. Jennings: 165)
2) **B.L. Jennings has never made any attempt to prevent its dealers or distributors from selling guns across state lines.** Q. Does B.L Jennings ever make any attempt to prevent its dealers or distributors from selling guns across state lines? A. ... So the answer is no. (B.L. Jennings: 174)
3) **Dealer or distributor training.** No (Jennings B. 165)
4) **Literature distributed with firearms.** Youth handgun safety notice. Suppose to be placed at retailer wall. We put in box thinking it would help educate public on what their responsibilities are. Aware that not under legal notice to do so (Jennings B. 299-303)
5) **Steps to prevent sales across state lines.** Dealers have the ability. It is legal. No (Jennings B. 174)
6) **Suggestions by mfgs to BLJ.** Non other than firearms (Jennings B. 114-115)
7) **Change in sales practices since Hamilton decision and other suits.** I can't recall any (Jennings B. 166)
8) Changes in sales practices in response to SB 15. (Jennings B. 176)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Inventory by BLJ.** Yes (Jennings B. 112)
2) **Order tracking at BLJ after placed.** No (Jennings B. 113)
3) **Policy for retention of trace requests.** Q. Does B.L. Jennings have a policy for retention of trace requests? A. There's no written policy on that. ... There's just a procedure that we have always retained the documents. (B.L. Jennings: 33-34)
4) **Visits.** Q. ... Does B.L. Jennings visit its dealers' place of business? A. No, or at least rarely. (B.L. Jennings: 132)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

1) **Other requirements beyond those mentioned.** No (Jennings B. 132-33)
2) **Other restrictions on dealers or distributors.** I do not think we have any other restrictions. (Jennings B. 175)

3) **Imposition of requirements beyond law for dealers and distributors.** Yes. (Jennings B. 179-181)

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

1) **Youth Handgun Safety Act Notice.** A. It's my understanding that this [Youth Handgun Safety Act Notice] is an exact duplication of what the federal law states. This notice is actually ... supposed to be placed in a retail store on the wall ... B.L. Jennings had decided that it would reproduce that notice and put it in every firearm that it distributes. ... It appeared that the information contained in there would be helpful in educating the public on what their responsibilities are. (B.L. Jennings: 303)

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

1 **Customers not meeting criteria.** Recall that happened (Jennings B. 120)

2 **No minimum prices for resellers.** Q. Does B.L. Jennings establish minimum prices for which distributors and dealers can resell B.L. Jennings' firearms? A. No, it does not. (B.L. Jennings: 176)

iii. **Information systems**

(1) **Contacts**

1 **Own firms**

2 **Sales representatives**

3 **Distributors**

(i) **Steps in purchasing from BLJ.** Distributors. Long term relationships. Phone call. Order placed. Computers. Type up invoice. Shipping receipts typed up. Shipping and receiving clear receives copy of sales order. Selection of firearms. Types serial numbers in computer. Places labels on package. Ships by UPS or FED EX. Computer updates acquisition and disposition record. (Jennings B. 123-4)

4 **Dealers**

(i) **Steps in purchasing from BLJ.** Dealers. Dealer call in or the sales reps will call them. Place order. Sales rep crease a sales order. Invoice and shipping document. Shipping clerk gets product. Complete transaction through shipping. Computer takes and creates acquisition and disposition record. Bar code readers. (Jennings B. 124)

(ii) **Dealer conversations.** No formal document. Dialogue formalized (Jennings B. 125)

(iii) **Visits to dealers.** No or at least rarely (Jennings B. 132)

5 **Trade associations**

6 **Other**

(i) **BLJ contact of customers.** Yes (Jennings B. 116-7)

(ii) **Communications with customers.** Phone. Calling to check on inventory is only basis of contact (Jennings B. 121-2)

(iii) **Acquisition and disposition records.** Updated electronically. (Jennings B. 164-5)

(2) **Trace/ATF related**

1 **ATF report retention.** Informal policy (Jennings B. 37)

2 **ACCESS 2000.** No participation. (Jennings B. 40)

3 **Trace request retention policy.** No (Jennings B. 33)

4 **Trace request retention.** Attempt to (Jennings B. 34)

5 BL Jennings and Bryco similar retention policies. (Jennings B. 41)

6 **ATF notification of dealers that account for nearly half of the trace requested.** A. ... ATF or any other organization has never, ever notified B.L. Jennings of any such dealer [within group of 1 to 2 percent of all gun dealers that account for nearly half of the trace requests propounded by the ATF] by name or any way to identify any such dealer. ... Had they notified us, I am certain that we would figure a way to not sell them without violating a law or a rule that would get us sued for failure to supply guns to a licensed individual. (B.L. Jennings: 126)

7 **Trace requests.** Since inception 15-20,000 (Jennings B. 139-140)

8 **Trace requests as proportion of sales.** 1 percent given 2.5 to 3 million in sales. Since inception (Jennings B. 140)

9 **Traces per week.** 1 per week [not consistent with 15-20,000 estimate above] (Jennings B. 140-1)

10 **Trace request process.** Fax. (Jennings B. 141)

11 **Reports developed on trace requests.** No (Jennings B. 141)

12 **Protocol for trace request response.** Yes. Access computer records per serial number. Download information where it was sold. Create spreadsheet and then information would be faxed to ATF (Jennings B. 142)

13 **Trace records kept.** Yes (Jennings B. 143)

14 **Trace request analysis.** We took dealers and the quantity of guns the dealer had purchase and the quantity of guns traced to those dealers and ran some spreadsheets on those dealer trying to find out if we could identify the 1 or 2 percent that have high number of traces as spoken about by Schumer. . 3 or 4 years ago. I don't know who has. We also bought data from ATF that they claimed was their entire file for tracing. It included mfgs by make, model, caliber we put into spreadsheets and compared BLJ to other major companies. We reviewed and created charts and graphs. Still have those. Yes. I'm not sure what they show. We thought we were successful in testing theory. Most highly traced dealers that we dealt with had as much as 3.5 to 4 percent traces. Normal trace was below 1 percent. . We decided the information was flawed because if a person only bought five guns and had one traced that put him in that category. We came up with a big zero . Study didn't tell us anything useful. We were not able to obtain the full number of sales on the part of dealer given we only had information on our sales. They probably purchased from other distributors besides us. We had information on only our sales to dealers. (Jennings B. 148-158)

15 **Trace request analysis.** ATF data provided information that only 1 percent of traces would be considered serious crimes. . we tried to find

out which guns were used in crimes more often that not. Shotguns equally as pistols (Jennings B. 158-159)

16 **Trace request analysis.** We concluded that type of gun didn't lead it to become crime gun. Type of gun was not correlated with traces to crime. (Jennings B. 159-160)

17 **Trace request analysis.** Awareness of distributors with high trace request. We have not data on distributors. (Jennings B. 162)

18 **Trace request analysis.** Awareness of mfgs with high trace requests. All within 2 percent to .5 percent. (Jennings B. 162)

19 **Trace request analysis.** Analysis by day. All sales in one day to one dealer being traced. Due to lost shipment. I wouldn't know. (Jennings B. 163-4)

20 **Trace request analysis** . Other than the two. No. (Jennings B. 163-5)

21 **Trace analysis.** A. ... we took dealers and the quantity of guns the dealers had purchased and the quantity of guns that were traced to those dealers, and we ran some spreadsheets on those dealers trying to find out if we could identify the 1 or 2 percent of those dealers that have 50 percent of the traces in the nation that you spoke about earlier. ... So when we looked over the data, we came up with a big zero. MR. HEWITT: I need to clarify that. When you say "big zero," do you mean that the study was flawed? A. It means that the study didn't tell us any information that was useful. (B.L. Jennings: 147, 150)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Storefront requirement.** A. B.L. Jennings does not require a storefront. (B.L. Jennings: 120)

2 **Reasons for not requiring dealers to have a storefront.** Q. ... Is there a particular reason that B.L. Jennings does not require dealers to have a storefront? ... A. ... B.L. Jennings believes that anybody who has a firearms license has already submitted fingerprints. They have had background checks done. They've been checked out by the local police department. They've been checked out by zoning requirements, because of the ATF inquiries and the local police department inquiries. ... the licensed individuals that do not have storefronts actually may soon become individuals that do have storefronts. ... B.L. Jennings believes that guns shows are a necessary part of the firearms industry. ... we believe that a licensed dealer at a gun show would be selling the product under the same rules that he would if he had a storefront. (B.L. Jennings: 127-128)

3 **No requirement of storefront for dealer.** FFL requires background check so view they have been approved for sale. Some who do not have storefronts may become storefronts. Guns shows are part of industry. Presence of licensed dealers at guns shows is good for industry because of their present illegal sales would be slowed down. (Jennings B. 127-128)

4 **Requirement of retail place of business.** Not require storefront (Jennings B. 120)

5 **If new that dealer was one of the 1-2 percent bad apples would attempt to limit sales.** Not sell to them (Jennings B. 126)

6 **No requirement of storefront for dealer.** FFL requires background check so view they have been approved for sale. Some who do not have

storefronts may become storefronts. Guns shows are part of industry. Presence of licensed dealers at guns shows is good for industry because of their present illegal sales would be slowed down. (Jennings B. 127-128)

7 **Some local laws require storefronts - has BLJ ever investigated those laws.** No (Jennings B. 130)

8 **Awareness of cases on illegitimate gun dealers.** Yes. (Jennings B. 166)

9 **Change in sales practices after becoming aware of illegitimate gun dealer cases and other cases.** Not aware of any (Jennings B. 167)

10 **Willingness to impose requirement that dealers have storefront.** No. (Jennings B. 183)

(3) **Gun show sales**

1 **No requirement of storefront for dealer.** FFL requires background check so view they have been approved for sale. Some who do not have storefronts may become storefronts. Guns shows are part of industry. Presence of licensed dealers at guns shows is good for industry because of their present illegal sales would be slowed down. (Jennings B. 127-128)

2 **Gun Shows.** Q. ... B.L. Jennings does not discourage dealers from attending gun shows and selling firearms there? A. That's correct. (B.L. Jennings: 173)

3 **Willingness to impose requirement that dealers not sell at gun shows.** No it would not (Jennings B. 182)

(4) **Thefts / Losses**

1 **Security at warehouse.** No guards. But alarms. (Jennings B. 114)

(5) **Strawpurchases**

1 **Don't Lie for other guy.** No participation (Jennings B. 54)

2 **No steps toward straw purchases.** A. B.L. Jennings does not deal with retail customers. We don't have the ability to take any steps toward straw purchases. (B.L. Jennings: 168)

3 **Dealers requirement to take steps to prevent straw purchases.** Q. Does B.L. Jennings ever ask that its dealers take steps to prevent straw purchases? A. ... I believe there's a notice that is in each firearm box. It is called the youth safety notice. There may be a paragraph in there that refers to straw purchases. (B.L. Jennings: 168)

4 **Strawpurchases.** Customer buys a firearm for the ownership of someone else (Jennings B. 168)

5 **Awareness of strawpurchases.** Mid 1980's (Jennings B. 168)

6 **Steps to avert strawpurchases.** We do not sell to consumers (Jennings B. 168)

7 **Steps to get dealers to prevent strawpurchases.** I'm not sure, but I think in box there is information. ATF has numerous programs. . Primarily a law enforcement issue. (Jennings B. 169)

8 **Awareness of industry steps to prevent strawpurchases.** Nothing direct, but hear. (Jennings B. 169)

9 **Strawpurchases.** Q. As part of the dealer dialogues that you described that the B.L. Jennings sales representatives have with dealers, does B.L. Jennings encourage dealers to attend those seminars [regarding straw purchases]? A. It wouldn't be part of normal business transactions. Q. And does B.L. Jennings encourage its dealers, as part of those

dialogues, to take other steps to prevent straw purchasing? A. None that I'm aware of. (B.L. Jennings: 169-170)

10 **Steps to encourage dealers to attend industry efforts to prevent strawpurchases.** Not part of the normal business transaction (Jennings B. 170)

11 **Steps to encourage dealers to take steps to prevent strawpurchases.** None that I am aware of (Jennings B. 170)

12 **Awareness of firearm diversion.** Other than strawpurchases. I don't believe so. (Jennings B. 170)

(6) **Multiple sales**

1 **Encouragement of dealers to limit number of guns in transaction.** No (Jennings B. 125)

2 **B.L. Jennings has not request its dealers not to sell multiple firearms.** Q. Does B.L. Jennings request that its dealers not sell multiple firearms to retail customers as part of single transactions? A. No, it does not. (B.L. Jennings: 170)

3 **Multiple sales and requests of dealers to limit.** No. It is a legal transaction. Special forms that government requires. (Jennings B. 170)

4 **Multiple sales and responsibility to prevent.** Nothing more that BLJ could, should do (Jennings B. 171-3)

5 **Awareness of multiple sales restrictions in law.** Dealers handle. We do not (Jennings B. 177)

6 **Feasibility of asking dealers to restrict multiple sales.** Could be possible. We would not be willing to do it. It infringes on rights of customers (Jennings B. 178)

(7) **Time to crime**

1 **Top ten time to crime pistols manufactured by Bryco and changes to sales practices once found out.** No (Jennings B. 271-272)

(8) **Obliteration of serial numbers**

1 **Steps to prevent obliteration of serial numbers.** Don't know what could do (Jennings B. 173-4)

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **SW agreement.** Willingness to enter agreement that says that mfgs only sell to authorized distributor and dealers. No (Jennings B. 411)

2 **SW agreement.** Willingness to monitor or keep track of licenses of dealers. No (Jennings B. 412)

3 **SW agreement.** Willingness to assume duty of observing each firearm sale at dealer level. No (Jennings B. 413-4)

4 **SW agreement.** Willingness to require insurance by mfg, distributors or others they deal with. No (Jennings B. 414)

5 **SW agreement.** Willingness to require no sales at gun shows. No, but believes background checks should be don by our dealers. (Jennings B. 415)

6 **SW agreement.** Willingness to require inventory tracking. We disagree given assumption that every dealer must go out and buy a computer to track this. (Jennings B. 416)

7 **SW agreement.** Willingness to audit dealer inventor. Not have the ability to do (Jennings B. 417)

8 **SW agreement**. Willingness to secure shipments. Security (Jennings B. 418)

9 **SW agreement**. Willingness to monitor dealers. (Jennings B. 418)

10 **SW agreement**. Willingness to require prohibition of 18 year olds inside stores. No (Jennings B. 418-19)

11 **SW agreement**. Willingness to require dealers to provide documents to oversight commissions. No (Jennings B. 420)

12 **SW agreement**. Willingness to participate in monitoring of distributor by manufacturer. We have always complied and participated (Jennings B. 420-1)

13 **SW agreement**. Willingness to participate in electronic record keeping requirement. Don't know how to create (Jennings B. 421)

14 **SW agreement**. Willingness to participate in oversight committee. No (Jennings B. 422)

15 **SW agreement**. Willingness to participate in seminars to dealers. No (Jennings B. 422-23)

16 **SW agreement**. Willingness to monitor and supervise dealers. No (Jennings B. 423-4)

17 **SW agreement**. Willingness to enforce, supervise or have duty to force dealers. We believe, though that it is reasonably appropriate (Jennings B. 424)

18 **SW agreement**. Willingness to require dealers and mfgs to do certain things (Jennings B. 424)

19 **SW agreement**. Willingness to participate in authorized dealer provisions. Reject that concept (Jennings B. 425)

20 **SW agreement**. Willingness to participate in Multiple purchase provisions. Damaging to gun shows. Severely restrict people from attending gun shows (Jennings B. 426)

(2) **HUD agreement**

(3) **Boston agreement**

e. **Ellett Brothers (company profile)**
- i. **General**
  - (1) **Size**
    - 1 **People**
      - (i) **Department of marketing.** Two employees (Spatharos 11)
      - (ii) **Purchasing staff.** Two staff members. (Spatharos 19)
      - (iii) **Buyers and assistant buyers.** (Spatharos 21)
  - (2) **Products/markets**
    - 1 **Top mfgs.** Remington, Ruger. (Spatharos 530)
  - (3) **Marketing**
    - 1 **Prices and discounts**
      - (i) **Pricing.** They determine their own. (Spatharos 44)
      - (ii) **Allowances from vendors.** Coops from mfgs (Spatharos 56-7)
    - 2 **Advertising**
      - (i) **Marketing.** Fliers, catalogs, (Spatharos 41-43)
      - (ii) **Allowances from vendors.** Coops from mfgs (Spatharos 56-7)
    - 3 **Other**
      - (i) **Meetings with vendors at Shot Show.** New products. Pricing. Hear what the vendor has to say (Spatharos 26)
      - (ii) **Appointments with vendor.** Vast majority at trade show.
      - (iii) **Marketing studies.** None to determine if could sell (Spatharos 33)
      - (iv) **Marketing research.** On sales trends. No (Spatharos 105)
      - (v) **Coordination with sales manager or vendor rep for promotion.** Both get together and agree on a date. Discuss the general items that will be in the promotion. (Spatharos 60)
      - (vi) **Sales promotions budget.** Yes (Spatharos 90)
- ii. **Marketing Channel**
  - (1) **Top mfgs.** Remington, Ruger. (Spatharos 530)
- iii. **Salesforce**
  - (1) **Role and responsibilities**
    - 1 **Incentives**
      - (i) **Promotion.** Directed toward salespeople. (Spatharos 85)
      - (ii) **Trips as promotional incentives.** Yes (Spatharos 90)
    - 2 **SPIFFS**
      - (i) **Promotions and incentives.** SPIFFS. Taurus $3 per gun additional cash prize to sales person. Incentive. (Spatharos 66-69)
      - (ii) **Sales promotion.** 100,000 dollars top out. SPIFF amount. (Spatharos 110)
      - (iii) **Glock SPIFFS.** Extremely few (Spatharos 141)
- iv. **Distributors**
  - (1) **Names**
    - 1 **Distributors sold to.** RSR. (Spatharos 47)
- v. **Dealers**
  - (1) **Numbers**
    - 1 **Dealers sold to.** No idea (Spatharos 53)

f. **Ellett Brothers (documents)**

i. New contact questionnaire does not contain any questions beyond standard address, interests, comment section (66)

ii. Pre call planning briefing for sales personnel does not contain any reference to obtaining information regarding the prospects qualifications relative to safe distribution. Has "what do I need to Know about customer" and "strategies to qualifying prospects" but these do not include criteria for safe distribution (66)

g. **Ellett Brothers (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Contracts with mfgs.** No (Spatharos 59)

(ii) **Glock stocking dealer program.** Dealer decides which distributor he wants products invoiced through. Letters sent by Glock. Inbound calls and we also let dealers know that Glock has program. Sales function in distributor area to contact dealers (Spatharos 136-7)

2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Denial of buyer adding a vendor.** Veto yes. (Spatharos 29)

2) **Criteria for adding vendor.** No official written criteria. Main criteria would be if there was a product that was a duplicate of what we had. [not add]. Other criteria was if we could sell. . Buyers makes decisions in part. Demand for product. (Spatharos 32-33)

3) **Information about vendors from buyers [criteria].** Catalog. Price points. Opinion as to ability to sell. How many units. (Spatharos 34)

4) **Buyer hiring.** No specific criteria (Spatharos 38)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Evaluation of product prior to approval for sale.** No (Spatharos 96)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Partners in Success Program.** Rebate program - based on some goals. Taurus sets goals. (Spatharos 72-3)

2) **Letter asking distributor not to sell to specific region.** Manufacturer American Arms would not comply with the Massachusetts state regulations regarding the sale of handguns and sent a letter to Ellett Brothers asking them not to sell American Arms products in Massachusetts. (Spatharos: 122)

(iii) **Incentives and monitoring.**Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

1 **Mfgs asking that fliers be signed off on.** No. (Spatharos 43)

2 **Mfgs asking that fliers be pulled.** Not that I recall (Spatharos 43)

3 **Input of mfgs on fliers.** No. I don't recall. That would be extremely rare. (Spatharos 45)

4 **Discontinue a firearm criteria for termination of sale.** No longer in business. Not selling are two of the major reasons (Spatharos 99)

5 **Browning stocking distributor agreement.** Yes his responsibility to enter into. Min purchase requirement. Min of 1,000,000 to be Master distributor. Requirement for distributor to distribute catalog, fliers and promotional materials (Spatharos 128-134)

iii. **Information systems**

(1) **Contacts**

1 **Inventory management.** Computer tracking. (Spatharos 18)

2 **Employee training.** On the job. General procedure training manual. (Spatharos 39)

3 **Employee training on law.** Working with other buyers and manufacturers. (Spatharos 41)

4 **Catalog distribution.** Of 99 percent of our customers. Retailers and also some distributors (Spatharos 46-7)

5 **Mfg communications.** Arranging a meeting, visit or notification of something their company is doing. Artwork via email (Spatharos 143)

6 **Trade organization communications.** No email to him (Spatharos 144)

7 **Training of salespeople.** Yes a training period. All day. . (Spatharos 146-8)

(2) **Trace/ATF related**

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**
(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**
1 **Employee background check.** I'm not aware of that (Spatharos 39)
(3) **Gun show sales**
(4) **Thefts / Losses**
(5) **Strawpurchases**
(6) **Multiple sales**
(7) **Time to crime**
(8) **Obliteration of serial numbers**

v. **Trade association activities**
(1) **Trade associations.** National association of sporting goods wholesalers. National Association of Shooting Sports. Heritage fund (Spatharos 103)

vi. **Industry agreements**
(1) **Smith and Wesson agreement**
(2) **HUD agreement**
(3) **Boston agreement**

h. **MKS Supply (distributor for Hi Point) (company profile)**

i. **General**

(1) **MKS.** Marketing company that markets HiPoint guns (Brown 12)

1 **Web site.** Yes (Brown 122)

2 **Trade association memberships.** SAAMI - no. NSSF - no. ASSC - we were. Attended one meeting and does attend shows (Brown 171-194)

3 **MKS relationship with HiPoint.** Independent entities. (Brown 89)

(2) **Size**

1 **People**

(i) **Employees.** 2 full time and couple part time. (Brown 49)

(3) **Marketing**

1 **Advertising**

(i) **Marketing campaign.** I write ads. Targeted to dealers. Keep awareness up. Keep our name out their. (Brown 210-213)

ii. **Marketing Channel**

(1) **Direct to dealers**

1 **Customers.** Distributors and some dealers (Brown 12)

2 Ship directly to dealers and assumes they know if firearm is legal in that state. (Brown 217-219)

3 **Dealer sales.** Dealers we sell to are members of three major Buying groups (Brown 15)

(2) **Indirect through others**

1 **Distributors**

(i) **Customers.** Distributors and some dealers (Brown 12)

(ii) **Require min order from distributors.** Nothing. We would like them to order 100 of each. But would not terminate if not 100. (Brown 118-120)

2 **Buying groups**

(i) **Buying Group.** Similar to Co-op but costs dealers to be a member of (Brown 15)

(ii) **Buying group process.** Fax purchase order and it is faxed from buying group office. (Brown 20)

(iii) **Buying groups.** Sports Inc, NBS, Worldwide (Brown 20)

(iv) **Buying groups have shows.** Sports Inc. show (Brown 21)

(v) **Sales to all member of buying groups.** No. Some do not sell firearms (Brown 36)

(vi) **Selling to buying groups versus directly to dealers.** Because they are well-established, large dealers. (Brown 41-43)

(vii) Sales to buyer groups. (Brown 217)

(3) **Source of purchases.** B. Miler, Iberia and Haskell. (Brown 90)

iii. **Distributors**

(1) **Names**

1 **Distributors sold to.** AcuSport, Alamon, Bangers, Chattanooga, Dixie Shooter Supply, Ellett Brothers, Faber Brothers, Henry's, Hicks, RSR Wholesale, CSI, MT Sports, Seligman Distribution. Zanders Sporting Goods. (Brown 13)

iv. **Dealers**

(1) **Numbers**

1 **Dealers sold to.** 20-25 sold to. (Brown 14)

(2) **Activities**

1 **Dealers sales.** Started to have program 4 years ago (Brown 14)

i. **MKS Supply (distributor for Hi Point) (documents)**

j. **MKS Supply (distributor for Hi Point) (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Schumer report.** Acknowledged seeing. Believes report (Brown 70-73)

(2) **Knowledge of buying group dealer sales practices.** Yes. (Brown 31)

(3) **Any local gun shop who holds a FL can get out gun.** Yes that is my understanding. (Brown 99)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor agreements.** Wither each distributor. Identical terms. Substantively the same. (Brown 116-117)

(ii) **Distributor agreement terms.** FFL. Abide by laws. Pay their bill. (Brown 117)

2 **Dealer agreements**

3 **Other (buying groups)**

(i) Buying group contracts No (Brown 36)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Criteria for selling to buying group.** Attend meeting with them. (Brown 24)

2) **Requirements of dealers and distributors.** Only that they have a valid FFL. We verify every time - started this year and prior kept copy of license (Brown 47-9)

3) **Criteria for selling to dealer.** If not quite worthy. (Brown 74-75)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Buying Group and dealer screening.** Anchor, solid, long-term stores. (Brown 16)

2) **Buying group evaluation of members.** Financial wherewithal. (Brown 22)

3) **Buying group evaluation of members.** Screening process - don't know.

4) **Meetings with buying groups.** Information about their groups and why they were a good group. Why their dealers were quality. Information about how well established dealers were. Creditworthiness. Length of time in business. (Brown 28)

5) **Importance of quality dealer.** Indication they were established, they'd been in business a long time. I don't want credit problems. I want to be comfortable with these groups. (Brown 29)

6) **Other requirements for being in buying group.** No knowledge. (Brown 33)

7) **Requirement wise all buying groups act the same.**

Yes (Brown 34)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Dealer sales of gun locks.** Virtually every one (Brown 40)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Training and experience of dealers.** Assumption on his part. I mean they are a FFL. (Brown 128)

2) **Training of employees.** No. No classes. (Brown 207)

3) **Inventory procedures.** End of month physical count. (Brown 60)

4) **Marketing studies.** No. Never polled or studies. (Brown 92-3)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Tracking of dealer stock.** No and never had the capability (Brown 106)

2) **Sales practices of dealers on their list of dealers.** No (Brown 107)

3) No warranty registration. (Brown 227-228)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Termination of dealer.** Yes. Arizona Sportsman. Not paying on time. No other reason for other terminations (Brown 45-6)

2) **If knew of dealer who was on list of ATF study of bad Apple dealers would that be grounds for termination.** I don't know. (Brown 77-8)

3) **Distributor termination.** Yes. S&G Distributing. Buying to sell to their own retail stores. Unfair. .

They were not a distributor. (Brown 111-115)

(3) **Other**

1 **Employee termination** . No (Brown 56)

iii. **Information systems**

(1) **Contacts**

1 **Own firms/employees**

2 **Sales representatives**

3 **Distributors**

(i) **Buying group interaction**. We deal with dealers and purchase orders are approved by buying group. (Brown 17)

(ii) **Interaction with buying group dealer**. Met, been to shop. Not all visited. (Brown 32)

(iii) **Buying group meetings**. At shows. Discuss new product ideas, new features. Presentations. (Brown 44-5)

4 **Dealers**

(i) **Dealer list**. Dealers who carry Hi-Point. Exists and may have others on. (Brown 104)

5 **Trade Associations**

6 **Other (manufacturers, buying groups)**

(i) **Mfgs meetings**. Feelings and ideas conveyed (Brown 94)

(ii) **MKS relationship with mfgs**. MKS sells all the guns that B. Miller can make and needs more essentially and Haskell also. (Brown 96)

(iii) **Buying group discussion of dealer's sales practices and safety**. I don't recall (Brown 31)

(iv) **Buying group approves purchase orders from dealers** . Don't know what approval is based on. Fax arrives from buying group. (Brown 37)

(2) **Trace/ATF related**

1 **Trace request**. They give serial number, data, model and mfg. (Brown 61-62)

2 **Reasons for doing traces**. Doesn't know. (Brown 63-65)

3 **Trace requests**. I don't know how many

4 **Tracking trace requests**. Never counted. They just come through and we do them. No pattern that has jumped out. (Brown 66-67)

5 **Attempt to find out that relatively small number of dealers**. Article about ATF study raised interest. (Brown 76-78)

6 **ATF instructions not to sell to dealer**. No never (Brown 78-79)

7 **Dealers not engaging in good business practices**. List of dealers from ATF report (Brown 85-6)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Knowledge of gun used in crime from email**. Did that lead to change in sales practices. Not that aware of (Brown 168)

2 **Steps to prevent firearms from being acquired by criminals**. Work with ATF. We support organizations that give information. Heritage fund. NSSF has a program.. Don't Lie for Other Guy. Contribute to Heritage Fund that we believe contributes to Don't Lie. (Brown 168-9)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Knowledge of buying group dealers as storefront**. Assume given they pay a lot and have been in business. Don't know if a criteria for

being a member (Brown 33)

2 **Background checks of employees.** No, have know personally. (Brown 51-53)

3 **Attempt to find out that relatively small number of dealers.** Article about ATF study raised interest. (Brown 76-78)

4 **Dealers not engaging in good business practices.** List of dealers from ATF report (Brown 85-6)

5 **Response to finding out dealer on ATF study list of bad apples [hypo].** Call ATF. . Could stop selling.

6 **Response to learning of bad apple dealer problem existed.** Couldn't without knowing more. Not policies changed. (Brown 86-88)

7 **Require that distributors sell only to stocking dealers.** No. (Brown 120)

8 **Requirement of dealers to have storefront premise.** No

(3) **Gun show sales**

1 **Require that distributors only sell to dealers who don't sell at gun shows.** No (Brown 120)

2 **Sales at gun shows as concern.** Dealers are FFL's. No (Brown 223)

3 Dealers at gun shows have to do background checks (Brown 224)

(4) **Thefts / Losses**

1 **Security system.** Alarm code on building (Brown 55)

2 **Thefts.** Had a few missing, filed forms, never cited. Everything zeroed out. (Brown 58)

3 **Thefts.** No (Brown 60)

4 **Theft of firearms.** (Brown 164-5)

(5) **Strawpurchases**

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

1 **Trace Request.** They give serial number, data, model and mfg. (Brown 61-62)

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

k. **RSR (company profile)**

i. **General**

(1) RSR management group and RSR wholesalers.

(2) **National Association of Sporting Goods Wholesalers.** Member (Steger 33)

(3) **Trade association.** NSSF. Heritage Fund (Steger 50)

(4) **National Association of stocking gun dealers.** Prior member of as a distributor member. Early 19902. (Steger 170-174)

(5) **National Association of stocking gun dealers.** Prior member of as a distributor member. . Early 1990s. (Steger 170-174)

(6) **Size**

1 **Sales**

(i) Sales are important, profits are important, (Steger 221)

(ii) Doing business with good companies is important (Steger 221)

(iii) **Terms of sale.** Net 30. No other terms. (Steger 110)

(iv) **Gun sales among distributors.** No. 1 or no. 5 depending . Don't know. No knowledge of sales volume (Steger 218-9)

2 **People**

(i) **Sales manager.** Responsible for supervising salespeople, motivating, prospecting, education on sales procedures. How to find information about customers, sales programs, rules and regulations on sales. (Steger 26-29)

(ii) **RSR management.** 30 people. (Steger 63)

(7) **Products/markets**

1 No law enforcement sales. (Steger 241-2)

(8) **Marketing**

1 **Advertising**

(i) **Advertising.** Print catalog. Fliers. Faxes. Mail catalog (Steger 104)

2 **Other**

(i) **Focus groups.** Not appear so (Steger 72)

ii. **Marketing Channel**

(1) **Direct to customers**

1 **Direct sales to consumers.** To employees. Not typical (Steger 114-115)

iii. **Salesforce**

(1) **Types and numbers**

1 **In-house**

(i) **National accounts.** Come and go. Not much sense for them. Have sold to national accounts. (Steger 60)

(ii) **Sales staff assigned to specific customers.** Yes. Leads generated. 125 is average. Some daily call some monthly. (Steger 105-6)

2 **Use field representatives.** No. (Steger 30)

(2) **Role and responsibilities**

1 **Incentives**

(i) **Salespeople.** Base and commission salary and also receive SPIFFS from mfgs. (Steger 78-80)

2 **SPIFFS**

(i) **Salespeople.** Base and commission salary and also receive SPIFFS from mfgs. (Steger 78-80)

(ii) **Information to mfgs for SPIFF redemption.** Name of salesperson, amount of quantity of what they sold and . Some require serial numbers. We give them compilation. No one asks for additional compilation. (Steger 279)

iv. **Distributors**

(1) **Numbers**

1 **Customers.** Difficult to tell number. All 50 states. (Steger 107-8)

2 **Sales to distributors.** No sales to those like themself. Some distributors are actually also retailers (Steger 109)

v. **Dealers**

(1) **Numbers**

1 **Customers.** Difficult to tell number. All 50 states. (Steger 107-8)

(2) **Classifications**

1 **Stocking versus nonstocking**

(i) **Glock stock and dealer program.** Customer agrees to purchase a selection of Glock product and in return gets delivery from glock free goods, promotional items (Steger 270)

(ii) **Sales to SW stocking dealers.** Yes. And have list (Steger 169)

2 Storefront versus nonstorefront

3 **Dealer credit application.** Yes. Years in business, sales volume (Steger 121-122)

l. **RSR (documents)**

i. Restrictions for resale through FFL signed copy and additional permits. Distributor does not enforce a strict procedural code for these sales representatives to follow when verifying - use secondary information like yellow pages (98: 3812-13)

ii. Telemarketers to get information about inventory (98: 3813)

m. **RSR (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) Guns in wrong hands can be dangerous (Steger 41)

(2) **Inquiry into whether sold guns that were then used in crime.** No (Steger 150)

(3) **Trafficking.** Illegal activity. I here in conjunction usually with drugs. (Steger 187-189)

(4) **Familiar with reports.** You Crime Gun... and others. Some yes and some no. (Steger 335-8)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

(i) **Distributor agreements.** "A number of manufacturers ask RSR to sign distributor agreements." (Steger:38)

(ii) **Distributor agreements.** Yes between RSR and manufacturers. (Steger 38)

(iii) **Distributor agreements.** Not extensive negotiations and most look the same across distributors (Steger 223-225)

(iv) **Distributor agreements with SW and Glock and interpretation of terms.** Does not understand many (Steger 240-260+)

(v) **Contracts with mfgs.** Some and some not (Steger 221)

2 **Dealer agreements**

(i) **Contracts with dealers.** May have had for large retailers.

Often they are the retailers contracts that specify delivery, defects, payment, general sales contracts. (Steger 116-9)

(ii) **Contracts with FFL's.** Never considered [other than those initiated by retailers] (Steger 121)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Criteria**. To purchase firearms from RSR, RSR "Require[s] federal firearm license and a sales tax number where appropriate or a resale certificate with a sales tax number," also any state or local licenses required. (Steger:126)

2) **Criteria**. Glock distributor agreement requires the distributor "Possesses all licenses required by Federal, State and local law and agrees to provide copies to Glock with original signatures where required." (Steger:260)

3) **Criteria**. Glock distributor agreement requires the distributor "Complies with local, state and federal laws and regulations and files an annual certification verifying such compliance with Glock."

4) **Restrictions on dealers.** No (Steger 111)

5) **Mfg restrictions of RSR.** A number of mfgs require regular business hours. Not advertise in publications pricing. (Steger 111-113)

6) **Consideration of restrictions on those they sell to.** No. (Steger 114)

7) **Criteria - license requirement**. "We have to possess federal, state, local licenses." (Steger:260)

(ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Customer identification**. Manufacturers have attempted "to identify the types of customers that they would like to have [RSR] sell to and they are generally retailers who possess the necessary license and have a regular place of business and have regular business hours." (Steger:111)

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Responsibility.** We can't take initiative to check every one of our customers and we are not standing over them. We help an cooperate. (Steger 141-142)

2) **If aware of FFL failing to comply with laws, what would you do.** We are not in a position to make a decision about that. We would not act on here say

(Steger 269)

3) **Sales staff education responsibility**. RSR sales managers place a large role in educating their sales staff to rules and regulations concerning sales of firearms to RSR's customer base. (Steger:28-29)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Training.** Software training. (Steger 42)
2) **Training of customers.** We don't (Steger 73)
3) **Inquiry of dealers about training.** No not our responsibility (Steger 130)
4) **Employee training in compliance with mfg requirements.** Limited. (Steger 262)
5) RSR management group provides management training, hiring assistance (Steger 39)
6) **Training to dealers.** Help understand products and features. (Steger 195)
7) **Sells only at premises listed on the FFL**. Glock distributor agreement requires the distributor "Sells guns only at the premises listed on the FFL." (Steger:263)
8) **Sell only to retailers with licenses**. Glock distributor agreement requires the distributor "Agrees to sell and service Glock products only to retailers that maintain all appropriate federal, state and local licenses." (Steger:266)
9) **Prohibition on export**. Regarding manufacturers restrictions of RSR, "Oftentimes there would be a prohibition on export to go to a foreign country or to specific foreign countries." (Steger:112)
10) **No advertising**. "One common thing that appears in a number of the distributor agreements is not to advertise their products in consumer publications, pricing especially." (Steger:113)
11) **Training on recognizing forged license**. RSR "staff that inputs customer data is trained to try to recognize a forged license." (Steger:145)
12) **Software to restrict sales of prohibited firearms.** "RSR has software that restricts the sale of prohibited firearms." (Steger:340)
13) **Manufacturer - distributor communication**. "Our … sales manager assists the [RSR] buyer wherever necessary to make sure that we are all in agreement as to which guns can be sold." (Steger:340)
14) "Blocks are put on products that cannot be sold by the buyer." (Steger:344-345)
15) **Employee training**. "The training of our employees to handle firearms is extremely limited"… "I don't know what sort of training is necessary to have in our business. As far as I know we are compliant… "

(Steger:262)

(iii) **Incentives and monitoring.** Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **FFL's audited.** Don't have knowledge. Understand they are audited every three years [not true?]. Have not tried to find out. (Steger 139-40)

2) **Distributor agreement modification.** Letter asking RSR to discourage dealers from selling international. Beretta monitoring of sales to see if distributor sold to dealers who sold internationally (Steger 234-5)

3) **Monitoring.** "In a number of the agreements they reserve a right to ask for an inventory of counter inventory." (Steger:278)

4) **Encouragement to sell to licensees.**"A number of manufacturers in their agreements" ... "are generally trying to promote us to be selling the product to licensees that possess or retail stores that possess the necessary licenses that have regular business hours." (Steger:112)

5) **Discouragement of international sales.** Beretta sent a letter to RSR to remind RSR that they should be "actively discouraging international sales by retail dealers with whom they trade." (Steger:234)

6) **Monitoring.** "We provide [manufacturers] with our licenses and permits and an audited financial statement on an annual basis." (Steger:277)

7) **Program showing only those products that can be sold in California.** "A programming has been put in place that will only show those products that can be sold in the State of California so there will be no discussion about trying to ship something that can't legally be shipped into ... wherever the restriction is." (Steger:341)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Can RSR terminate or refuse to sell.** Certainly we could, but never have (Steger 166)

2) **Could RSR refuse to sell to dealer based on mfg request.** We are not required to sell to any retailer.

We could tell a retailer that we don't want to sell to them for any reason (Steger 236-7)

(3) **Other**

1 **Once in hands of shipper.** Out of our hands (Steger 49)

2 **Lack of law enforcement and lack of enforcement.** Law enforcement is very busy. (Steger 204-206)

3 **Clipping services.** No. (Steger 181)

4 **Implementation of terms.** Invoices (Steger 116)

5 **Negotiable terms.** Generally same for all (Steger 166)

6 **Mfg ever refused to do business with you and vice versa.** No (Steger v225-227)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

(i) **RSR interaction with mfg reps.** Yes. We may ask them to train. We may be alerted to new store. They may encourage stores to buy from us (Steger 36-8)

3 **Distributors**

4 **Dealers**

(i) **Correspondence.** Written and most by telephone with vendors and buyers (Steger 83-84)

(ii) **RSR**. Maintain and inventory offered for sale through catalogues and fliers. Dealers call us and say send me one. Our sales staff may call up the dealer and ask them if hey would like to buy one.

(iii) **Sales record keeping.** Daily transmittal logs, buyers report - sales report, on order by vendor and SKU and history of sales, a once a year report. Sales by customer - sales by state and lists of customers and prospects. (Steger 74-78)

(iv) **Process of wholesale receipt.** Shipments off truck, compared against packing slip, bar code technology on package. (Steger 47-48)

(v) **Process of wholesale ship/sales.** Salesperson enters and order. Order prints out in warehouse. Picker. Shipping. Scan product. Disposition posted and serial number. Double checked. UPS or other. Tracking and also hear if it doesn't arrive. (Steger 48-49)

(vi) **Sales contacts to dealers.** Not in person. (Steger 99)

(vii) **Other contacts to dealers.** Web site and trade shows. (Steger 99-100)

(viii) **Sales people interaction with customers.** Life in the day of a salesperson would show that there is a lot of interaction back and forth between salesperson and their customer. . So it is just a back and forth thing. It could run days (Steger 105)

(ix) **Information about dealer.** Ask for information. No photos. Anything you could learn would be helpful. (Steger 123-4)

(x) **Salespeople keep notes on customers.** Yes. No systematic (Steger 127)

(xi) **Inquiry as to dealer record keeping violations.** No (Steger 149)

(xii) **Inquiry and interest in dealer security.** Don't inquire. (Steger 125)

(xiii) **Inquiry into missing inventory citations.** No (Steger 149)

(xiv) **Surveys to dealers.** Yes to improve service. . (Steger 178)

(xv) **Information on dealers.** More is better. More is better than none (Steger 183)

(xvi) **Sales person connection to FFL.** Could find out if had FFL and zip code (Steger 194)

5 **Trade Associations**

6 **Other (vendors)**

(i) **Correspondence.** Written and most by telephone with vendors and buyers (Steger 83-84)

(ii) **Information to mfg SW.** Unit sales per month. (Steger 129-30)

(iii) **Support vendor promotions.** Through having adequate inventory (Steger 101)

(iv) **Mfg asking for information on who distributors sell to.** We have no reason to provide. If they ask for it because of safety reasons, I mean absolutely we will give them everything they need as quickly as possible. But in general, I am not aware of any manufacturer that has just generically asked for, Hey who do you sell our products to. I don't believe that has ever happened. (Steger 230-1)

(v) **Would RSR provide information on who they sell to mfg requesting it.** I think I would ask more ... if it served a useful purpose absolutely. If to sell out from under me, I would. I mean if it is a safety situation absolutely. In a heartbeat, everything stops, the problems gets fixed, the information gets provided and fast (Steger 231)

(vi) **Would RSR provide information on who they sell to if mfg requested it to find out which dealers had traces to it.** I don't believe we would cause too many people to jump to too many conclusions. Would not provide if mfg came and asked RSR to inform it as to which FFL guns were traced to. (Steger 231-232)

(vii) **Discussions with SW.** A lot of things. How to increase mutual interests. How to get retailers to stock more SW (Steger 255)

(viii) **Distributor - manufacturer communication.** "And we have to provide copies to Glock with original signatures because I presume we have done that because we are not aware that we haven't." (Steger:260)

(ix) **Distributor - manufacturer communication.** RSR does not provide manufacturers with names, addresses and information about particular products who RSR has sold to, however, "if it is a safety situation, absolutely. In a heartbeat, everything stops, the problem gets fixed, the information gets provided and fast." (Steger:231)

(2) **Trace/ATF related**

1 **Trace analysis associated with FFL.** No never (Steger 131)

2 ATF has never instructed them not to look into records (Steger 148)

3 **Trace requests.** Don't know how many. (Steger 153)

4 **Trace requests and how many to particular dealers.** Tried to determine.. Not that I know of (Steger 154)

5 **ACCESS 2000 and RSR own computer.** They had earlier system of their own. (Steger 154-55)

6 **Trace requests as basis for building safer and better businesses.** Not know what to do with them. Has to be relational data that goes along with traces. No matter if 50, 100 or 1000. Number of sales in order to obtain proportion. If 1000 sales and 1000 traces then probably end up as illegal activity (Steger 158-161)

7 **If 1000 sales and all traced would RSR be interested.** No. That is law enforcement responsibility. . I am happy to help, but not my job (Steger 160)

8 **RSR guns traced.** Don't know (Steger 189-90)

9 **Interest in FFL no matter how many guns traced to them.** No (Steger 191)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Prevention of criminals in business.** Prevention of getting in through walls and background checks (Steger 42)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Background checks.** Yes on employees. Purpose to prevent criminal element from business. (Steger 41)

2 **Background checks on employees.** "We would also subject employees that were employed prior to the introduction of a background check policy to periodic background checks." (Steger:42)

3 **Assume if FFL must have storefront.** Yes. (Steger 124-5)

4 **Retailers indicted.** No information provided. Not asked. Why would we want that information. That's a law enforcement issue. We have FFL ez check. (Steger 136)

5 **Retailers indicted then continuing in other name.** No knowledge and have not tried to learn (Steger 137)

6 **Retailers indicted or convicted.** Have not tried to learn (Steger 138)

7 **Consideration of authorized dealers.** Not aware of, no. (Steger 166-7)

8 **Dealer not signing SW code and reaction of RSR.** Would not bother them (Steger 177)

9 **If found news of indicted dealer would you clip and put in file.** I don't think so. (Steger 181)

10 **Awareness of dealer selling to criminals what would RSR do.** I would consider it hearsay and it wouldn't change whether we would sell to he customer or not. Innocent until proven guilty. (Steger 207)

11 Guns sold by RSR and involvement in crime, used by criminals, from strawpurchase, sold by corrupt dealer, sold in multiple sales, sold at gun show, trafficked, stolen from dealership, sold by unlicenced dealer, .. No for all (Steger 186-187)

12 **Background checks on employees.** Glock distributor agreement requires the distributor "agrees to conduct background checks on employees and to not allow employees to sell handguns who are not legally authorized to process them." (Steger:266)

(3) **Gun show sales**

1 Guns sold by RSR and involvement in crime, used by criminals, from strawpurchase, sold by corrupt dealer, sold in multiple sales, sold at gun show, trafficked, stolen from dealership, sold by unlicenced dealer, .. No for all (Steger 186-187)
2 RSR doesn't sell at gun shows (Steger 244-45)
3 RSR dealers may sell at gun shows. (Steger 245)
4 **Gun shows.** "It [Smith and Wesson distributor agreement] says that they don't want us to directly or indirectly sell new products at gun shows and we don't" (Steger:246)

(4) **Thefts / Losses**

1 **Premises security**. "Obviously we try to prevent the criminals from entering our business physically through the exterior walls" (Steger:42)
2 **Theft.** An attempt "to cut down on theft in shipment is to drop any reference to the word 'gun' or 'firearm' in the customer's name and address." (Steger:49)
3 **Inquiry and interest in dealer security.** Don't inquire. (Steger 125)
4 **Inquiry into dealer burglarized.** Don't know (Steger 149)
5 Guns sold by RSR and involvement in crime, used by criminals, from strawpurchase, sold by corrupt dealer, sold in multiple sales, sold at gun show, trafficked, stolen from dealership, sold by unlicenced dealer, .. No for all (Steger 186-187)
6 **Security system.** Yes (Steger 264)
7 **Shipping security**. Glock distributor agreement requires that "when shipping Glock pistols agrees to require an adult signature before delivery and disallows forwarding to another address." (Steger 263-264)
8 **Premises security**. Glock distributor agreement requires the distributor "Maintains a security system for the premises to deter theft." (Steger: 264)
9 **Security**. "I don't believe we could implement any plan for securing Smith and Wesson firearms in transit." (Steger:319)

(5) **Strawpurchases**

1 **Strawpurchases.** Buying gun for someone else other than yourself representing. Aware for 30 years. ATF has said problem and NSSF is working on it. Late 1990s NSSF. Illegal. Extent of problem unknown.

2 **Attempt to find out extent of strawpurchase problem.** No. (Steger 152)
3 **Strawpurchase problem.** If one strawpurchase that is problem. (Steger 153)
4 **Strawman seminars**. National Association of Firearm Retailers conducted seminars educating dealers about straw man purchases by traveling and at gun shows. (Steger:173)
5 Guns sold by RSR and involvement in crime, used by criminals, from strawpurchase, sold by corrupt dealer, sold in multiple sales, sold at gun show, trafficked, stolen from dealership, sold by unlicenced dealer, .. No for all (Steger 186-187)
6 **Strawpurchase**. Regarding NSSF "Don't lie for the other guy" program: RSR "helped to disseminate information about it to retailers and encouraged them to attend seminars..." Also conducted a seminar. "Disseminated" by sending invitations to retailers for seminars. (Steger:195)
7 **Don't lie and RSR involvement.** Helped disseminate information to

retailers and encouraged them to attend seminars. Invitations sent. Posted on web site (Steger 195)

8 **Reason Don't Lie could not have been started 10 years ago.** Not answerable. (Steger 197)

9 **Knowledge of Dealers who have participated in Don't Lie.** Don't know and have never asked (Steger 197)

10 **Sales to those who don't attend Don't Lie.** Don't know (Steger 198)

11 **Purpose of Don't Lie.** To increase awareness about strawpurchases. (Steger 198-199)

12 **Awareness of dealer making strawpurchase sales what would RSR do.** I would consider it hearsay and it wouldn't change whether we would sell to the customer or not. Innocent until proven guilty. Doesn't matter if ATF made us aware (Steger 207)

(6) **Multiple sales**

1 **Multiple sales.** Definition and retail requirement to report. This is retail issue. No attempt to learn of multiple sales at retail level (Steger 135)

2 Guns sold by RSR and involvement in crime, used by criminals, from strawpurchase, sold by corrupt dealer, sold in multiple sales, sold at gun show, trafficked, stolen from dealership, sold by unlicenced dealer, .. No for all (Steger 186-187)

3 **Interest in FFL that sold 50 guns in multiple sale.** No (Steger 190)

4 **Memo on procedures for filling out 4473 form [multiple sales].** Not know if passed on to dealers. (Steger 200-201)

(7) **Time to crime**

1 **Time to crime.** No knowledge. No effort. We supply information to ATF (Steger 134)

2 **Interest in FFL with time to crime of two months.** No (Steger 191)

(8) **Obliteration of serial numbers**

1 **Process of wholesale ship/sales.** Shipments off truck, compared against packing slip, bar code technology on package. (Steger 47-48)

2 **Interest in FFL with obliterate serial numbers.** No (Steger 191)

3 **Awareness of RSR sold guns with obliterated serial numbers.** No (Steger 192)

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 SW Boston agreement and workability (Steger 293 - 304)

2 **Ability to comply with terms of SW Boston agreement.** Some comply and some could not comply and some depends. Possess FFL-do so already. Law compliance - yes. All could or does not apply. Security - yes. Store separately - not apply. Sale of products - no. Not selling SW 10 round magazines - no. Not selling semi-auto assault - yes. Monitoring and distribution - ?. Trace requests - yes. Training - depends. Yes. Employee testing - some training. Transfer prerequisites - no. Enforcement - vagues. Noncompliance - no. Only to authorized dealers - yes. (Steger 316-333)

(2) **HUD agreement**

(3) **Boston agreement**

1 SW Boston agreement and workability (Steger 293 - 304)

2 **Ability to comply with terms of SW Boston agreement.** Some comply and some could not comply and some depends. Possess FFL-

do so already. Law compliance - yes. All could or does not apply. Security - yes. Store separately - not apply. Sale of products - no. Not selling SW 10 round magazines - no. Not selling semi-auto assault - yes. Monitoring and distribution - ?. Trace requests - yes. Training - depends. Yes. Employee testing - some training. Transfer prerequisites - no. Enforcement - vagues. Noncompliance - no. Only to authorized dealers - yes. (Steger 316-333)

n. **S.G. Distributing (documents)**
o. **S.G. Distributing (depositions)**

p. **Southern Ohio Guns (company profile)**
- i. **General**
  - (1) **Trade association membership.** National wholesalers and distributors and maybe NSSF (Herdtner 112)
  - (2) **Size**
    - 1 **Sales**
      - (i) **Sales methods.** Phone, mail and internet and fax and email. (Herdtner 22)
  - (3) **Products/markets**
    - 1 **Police customers.** Not know, but some small (Herdtner 128-9)
  - (4) **Marketing**
    - 1 **Prices and discounts**
      - (i) **Volume discount.** Yes (Herdtner 188)
      - (ii) **Price breaks.** Yes on occasion (Herdtner 190)
- ii. **Marketing Channel**
  - (1) **Direct to dealers**
    - 1 **Customers.** FFL dealers. (Herdtner 24)
- iii. **Salesforce**
  - (1) **Types and numbers**
    - 1 **In-house**
      - (i) Salespeople not responsible for keeping up with customers. (Herdtner 46-7)
      - (ii) **Salespeople**. Yes (Bowling 69)
  - (2) **Role and responsibilities**
    - 1 **Salespeople responsibilities.** Answering phone and culling through records (Herdtner 101)
    - 2 Policy of salespeople not calling dealers. (Herdtner 192)
    - 3 **SPIFFS**
      - (i) **Incentives to salespeople.** SPIFFS used. (Herdtner 56-8)
- iv. **Dealers**
  - (1) **Numbers**
    - 1 FFL records on site. 20,000 in excess of (Herdtner 101)

q. **Southern Ohio Guns (documents)**

r. **Southern Ohio Guns (depositions)**
- i. **Awareness and knowledge of diversion and potential safeguards**
  - (1) **Familiarity with Schumer report.** No (Herdtner 132)
- ii. **Coordination systems**
  - (1) **Distributor and dealer agreements**
    - 1 **Distributor agreements**
      - (i) **Contracts with mfgs.** Not that he can recall (Herdtner 84)
      - (ii) **Mossberg distributor nonexclusive contract.** Requirement that only sell to only retail and not mail order and those that have displays. Not to his knowledge that they do anything to ensure this (Herdtner 88)
    - 2 **Dealer agreements**
  - (2) **Framework**
    - 1 **Selection**
      - (i) **Criteria. Establishment of safeguard requirements to be met by a distribution**
        - 1) **Any requirements imposed on customers other**

than FFL. Nothing to do with that. ATF determines. May do credit check (Herdtner 54)

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **FFL copy.** Customers must send a copy of their federal firearms license to SOG before making any firearm purchases. (Herdtner: 31)
2) **Call to ATF to verify FFL is valid.** SOG calls ATF to verify that a new customer's FFL is valid (Herdtner: 34)
3) **FFL must be signed in ink.** FFL sent to SOG by a prospective customer must be valid and signed in ink. (Herdtner: 48)
4) **FFL called in and checked to ATF.** Every FFL that is sent in is called in to the ATF to check its validity. (Herdtner: 48)
5) **FFL must be signed in ink and cannot be faxed.** FFLs sent to SOG must be signed in ink and cannot be faxed. (Herdtner: 187)
6) **Require proof of FFL prior to sale.** They don't require FFL to send proof of state license. If they send it we keep it. Has never required customer to send it in. As long as they have we can sell. Do not require them to send it in. No information is entered in computer regarding a customer with respect to whether or not they possess a state license (Bowling 64-65)

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Distributor agreement states must sell only to retailers who display and not those in mail order but not aware if steps taken to ensure.** Mossberg distributor agreement states "distributor agrees to distribute Mossberg products only to retail dealers whose firearms merchandise is displayed to the shooting public and not to knowingly distribute Mossberg firearms to dealers or others who engage in the mail order sale of Mossberg firearms," however deponent is not aware of steps taken by SOG to ensure this requirement is followed. (Herdtner: 87-88)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Training of sales staff. Somebody shows them.** I don't know what the training includes (Herdtner 55)
2) **Training.** Was a handbook. Not a handbook

(Herdtner 62-3)

3) **Salespeople training on identifying valide FFL.** From prior salespeople. No written materials on determining if valid FFL sent in by dealer. Never asked ATF and ATF never talked to them on it (Herdtner 102)

4) **Mfg asked that they implement any training.** No (Herdtner 135)

5) **Instructions to employees on handgun sales**. Not to sell certain handguns to CA. (Bowling 66-67)

6) **Restrictions of sales.** Those to CA. Flier has symbol in it indicating that cannot be sold in CA. (Bowling 75-78)

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Sales to FFL holder who altered their expiration date.** 600 guns sold. Effort to see if sales person complicit with FFL holder - no (Herdtner 39)

2) **FFL license is checked to see if valid.** Yes (Herdtner 48)

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

1 Inventory checking. Gun reps do not check inventory. (Herdtner 83)

2 **Record keeping.** We don't keep anything were not required to keep. Acquisition and disposition records kept (Herdtner 99-100)

3 **Shooting magazine**. No not familiar. Do not know if subscribe (Bowling 71)

4 **Policies on approval of quantities of guns.** No unless want discount (Herdtner 108)

5 **Shipping.** To address of FFL (Herdtner 122)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

3 **Distributors**

4 **Dealers**

(i) **Customer visits.** No (Herdtner 23)

(ii) **Visits to dealers they sell to.** No (Herdtner 114)
(iii) **Correspondence kept of dealers.** No (Herdtner 114)

5 **Trade Associations**

6 **Other (manufacturers)**

(i) **Mfg interaction.** Telephone and reps sent in. Some visitation. (Herdtner 78-82)
(ii) **Mfg interactions.** Phone call on new products. A sample sometimes (Herdtner 115)
(iii) **Computer entry of information.** For orders. Yes (Herdtner 116)
(iv) **Database entries.** Whatever is required by law for FFL checking (Herdtner 140-142)
(v) **Gun log [acquisition and disposition records].** Tracking. Log number. You can pull up the gun later. Mfg. Model, serial number. Type of gun. Caliber. (Herdtner 157-160)
(vi) **Monitoring by gun mfgs of inventory.** Informal discussion with rep (Herdtner 163)

(2) **Trace/ATF related**

1 **Trace requests training.** Prior salespeople and others passing on information. No written materials (Herdtner 103)
2 **Trace analysis and ATF.** ATF said none of our business. Never asked for additional information of ATF (Herdtner 104-6)
3 **Concern about high trace requests for a customer.** Don't know anything about... not concerned (Herdtner 106)
4 **Familiarity with ATF reports of crime guns through non storefront dealers.** No (Herdtner 106-107)
5 **Policies on reporting high trace requests.** No (Herdtner 108)
6 **ACCESS 2000.** No participation (Herdtner 117)
7 **Trace analysis.** Trace means nothing to us. Don't know how to analyze. Never determine if large number relates to a particular customer. I don't know how.
8 **Mfg asked that SOG keep records of all trace requests.** No (Herdtner 134)
9 **Mfg asked that they pass on trace requests of their guns.** No (Herdtner 135)
10 **Trace analysis records.** Some (Herdtner 166)
11 Policy of salespeople not calling dealers (Herdtner 192)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Reading or knowledge of how criminals get guns.** No (Herdtner 107)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Familiarity with ATF reports of crime guns through non storefront dealers.** No (Herdtner 106-107)
2 How would you go about identifying if employee illegally transferred gun. I don't know. I guess i would ask (Herdtner 171-172)
3 **Employee background check, but not sure if enforced.** Policy at SOG that every employee is background checked, however deponent not sure that it's enforced. (Herdtner: 65)

(3) **Gun show sales**

1 **Mfg asked that they not sell to anyone that sells at gun shows.** No

(Herdtner 134)

(4) **Thefts / Losses**

1 **Metal detector security in building.** "We have an airport metal detector where employees come in and out." (Herdtner: 66)

2 **Fire and alarm system in building connected to police.** "We have got a fire and alarm system that goes directly to the police department." (Hertner 68)

3 **Security.** Metal detector. Fire and alarm system (Herdtner 68)

4 **Thefts and stealing.** Yes. (Herdtner 68 - 69)

(5) **Strawpurchases**

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

4. **Retailer activities**
   a. **Andrews Sporting Goods dba Turners Outdoorsman's (company profile)**
      i. **General**
         (1) **Size**
            1 **Sales**
               (i) "The first year [1971] we had sales of $274,000." (Descriptive-66:Web)
               (ii) "By 1988, growth demanded I relocate our warehouse from Orange to Chino and we quadrupled our volume in the next few years." (Descriptive-66:Web)
         (2) **Products/markets**
            1 "We now have 13 locations throughout Los Angeles, Orange, Riverside, San Diego, and San Bernardino Counties." (Descriptive-66:Web)
   b. **Andrews Sporting Goods dba Turners Outdoorsman's (documents)**
   c. **Andrews Sporting Goods dba Turners Outdoorsman's (depositions)**

d. **B&B Group (company profile)**
   i. **General**
      (1) **Size**
         1 **Sales**
            (i) Online catalog (Descriptive-42:Web)
      (2) **Products/markets**
         1 "We at B&B Sportsman Supply are a full line warehouse dealer of outdoor hunting and shooting products ..." (Descriptive-42:Web)
         2 "... we no longer carry gun parts ..." (Descriptive-42:Web)
         3 "Law Enforcement Agencies and Qualified non-for profit Organizations, please call for quantity discounts." (Descriptive-42:Web)
      (3) **Marketing**
         1 **Prices and discounts**
            (i) "Law Enforcement Agencies and Qualified non-for profit Organizations, please call for quantity discounts." (Descriptive-42:Web)
   ii. **Marketing Channel**
      (1) "Firearms may only be shipped to Federally Licensed Dealers and comply with all local, state and federal laws." (Descriptive-42:Web)
e. **B&B Group (documents)**
f. **B&B Group (depositions)**

g. **Trader Sport (company profile)**
- i. **General**
  - (1) **NSSF member.** Yes (Cucchiara 270)
  - (2) **Size**
    - 1 **Sales**
      - (i) **Police individual customers.** 15 percent. (Cucchiara 100)
      - (ii) **Sales to public.** 45-40 percent. (Cucchiara 101)
      - (iii) **Dealer sales.** 5-7 percent. (Cucchiara 90)
  - (3) **Products/markets**
    - 1 **Trader Sports customers.** Individuals, law enforcement and a few dealers. (Cucchiara 85)
    - 2 **Law enforcement sales.** Bid on (Cucchiara 88)
    - 3 **Police individual customers.** 15 percent. (Cucchiara 100)
    - 4 **Sales to public.** 45-40 percent. (Cucchiara 101)
  - (4) **Marketing**
    - 1 **Prices and discounts**
      - (i) **Sales to other dealers and volume discounts.** If we had to (Cucchiara 100)
- ii. **Marketing Channel**
  - (1) **Direct to dealers**
    - 1 **Sales to other dealers and incentives.** No (Cucchiara 99-100)
    - 2 **Dealer sales.** 5-7 percent. (Cucchiara 90)
  - (2) **Indirect through others**
    - 1 **Distributors**
      - (i) No distributor sales. (Cucchiara 91)
  - (3) **Structure**
    - 1 **Distribution.** Direct and indirect. 50-60% from mfg. (Cucchiara 35)
- iii. **Salesforce**
  - (1) **Types and numbers**
    - 1 **In-house**
      - (i) **Direct sales all send reps.** (Cucchiara 64)
- iv. **Distributors**
  - (1) **Names and Numbers**
    - 1 **Distributors purchased from.** Acisboard, RSR. Shopping. (Cucchiara 81-82)
- v. **Dealers**
  - (1) **Activities**
    - 1 **Sales to other dealers and training.** No. (Cucchiara 97)
    - 2 Sales to other dealers and requirements, suggestions, advice. No (Cucchiara 97)
    - 3 **Sales to other dealers and monitoring.** No. (Cucchiara 97)
    - 4 **Sales to other dealers and investigation.** We rely on authorities (Cucchiara 97-8)
    - 5 **Sales to other dealers and communication.** Phone. Fax. They get call and dealer is looking for a particular gun and might be calling several other distributors looking for best price. (Cucchiara 98-99)
    - 6 **Sales to other dealers and visits.** No, but they might visit TS (Cucchiara 99)
    - 7 **Sales to other dealers and phone.** Mostly by phone (Cucchiara 99)
    - 8 **Sales to other dealers and incentives.** No (Cucchiara 99-100)

9 **Sales to other dealers and volume discounts.** If we had to (Cucchiara 100)

10 **Sales to other dealers and restrictions.** Only that they have paperwork. (Cucchiara 100)

h. **Trader Sport (documents)**

i. **Sentiment**

(1) **Go beyond the letter of the law.** Many retailers have told us that they want to go beyond the letter of the law to help keep firearms out of the hands of criminals. (91:2945). (91:2946).

ii. **Activities**

(1) **Reducing theft example of Gander Mountain Central Retail Warehouse:** Very successful with 2 of 28,000 missing in 1995 and zero missing for 33,000 shipped: separate section for inventory, video surveillance, audit trail reporting, password protection on inventory records, shipping boxes designed for long guns for all types of firearms, skid bands on pallets, opaque shrink wrap on pallets, gun transfer sheet for movement, training and exam for employee, no discerning labels (32c: 3)

iii. **Participation in trade association activities**

(1) **Don't Lie for the Other Guy.** Participation in "Don't Lie for The Other Guy" you are joining some 10,000 retailers nationwide to help keep firearms out of the hands of people who are prohibited by law from owning them (91:2945)

iv. **Editorial**

(1) **Bob Lockett article in Shooting Sports Retailer that also was leaked to WSJ:** (3)

1 Overviews abuse of gun shows , Describes issue for gun industry, Decries excuses by manufacturers that "they have no control", Debunks FTC anticompetition excuse, Suggests variety of safeguards (3)

2 Article discussing their sale of assault rifle to those who went out an committed homicide. Traders found negligent of selling to without getting information from buyers as required by law and $400,000 award (404)

i. **Trader Sport (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Gun trafficking.** Not privy to. Never studies. No investigation on it by TS. (Cucchiara 163-4)

ii. **Coordination systems**

(1) **Distributor and dealers agreements**

1 **Agreement with distributor**

(i) **Distributor contracts.** No (Cucchiara 40)

2 **Agreements with manufacturers**

(i) **Beretta contract.** No (Cucchiara 47)

(ii) **Dealer contracts.** Some mfgs. (Cucchiara 37)

(iii) **Dealer contracts.** Straightforward. (Cucchiara 37)

(iv) **Heckler and Koch agreement.** Compliance with law based provisions. Yes (Cucchiara 291-292)

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Marlin contract requirements.** Sales to authorized distributor only and to stores that have display. Sales

to people we know. Limited geography (Cucchiara 44-45)

2) **US Repeating arms/winchester contract requirements**. Sale only to storefront requirement. People we deal with for years. 25-30 dealers. Requirement that they have storefront, regular business hours and knowledgeable sales - from talking to others. Paperwork. (Cucchiara 47-51)

3) **Heckler & Koch contract requirements**. Dealer qualification and checklist - nothing currently provided. Review of records - not looking at records. (Cucchiara 53 -55)

4) **Dealer requirements for TS to sell to them**. Complete set of records and licenses. We get copies and file them. No investigation. Credit check. Ask other people of what they think of them. Other distributors. Ask about payment history. Refused to sell if govt says to and we receive information. Less than 1 percent has that happened. No roster of those that we received information on to not sell. (Cucchiara 92-96

5) **Sales to other dealers and restrictions**. Only that they have paperwork. (Cucchiara 100)

6) **Records**. To sell to a dealer, they must have "a complete set of records showing that they have ATF records, state records, county records, resale license... approximately ten to fifteen licenses." (Cucchiara: 93)

(ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

1) **Customer scrutiny**. "We scrutinize every customer... and if we think it's an illegal sale, it's stopped immediately." (Cucchiara: 25)

2) **Call today for handgun safety**. 'Call today for handgun safety' in advertisements means "Before you buy a handgun, unless you're law enforcement or discharged from the service, you do have to take a 30-question test, based upon safety and current laws. And if they pass that, then they apply for a firearm, wait ten days, they get to pick it up within 30 days, can't pick it up before ten days." (Cucchiara: 71)

3) **Distributors will ask other distributors about new dealer**. Will ask other distributors about new dealers regarding payment and whether the dealer has been in business long enough. (Cucchiara: 94)

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Comply with state, local and BATF regulations**.

Traders affirms compliance with H&K distributor agreement to follow and comply with state, local and BATF firearms regulations. (Cucchiara: 291)

2) **Complete all state, local and federal forms before sale.** Traders affirms compliance with H&K distributor agreement to complete all state, local and federal forms before a sale. (Cucchiara: 291)

3) **Security devices.** Traders affirms compliance with H&K distributor agreement to not sell any products without locking devices, operator's manuals and other written material provided. (Cucchiara: 292)

4) **Maintain all BATF records, state and local forms and applications.** Traders affirms compliance with H&K distributor agreement to maintain all BATF records, state and local forms and applications, and allow company representatives to review the records periodically. (Cucchiara: 293)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Marlin requirement of selling only to other authorized domestic Marlin distributors.** only to Marlin requires that "all Marlin products that are resold by distributors, that shall be sold only to other authorized domestic Marlin distributors, licensed domestic and Canadian retail firearm dealers, have in a store where products are on display and a state resale number where required." (Cucchiara: 41)

2) **License requirement.** "When it's sold to the dealer, we have to have all the documentation, federal license, whatever state they're in, license is required to buy firearms." (Cucchiara: 41)

3) **License requirement.** Before shipping anywhere, Traders verifies that dealer is licensed both retail and with the federal government, cities and counties. (Cucchiara: 43)

4) **Inventory tracking.** Heckler & Koch representatives have reviewed Traders' sales and inventory records. (Cucchiara: 54)

5) **Inventory tracking.** Manufacturers send sales reps to Traders to take physical inventory 4-6 times a year, depending on the company. (Cucchiara: 61-62)

6) **Traders gives away locks.** Traders has been giving away free locks with purchased guns since about 1986. (Cucchiara: 170)

7) **Customers must sign "Firearms Sale Safety Checklist".** Every customer purchasing firearms must sign "Firearms Sale Safety Checklist." (Cucchiara: 217)

8) **Inventory tracking plan.** Traders maintains an inventory tracking plan that includes "Electronic

recording of the make, model, caliber or gauge and serial number of all firearms that are acquired no later than one business day after their acquisition." (Cucchiara: 249-250)

9) **Inventory tracking**. Does periodic inventory checks. (Cucchiara: 250)

10) **Approval from Department of Justice**. Does not sell any guns in California until sale is approved by Department of Justice. (Cucchiara: 263)

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Monitoring of sales**. No. Well we know what we buy and sell. (Cucchiara 104)

2) **Rejection and hold list.** On customers that have been rejected. Consult if they come back in. Yes (Cucchiara 116)

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

1) **Stop sales to a dealer if involved in gun trafficking**. Yes (Cucchiara 165)

2) **Ability of TS to not sell to other dealers**. Only grounds we can stop selling if ATF tells us (Cucchiara 196)

(3) **Other**

1 **Records retention**. Keep everything they must by law. Kept at store and warehouse (Cucchiara 27-28)

2 **Show safety devices**. Bring contacts. (Cucchiara 62-64)

3 **Traders will not be undersold**. Monitor prices. Most stores do that (Cucchiara 69-70)

4 **Acquisition and disposition records**. Can determine if guns acquired were from mfgs, distributors and individuals. Type of person sold to. We can determine total number of guns. (Cucchiara 112)

5 **Inventory**. Once a year (Cucchiara 117)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

2 **Sales representatives**

3 **Distributors**

(i) **Visits from RSR group distributor.** A couple over the years. (Cucchiara 82)

(ii) **Visits from Wester-Hoegge.** Yes but across a lot of items. (Cucchiara 83)

4 **Other dealers**

(i) **Sales to other dealers and training.** No. (Cucchiara 97)

(ii) **Sales to other dealers and requirements, suggestions, advice.** No (Cucchiara 97)

(iii) **Sales to other dealers and monitoring.** No. (Cucchiara 97)

(iv) **Sales to other dealers and investigation.** We rely on authorities (Cucchiara 97-8)

(v) **Sales to other dealers and communication.** Phone. Fax. They get call and dealer is looking for a particular gun and might be calling several other distributors looking for best price. (Cucchiara 98-99)

(vi) **Sales to other dealers and visits.** No, but they might visit TS (Cucchiara 99)

(vii) **Sales to other dealers and phone.** Mostly by phone (Cucchiara 99)

5 **Trade Associations**

6 **Manufacturers**

(i) **Correspondence from mfg.** Marketing material (Cucchiara 34=35)

(ii) **Sales reps from mfgs visits.** Remington, Winchester and ammunition reps. Heckler & Koch. Direct mfgs. Everyone who we buy directly from Marlin, Beretta. Other sales reps also who are indep. Glock. Taurus by phone. Every couple of months. Some reps represent multiple mfgs like Olin Brown and Associates (Cucchiara 57).

(iii) **Sales reps from mfgs visits and activities.** Take inventory, introduce product. Hour or two. Leave catalogs. Demonstrate product. No training. May tear a gun down and put it back.

(iv) Mfg reps come in and inventory products also. (Cucchiara 124)

7 **Other**

(i) **Sales information.** Can get from DOJ. DOJ would give breakdown of sales. Could also get from wholesale information. (Cucchiara 102-103)

(ii) **DOJ records.** Indicates number of guns . Multiple gun sales indicated by total guns. (Cucchiara 106-107)

(2) **Trace/ATF related**

1 **ATF materials received.** Some (Cucchiara 126-127)

2 **Traces and TS attempt to understand.** No (Cucchiara 142)

3 **Trace requests.** Come in on fax and you have 24 hours. Fax them back. (Cucchiara 178-179)

4 **Trace analysis.** No. (Cucchiara 180-181)

5 **Trace analysis and learn more.** No (Cucchiara 191)

6 **Trace analysis and altering conduct.** No (Cucchiara 191)

7 **Traces lead to decline to sell to anyone.** No (Cucchiara 192)

8 **Trace analysis done that indicates several guns traced to TS.** (Cucchiara 193)

9 **Reason guns traced to TS.** We have a high volume of sales (Cucchiara 197-200)

10 **ATF citation for TS on sales violations in 1970s.** License revoked and then got back. (Cucchiara 209)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **How do criminals and juveniles obtain guns.** That's law enforcement. I have no belief that they obtain from TS.

2 **TS sought to obtain information whether sold to juveniles.** No (Cucchiara 132)

3 **TS sought to obtain information whether criminals or juveniles obtain guns.** No (Cucchiara 132)

4 **Anything that TS does to ensure buyers are not involved in strawpurchases or movement of guns into youths and criminals.** Gun locks. Safety instructions (Cucchiara 168)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **US Repeating arms/winchester contract requirements.** Sale only to storefront requirement. People we deal with for years. 25-30 dealers. Requirement that they have storefront, regular business hours and knowledgable sales - from talking to others. Paperwork. (Cucchiara 47-51)

2 **Kitchen dealer sales by TS.** Not to their knowledge. Hard to determine. (Cucchiara 173)

3 **Kitchen dealer sales.** Haven't done anything to determine (Cucchiara 176)

4 **Storefront and security systems.** Traders affirms compliance with H&K distributor agreement to sell H&K products from specified retail location, maintain a storefront and security system. (Cucchiara: 290)

5 **Background check of employees.** Background check all Traders Sports employees. (Cucchiara: 221)

(3) **Gun show sales**

(4) **Thefts / Losses**

1 **Security precautions at TS.** Video, sound alarms, solid building, code systems. Bay alarm. Firearms locked in cases, doors barred, windows bared. Alarms, trip wires. Cannot see guns from street. Glass cases. No thefts. (Cucchiara 222-3)

2 **Premises security.** Have video security system, sound alarms, code systems, monitoring service. Firearms are in locked cases, doors and windows are barred and alarmed, cameras in every room of warehouses and retail store. (Cucchiara: 222)

3 **Security.** Has a sprinkler system where firearms are kept. (Cucchiara: 250)

(5) **Strawpurchases**

1 **Illegal sales.** If intoxicated, anyone looking like attempting to commit a fraud. Scrutinize each customer. Strawpurchase. (Cucchiara 24-26)

2 **Strawpurchase.** Someone buying a gun for someone else (Cucchiara 146)

3 **Knowledge of strawpurchase.** No (Cucchiara 148)

4 **Training on strawpurchases.** Traders Sports provides training on straw purchasing. (Cucchiara: 148)

5 **Training by TS on strawpurchase.** Yes. The law may not require it,

but we do it. We want the right person buying the gun rather than for someone else. . We ask questions. They know how to stop a straw sale. Rely on employees. 10-15 years ago we implemented policy. Literature. No conversations with NSSF. No conversations with NRA. Magazines. We profile customer. Questions include: are you buying for yourself, collection. We have a waiver that's handed to them. They're told in meetings. (Cucchiara 147-157)

6 **TS making strawpurchases**. No. If had then law enforcement would have told us. (Cucchiara 156-157)

7 **Anything that TS does to ensure buyers are not involved in strawpurchases or movement of guns into youths and criminals.** Gun locks. Safety instructions (Cucchiara 168)

8 **Training on straw purchases**. Trains employees on how to recognize straw purchases and other attempts to illegally purchase firearms. (Cucchiara: 261)

9 **Communications with mfgs on programs to curb strawpurchasing**. No. We have that with everyone else. (Cucchiara 280)

10 **Strawpurchase**. Traders affirms compliance with H&K distributor agreement to not finalize a firearm sale if he/she reasonably believes that the purchaser is buying a firearm for another person or a straw purchaser. (Cucchiara: 292)

(6) **Multiple sales**

(7) **Time to crime**

1 **Traces and TS attempt to learn time to crime**. No (Cucchiara 142)

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **SW agreement and feasibility on part of TS of meeting requirements**. Have insurance. Have licenses. No gun shows. Inventory. Monthly backups. Fire suppression sprinklers. Security. Ammunition stored separately,. Safety locks and warnings. Training. Hold the gun until approved. Validate license. (Cucchiara 240-269)

(2) **HUD agreement**

(3) **Boston agreement**

5. **Trade association activities**

a. **American Shooting Sports Council (ASSC) (company profile)**

i. **General**

(1) The American Shooting Sports Council, Inc. (ASSC) is the firearm industry's trade association for legislative, legal and political issues. It is the only organization representing all segments of the firearm, ammunition, and shooting sports accessory (Descriptive-68)

(2) ASSC staff. 4 members. (Jannuzzo 564)

(3) ASSC communication to members. Phone number available to everyone. Newsletter. FAX info. Conveyed information (Jannuzzo 602-603)

(4) The American Shooting Sports Council (ASSC) is the self-described "organized voice of the firearms industry" and was established in 1989 to "take pro-active steps to enhance the industry's ability to do business..., improve the public perception of the industry as a whole, and...provide a viable voice in the hearings preceding debate of statutes affecting the industry." Its slogan is "As Pro-Gun as Our Customers." (Descriptive-69)

1 ASSC accomplishments. Formal lobbying. Forged closer relationship with ATF. . Forged relationship with media. Represent industry. Educate public on safety.. project home safe being conducted by ASSC was an extension of their program. (Jannuzzo 567-571)

2 ASSC. Acted as a cohesive force which bound the industry together to meet common industry problems. Yes. (Jannuzzo 573-4)

3 ASSC affiliated organization. American Firearms Council. (Jannuzzo 587)

4 Differences among ASSC, NSFF, SAAMI and HSSHF. ASSC and NSFF had duplicative efforts in all of the ASSCS activities which would kind of make the ASSC a subset fo the whole the NSFF being the whole. ASSC had a greater universe of activities. It would include promotion of competitive shooting sports. SAAMI is purely a technical organization. Heritage Fund [HSSHF] is an organization that was formed in response in a large way to the suits that had been filed against us. . NSFF programs would be in that greater universe that the things that the ASSC was doing. ASSC was more an active lobbying organization. (Jannuzzo 590-593)

(5) We are here to protect the firearms industry, and basically guarantee that we have a legal and legislative environment that will permit and promote the lawful use of firearms. We work with Congress, with state legislators and others. We provide them information, technical data, and testimony basically on all facets of the industry from manufacturing down through the sale to the general public at licensed firearm dealers, and places of business. We're basically the voice of the firearms industry (Descriptive-70)

ii. **History**

(1) The statute affecting the industry that resulted in ASSC's formation was a partial federal assault weapons ban sponsored by former Senator Dennis DeConcini (D-AZ) in 1989. Believing that none of the traditional pro-gun organizations were effectively defending the manufacturers of such weapons, the ASSC was formed. Its promotional material promises that "as a sophisticated registered lobby organization, ASSC monitors legislative trends and proposals at every level of government. We ACT BEFORE legislation is passed or opinions formed. We are Pro-active not Re-active!" (Descriptive-69)

(2) ASSC meetings started in 95 or 96. (Jannuzzo 593)

iii. **Membership**

(1) Headed by Richard Feldman, a former National Rifle Association state lobbyist, the ASSC claims 17,000 members including manufacturers of firearms and accessories, as well as gun dealers and wholesalers. (Descriptive-69)

(2) Management. Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49)

(3) Heckler and Koch Trade association. NSSF. SAAMI. ASSC (Meyer 255-6)

(4) SW Trade Associations. NSSF, SAAMI, ASSC and Heritage Foundation. (Scott 10)

(5) ASSC [American Shooting Sports Council]. Member and secretary. Paid dues. Classes of membership. Some distributor members. Retailer members. Buying consortiums. Board members had same voting rights. Glock not a member of the board. (Jannuzzo 546-564)

(6) ASSC membership. About 250. (Jannuzzo 587)

(7) Beretta ASSC (American Sporting Shooting Council) member. Briefly. We wanted to have input. Disbanded (Reh 380-1)

b. **American Shooting Sports Council (ASSC) (documents).** Representing the gun industry of this country. (90)

i. **Disagreement with members of the industry over criminal substitution of banned guns.** Meeting with A. G. s on purpose and link of TEC 9 guns and why they are sold in US. If banned whether criminals would obtain a substitute - H&R executive disagreed with Executive Director of ASSC. (90:3076)

ii. **Knowledge of proliferation of guns and attempt to keep industry consensus on issues.** "If we don't hang together surely we shall all hang separately". (90:3076)

iii. **Knowledge of proliferation and understanding why manufacturers who take adverse position to the industry are kept out of ASSC.** "I am proud to be the Executive Director of the ASSC representing the gun companies of this country. Now I understand why Jim Garrison (disagreed with him on why sale and desire to ban TEC-9 gun) and H&R are not members of the ASSC. (90:3076)

c. **American Shooting Sports Council (ASSC) (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria.** Establishment of safeguard requirements to be met by a distribution partner.

(ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

(iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be

taken by distribution partner to meet safeguard responsibilities and performance goals.

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

iii. **Information systems**

(1) **Contacts**

(2) **Trace/ATF related**

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

(3) **Gun show sales**

(4) **Thefts / Losses**

(5) **Strawpurchases**

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

(1) **ASSC**. American Shooting Sports Council. (Ricker 23)

(2) **NSSF**. National Shooting Sports Foundation (Ricker 23)

(3) **SAAMI**. Sporting Arms and Ammunition Manufacturer's Institute. (Ricker 23)

(4) **ASSC**. Purpose to articulate the needs and interests of the shooting sports and outdoor industry. ... positive and representative image.. to dipel any misimpression. (Ricker 29)

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

d. **The National Shooting Sports Foundation (NSSF) (company profile)**

i. **General**

(1) NSSF is the leading trade association of the firearms and recreational shooting sports industry. A non-profit communications and marketing organization formed in 1961, the NSSF manages a variety of programs designed to promote a better understanding of and a more active participation in the shooting sports (Descriptive-71)

(2) NSSF actions to stop inhibit criminals and juveniles from gaining access. Cooperate with ATF. Invited ATF to trade show to conduct seminars and conferences for retailers, free access to trade press and meetings quarterly with ATF to discuss how to cooperate and provision of facility to meet with mfgs to discuss and we provide input to ATF regulation and we have volunteered to put mfgs records of gun disposition on computer (e.g., ACCESS 2000). Don't Lie for other guy and project homesafe (Delfay 34-36)

(3) NSSF may no longer exist (Delfay 103)

(4) NSSF governance and input of retailers and distributors (Delfay 290+)

(5) NSSF and SAAMI does not seek to control member activities. Yes (Delfay 514)

(6) Agenda NSSF. ATF inspection frequency. Problems given large number of FFLs. Too small a number of inspectors. ... catching up as FFL's numbers declined. Partnerships for Progress Seminars. Joint seminars with NSSF and ATF. Annual by NSSF and regional by ATF. We asked if we could do something to work with them. Background checks for employees. No discussion at meeting that recalls. (Reh 409-412)

ii. **Membership**

(1) 2,100 member-companies. NSSF members include manufacturers, distributors, wholesalers and retailers of shooting sports equipment, related associations and publishing organizations, as well as individuals. Membership benefits include NSSF-sponsored Product/General Liability Insurance, Retailer's Liability Insurance Discount, Retailer's Credit Card Bank Discount, Discounted NSSF Literature, Videos, Advertising and Other Services, and Shot Show Exhibitor and Attendee Privileges (Descriptive-71)

(2) Membership. 950 (Badowski)

(3) RSR Group involved in Trade association. NSSF. Heritge Fund (Steger 50)

(4) Traders Sports NSSF member. Yes (Cucchiara 270)

(5) Information on application to become members of NSSF. Addresses, name of principals and contact information (Delfay 145)

(6) No requirement of retailers to attend seminars of ATF and NSSF. No (Delfay 172)

(7) NSSF retailers.. 1,200 (Delfay 255)

(8) Smith and Wesson Trade association participation. NSSF and SAAMI (Hass 77)Trade groups. NSSF - National Sports Shooting Foundation and SAAMI - Sporting Arms and Ammunition Manufacturers' Institute, American Sports Shooting Council, Hunting and Shooting Sports Heritage Foundation, National Shooting Sports Foundation (Killoy 42-43) Trade Associations. NSSF, SAAMI, ASSC and Heritage Foundation. (Scott 10)

(9) Glock is a member of NSSF (Jannuzzo (1) 26) Management. Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49) NSSF member. Not a member of SAAMI... only American companies. Heritage Fund. (Jannuzzo (1) 241)

(10) Browning Trade association membership. NSSF and SAAMI. (Koening 66) Browning

(11) Heckler and Koch Trade association. NSSF. SAAMI. ASSC (Meyer 255-6)

(12) Taurus International Trade association membership. NSSF, SAAMI, both on Board of Governor, (Morrison 13-14)

(13) Boston agreement. Helping dealers acquire cost effective insurance. Reviewing several insurance carriers and NSSF for group term . Nothing came of this. NSSF was willing to cooperate. Dealers would have been able to obtain insurance (Pluff 18-20)

(14) NSSF member. Yes. Beretta supports programs they have developed (Reh 379)

iii. **Publications**

(1) **NSSF newsletter and magazine**. Bullet Points and Shot Business (Badowski 128)

(2) **Bullet Points**. Weekly electronic newsletter (Badowski 290)

(3) **NAFR publication**. NSSF publication (Badowski 290-1)

(4) **Shot Business**. Publication of NSSF (Badowski 291-292)

e. **The National Shooting Sports Foundation (NSSF) (documents)**. Formed in 1961, largest and most diverse trade group with a membership of over 1800 manufacturers, distributors and retailers. (91:258)

i. **"Don't Lie for the other guy" program** - a jointly sponsored program with the BATF (2000), retailer guide to recognizing and deterring strawman purchases. Brochure and kit including posters, counter cards, mats, window decals, buttons designed to assist retailer salespersons in recognizing and deterring strawman purchases. (91:2941-50) (91:2951-general description). Also seminars and workshops conducted jointly by the ATF and NSSF to educate retail sales staff and public service announcements, print advertisements, billboards and other collateral materials (91:2957)

(1) **Goal is to significantly reduce strawman purchases and to go beyond the letter of the law** (91:2953)

(2) **Strategies**

1 **By informing and educating both retailers and firearms purchasers** of the penalties and ways to enable retailers to identify potential strawman purchasers and encourage them to go beyond the letter of the law (91:2953).

2 **Detection through screening questions**: is the firearm for you or someone else, is it a gift, intended use, type of firearm (91:2946-48)

3 **Detection through suspicious behavior**: example provided - someone buying for someone else scenarios.(912948)

4 **Deterrence through fair warning** at time of customer filling out form. (91:2949)

5 **Report of violators** if you believe a straw purchase was made (91:2950)

(3) **Commitment**. No predetermined lifespan (91:2955)

ii. **"Partnership for Progress" Dealer Awareness Seminar** (92)

(1) **Overview of local/national firearms violence reduction initiatives**, (92)

1 **Criminal misuse of firearms** - statutes, licensing not a license to traffic, record keeping: Keep all records, prohibited persons. Illicit trafficking: Theft and Straw person (92)

(2) **Focus on the solution** - taking aim to reduce gun violence and end trafficking - (92)

1 **Detection and prevention of straw purchase** at POS through conversations and visual cues and through dealer awareness and

consumer awareness. (92)

2 **Insta-check PICS vs. NICS** key differences (92)

3 **Detection of trends and patterns through comprehensive tracing and FFL cooperation** (92)

(i) FFL inspections (92)

iii. **Other topics** (92)

(1) Big 4 vs. others in avoiding violations that contribute to criminal misuse (92)

(2) Gun shows (92)

(3) Gun raffles (92)

(4) Strikers and street sweeper regulations (92)

(5) out of state and dual residency issues (92)

f. **The National Shooting Sports Foundation (NSSF) (depositions)**

i. **Awareness and knowledge of diversion and potential safeguards**

(1) **Awareness that NSSF has looked for ways to help identify problem dealers.** I have no knowledge of that whatsoever. (Badowski: 123)

(2) **Awareness of Browning dealer training school.** Q. Are you familiar with what's referred to I think as the Browning dealer training school? ... A. No, sir, I'm not. Q. Are you aware of any other manufacturers having dealer training school? ... A. I believe that the manufacturers had with intent permitted and encouraged their dealer representatives to attend on-site training for the multitudes of retailers who handle their products on a very regular basis. (Badowski: 176)

(3) **Gun trafficking.** I'm not sure where one would go to learn about gun trafficking. I would welcome opportunity to learn more about my work. Information not commonly available. (Badowski 53-54)

(4) **NSSF looking for ways to identify problem dealers.** No awareness of (Badowski 122-23)

(5) **Knowledge of ATF shortage.** No knowledge of. Never heard that. No information on that (Badowski 125-6)

(6) **Knowledge of corrupt dealers who keep false records.** In am not aware. Never tried to learn. In don't know about gun industry only about retailers. NSSF took position on this though. (Badowski 217-218)

(7) **Awareness of inability of FBI or other to complete background check in time to meet Brady Bill requirement.** Yes. No position by NSSF on this except for retailer to use best judgement (Badowski 228-229)

ii. **Coordination systems**

(1) **Distributor and dealer agreements**

1 **Distributor agreements**

2 **Dealer agreements**

(2) **Framework**

1 **Selection**

(i) **Criteria. Establishment of safeguard requirements to be met by a distribution**

1) **Gander Mountain store policy.** Gander Mountain has a store policy that "the majority of the associates who would sell firearms were required to either attend the first [training session] or an ongoing training class." (Badowski: 37)

2) **Test.** A test was "designed to ensure the associate had a good broad base knowledge of all the materials covered from... selling to the rules and regulations as

administered by the ATF governing the sale or transfer of firearms… It was designed to acquaint and impart knowledge."(Badowski: 43-44)

(ii) **Identification, assessment and choice**. Identification, evaluation and selection of distribution partners who could meet safeguard requirements.

(iii) **Substantiation**. Confirmation that distribution partner meets safeguard requirements.

2 **Management**

(i) **Role responsibility and goals**. Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.

1) **Responsibilities of the Director of Retail Partnerships for NSSF**. The position of Director of Retail Partnerships for NSSF is responsible for the following safeguard-related programs for retailers: "seminars relevant to security of the premises, … background checks at discounted rates." (Badowski: 17)

2) **Gander Mountain (retailer) compliance program** existed to ensure "familiarization with all applicable rules, regulations and ordinances on the part of the personnel who were selling and transferring the firearms, as well as other people within the company." (Badowski: 30)

3) **Employees discounts and amount limitation**. Employees received no discount on the purchase of new firearms, and "there was a limit in terms of the number that they could purchase per year, and here it is… two per year." (Badowski: 95)

(ii) **Operational guidelines, programs and strategies**. Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Continuing education programs.** Gander Mountain conducted a series of continuing education programs to familiarize personnel "with the federal, state and local laws, requirements and ordinances relevant to the sale and transfer of firearms within a given store's area of sale" (Badowski:30)

2) **Gander Mountain's people training.** "Gander Mountain's people were trained on the areas that ATF felt that they and/or any retailer of firearms needed to be trained in. (Badowski:34). If a Gander Mountain employee missed a scheduled training session, "they would be scheduled to attend another one at another store … And they would also be counseled by the store manager to ensure that they had an adequate understanding of the material that was covered." (Badowski:39)

3) **Gander Mountain tests on employees**. Gander

Mountain tested employees on "issues that ATF would print in the regulatory." (Badowski: 40)

4) **Gander Mountain Record keeping software system**. Gander Mountain had a software system for record keeping "and you had to have a password to access that computer in each of the stores. So there was no way a firearm could, quote, disappear." (Badowski: 67)

5) **Gander Mountain tests on firearms sales trainees.** Firearm sales trainees at Gander Mountain are given a 50-question test. (Badowski:73)

6) **Gander Mountain training sessions**. Gander Mountain conducted training sessions "whenever Gander would open a new store... or when the turnover in a retail environment would warrant my visiting a store again to reconduct the same training." (Badowski:80)

7) **Gander Mountain employees training**. Gander Mountain employees were trained to recognize situations that they had "legal duty not to sell" firearms, including: intoxicated or impaired and disparaging comments made. (Badowski: 90-92)

8) **Retailers training**. Q. Do you know whether firearm retailers had received training along the lines of Don't Lie For The Other Guy before that program was implemented? ... A. I don't know that. (Badowski: 108). "Most retailers that I'm aware of, whether they be small, large ...have implemented many, many practices and issues of training for their personnel on a wide variety of topics and subjects, including merchandising, selling firearms, fly rods." (Badowski: 113)

9) **The Partnership for Progress seminars**. "The Partnership for Progress seminars are designed to enable ATF to train retailers in one room... and answer any questions that they may have relevant to the rules or regulations or anything covering the ATF issues in their retail stores." (Badowski: 115)

10) **Charts with rules and regulations to transfer long guns among states**. NSSF developed charts "which would enable retailers anywhere to quickly learn what the rules and regulations where governing the transfer of a long gun to a resident of another state." Similar charts were made for manufacturers and distributors; however, program was discontinued and never implemented. (Badowski:144-145)

11) **Venue to received training**. "NSSF in partnership with the ATF and with local law enforcement and with the FBI NICS program, ... design[s] a venue allowing dealers the opportunity to come and receive training that for the most part ATF imparts." (Badowski:152)

12) **Retail security seminars**. Q. Does NSSF offer retail

security seminars? A. Absolutely, we do. (Badowski: 158). Retail security seminars are given by ATF personnel at [NSSF's] annual function called the Shot Show... additionally, part of our partnership seminars are devoted to retailer security issues." (Badowski:159)

13) **Manufacturers implementing training programs for retailers**. Q. Are you aware of any manufacturers – gun manufacturers who have drafted or implemented training programs for retailers? ... A. ... Most manufacturers and distributors had their direct representatives and/or their rep groups come in on a very regular basis to conduct training programs on the firearms that they had sold to us. (Badowski: 171-172). Q. Do you have any recollection of manufacturers representatives providing training on any other means to prevent unlawful purchasers from acquiring firearms? ... A. Not specifically simply because those areas were relegated to the Bureau of Alcohol, Tobacco and Firearms, ... and they were the ones responsible for the training of dealers on these areas. (Badowski: 173)

14) **Training to retailers on inventory record-keeping and management practices**. "NSSF provides training to retailers at seminars that are conducted at the Shot Show, through an article that was published on how to complete an ATF inspection, suggested inventory record-keeping and management practices that a retailer could implement." (Badowski: 215)

15) **Education partnership program for retailers**. A. NSSF had suggested to me that we develop an ongoing education partnership program for retailers, which we have done. And that education or continuing education program consists of seminars at the Shot Show, the retailer library, the Partnership for Progress seminars and other methods of instruction of a retailer in terms of are we making money yet, strategic planning, better inventory control, how to pass a DTF inspection. (Badowski: 263)

16) **Seminars at Shot Shows**. NSSF implemented "several seminars at the Shot Shows ongoing each year." (Badowski:265)

17) **An Overview Of The NICS Operation video**. "NSSF distributes an excellent video called An Overview Of The NICS Operation... which is... a detailed view of what NICS does in terms of performing the background checks in support of their efforts." (Badowski:294)

18) **National Instant Check System**. NICS. (Badowski 12)

19) **Continuing education**. Seminars on customer and store retail environment. Security issues. (Badowski

18)

20) **Library**. New. Information on methods implemented by larger major retailers including layout, strategic planning, product placement. Hiring and firing of employees. Documents include books, cassette and video. Retailers call and then are made available. No ATF publications.

21) **Gander mountain compliance program**. To insure employees in compliance with law. Familiarity with employees. Continuing education program. For 40 years. Had outline of areas sent to ATF for inoput. Developed outline in 95 or 94. Strawpurchase training - no. (Badowski 30-32)

22) **Gander mountain training**. Prior to new store openning and as needed. Everyone who sold firearms. Required to attend ongoing . Handouts and question and answer sessions. Handouts included ATF rules and regulations. State issue discussion. Oarticles or information relevant to salesmanship. Three to five hours long. Discusions. Tests. Not written policy. Pass fail. No failures. (Badowski 34-45)

23) **Training opinion**. A retailer would nont want to put a sales associate on a sales floor who was not wel-versed in the area relevant to that particular line of business.. whatever that might be (Badowski 46)

24) **Importance of training at Gander mountain**. Product lines and other. And important to have training in rules and regulations. Yes (Badowski 47-8)

25) **Training of retailers at NSSF**. No training of retailers (Badowski 76)

26) **Indicators and training at GM.** Red flags like disparaging comments. Intoxicated (Badowski 87-96)

27) **GM training versus Don't Lie**. GM training was verbatim what was on the Form 4473 and limited to that (Badowski 138)

28) **NSSF background check assistance for dealers**. Fideafax company arrangement. . Made available to any dealer. Need not be a member. Discount for membership 20%. (Badowski 199-202)

29) **NSSF and dealer inventorying**. Support of inventories whatever product. Good scheduled inventorying is supported. Doesn't provide any standards or assistance though but does provide training at Shot Show on suggested inventory and record keeping (Badowski 214-15)

30) **Delayed denials e.g. delay for decision after 3 day background check period**. Under the purview of ATF not NSSF (Badowski 231)

31) **GM training outline** - inclusion of spotting illegal sales. Yes (Badowski 261)

32) **NSSF instructions to him to create education program**. Seminars at Shot Show, retailer library,

Partnership for Progress Seminars (Badowski 263-4)

33) **NSSF implementation of programs**. Seminars at Shot Shows. Other seminars to dealers. (Badowski 265-66)

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **Benefits to retailer members**. Reduced credit card transactions fees, continuing education, seminars relevant to security on premises, reduced shipping fees, background checks at discounted rates, professional representation in DC, common trade association benefits, libraries for information revolving around merchandising, layouts, employee training. Retail customer. (Badowski 17)

(iv) **Conflict resolution and enforcement**. Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment**. Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption**. Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination**. Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

1 **Classifications**. No on retailers. (Badowski 20)

2 **Dues based on volume of retail**. No knowledge of breakdown (Badowski 21)

3 **National Association of Firearms Retailers**. NAFR. (Badowski 144)

4 **NSSF importance of precision inventory control of firearms**. Not relevant (Badowski 216)

iii. **Information systems**

(1) **Contacts**

1 **Own Firms/employees**

2 **Sales representatives**

3 **Distributors**

4 **Dealers**

(i) **Dealer visits**. Dozens. But he is only one (Badowski 156, 161)

(ii) **Dealer visits**. No security evaluation (Badowski 157-8)

5 **Trade Associations**

6 **Other**

(2) **Trace/ATF related**

1 **No ATF publications in library**. It's the case of being a retail trade association mking information avaialbe to our members in lines commensurate with excelling in the retailer industry.. designed to do.

(Badowski 20)

2 **Has he read ATF reports.** Not familiar with many. Read ATF newsletter. Rule book. No other (Badowski 50-2)

3 **Trace requests at GM.** Would process. Not very often requested (Badowski 60)

4 **ACCESS 2000 and GM.** Volunteered to participate, but not being done (Badowski 61)

5 **ATF had been doing training prior to this.** 1990. Not sure if strawpurchase covered (Badowski 98-102)

6 **Partnership for progress.** Train retailers by ATF in one room. Broader than Don't Lie. (Badowski 116)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Personal opinion on keeping criminals from gaining access to guns.** No developed opinion. Makes sense (Badowski 62)

2 **GM programs to prevent criminal access to guns.** Broad program to prevent theft (Badowski 62-63)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Fidelafax background checks.** A. NSSF had designed a program or a method enabling those retailers who inquire about background checks for potential new hires the ability to contact a firm called Fidelafax for the purpose of having Fidelafax do a background check on behalf of the prospective employer of the prospective employee. (Badowski: 200-201)

2 **Background checks on employees.** "NSSF's role is to enable retailers to acquire the information on what they might do if they chose—if they have a background check performed on … a perspective employee before hiring them to work behind the firearm counter to ensure that no prohibition exists." (Badowski:202)

3 **Background checks.** Pre employment (Badowski: 18)

4 **Need for background check of employees.** Not developed opinion (Badowski: 205)

5 **NSSF support of background checks of employees.** Supports all laws. (Badowski: 307)

(3) **Gun show sales**

(4) **Thefts / Losses**

1 **Instructions in case of missing items.** "Our [Gander Mountain warehouse] instructions were if they [Gander Mountain retail stores] were missing something that was on the [inventory] sheet, to call us." (Badowski: 68)

2 **Gander Mountain theft prevention program.** "Gander Mountain had a broad program in effect to prevent theft of anything that Gander sold in their product mix in their retail stores." (Badowski:63)

3 **Premises security.** " Any handgun was under lock and key." (Badowski: 77)

4 **Video of a burglary to educate retailers** . "One member of ATF… uses an actual video to play at seminars at the Shot Show of a burglary that occurred of a retail firearm store… for the purpose of educating retailers who attended the security seminar." (Badowski:304)

5 **GM program to prevent theft.** Tracking the transfer of firearms from their central retail warehouse receiving facility to the retail store that sold the firearms. Receive and properly record. Audit trail report.

Good records. Computer program to eliminate manual entry. And password protection. Restricted passwords. Never implemented system that would allow look at total systems at central location. (Badowski 64-70)

6 **Importance of avoiding theft**. Yes (Badowski 70)

7 **Statement**: Can handle a large number of inventory and in a cost effective way: GM. Yes at GM. (Badowski 70-71)

8 **Theft resistant systems**. Good business practice (Badowski 71)

9 **Concern for theft of firearm versus other products**. Same level concern as found for other products. Obviously, firearms are an item that one is concerned with, as one is concerned with the investment and the expense in series of fly rods or fishing reels or outdoor clothing. (Badowski 73)

10 **Store security at GM.** (Badowski 74)

11 **GM policy on locking firearms**. Yes to prevent from being stolen (Badowski 77-8)

12 **Locking of guns and additional steps**. Depends on retailer and their needs. Owner has to make that decision (Badowski 148)

13 **Theft from dealers as problem**. Yes. Retailers are concerned with any theft of any item of merchandise (Badowski 207)

14 **Knowledge of stolen arms used in crime**. In don't know either way. Have not looked into it. (Badowski 207)

15 **NSSF activities to address firearm theft**. No authority. Primarily an ATF purview. Allow ATF a venue to convey information. Partnership seminars that bring ATF together with retailers (Badowski 208-9)

16 **GM problem with theft of firearms**. A couple of situations. . Don't recall.

(5) **Strawpurchases**

1 **Responsibility to ensure the Don't Lie program continues to roll out.** "I was given the responsibility to ensure that it [Don't Lie program] was continued and distributed and utilized within the confines of the partnership seminars that ATF conducts for the retail industry... I have the responsibility to ensure the program continues to roll out." (Badowski: 104-105)

2 **Straw purchasing training (Don't Lie for the Other Guy program)**. "In response to ATF's concern over straw purchasing, we jointly partnered to develop a very successful program to train and educate on straw purchases called Don't Lie." (Badowski:54)

3 **Don't Lie for the Other Guy program**. A. ... Don't Lie For The Other Guy was a partnership effort on the part of ATF and NSSF. It came about as a result of quarterly communication meetings that we conduct with ATF ... And the program was designed to develop some POP display material and provide some educational training for retailers on recognizing and determining straw purchases. Additionally, the program was designed to make consumers who would enter into a straw purchase aware of what they were doing and what they could get themselves into and the penalties involved in purchasing of a firearm for someone who was otherwise prohibited from doing so on their own. (Badowski: 98)

4 **Don't Lie for the Other Guy program materials**. A. ... the components of the program [Don't Lie For The Other Guy] are a folder describing how the program was developed, the initiatives behind the program, what the program is designed to do, the retailer training guides

that are designed for the retailer to use with their sales staff, the large posters, the counter cards, the buttons, the door decals. (Badowski: 114-115)

5 **Straw purchase training**. "The purpose of the brochure is to use as a guide for training meetings… to help the salesperson recognize and… deter a straw purchase." (Badowski:132). "The Don't Lie for the Other Guy kit is designed to help a retailer recognize and deter straw purchases." (Badowski:137-138)

6 **Don't Lie for the Other Guy video**. Q. Was there a video, or was a video intended to be part of the Don't Lie For The Other Guy program? A. Yes. Q. What happened with that? A. It is completed, ... we're waiting for it to be edited and anxious to distribute it ... (Badowski: 177)

7 **Don't Lie kit distribution**. A. We have distributed Don't Lie retailer kits direct to retailers, and in some cases we have sent the components of the kits to various members of the industry who have requested them. (Badowski: 254-255)

8 **Strawpurchase**. Became familiar with term 2 years ago. From Following the Gun ATF publication. Never used term prior to (Badowski 32)

9 **Strawpurchase**. A person who was lying of the purpose of purchasing a firearm for some one who is prohibited from purchasing. (Badowski 33)

10 **Gander mountain and strawpurchase**. Didn't spend a lot of time on issue (Badowski 34)

11 **Strawpurchase problem**. No opinion formed yet. NSSF opinion - don't know. In response to concern we jointly partnered with AFT on Don't Lie..(Badowski 54-55)

12 **How criminals obtain guns**. Strawpurchase, theft. None other aware of. (Badowski 57-8)

13 **Training outline for GM that references strawpurchases**. Indicators reference (Badowski 79-90)

14 **Don't Lie for the Other Guy**. Educational and POP material on strawpurchases. Purpose was to educate and make retailers aware of strawpurchases and the techniques that they employed to obtain firearms. Display material, counter card, buttons. . Underpinnings of program to train retailer and to ensure that they could avoid entering into a Strawpurchase transaction. (Badowski 97-8)

15 **Training on Don't Lie for Other Guy and effectiveness**. Yes, unquestionably and well received in industry (Badowski 107)

16 **Need for Don't Lie**... Not sure. (Badowski 108)

17 **Distribution of Don't Lie**.. UPS ships retailer kits. 15,000 shipped.

18 **Distribution list for Don't Lie**. ATF supplies. Do not know where they go. (Badowski 110-11)

19 **Could NSSF have put on Don't Lie on its own**. I would think not. NSSF was not aware of strawpurchase areas until approached by ATF (Badowski 112)

20 **Could Don't Lie be stronger**. Not my area of expertise (Badowski 114)

21 **Don't lie components**. Training guides, large posters, counter cards, buttons, door decals.(Badowski 114-115)

22 **Don't Lie**. Kit sent to retailers who then decide if they will implement.

(Badowski 117)

23 **NSSF requirement of retailer members to be part of Don't Lie.** Supported. Not relevant if they require because it is an ATF program that NSSF agreed to distribute (Badowski 119-20)

24 **Don't Lie**. Costs 20 dollars a kit. Invested over ½ million with breakdown. ATF handles costs of meeting rooms (Badowski 140-143).

25 **Don't Lie..seminars**. 19-20 in past year (Badowski 149)

26 **Who attends Don't Lie seminars**. Retailer preference. Owners, managers and associates. Have not taken headcount (Badowski 150-1)

27 **Don't Lie Seminars**. 15-17 in 2001, 2000 did 4 or 5. (Badowski 153)

28 **Keep list of attendees at Don't Lie...** No. Sign up list, but no followup (Badowski 155-6)

29 **Don't Lie for... video is completed and being edited**. 45- 50 thousand cost. $2 per copy reproduction costs. . intent to make available. Follow recommendations of ATF in distribution (Badowski 182)

30 **Don't Lie for other Guy distribution**. To retailers and other members of industry. No list kept but might be able to construct. (Badowski 255-6)

31 **Videos by NSSF**. Overview of the NICS, new video on strawpurchase. Other but do not deal with retail (Badowski 294-5)

32 **NSSF retail security seminars**. Yes. ATF personnel at Shot Shown. Partnership program includes security issues. (Badowski 158-160)

33 **Retail training by manufacturers**. Every manufacturer had a program while he was at GM. Very regular basis had reps come in and hold training on products they sold. Mfg reps would visit and give training. Comprehensive in terms of product line. No training on strawpurchases. Prevention of unlawful purchases relegated to ATF. Most of all and major mfg did as a matter of policy - train on products information. All visited.. Materials catalogues and materials and information. Some on sight (Badowski 172-176)

(6) **Multiple sales**

(7) **Time to crime**

(8) **Obliteration of serial numbers**

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

(2) **HUD agreement**

(3) **Boston agreement**

g. **Sporting Arms and Ammunition Manufacturers' Institute (SAAMI) (company profile)**

i. **General**

(1) The Sporting Arms and Ammunition Manufacturers' Institute is an association of the nation's leading manufacturers of sporting firearms, ammunition, and components. Since being founded in 1926, SAAMI has been actively involved in the publication of industry standards, coordination of technical data, and the promotion of safe and responsible firearms use. SAAMI currently publishes more than 700 voluntary standards related to firearm and ammunition quality and safety (Descriptive-72)

ii. **Membership**

(1) A-Square, Alliant Powder, ATK-CCI/Speer, Beretta USA Corp, Browning Arms Co., Colt's Manufacturing Co, El Dorado Cartridge Company, Federal Cartridge Co. Fiocchi of America, Inc, Glock, Inc, Hodgdon Powder Company, Hornady Manufacturing Co. Kahr Arms Co, The Marlin Firearms Co, North American Arms, O.F. Mossberg & Sons, Olin Corporation, Remington Arms Co., Inc., St. Mark's Powder, Savage Arms, Inc, SIGARMS INC. Smith & Wesson, Sturm, Ruger & Co., Inc,Taurus International Firearms, U.S. Repeating Arms Co., Weatherby, Inc.

iii. **Programs**

(1) **Publications**

1 SAAMI has published brochures, pamphlets, and issue papers on a variety of topics which provide a factual perspective on the many emotional issues surrounding the misuse of firearms. Firearms safety has always been a top priority for SAAMI members and in 1997 the Center for Firearms Safety and Responsibility was established by SAAMI to create educational programs to help reduce the number of firearms accidents. SAAMI has published and distributed more than 15 million copies of A Responsible Approach to Firearms Safety which has helped reduce the number of firearms related accidents to their lowest point since 1903. Understanding that firearms safety is not just for the home, SAAMI also published and distributed "Range Danger" posters to remind shooters of firearms safety and proper range etiquette (Descriptive-72)

(2) **Regulations**

1 The SAAMI Logistics & Regulatory Affairs Committee (SLARAC) participates in reviewing and proposing both domestic and international regulations so that products offered by SAAMI members can be distributed economically and safely, without unreasonable restrictions, throughout the world. Working with the U.S. Department of Transportation, U.S. Treasury Department (Bureau of Alcohol, Tobacco, and Firearms) on a domestic basis and internationally through the United Nations Sub-Committee of Experts on the Transportation of Dangerous Goods, SAAMI is intimately involved in the development of domestic and global standards for the safe transportation and distribution of products manufactured by SAAMI-member companies. The Logistics and Regulatory Affairs Committee regularly offers its expertise to agencies on such important matters as the classification, labeling, placarding, and packaging of small arms ammunition. The Committee conducts tests in support of their views concerning the limited hazards associated with the storage and transportation of small arms ammunition and components (Descriptive-72)

h. **Sporting Arms and Ammunition Manufactures' Institute (SAAMI) (documents).** Members include Blount, Browning, Marlin, Mossberg & Sons, Remington, SIGARMS, Smith & Wesson, Sturm Ruger & Co. Taurus International Firearms and others (88:4030)

i. **Urgency of taking proactive stances.** Advocates development of consensus and platform on a few key positions that relate to the manufacturer, distribution and retail sales of firearms and ammunition, emphasizing efforts that might keep firearms and ammunition out of criminal hands. It is important that SAAMI has a clean and "pro-active' platform relevant to our industry (89:3080)

ii. **Platform**

(1) **Safety and education.** "A responsible approach to public firearms ownership and use." SAAMI reviews current industry test methods and procedures and recommends manufacturer safety practices. SAAMI has emphasized educational efforts that help instill a clear sense of responsible ownership. (88:4031)

(2) **Excise taxes for health care of violent crime victims.** SAAMI supports excise taxes to pay for the health care of uninsured victims of violent crime (88:4032)

(3) **Strengthening anticrime efforts.** SAAMI members support firearms-regulated legislation (88:4033) (88:4035)

(4) **Instantaneous POS background checks for all retail firearms purchases.** SAAMI believes the most effective means to accomplish denial of the purchase of firearms by felons and individuals who are mentally incompetent is through an instantaneous POS background check. No reason in a computer age why an individual's criminal and mental health record cannot be electronically checked (88:4033)

(5) **Sale of products to only legitimate firearms dealers.** Believe that by limiting sales to legitimate retail outlets, product safety features and safe operating procedures can be properly demonstrate and explained by knowledgeable salespeople and would result in fewer of our products ending up in unethical dealers. (88:4033)

(6) **Measures designed to keep firearms out of hands of criminals and illegal trade.** "The members of SAAMI strongly support measures designed to keep firearms out of the hands of criminals and other individuals who could not be considered as responsible firearms owners... including reducing the illegal trade in firearms. (88:4035)

1 **Advocates development of consensus and platform on a few key positions** that relate to the manufacturer, distribution and retail sales of firearms and ammunition, emphasizing efforts that might keep firearms and ammunition out of criminal hands. It is important that SAAMI has a clean and "pro-active' platform relevant to our industry (89:3080)

(7) **Elimination of guns in schools** (88:4034)

(8) **Reconsider production of television programming and films that romanticize firearms as instruments of mayhem** (88:4034)

(9) **Dealer code of ethics or practice.** SAAMI agenda item at Government relations/media relationships planning meeting. (89:3077). Advocates getting National Shooting Sports Foundation to develop code given its closer affiliation with retailers.

1 Certain elements of this code would be obvious and easy to draft and others would be more sensitive. (89:3081)

(10) **Manufacturer code of ethics or practice.** SAAMI should develop a Code of ethics or practice for its members (89:3081). Certain elements of this code would be obvious and easy to draft and others would be more sensitive. (89:3081)

iii. **1976 SAMMI opposed Gun Control Act of 1976** because of objections to increased

regulation of dealers on security and illegal sales, license fees, multiple sales. Contended would put 3/4 of dealers out of business and limit access to guns by public. (10)

iv. **1983 SAMMI opposed BATF proposal** to licensed dealer obtain a certified copy of a manufacturers license before shipping a firearm for repair and that a manufacturer should obtain a certified copy of a dealers license before making a drop shipment to that dealer - suggesting that plain copy might be an alternative if opposition overruled (12: 1325)

v. **1994 Government/media relations planning meeting**. Agenda and discussion of SAAMI platform relating to few key positions that relate to manufacturer, distribution and retail sales emphasizing efforts that might keep firearms and ammunition out of criminal hands and also development of dealer code of ethics (194: 1777, 1781- 1782)

vi. **2000 memo regarding post events from UN meeting** on some type of development that SAAMI felt it needed to provide input. After meeting contacts include chemical industry to see how they handled prior UN interaction. This group provided recommendations (190)

i. **Sporting Arms and Ammunition Manufactures' Institute SAAMI (depositions)**

- i. **Awareness and knowledge of diversion and potential safeguards**
  - (1) **Access to guns by criminals.** A problem (Delfay 29)
- ii. **Coordination systems**
  - (1) **Distributor and dealer agreements**
    - 1 **Distributor agreements**
    - 2 **Dealer agreements**
  - (2) **Framework**
    - 1 **Selection**
      - (i) **Criteria. Establishment of safeguard requirements to be met by a distribution**
      - (ii) **Identification, assessment and choice.** Identification, evaluation and selection of distribution partners who could meet safeguard requirements.
        - 1) **Information on application to become members of NSSF.** Addresses, name of principals and contact information (Delfay 145)
      - (iii) **Substantiation.** Confirmation that distribution partner meets safeguard requirements.
    - 2 **Management**
      - (i) **Role responsibility and goals.** Determination of distribution partner's ongoing safeguard responsibilities and establishment of safeguard performance goals.
        - 1) **Cooperate with government agencies.** ..."I told Chief Behan that it was pretty much SAAMI's opinion that, while the crime problem is largely created by criminals and not by guns, guns are involved, and it is the responsibility of the manufacturers, distributors and retailers of firearms to attempt to keep them out of the hand of criminals" (Delfay: 112) Q. Did you tell Chief Behan that? (Delfay: 112) A. That's what the memo indicates. Yes, I wouldn't be surprised if I told him that (Delfay: 112) Q. Can you elaborate on what that responsibility would entail? (Delfay: 112) A. ... cooperate with the government agency empowered with enforcing firearms regulations to the greatest extent that you can, which is what we do. And we

continue to do (Delfay: 112-113)

2) **SAAMI and NSSF position is that ATF's role to provide leadership and ask for assistance from them in policing industry.** They have responded (Delfay 165)

3) **NSSF and SAAMI position on if mfgs should identify dealers with significant traces.** I don't know, but asserts ATF would not make data available (Delfay 167-8)

(ii) **Operational guidelines, programs and strategies.** Development and implementation of courses of action to be taken by distribution partner to meet safeguard responsibilities and performance goals.

1) **Partnership for Progress.** No incentives or sanctions to retailers and no requirements for participation (Delfay 183-4)

2) NSSF does not require retailers to do anything in terms of safety and security of firearms (Delfay 65)

3) **Retailer code of ethics 1994.** SAMMI felt retailer organization should develop and they approached a retailer organization National Alliance of Stocking Gun Dealers (only dealer association at that time)... neither went forward with a code. NSSF had dealer members at this time. NSSF discussed but did not take action for same reason... dealer association should take action. (Delfay 85-91)

4) **National Association of Firearms Retailers (NAFR).** Program of the National Shooting Sports Foundation. Started in 2000. Never developed Code (Delfay 99-102)

5) **Safety Board.** Recommended but not formed (Delfay 95)

6) **Taking criteria from ATV industry and adopting to firearms for retailers.** Video made available to retailer for consumers in 2000 and CD rom being developed. Video in place and title is Firearm Safety Depends on You for purchaser of firearm. Mfgs invited to purchase and distribute with their products. All within last year (Delfay 105-106)

7) **Safety education programs to consumers.** Implemented through Project Homesafe (Gun lock distribution) an videos McGruff on Gun Safety and another Playing it safe... for high school. Made available to retailers (Delfay 115-116)

8) **Video for retailers.** Buying group Sports Inc. expressing desire for video for retailers... not aware of any action taken (Delfay 132-133)

9) **Law does not require background check on every transaction.** If a criminal transaction was going to take place it would be helpful to have (Delfay 190-3)

10) **Center for Firearms Safety Responsibility**... no longer exists... was a program... existed less than 2

years (Delfay 244)

11) **Warranty card information sharing.** Recent program with purpose to have a database for direct mail promotion (Delfay 251)

12) **Heritage Foundation.** Purpose to coordinate and industry response to litigation and to fund initiatives (Delfay 274)

13) **Project Homesafe.** Non traditional consumers... someone who inherited, not familiar, not used on regular basis. Safety information and locking devices... provides people with safety information and that is important (Delfay 346-80)

14) **Safe distribution discussions at SAAMI or NSSF.** None prior to 2000 (Delfay 383)

15) **1994 further discussion of code of ethics.** Still felt dealer association should advance (Delfay 94-95)

16) **Retailer University.** Conference of seminar on business practices by NAFR held during year. (Delfay 139-143)

17) **No requirement of retailers to attend seminars of ATF and NSSF.** No (Delfay 172)

18) **Poor Inventory management identified by ATF.** Worked with ATF on regulations (Delfay 173)

19) **Video to retailers by IACP.** Not produced. (Delfay 174)

20) **Shot Show seminars.** List of participants kept (Delfay 395)

21) **Acknowledgement of awareness, but thought appropriate that others do.** Reports: ATF strategic Plan (September 2000), Department of Justice Gun Violence Reduction, Following the Gun, Commerce in Firearms in the United States, Crime Gun Trace Report, Relationship between illegal use of handguns and handgun sales volume, The Youth Crime Gun Interdiction Initiative, Crime Gun Trace Analysis Report: The Illegal Youth Firearms Market in 27 Communities, Performance Report, Youth Crime Gun Interdiction Initiative, Safety and Security Information for Federal Firearms Licensees, A Progress Report: Gun Dealer Licensing & Illegal Gun Trafficking, etc... No action was taken by NSSF or SAAMI with respects to these reports (Delfay: 57-72) Q. Should SAAMI pro-act with respect to a dealers' code of ethics? (Delfay: 87) A. At this point in time I would answer no. (Delfay: 87)... because in the course of some discussions regarding a dealer code of ethics or best business practices, it was determined that it would be most appropriate to have a retailer-based organization develop such a code (Delfay: 88)

22) **Dealer code of ethics, but did not go forward with.** Q. Do you know whether they went forward with the dealer code of ethics? (Delfay: 88) A. I don't believe

they did. Let me change my answer, I really don't recall if they did or not (Delfay: 88)

23) **Safety board not formed.** ...develop a SAAMI safety board. Q. Do you know whether that recommendation was adopted? (Delfay: 104) A. ... a SAAMI safety board per se was not formed (Delfay: 104)

24) **ATV materials acknowledged and video made.** Q. What do you think he means by point N. 3? (Delfay: 105) A. That we should take the materials that were prepared – or that were being distributed by the ATV, altering vehicle manufacturers, and prepare similar materials for firearms retailers (Delfay: 105) Q. Was that done? (Delfay: 105) A. I don't remember all of the materials that were provided that were being implemented by the ATV industry, but a number of things were implemented for firearms retailers, including a video, and CD-ROM – I'm not sure if the CD-ROM has been made available to retailers yet – for free distribution to consumers (Delfay: 105-106)

25) **ATV related video.** Q. Is that all that was done, the video and the CD-ROM? (Delfay: 106) A. Related to the production of the video and the CD-ROM, a program is being developed, it is not complete, to put the same contents on an interactive Web site (Delfay: 106)

26) **Firearm Safety Depends on You video.** Q. How is the video – can you describe the video more completely? (Delfay: 107) A. The title is Firearm Safety Depends on You. It's approximately twelve minutes, and it is designed for the purchaser of a firearm, outlining firearms safety rules, safe storage recommendations. (Delfay: 107)

27) **Safety education programs but no research.** A SAAMI safety committee was not established per se, but the recommendations were implemented, in fact, quite aggressively... recommendations No.1, to implement safety educations programs with a special emphasis on outreach efforts to non-traditional customers (Delfay: 115) Q. Did that object include research relative, in the next sentence, research relative to the effectiveness of specific safety programs? (Delfay: 115) A. Not to my recollection, no (Delfay: 115)

28) **Project home safe videos.** Q. How was the first sentence that you read implemented (Delfay: 115) A. Through a program that we began in 1999 called Project HomeSafe (Delfay: 115-116) We've developed two videotapes for distribution to non-traditional consumers though schools, one in cooperation with the National Crime Prevention Council, a program called McGruff on Gun Safety...

and another called it's your call playing it safe around guns, for junior and senior high schools, which we are making available to many schools, thousands of schools, free of charge (Delfay: 116)

29) **Assessment of technical developments in product safety**. Q. N. 3, item N. 3 here, review and assess technical and other product developments as they relate to firearms and ammunition safety. Has that been done? (Delfay: 117) A. I would say it has (Delfay: 117)

30) **Locking device distribution through Project Homesafe**. . And how has it been done? (Delfay: 117)... We determined that the distribution of firearms locking devices could play a meaningful role as part of an overall safety program and implemented a program Project HomeSafe, to make locking devices available to non-traditional consumers (Delfay: 117)

31) **Video**. Q. No. 4, serve as a clearing house for industry safety information and developments (Delfay: 117) Has that been done? (Delfay: 118) A. ...Yes... our new video referenced earlier was produced by NSSF and made available to all members for their use and distribution, made available to retailers for their use...We have numerous safety publications that we produce for the industry (Delfay: 118)

32) **Firearms safety checklist circulated for comment**. Q. It's a letter to the SAAMI legislative Legal Affairs Committee with a copy of a proposed customer firearms safety checklist and affidavit (Delfay: 131) And what was done with this? (Delfay: 131) A. It was circulated to the committee for their comment. I don't recall the exact nature of the comment (Delfay: 131)

33) **Partnership for Progress**. Q. Earlier you said that you talked about ATF encouraging attendance at the Partnership for Progress seminars? (Delfay: 171) A. We partnered with ATF so that the seminars were positioned to the retailer. (Delfay: 172)

(iii) **Incentives and monitoring**. Encouragement of distribution partner safeguard activities and assessment of distribution partner performance toward safeguard responsibilities and performance goals.

1) **No sanctions for not participating in Partnershp for Progress**. Q. Are there any sanctions against dealers that don't participate in the Partnership for Progress seminars? (Delfay: 183-184) A. No. Neither are there rewards for those that do (Delfay : 184)

2) **Encourage dealers to go beyond law**. Q. Does NSSF encourage dealers to go beyond the letter of the law when selling firearm? (Delfay 186) A. Yes, Don't Lie for the Other Guy would be a perfect example of that (Delrfay: 187)

3) **Database of retailers.** Members attending Shot

Show... 10,000 retailers...and also from ATF (Delfay 252)

4) **Database of distributors.** Yes (Delfay 253)

5) **Database of mfgs.** Yes. (Delfay 254)

6) Database of shot show exhibitors (Delfay 254-5)

7) **NSSF and SAAMI does not seek to control member activities.** Yes (Delfay 514)

8) **Survey of members.** Q. Do you know whether NSSF surveyed its NAFR members regarding post 9/11 increasing in firearm sales? (Delfay 143) A. I believe they did (Delfay 143)

9) **Survey of members on security.** Has NSSF or NAFR ever surveyed dealers with respect to the security they provide in their stores? (Delfay: 143) A. I am not certain (Delfay: 143)

(iv) **Conflict resolution and enforcement.** Management and resolution of distribution partner disagreements or enforcement of agreements to achieve safeguard responsibilities and performance goals.

(v) **Integration and commitment.** Efforts to further deepen the distribution partner relationship to achieve safeguard responsibilities and performance goals.

3 **Modification/Termination**

(i) **Adaption.** Modification of the distribution partner relationship to achieve safeguard responsibilities and performance goals.

(ii) **Termination.** Cessation of the distribution partner relationship where safeguard responsibilities and performance goals are not met.

(3) **Other**

1 NSSF may no longer exist (Delfay 103)

2 **NSSF urged people to buy firearms prior to day Brady Check came on line.. November 30, 1998.** Suggestion of concern with NICS implementation. (Delfray 138)

3 NAFR offers services to retailers (Delfay 140-1)

4 NSSF governance and input of retailers and distributors (Delfay 290+)

5 **Mfg code of responsibility.** Not recall any discussions (Delfay 398)

iii. **Information systems**

(1) **Contacts**

1 **Own firm/employees**

(i) **Memo to Chief Behan...** "SAAMI opinion that while the crime problem is largely created by criminals and not by guns, guns are involved and it is the responsibility of the manufacturers, distributors and retailers of firearms to attempt to keep them out of the hands of criminals" This means to cooperate with government agencies (Delfay 111-112).

(ii) **Surveys of members.** Yes from time to time (Delfay 134)

(iii) **Safe distribution discussions at SAAMI or NSSF.** None prior to 2000 (Delfay 383)

2 **Sales representatives**

3 **Distributors**

4 **Dealers**

(i) **Retailer Code of ethics.** SAMMI contact of 100 retailers who indicated they were favorable to the code... we hope to print and distribute this code of ethics... not done (Delfay 97-98)

(ii) **SAAMI or NSSF dealer focus groups.** One by NSSF but about magazine. Not regularly (Delfay 119)

5 **Trade Associations**

6 **Other**

(2) **Trace/ATF related**

1 **Cooperate with ATF.** Q. What has NSSF done to try to prevent or inhibit criminals and juveniles from gaining access to firearms? (Delfay: 33) A. The NSSF has cooperated for decades, and continues to cooperate very actively with the Bureau of Alcohol, Tobacco and Firearms to assist them in the enforcement of firearms laws (Delfay: 34)... For more than twenty years we have invited the ATF to attend our trade show, at our expense, and to conduct seminars and conferences for retailers on topics that the ATF thought were important. For more than ten years we've provided the ATF with free access to space in our trade magazine, Shot Business, to address issues that they thought were of importance. And we meet quarterly with the ATF to discuss new areas in which we might cooperate (Delfay 34-35)... We provide the ATF with the facility to meet with manufacturers to discuss areas in which we can continue to work together (Delfay: 35)... We respond to ATF requests for input on proposed regulations (Delfay: 35)... We have volunteered to put manufacturers' records of firearms dispositions on computer, so that there could be immediate computer access between manufacturers, between manufacturers and ATF so that traces could be done 24 hours a day, 365 days a year (Delfay: 35)

2 **Cooperated with ATF.** Q. Has NSSF or SAAMI opposed any ideas that were designed to prevent access to guns by criminals and unauthorized juveniles? (Delfay: 38) A. Thousands, of not hundreds of thousands of people have recommended ideas to keep firearms out of the hands of juveniles, some of which we may be aware of and some of which we may not. But we have cooperated fully with any ideas advanced by the ATF, people authorized to work in this area (Delfay: 38-39)

3 **Reports from ATF.** Multiple reports of ATF identifying crime gun issues not recognized and not acted upon if recognized. No circulation of reports to retailers. No action taken except to ATF (Delfay 56-72)

4 **ATF's Easy Check.** Mfg or distributor can readily confirm that a retailer is currently licensed... don't believe its mandatory, but SAMMI and NSSF does not have a position. Personally not necessary if doing business for 20 years (Delfay 135-6)

5 **Easy Check System not mandatory of retailers.** Q. Do you know what the Easy Check system is, ATF's Easy Check system? (Delfay: 135) A. I believe it's a system where a manufacturer or distributor can readily confirm that a retailer is currently licensed (Delfay: 135) Q. Do you know whether it is mandatory that distributors or manufacturers run an Easy Check before selling a firearm? (Delfay: 135) A. I don't believe it is mandatory (Delfay: 135) Q. Should it be mandatory? (Delfay: 135) A. I don't believe it should be mandatory... because if a manufacturer is doing daily business with a retailer and has been doing so for 20 years, I don't believe he needs to check the ATF database every single day to

see if that is a legitimate licensed retailer (Delfay: 136)

6 **Value of trace information.** Can tell what dealers sold crime guns. To get percentage need to know how many guns sold not involved in crime. It would not tell you whether dealer aware of guns being purchased by a criminal (Delfay 148-9)

7 **Supportive of increased traces.** I believe they would (Delfay 150-1)

8 **Members utilizing traces to build sounder and safer businesses.** Asserts ATF would not approve because it is in their purview. Does not offer view. Does not know if retailers use to build sounder and safer businesses (Delfay 150-5)

9 **ATF staff shortage.** Does not contradict (Delfay 163)

10 **ACCESS 2000.** Some companies volunteered to participate prior to being asked (Delfay 166)

11 **Participate in Access 2000.** Q. Do NSSF or SAAMI members have responsibility to police their distribution system beyond what ATF requests them to do? (Delfay: 166) A. Well, one thing that comes to mind is certain companies have volunteered before they were asked by ATG to participate in Access 2000. In fact, I believe there is a list of companies that are willing to participate in Access 2000 at the ATF has not followed up on to-date (Delfay: 166)

12 **Trace percentage versus raw trace number**.. more likely that a high volume dealer is going to have more traces than a small volume dealer .... basis for ATF sending letters on raw traces... (Delfay 206-208)

13 **Handguns more likely to be traced.** Did not know (Delfay 308)

iv. **Coordination and information by particular type of diversion**

(1) **Overall criminals/underage access to guns**

1 **Access to guns by criminals.** A problem (Delfay 29)

2 **Access to guns by criminals.** Channels through theft and illegal purchase. Theft from common carrier not a major problem now. Other theft occurs.. Illegal purchase from retailers and straw purchase. But corrupt dealers does not mean anything to him (Delfay 30)

3 **NSSF actions to stop inhibit criminals and juveniles from gaining access.** Cooperate with ATF. Invited ATF to trade show to conduct seminars and conferences for retailers, free access to trade press and meetings quarterly with ATF to discuss how to cooperate and provision of facility to meet with mfgs to discuss and we provide input to ATF regulation and we have volunteered to put mfgs records of gun disposition on computer (e.g., ACCESS 2000). Don't Lie for other guy and project homesafe (Delfay 34-36)

4 **Nothing.** Q. The question is whether NSSF or SAAMI has rejected or not gone forward with any ideas that were designed to prevent access to guns by criminals and unauthorized juveniles? (Delfay: 38) A. Certainly nothing I can think of (Delfay: 38)

5 **Not opposed legislation.** Q. Has NSSF or SAAMI opposed any federal legislation or regulations that would be designed to prevent access to guns by criminals or unauthorized juveniles? (Delfay: 39) A. None that we thought would be effective, no (Delfay: 39)

6 **Not opposed initiatives of Mfgs.** Q. Has NSSF opposed any initiatives by any gun manufacturers designed to prevent access to guns (Delfay: 40) A. Certainly not to my knowledge (Delfay: 40)

7 **Not none if steps effective.** Q. Have all of the initiatives we've just

been speaking about undertaken by SAAMI and NSSF been effective in reducing criminal and unauthorized juvenile access to firearms? (Delfay: 43) A. I wouldn't know, and frankly, I wouldn't know how you would go about determining that (Delfay: 43)

8 **Gun trafficking prevention.** Illegal sales in firearms. Propose computer background checks and Don't Lie for the Other Guy (Delfay 41)

9 **Prevention of criminals and unauthorized juveniles from acquiring guns.** Key area of involvement with ATF (Delfay 266)

(2) **Illicit/illegitimate (kitchen/nonstorefront) distributors/dealers**

1 **Painter memo of July 13, 1993.** Doug, you may want to file for later reference... Arlen not keen on doing anything right now (Arlen Chairman of the Board of Governors). Memo contained discussion of small retailers as prone to violate the law report and Painter is indicating his views on it and disposition recommendation. Memo raised issue of FFLs as source of guns for crime e.g. unscrupulous gun dealers (Delfay 45-51)

2 **SAAMI members pledge to sell only to legitimate retail firearms dealers interpreted as licenced FFL's.** If indicted may still be legitimate, but not if convicted. SAAMI does not have a position on this (Delfay 77-79)

3 **NSSF steps to identify problem dealers.** Nothing done, but made offer (Delfay 162)

(3) **Gun show sales**

1 **Background checks at gun shows**. Q. Looking at second page, it lists bullets, six items, instant background checks at gun shows, mandatory locking devices, lifetime ban on gun ownership for people who commit violent felony crimes as juveniles, mandatory penalties for adults who allow children access to guns, zero tolerance for unauthorized firearms in schools, and government support of Project HomeSafe (Delfay: 277) Did NSSF put out this statement? (Delfay: 277) A. I dont't know (Delfay : 278)

(4) **Thefts / Losses**

1 **Access to guns by criminals.** Channels through theft and illegal purchase. Theft from common carrier not a major problem now. Other theft occurs.. Illegal purchase from retailers and straw purchase. But corrupt dealers does not mean anything to him (Delfay 30)

2 **Safety and security**. Q. Does NSSF required any of its member dealers to adhere to any guidelines regarding safety and security of firearms? (Delfay: 65) A. We do not required our retailer members to do anything. We are a service organization (Delfay: 65)

3 **Survey of members on security**. Has NSSF or NAFR ever surveyed dealers with respect to the security they provide in their stores? (Delfay: 143) A. I am not certain (Delfay: 143)

(5) **Strawpurchases**

1 **Access to guns by criminals.** Channels through theft and illegal purchase. Theft from common carrier not a major problem now. Other theft occurs.. Illegal purchase from retailers and straw purchase. But corrupt dealers does not mean anything to him (Delfay 30)

2 NSSF and SAMMI cooperate together on programs except for Don't lie (which is NSSF) (Delfay 37-8)

3 **Don't Lie** ...Q. What has SAAMI done to help prevent criminals and

unauthorized juveniles from gaining access to firearms? (Delfay: 36) A. I would view the programs of the National Shooting Sport Foundation as – with possible exception of "Don't Lie" – as conducted in cooperation with SAAMI (Delfay: 37)

4 **Computer background checks and Don't Lie**. Aside from what you've already told me, has NSSF or SAAMI done anything to prevent gun trafficking? (Delfay: 41). We proposed, more than a decade ago, computer background checks for firearms purchases, to prevent people who were unauthorized from purchasing firearms to do so. And certainly cooperated with ATF on "Don't Lie for the Other Guy" would be another example (Delfay: 41)

5 **Gun trafficking prevention.** Illegal sales in firearms. Propose computer background checks and Don't Lie for the Other Guy (Delfay 41)

6 **NSSF Don't Lie for the Other Guy.** Video in 2002 but do not know if circulated. 60,000 dollars for production. NSSF did not pay. . 15 minutes on straw purchases.

7 Straw purchase brought to attention of SAAMI 18 months ago.... (Delfay 125-6)

8 **Video is dead.** No other trade association brought the idea of video to SAAMI (Delfay 125-6)

9 **Video of ATF presentation at 2000 Shot Show that is entitled strawpurchase.** Made available for retailers not at show. Demand is in the hundreds (Delfay 127-129)

10 **Don't Lie for the Other Guy.** Q. Is NSSF doing a video relating to "Don't lie for the other guy? A. ...Yes... The video basically shows a number of "straw" purchase scenarions (Delfay: 124) Q. What is the second video? (Delfay: 130) A. SHOT Show 2001 Conference Video Series. And the subject is Retailer Security Solutions. (Delfay: 130) Q. Do you have any idea what the demand is for these types of videos? (Delfay: 130) A. It's modest. It's in the hundreds, but not thousands (Delfay: 130)

11 **Training on strawpurchase.** By NSSF with ATF once a year at Shot Show (Delfay 142)

12 **No other videos for strawpurchases beyond Don't Lie and Shot Show**. Q. Outside of the SHOT Show and prior to don't Lie for the Other guy, did NSSF offer any training for retailers as to how to spot "straw" purchasers? (Delfay: 142) A. I don't believe so, no (Delfay: 142)

13 **No knowledge of employee training on strawpurchase**. Q. As to whether they trained their employees on how to spot "straw" purchasing? (Delfay: 144) Q. As to whether ATF has cited them for any violations during an inspection or other ATF investigation? (Delfay: 144) A. I have no knowledge of that (Delfay: 144)

14 Survey of retailers regarding security or straw purchases... not certain if ever done (Delfay 144)

15 **Topics "out in front on".. acted upon. Strawpurchases, security, posters for Don't Lie.., training program in Partnerships for Progress, regional seminars,, nothing on dealer award, nothing on increasing ATF fundings, Access 2000 willing to help.** Work with ATF. (Delfay 176-8)

16 **Don't Lie for Other Guy**. A. Don't Lie for the other guy kit includes:

two posters, one easel-backed countercard, five booklets, a retailers guide for protecting)"straw" purchases, five lapel buttons, one door decal and one counter mat (Delfay: 180) Q. Is there anything beyond the kit that's part of Don't Lie for the Other Guy? (Delfay: 180) A. The sessions at SHOT Show, the video, articles in SHOT business, Articles in other industry publications, as we can get them published (Delfay: 180)

17 **Training requirement for strawpurchase not known.** Q. Are you aware whether any SAAMI or NSSF members require dealers to take training...regarding "straw" purchasing and the topics that are part of the Partnership for Progress? (Delfay: 184) A. I'm not aware of that (Delfay: 184)

18 **Don't Lie for the Other Guy.** Kit with posters, countercard, five booklets, retailers guide to protecting straw purchases, five lapel buttons, one door decal, counter mat.... also sessions at Shot Show, video, articles in publication of SHOT Business and others industry publication... don't know if effective... don't know if it could be more effective. Incentives were to prevent criminals from getting guns. No sanctions. (Delfay 181-184)

19 **NSSF encouragement of dealers to go beyond letter of the law.** Yes, Don't Lie for the Other Guy. .. and encouraging participation in it (Delfay 187-8)

20 **Implementation of NICS stopped 130,000 crime gun purchases... leading to importance of strawpurchases.** Yes. Figure "blew us away." We were surprised at how many guns used in crime.. were purchased by strawpurchasers. (Delfay 189-1)

21 Did not investigate strawpurchases in development of Don't Lie... (Delfay 194)

22 **Don't lie for other guy.** Expenditures by NSSF at ½ million (Delfay 294)

23 **Concerns that Don't Lie for the Other Guy.** Putting to much onerous on the retailer... expressed by Carter? (Delfay 476)

24 **Programs.** Strawman purchase awareness, education seminars but not inventory management (Delfay 489-90)

(6) **Multiple sales**

1 **Multiple sales.** Does not know. Supports multiple sales reporting system. No position by SAAMI or NSSF. (Delfay 170)

2 **Supports multiple reporting system.** Q. Does NSSF or SAAMI have concern about high volume, of what might be called high volume multiple sales? (Delfay: 169) A. We support the multiple sales reporting system and so that if someone purchasing two firearms or ten firearms in a five-day period, so that law enforcement officials would have the opportunity to determine whether or not those were problematic sales or not. (Delfay: 169-170)

3 **No support for one gun a month legislation.** DQ. Has NSSF or SAAMI ever supported one gun a month legislation? (Delfay: 170) A. I am not certain, but I don't believe so (Delfay: 170)

(7) **Time to crime**

(8) **Obliteration of serial numbers**

1 **Trace process.** ATF contacts mfgs with serial number... to distributor... to retailer ... to consumer (Delfay 146-148)

v. **Trade association activities**

vi. **Industry agreements**

(1) **Smith and Wesson agreement**

1 **SW agreement.** Position that many things already being done and that not in purview of SW. (Delfay 216)

2 **SW agreement.** Things already being done were feasible... (Delfay 217)

3 **SW agreement.** Not in purview of SW...no one under 16 or 18 allowed to walk through gun department, all firearms locked at end of day...

4 **SW agreement.** Press claims that he canvassed most of mfgs and they indicated they would not go along and he disagrees he canvassed (Delfay 228-229)

(2) **HUD agreement**

(3) **Boston agreement**

j. **National Alliance of Stocking Gun Dealers (documents)**

i. Newsletter to dealers describes changes to 1998 distributor policy by Intratec. Includes policy to sell only to FFLs, no direct sales, no resale to unauthorized distributors. Congratulates them and wishes them a 1000 percent increase in profits (113:117304)

ii. Newsletter to dealers describes changes by Ashland Shooting Supplies decision not to publish prices in shotgun news. (113:117304)

6. **Unclassified**

a. **Market analysis studies**

i. US pistol Market Analysis that examined size of market, competition, competitor profiles, status of market, trends in production and handgun trends as reported in magazines (81)

ii. The US Market for Firearms & Accessories that examines all aspects of the industry including markets, competitors, trends and other information (82)

b. **Survey and analysis of distribution patterns**

i. Market Monitor survey and analysis of the distribution patterns of guns and retailer preferences for incentives and merchandising materials from manufacturers (79)

(1) **Retailers desire "support literature/booklets/product description sheets"** in survey viewed as most important with cash rebates and give-aways to retailers as second most important. (79:4038)

c. **Technology for EDI considered important** and becoming mandatory for the 90's, becoming more important (84:2299)

d. **Purchaser record cards** that include dealer number and purchaser information (68).

e. **Sales rep examination of dealer firearm records**. Letter to sales reps requesting they go into shops and ask to go through their records. (74)

f. **Forecasting**. Forecasting and supply ability is aided by waiting period (84:2301)

7. **Original GTG**
   a. **Manufacturers**
      i. **Beretta**
         (1) **Ugo Gussalli Beretta, President, Beretta Italy**
            1 **Responsible corporation.** Everything possible to ensure our arms are sold through the best channels possible... not under suspicion, don't have criminal background and under the law ... everybody is convinced that this is the way to go (Beretta 19-21)
            2 **Multiple gun sales.** Debatable whether it creates risk (Beretta 25). Don't think so for US (Beretta 30). Common sense that the dealer would ask for ID or to the police (Beretta 32)
            3 **Beretta dealers selling multiple guns** - requirement of common sense and police. If they sell following rules and with common sense, okay (Beretta 32). Common sense means that the dealer doesn't have criminal background, good behavior, paid extreme attention that the arms don't go into the hands of criminals. ...ask police and defer to them. .. ask customer what usage and what he wants to do... police judge... if he doesn't understand then he needs to go to the police.. and if he doubts purchaser then must not sell (Beretta 32-38)
            4 **Would common sense tell you there are people who seek multiple guns for criminal use.** Don't know (Beretta 39)
            5 **Belief as to licensed gun dealers trafficking.** I don't know (Beretta 42)
            6 **Concern for strawpurchase scenario.** Yes for dealer and dealer should find out additional information. Need to ask police if criminal background. Should question person. (Beretta 43-44)
            7 **Strawpurchase and refuse to sell.** If doubt should not complete transaction (Beretta 44)
            8 **Dealers should have policy of refusing to sell if believe strawpurchase and his staff reasons this and this is policy** ... this is common sense (Beretta 45 - 52)
            9 **Discussions with staff policymakers on sale of guns.** Never given he thought it was common sense (Beretta 54)
            10 **Dealer policies.** Took for granted that dealers were required to engage in common sense policies (Beretta 54-55)
            11 **Awareness of dealer policies.** Never been told what policies dealers follow (Beretta 57)
            12 **Awareness of how many traces for Beretta guns.** No and have not attempted to find out. (Beretta 58)
            13 **Awareness of ATF analyses and reports.** No (Beretta 59)
            14 **Awareness of ATF finding that a small percentage of gun dealers sell majority of crime guns....** 1 percent sell 57 percent of crime guns. No (Beretta 60)
            15 Belief that staff of Beretta has taken necessary steps based on them acting in common sense (Beretta 63-64)
            16 **Should Beretta look into if learns a dealer has sold many crime guns.** No (Beretta 67-68)
            17 **Awareness of ATF findings on gun shows and violations and diversion occurs.** No (Beretta 68-72)
            18 **DOJ recommendation for mfgs to police their channel.** No.

Managers use common sense (Beretta 76)

19 **Awareness that DOJ recommends imposing controls on dealers and distributors.** Not every detail. (Beretta 79-80)

20 **Should Beretta identify and refuse to sell to dealers and distributors that have a pattern of straw sales.** I have nothing to say. (Beretta 80-86)

21 **Should Beretta identify dealers and distributors that have a pattern of selling to criminals.** Nothing . ... more of a concern for police (Beretta 98-106)

22 **Should Beretta develop training program for dealers.** Has to be decided by others who know more... legal (Beretta 108)

23 **Awareness that ATF would provide list of serial numbers that were traced in last year.** No not aware... but common sense should prevail (Beretta 109-115)

24 **Reason no discussion of responsible distribution at Beretta is that it is common sense to do all that could to prevent.** This is obvious (Beretta 117-8)

25 **Awareness of ATF conclusion that some gun dealers sell illegally.** No (Beretta 118)

26 **If learned of illegal sales by gun dealer should Beretta seek to determine whether B guns involved.** No opinion (Beretta 119)

(2) **Jeffrey K. Reh, General Counsel and Vice General Manager**

1 **Strategic planning. Haphazard, once every 5 years of so.** Last 1992. Primarily focus on product offering (Reh 22)

2 **Inside v. commercial field sales.** Inside people receive orders over telephone. Commercial field sales visit with customers and broken down by regional divisions (Reh 24-25)

3 **Direct sales reps and manufacturing rep groups.** Direct sales reps employed by company. Manufacturer reps independent companies that serves as sales representatives in a particular area. Jim Ferry & Associates, Feguson-Keller, L.H. French and Coast to Coast. Both do the same thing. They visit with potential customers and show them product, explain terms of sale and try and generate sales of our product. (Reh 29-31)

4 **Direct sales reps.** Paid salary and performance based bonus based on targets for company activities... profits, gross sales, inventory levels and also individual criteria (Reh 29)

5 **Mfg reps.** Paid commission based on sales (Reh 31)

6 **Direct account holder.** Commercial corporate accounts. Direct sales.. US forces, law enforcement and includes distributors and dealers. Yes. (Reh 32-33)

7 **Chains and buy groups.** Buy group is an aggregate, like a cooperative of dealers who pool resources for purposes of purchasing product. A chain is a centrally owned and managed chain of retail stores of a common name. (Reh 33-34)

8 **Wholesaler.** Company that purchases product from the purposes of resale and redistribution to dealers. (Reh 33-34)

9 **Dealers.** Someone who sells product directly to a consumer. (Reh 34)

10 **Handgun sales.** Dealers, distributors, Walmart. Yes (Reh 35)

11 **Distributors.** 52 distributors. About the same for 10 years. (Reh 36)

12 **Distributors - percentage of sales to.** 60-70 percent of handguns and

50 percent of long guns. (Reh 37)

13 **Premium Gun Dealer program.** Program to obtain more direct sales on long guns. (Reh 39)

14 **Handgun sales by account type.** Fluctuates due to shift in custmoer... military sales decline (Reh 39-40)

15 **Dealers.** 200 including dealer chains. (Reh 40)

16 **Direct sales to dealers.** Increased over last 10 years. Began before 1993. Always had some level of direct sales to dealers (Reh 40)

17 **More direct sales in future.** Plans to encourage more dealer familiarization with their product and features of long gun products... so to do that were more actively involved in direct dealer contracts and contacts... trying to emphasize education (Reh 42-43)

18 **Stocking dealer.. program.** A dealer who carries an inventory of your product, a regular inventory of your product (Reh 44)

19 **Nonstocking dealers.** Some dealers are what we call just-in-time dealers who will have a display sample and they will purchase product as they need it. ... other dealers that don't carry a product because they may not be aware of the advantages or features, that type of thing. (Reh 44)

20 **Stocking dealer program.** Basically the dealer with whom we have direct contracts commit to purchase a certain amount of inventory that they keep on their premises... and receive preferential pricing... certain types of advertising and .. point of sale (Reh 45)

21 **Premium dealer and stocking dealer program distinctions**. Premium dealer are select number of dealers who purchase extremely high end shotguns.. very select. (Reh 46)

22 **Stocking dealer program.** More than a decade in different forms (Reh 47)

23 **Stocking dealers program as "showcase dealer program."** Includes both direct and indirect sales (Reh 47-8)

24 **Dealer direct or indirect - why.** Preferential pricing to direct customers.. discount (Reh 48)

25 **Direct or indirect preference/advantages and disadvantages by Beretta.** Prefer both. Advantages to direct is to provide dealer with more education and training .. of product and to provide more support in advertising. Disadvanages include complicated infrastructure.. lot of people to support direct. (Reh 49-50)

26 **Indirect dealers - knowledge.** We might know of some. Know names. (Reh 50)

27 **Indirect dealers.** Do not know number of (Reh 50)

28 **Indirect dealers - knowledge of.** Those that are known, know through industry show and those that visit booth. Shot Show. Also visit dealers at times. Over time get to know (Reh 51)

29 **List of indirect dealers.** No (Reh 52)

30 **Indirect dealers - knowledge of.** We don't sell to them so we don't have any information on that (Reh 52).

31 **Indirect dealer - knowledge repository.** No (Reh 53)

32 **Indirect dealer - ask distributors about them.** Not by name, but generally I think we have frequent communications with distributors to find out who their customers are, how the products are selling, who are selling to. No questions about names... typically information not want to

be shared... concern that Beretta might try and circumvent their contact. (Reh 54)

33 **Distributor concern of mfg circumventing them and contacting dealer direct if they give information.** But you visit... do they mind... they might, but you would have to ask them (Reh 54)

34 **Field sales visits.** Basically seeking feedback... what they want, sales, informing of sales programs, advertising campaigns... whole variety of activities. Verification of continuing business operations... followup on credit information and wherewithal of the company...(Reh 55)

35 **Field sales visits to indirect dealers.** Don't know number of visits to these dealers (Reh 55)

36 **Authorized dealers.** Similar to showcase dealers.. somebody with whom .. a direct relationship (Reh 56-57)

37 **Showcase dealer must be direct.** Yes (Reh 57-58)

38 **Consideration of authorized dealer.** Yes discussed.. question of viability.. do we have the resources.

39 **Advantages of authorized dealer.** Lower prices. (Reh 60)

40 **Disadvantages of authorized dealer.** Great deal of corporate infrastructure to suppoe... warehouse.. phone support, order entry process. Meetings with dealers. (Reh 60-61)

41 Chain buyers. 10 or 12. (Reh 61)

42 **Beretta Galleries.** Beretta stores sales directly to consumers...New York, Dallas, Texas, Argentina.. some since 1988. Cougar owns but is a subsidiary of Beretta (Reh 62-64)

43 **Expansion of Beretta Galleries.** Considered, but expensive. Would overtax resources (Reh 65)

44 **Direct account contracts.** Pricing terms vary .. but don't recall other variations. (Reh 65-66)

45 Direct account contracts for distributors and dealers. (Reh 66)

46 **Distributor agreement - start and changes.** 1970's or before. Some adjustments each year. Past five years changes to specify that accounts would not advertise our name/products in national circulated subscription media without prior approval.. people were advertising but didn't have the product.. creating confusion. Can't recall other changes (Reh 68-9)

47 **Distributor agreement - negotiation.** Yes with distributor. Specific terms are not the norm. No negotation (Reh 69-70)

48 **Distributor agreement - attachment terms.** Pricing, quantities purchased to qualify as wholesaler, pricing discounts that are provide based on quantities purchased. May modify partway through year.. change of pricing terms (Reh 70-71)

49 **Distributor agreement compliance - how determined.** Visit all distributors.. meet with them at national Association of Sporting Goods Wholesaler Show. Evaluate their sales practices. We get information from dealers. We monitor sales activity in the territory. (Reh 72)

50 **Distributor agreement noncompliance - what do you do.** Potentially not renew their contract. Terminate if breach (Reh 72)

51 **Distributor agreement confidentiality rationale.** Pricing terms are proprietary (Reh 73)

52 **Distributor agreement to allow B access to inventory.** Allows B to determine how products are selling... help plan production and sales

activity... exercised haphazardly.. determined by credit department who requests information.. national sales manager may also request... general manager. Truing to determine how quickly products are sold, quantity.. versus quantity held to give info on credit risk (Reh 73)

53 **Distributer agreement not to advertise in direct consumer catalog media.** Job of wholesaler is to sell to retail dealers, not to consumers. (Reh 74-5)

54 **Distributor agreement termination.** Have terminated for bankruptcy. ABN Sports. Bangers. But not for other reasons that he can recall (Reh 75-6)

55 **Distributor agreement - short of termination.** Not sure (Reh 76)

56 **Direct [Dealer] account agreements.** Payment terms are different. Dealers can advertise. (Reh 78)

57 **Direct dealer account agreements.** Since late 70's.

58 **Chain account agreements.** Terms for packaging and marketing of product may differ. (Reh 79)

59 **Chain account agreement with Kmart.** Stopped selling. Was not productive in terms of sales. One product at a time. (Reh 79-80)

60 **Direct sales to individuals.** Employees. Infrequent. (Reh 80)

61 **Direct and indirect sales.** Higher price to retail than to wholesaler. Analysis ... don't know (Reh 83-4)

62 **Distributor criteria.** Meet with them by sales people, employees fingerprinted, backgroun checks. Maintain business premises. Inspected for authorization to purchase. Compliance with local law. Required to keep certain records. Credit checks. FFL. And copy of FFL.. Visit gives opportunity to view the premises and ensure ongoing business, to meet people, to get a sense f the company and what it might offer in terms of selling and promoting B products (Reh 85-88)

63 **Training of sales people for new distributor visits.** Sales rep asked to follow up. Receive standard sales training.. features of product, explain differences... information on sles program... asked to give feedback on what premises looks like,... people are like.. location... active organziation or not. (Reh 89-90)

64 **New distributors.** None in last year. Few applications in last 5 years. Most distributors they have a long relationship with. (Reh 90-91)

65 **New distributor rejection.** More than seven years ago. (Reh 91-2)

66 **Dealer criteria.** Same type as distributor. .. background, inspection by law enforcement, compliance with zoning, regular place of busines, posted business hours, credit app and visits by B employees to verify premises are active (Reh 92)

67 **Dealer criteria - showcase dealers.** Requirements for breadth of products carried. (Reh 93)

68 **New dealer rejections.** Can't recall (Reh 93)

69 **Distributor nonrenewal.** Can't recall any.. except bankruptcy. (Reh 95)

70 **New distributor rejection.** None recall but know they have (Reh 95)

71 **New dealer rejection.** None recall but know they have. One new dealer was overlapping with another so rejected (Reh 96)

72 **Current dealer termination.** Dealer in FL who was arrested. Stopped sales when they learned of arrest and purchased back inventory ... South Side Gun Shop last year. (Reh 99)

73 **Monitoring for dealer arrests.** Bun and Bradstreet and receive notification. Notified them of dealer arrest or indictment.. Chalmette was named for selling to unauthorized persons. (Reh 100-104). Subsequently allowed FFL and back in business (Reh 105-107)

74 **Open to buy dollars.** Money a dealer has available to purchase product (Reh 104)

75 **Min order for distributors.** Yes (Reh 105)

76 **Monitoring through Dun and Bradstreet.** Supplement to our direct sales contacts with customers (Reh 108)

77 **Monitoring through Dun and Bradstreet.** They provide Credit report .. hotline report ... particular information or incident... they just send the information. (Reh 109)

78 **Monitoring.** Sales staff charged with responsibility of monitoring all activities relative to their account.. news article..(Reh 110)

79 **Monitoring.** Subscriptiong to newspapers, journals and periodicals and review industry publications. (Reh 111)

80 **Monitoring.** Distributors not required... don't think so.. to report on dealers (Reh 111)

81 **Information sharing with other manufacturers.** Credit managers share. Information circulated within industry. Informal meetings (Reh 112)

82 **Monitoring by Dun and Bradstreet.** Thinks they give them a list of dealers. .. but not sure (Reh 113)

83 **Direct distributor and dealer visits. Once a year (Reh 113-114)**

84 **Direct distributor and dealer visits.** Salesperson on premises to see if operation still ongoing, doors open, sales, purchasing, meet with employees. Product needs. Progrms explanations (Reh 114).

85 **Training to distributors and dealers.** Product features, safety features, design, program terms.... through visit and printed materials. Annual basis receive brochures and catalogs (Reh 115)

86 **Meetings with distributors and dealers.** At commercial shows also. Have hospitality event. Show products. (Reh 115-117)

87 **Beretta Gallery employee training.** Product knowledge. Legal requirements for sales of firearms. (Reh 118)

88 **Beretta Galler employee criteria.** Knowledable about firearms, figerprinted, background check for criminal records, 18 years. (Reh 119)

89 **Inventorying at B.** Continuous basis (Reh 120-124)

90 **Security at B.** Missing guns and tightening of security (Reh 126 - 148)

91 **B galleries thefts.** 5 total over time (Reh 148)

92 **B gallerie theft measures.** Onsite security guard in NY, inventory controls, motion detectors, hidden cameras, glass impact detectors, routine drive by inspections, reinforced portions of the buildings, drop screens that drop down at night.. security alarms in elevators.. background checks on employees (Reh 149-151)

93 **Shipping.** Primarily DL (Reh 150) and UPS domesitically (Reh 153)

94 **Shipping loses.** 2-3 guns in past year (Reh 151)

95 **Shipping loss UPS employee.** Worked with polic and UPS security (Reh 153-4)

96 **Shipping records and identification of lost product.** Shipping record

matching with receiving and they report. (Reh 154)

97 **Shipping losses prevention measures.** Background checks on employees who have access, nondescript packaging, basketball containers.. large containers that avert theft.. security handling with UPS.. sting operations... in house security... weigh products prir to shipping..shrink wrap larger shipments (Reh 154-6)

98 **Losses after arrive at distributor.** Yes.. distributor reported back.. somebody in distributor had just taken gun out to look at it. (Reh 157-8).

99 **B asking distributor to notify them of lost guns.** No (Reh 158)

100 **Distributor requirements to prevent theft.** Comply with applicable laws.. report within 24 hours.. no other recollection (Reh 159)

101 **Dealer losses.** Yes based on news reports. Carter's Country

102 **Dealer requirements to notify them of lost guns.** No (Reh 161)

103 **Dealer requirement to prevent theft or loss.** Same as distributor. (Reh 161

104 **Requirements a B stores.** Considered appropriate for our sales activity. And more than reasonable business practice (Reh 162)

105 **B identification of thefts at dealers.** Other thandescribed read ATF reports. Apprised of information generally (Reh 162-3)

106 **B galleries changes to avoid theft.** Restricted access key (Reh 164)

107 **Illicit dealers - find out about.** Learn from published reports (Reh 170)

108 **Policy regarding whether they will sell to indicted or arrested party.** Talk with ATF and others law and get recommendation (Reh 174)

109 **Sales reps and mfg reps apprising them of dealer arrested or indicted.** They have been told generally to keep us apprised of their accounts.. anything in the news (Reh 177)

110 **Mfg rep agreements.** Cannot recall terms for reps to report back on activities of dealers. Some description of need to monitor (Reh 178)

111 **Price incentives.** Preestablished volume discounts. ... clearly preference is given if a larger purchase is made as opposed to a smaller one (Reh 178)

112 **Distribution incentive campaign.** SPIFFS... little things that are added on to a purchase for a particular sales effort.(Reh 181-2)

113 **Nongun items to drive pistol sales.** Luggage, watchers, shooting equipment etc to get dealer to purchase [could be consumer directed or dealer directed] (Reh 182).

114 Clerks incentives (Reh 183)

115 **Dealer employee purchase plan.** Discount to employees (Reh 183)

116 **Competition monitoring.** Yes (Reh 184)

117 **Long gun sales.** Increased after shrinking (Reh 184)

118 **Handgun sales.** Sales up and then decreased and now up again (Reh 185)

119 **Principle competitors.** tapa d skeet and high end competition is Perazzi and Krieghoff. Competition guns trap and skeet includes Ruger or Remmington, Winchester. Sporting shotguns would be Browning. Pistols. Law enforcement Glock, Six Hour, Smith and Wesson. Commercial hanguns would be Ruger, SW and Glock and Taurus (Reh 187-188)

120 **Other than written policies any other policies for distributors.** Price

on request.. if wholesaler advetises a current product if they ad price and they put POR, but if they advertise price we discipline in two steps.. price advertising disrups distributors willing to do business... some don't like others advertising. Since August of this year had policy (Reh 1989-191)

121 **Disciplinary steps for not following POR policy.** Suspension of sales of advertised product for 90 days and second is termination (Reh 192)

122 **Monitoring compliance with POR policy.** Flyers and ads and look at them... distributors provide (Reh 193)

123 **Other requirements that are not written of distributors.** Comply with laws. Other than these cannot think of others (Reh 193-4)

124 Other requirements that are not written of dealers. (Reh 194)

125 Not concernd with incidental sales to individuals. (Reh 195)

126 **Distributor violation of agreement.** Could if sold then to individual conflict with provisions (Reh 196).

127 **Monitor of compliance with distributor agreement on pricing.** General industry information, reports from field sales reps.. and complaints from other dealers (Reh 196)

128 **Dealer premises rules.** Regular business premises.. posted hours, regularly conduct business, not in violation of zoning.. reports to law... consistent with law, but do not exceed the law. But do visit and that might go beyond (Reh 197-8)

129 **Gun shows and dealer requirements.** FFL and background check... consistent but not exceeding what the law requires. Do not discourage or encourage dealers to sell at shows. Does not make a difference what others are doing e.g., unlicensed sales at gun shows (Reh 198-9)

130 **Gun show analysis.** No attempt to find out how many of its guns are sold at gun shows (Reh 200).

131 **Dealers and gun shows.** Has not inquired, has no reason to believe involved in issues. No distributors or dealers complaining about other dealers at gun shows (Reh 201-202)

132 **Retailer associations.** NSSF recently was considering setting up National Association of Firearms Retailers. National Coalition of Firearms Retailers.. new and unfamiliar (Reh 204-5)

133 **B dealers problems at gun shows.** No information so do not support licensing of gun show operators (Reh 210)

134 **Dealer multiple sales policy.** Applicable state laws. Do not discourage or encourage (Reh 210-13)

135 **Concern for multiple sales.** 10 guns. No without additional information. (Reh 214)

136 **Information on multiple sales.** No requirement of dealer to report. Did consider policy about 3 years ago that would restrict. Concluded it wasn't necessary... could not determine any concommitmant benefit from having policy (Reh 217-8).

137 **Knowledge of multiple sales as an indicator of crime guns.** Inquired and attended conferences. Read ATF reports... Concluded that no information indicating that was the case. Did read reports on effectiveness of limiting. I was not able to conclude that there was any benefit from a public safety point of view (Reh 220-2)

138 **Understanding of multiple gun limitation laws.** Indicator and used by ATF. Should look into that particular transaction... see if untoward there (Reh 222)

139 **B policy on limiting multiple gun sales.** Never got to stage because did not see any benefit to doing it. But does support linking reporting under law with instant background check system (Reh 223)

140 **ACCESS 2000.** Participates. Helps to accelerate the time it takes to do a trace. Download sales information to a computer terminal that AFT has a direct link to. Prior to this we transmitted information via fax. (Reh 224-228)

141 **Analysis of trace requests of calibers, dealers or distributors and geography.** Did look at them.. looked at them because from time to time heard that disproportionate numbers of particular calibers were involved in trace requests... I did my own inspection and found that it was not true. I also looked at allegation that disproportionate amount of dealers and distributors involved in trace requests.... i found that not to be true for particular dealers and distributors. For calibers I looked for concentrations... I would take a stack of requests and random.. 100 sample in 1996.. different inspections.... out of 100 traces 69 different customers. And also looked at geographic distribution...New York with seven traces... average time to crime 9.6 years. Overall I didn't notice anything unusual. I generated a 1 page summary. From time to time I do additional reviews (Reh 230-237)

142 **Consideration of doing analysis more than described [e.g., 100 random sample].** No. Reasons include that prior inspection did not reveal anything... kind of a meaningless exercise.... doesn't tell us anything for purposes of sales or distribution. Use of ACCESS 2000 not considered given it doesn't give information. No (Reh 240-243)

143 **Use of ATF data.** Trace request information... raw data...difficulty in interpreting data (Reh 245-250)

144 **Trace requests.** 3500 in 2000. . Fluctuates year to year. (Reh 250-2)

145 **ATF encourage or discourage of mfgs analyzing trace requests and investigating distributors or dealers.** No position. No information. Not sure. Not encourage or discourage. Told us not to conduct our own investigation of dealers. Do you want us to do subsequent investigation of trace requests of dealers... absolutely not ..ATF told them(Reh 257-273)

146 **Awareness that ATF has said that 50 percent of traces are attributable to 2 percent licensees.** Yes has heard (Reh 273-75)

147 **Time to crime.** Sample of 100 done at B. Shortest was 2 month. (Reh 276-278)

148 **Awareness of ATF views on time to crime.** Does not mean involved in crime. If occurs within 3 years that they use as an indicator and look into (Reh 278-9)

149 **Beretta galleries, traces, multiple sales.** Two guns traced.. Don't know on multiple sales.. (Reh 279-283)

150 **Sales rep reports of dealer being investigated for tax issues.** Suspended sales to the distributor when they heard of the investigation and then when cleared we continued sales. Our procedure is to put them on what we call a credit hold. (Reh 284 - 285)

151 **Sales rep reports of distributor and dealer sales practice concerns.** Not that recall (Reh 285-6)

152 **Sales rep informing them of inadequate security at dealer or distributor.** No (Reh 286)

153 **Sales rep informing them of violation by dealer or distributor in ATF audit.** No (Reh 287)

154 **Awareness of ATF list of most frequently traced guns.** Yes (Reh 289)

155 **Views on conduct of distributors.** Acusport - no problems, B&B sales - no programs, Davidons - no, Dixis Shooters Supply no, Ellet brothers - no, Jerry's Sport's Center - no,Rileys - no, Shawmut - no, Valor Corp of Florida - not familiar, William Shooters Supply - not familiar (Reh 320-325)

156 **How criminals get guns.** Buy them, friends, relatives. (Reh 336)

157 **Strawpurchase as channel**. A person otherwise authorized to purchase ...purchases and then turns it over to an unauthorized purchaser. Yes criminals obtain guns in this manner (Reh 336-8, 340)

158 **Trafficking as channel.** Yes (Reh 339)

159 **Strawpurchase knowledge of incidents with B.** No knowledge (Reh 339)

160 **Unlicense sales of B.** No knowledge (Reh 340)

161 **Attempt to find out about B guns traced and sold through strawpurchase.** Through discussions with ATF (Reh 341-342)

162 **Consideration of training for B employees on strawpurchase.** Yes.

163 **Training to distributors and dealers on strawpurchase.** Materials that advise of risks and prohibitions. Form 4473 that has definition of strawpurchase. Support industry programs that teach (Reh 346-347)

164 **Industry programs against strawpurchase.** ATF education programs. Don't lie for other guy. (Reh 147)

165 **Concern for multiple sales.** Yes (Reh 348)

166 **Should dealer ask more questions than required by 4473**. If suspicious, contact law enforcement (Reh 348-9)

167 **Should dealer make sale if suspicious.** Ask them not to make sale. We would encourage them not to (Reh 349)

168 **Strawpurchase.** Follow 4473 procedures is position (Reh 350)

169 **Dealer suspicious factors.** Person on welfare buying expensive guns (Reh 350-1)

170 **Consideration of ways to prevent criminals from obtaining guns.** Yes. Programs and restraint that we have in place are adequate but we are always open (Reh 351)

171 Sample of 100 and source of guns that were traced (Reh 352-355)

172 **Meetings with employees to discuss ways of doing more to prevent crime guns.** One large meeting followed by small. Held last year and. About 10 people (Reh 355)

173 **Consideration or hiring outside consultant to inform them if they could do anything else to prevent criminals..** Discussions with ATF person this pas year, but not purpose of meeting. (Reh 360)

174 Advertising. NRA, law enforcement, hunting and shooting and Forbes, Bazarre and Vogue, New Yorker (Reh 264-7)

175 **Coop advertising program.** Yes to encourage dealers to advertise our product. At least 6 years. Dealers including chains. Certain level of reimbursement depending on size of ad. (Reh 372-3)

176 **B mailed advertising.** B USA Today. Catalog. No direct to consumer. We send things to dealers all the time, information.. product sheets. Catalogs and other things. (Reh 374-5)

177 **List of FFL's .** Not from ATF. (Reh 375)

178 **Warranty card program**. Since 1978. Name, address and product purchased. Processed by another company who compiles. Used to determine what people are purchasing (Reh 377-9)

179 **NSSF member.** Yes. We support programs they have developed (Reh 379)

180 **SAAMI member.** Yes. Joined because they are a standard setting organization (Reh 379-80)

181 **ASSC (American Sporting Shooting Council) member.** Briefly. We wanted to have input. Disbanded (Reh 380-1).

182 **National Association of Sporting Goods Wholesalers.** We display product at their show (Reh 382)

183 Other associations participation (Reh 381-383)

184 **NSSF video for purchasers.** Under editing. Continuing step if providing safety information. Distributors and direct account dealers would have access. Have not decided if they must distribute or use it. Non direct will be able to get from NSSF. (Reh 392-6)

185 **Don't Lie for the Other Guy.** In cooperation with NSSF information and educational seminars concerning things dealers can look for to stop strawpurchases. Also warns purchasers through posters... strawpurchase is unlawful. About a year and half ago came up with idea. ATF has had program, but NSSF added marketing "flare" (Reh 398-400)

186 **Project Homesafe.** Safety instructions in program are consistant with those that have been around for many years . Sees it as a continuation of prior effort. Could have created material 10 years ago (Reh 402-3)

187 **B funding of Don't Lie.** Initially went to 15,000 dealers (Reh 403)

188 **Agenda NSSF.** ATF inspection frequency. Problems given large number of FFLs. Too small a number of inspectors. ... catching up as FFL's numbers declined. Partnerships for Progress Seminars. Joint seminars with NSSF and ATF. Annual by NSSF and regional by ATF. We asked if we could do something to work with them. Background checks for employees. No discussion at meeting that recalls. (Reh 409-412)

189 **NSSF survey of voters on SW agreement.** Not released (Reh 412-413)

190 **Heritage Fund.** Purpose to communicate industry information and position on lawsuis. Also to create a fund for lawsuits (Reh 418)

191 **Heritage Fund advertisement.** Ripping flag and speaking in relation to lawsuits (Reh 419-420).

192 **SW agreement and reaction of distributors and dealers.** General discussion. Nothing directed particularly at B. No written communication from dealers or distributors. Possible that some letters from people who were also dealers. (Reh 5539-540)

193 **SW agreement.** Market share has stayed the same since agreement (Reh 543)

ii. **Browning**

(1) **Roger Koening, Browning, Data processing manager (since 1965)**

1 **Browning/Winchester relationship with US Repeating Arms.** Browing is owned by the parent company. Once guns are mfgs they are sold to Browning for marketing and distribution (Koening 26)

2 **Record retention policy.** Yes (Koening 29)
3 Marketing and distribution information, serial number stored on Oricle database (Koening 36)
4 **Lists of distributors and dealers.** Yes (Koening 58)
5 Information from sales rep added to information base on dealers and distributors (Koening 58)
6 **Distributor contract.** Not standard form but do have one (Koening 58)
7 **Inter mfg correspondence.** Not aware of anyone who corresponds with other mfgs (Koening 66)
8 **Trade association membership.** NSSF and SAAMI. (Koening 66)
9 **Volume of sales.** Knows (Koening 68)
10 **Information about use of guns by criminals.** Not to my knowledge (Koening 75)

11 Purchase consumers surveys (Koening 77-78)
12 **Lists of direct dealers.** Yes... the ones that buy direct. (Koening 79)
13 **Lists of nondirect dealers.** No.. no record of (Koening 79)
14 **Electronic sales records.** Serial number, invoice number, data, customer number, FFL (Koening 79)
15 **Information on nondirect dealers.** Don't have access to that information (Koening 81)
16 **Strawpurchases documents or information on.** No records. Don't sell pistols (Koening 81)
17 **Thefts documents or information on.** Only if enroute... provided to ATF (Koening 82)
18 **How marketing to distributors and dealers.** Contract. (Koening 83)
19 **Authorized dealers only.** I know they're only allowed to sell through authorized sporting goods stors. (Koening 83)
20 **Incentives and bonuses offered to distributors and dealers.** To my knowledge never offered distributors these. (Koening 85)
21 **Analysis of ATF data.** No (Koening 85)

(2) **Charles Guevremont, Browning and US Repeating and Winchester, CEO an President**

1 **Distributor termination**. Yes. Based on nonpayment (Guevremont 17)
2 **Ownership**. US Repeating Arm builds the product and Browning markets and distributes it. Under the Winchester name (Guevremont 37)
3 **Polk marketing study**. Consumer study involving demographics, etc. (Guevremont 55-74)
4 **Distribution includes direct and distributor**. Few selected distributors. We focus on dealers. Browning is a dealer company. Direct dealer system working well. Full line dealer system. (Guevremont 94-5)
5 **Full line dealer**. Carries everything, archery , footwear, clothing, knives, gun case and firearms (Guevremont 95)
6 **Medallion dealer**. Whole line, but they can't carry as much of each. (Guevremont 96)
7 **Regular dealers**. Single line dealers (Guevremont 96)
8 **Buygroups**. Association of dealers. Three or four or hundreds that get together and join an organization so that they can benefit from the experience of other dealers in the buying. Get discount (Guevremont

97)

9 **Buying group contracts**. Don't know (Guevremont 98)

10 **Full-line dealer agreement**. Full line inventory requirement and sales reps has to check if they have such product in their stores to display. (Guevremont 99-100)

11 **Indep sales reps**. (Guevremont 100)

12 Browning and winchester products. (Guevremont 101)

13 **Distributors role**. Sell product to Browning dealers and not Browning dealers. Maintain inventory. Distributors provide credit, inventory functions. (Guevremont 102)

14 **Dealer purchasing through distributor and direct**. Don't know if do both. Dealers are secretive about their business (Guevremont 103)

15 **Dealers contracts**. Yes, but some may not who buy from distributor. (Guevremont 104)

16 **Indep sales reps**. Calling on dealers day in and day out. Service them for browning. 75 of them. Commission based reps. (Guevremont 108-9)

17 **Indep sales reps call on distributors**. One sale rep will call on a distributor. (Guevremont 109)

18 **Dealers who purchase through distributors and sales rep visits**. Could be visited by distributor and Browning indep rep. (Guevremont 109)

19 **Indep sales reps are multi-brand reps**. Carry number of different brands for different companies (Guevremont 110)

20 **Indep sales rep responsibilities**. Service the account. Shoe product, arrange displays, well positioned, show product line. Help dealers what available, take orders. Eyes and ears of browning. (Guevremont 111)

21 **Indep sales rep reports**. No written. On phone with telemarketing team, sales mangers (Guevremont 111-2)

22 **Dealer problems process**. Indep rep calls sales manager. Experienced professionals. Long time in business. (Guevremont 112)

23 **Security at dealers**. Reps look at store when first opened up. Not our reps job to verify security of each dealer. Not part of his agreement. . BATF duty . No action taken. Not our job to enforce law. (Guevremont 113-5)

24 **Awareness of dealer theft**. No. They would tell me if there was something. (Guevremont 115)

25 **Browning dealer criteria**. Store front. Properly display product. Enough money. (Guevremont 116)

26 **Browning dealer agreements**. Not sure if all have signed. (Guevremont 116)

27 **Browning versus nonbrowning dealer**. Browning dealers sign agreement. Non browning don't. Don't know who nonbrowning dealers are. (Guevremont 117)

28 **Browning dealer**. Must have storefront (Guevremont 117)

29 **Simple dealer agreement**. Must have storefront. (Guevremont 118)

30 **Buying groups**. Most are browning dealers. Built from big dealers. To be part of you must have storefront (Guevremont 119)

31 **Training**. Dealer training academy. Get dealers to be familiar with Browning teams and products and educate them on products.

(Guevremont 120-1)

32 **Strawpurchase training**. No. No effort for identification of straw purchases. Participate in Don Lie for the Other Guy. NICS checks for background. (Guevremont 122-3)

33 **Participation in Don't Lie for Other Guy**. Including brochure in each on of our firearms. Magazine advertising from Heritage fund (Guevremont 124)

34 **Don't Lie for Other Guy**. Directed at consumers not dealers or distributors. Yes (Guevremont 124)

35 **Can Browning require dealers to ask for 2 ID's**. If law yes, but do not want to create law. . Would have to look at how to enforce. (Guevremont 125-6)

36 **Dealer requirements and conditions**. Yes. We can verify these. (Guevremont 126-7)

37 **Use of trace requests to enforce conditions**. Not role (Guevremont 127-8)

38 **Concerns with products being associated with crime**. Yes. (Guevremont 130)

39 **Actions to prevent association of product with criminals**. Only sell to FFL. Consumer background check. . (Guevremont 131)

40 **Support Don't Lie for Other guy**. (Guevremont 132)

41 **Could Browning advise dealers to do background check on employees**. Would have to check with marketing. I see problem with that. Would have to think if it can be enforced. Check with legal. Would we benefit. (Guevremont 132 -136)

42 **Dealer requirements**. Storefront es, amount of lighting, amount of display space, checking inventory on new dealers. (Guevremont 134-6)

43 **Could browning ask reps to ask dealers for background check reports**. Not in their responsibility. Would have to hire additional people to check on places with turnover. We could ask Walmart, Bass pro shop, . Not feasible. Could not ask for paperwork on a spot basis. No legal background. If I was a dealer I would not let them go through my files. (Guevremont 138-9)

44 **Browning sales primarily through dealers as opposed to mass marketers like Wal mart**. Yes (Guevremont 143)

45 **Winchester sales primarily through mass merchants and distributors**. Yes (Guevremont 143)

46 **Distributor agreements**. Yes. (Guevremont 143)

47 Winchester sold only through distributors. (Guevremont 144)

48 **Sales rep**. Both Browning and winchester.. Same role (Guevremont 145)

49 **Chains versus mass merchants**. Chains of sporting goods. Mass merchants sell more than sporting goods. Wal Mart, Kmart. (Guevremont 146)

50 No law enforcement sales. (Guevremont 147)

51 **No gun show sales**. Some orders at Shot Show. No sales to general public at shows. (Guevremont 148)

52 **Dealers selling at gun shows**. Don't know. (Guevremont 149)

53 **Restriction of dealers selling at gun shows**. I don't know. Agreement seems to suggest they restrict sales by dealers to location of storefront?

(Guevremont 149 -156)

54 **Internet sales**. No, but do have catalog and FOQ (Guevremont 150)

55 Authorized dealer application. (Guevremont 153)

56 **Consideration of retricting dealers from selling at gun shows**. No. (Guevremont 154)

57 **Full line dealer training**. Product knowledge clinic. Clnic. No safety information except on selling gun safes.. . (Guevremont 158)

58 **Owner safety responsibility**. Part of responsibility of customer to buy gun safes and properly store their guns. Owning a firearm comes with a responsibility. And one of that responsibilities is to safely store your product, your firearm. (Guevremont 158)

59 **Considerable emphasis by Browning on safe storage at home**. Catalog. Sales rep encourage dealers to sell safes (Guevremont 160-2)

60 **Browning handgun sales**. 21,000 in 1998 (Guevremont 174)

61 **Awareness of small number of dealers who are bad apples**. Not familiar (Guevremont 175)

62 **Concern for high trace dealers**. Depends if breaking the law (Guevremont 181)

63 **Efforts to understand how firearms become part of criminal market**. I am not sure. (Guevremont 185-6)

64 **Concern of Browning - when someone breaks the law**. If they have not broken the law we are not concerned (Guevremont 187-190)

65 **Browning would take not action until proof of breaking law**. Will not work with rumors. Not a law enforcement group. (Guevremont 192-3)

66 **If reported that dealer was substantial source of crime guns**. Would not inquire if reported. No would not. Would not ask dealer about inventory. Not even if identified as major sources. . No (Guevremont 192-5)

67 **ACCESS 2000**. Being discussed. (Guevremont 198-9)

68 **Distribution nationwide and targeting**. Yes and then emphasis on geography based on product need. Hunting season (Guevremont 221)

69 **Market research on consumers**. Extensive profiling of demographic and psychographic (Guevremont See 216-226)

70 **Dealer coop program**. Yes. Reimbursement for ad. . Excludes some ads (Guevremont 242-247)

71 **Dealer requirements to participate in Don't Lie**.. No. No incentives to participate in . Not that I know of. (Guevremont 272-3)

72 **Need for Don't Lie**. I imagine if we are participating.. like to think so. I don't know (Guevremont 282-3)

73 **Request for additional information from traces**. I don't know. (Guevremont 284-5)

74 **Training to distributor with respect to avoiding bad dealers**. Only allowed to sell to FFL. . Only legitimate dealers (Guevremont 285)

75 **Is if possible for an FFL to be involved in a strawpurchase**. Yes its is possible. (Guevremont 287)

76 **Would it be possible to provide training to dealers on how to avoid strawpurchases**. Don't know how to identify. Not Browning job. (Guevremont 288)

77 **Faced with a strawpurchase scenario should a dealer make further**

inquiries. No. . I don't know. Each case would be different. Dealer should obey the law. If not breaking the law, then I do not agree (Guevremont 291-293)

78 **Discipline of dealers for selling below MSRP. No discipline.** (Guevremont 293-4)

79 **Sanctions for not following dealer agreement**. Mostly in coop advertising. (Guevremont 294)

80 **Incentives**. No incentives to advertise. Coop incentive.

81 **Incentives for participation in training clinics**. No. They are happy to get those clinics. No money paid. No better deals on discounts. They get hats. (Guevremont 294-6)

82 **Current training could be inserted into contract and made mandatory**. Yes. We don't need to. (Guevremont 296-7)

83 **Could you require dealers to participate in Don't Lie**. Yes we could. (Guevremont 297)

84 **Why don't you require dealers to participate in Don't Lie**. My feeling is that every dealer does already (Guevremont 297)

85 **Could Browning require authorized dealers not to sell multiple guns to a single purchaser**. We have a lot of collectors that collect consecutive serial numbers. . Some people want to buy two guns of different calibers for hunting. . Ton of legitimate reasons to buy multiple guns. . (Guevremont 298-302)

86 **Could Browning use trace data to monitor its authorized distributors and dealers**... out of proportion. Not our role. Its FBI. We are not trained for it. (Guevremont 303-4)

87 **Concern for criminals acquiring guns. Concerned with anybody breaking the law**. But will not get involved in law enforcement. (Guevremont 305)

88 **Browning imposes conditions on dealers**. Some marketing requirements. (Guevremont 306-7)

89 Browning feels that compliance with law is enough (Guevremont 308)

90 **Browning concerned for those breaking law**. If the dealer is doing – has got an approved FFL, he's doing everything that the law is asking him to do, Browning is not objecting then (Guevremont 311)

iii. **Bryco**

(1) **Janice Jennings, Bryco Arms, President [since 1990]**

1 **Employees**: 30 to 35 employees. (Jennings 20)

2 **Distributor**. Sales are to BL Jennings and to Valor and Slim's Gu Shop. (Jennings 33-34)

3 **Distributor sales process**. BL Jennings gives estimate of how many guns they want. Over a six month period. Guns would be shipped. (Jennings 34-5)

4 **Dealer sales process**. Phone orders. No writing. Scanned and recorded in AD books and invoice would be made up. (Jennings 35-6)

5 **Promotion of guns**. No. Not set up for large scale (Jennings 38)

6 **Advertising of guns**. Not that I recall (Jennings 38)

7 **Correspondence with distributor**. No written other than invoices (Jennings 45)

8 **Trace request retention**. We don't have copies. (Jennings 46-7)

9 **Document retention policy**. Yes. For taxes (Jennings 48)

10 **Distributor suggestions to mfg**. Yes. On features (Jennings 61)

11 **Suggestions to distributors on how to sell.** No (Jennings 66)
12 **Knowledge of dealers that distributors sell to.** No (Jennings 66)
13 **Trace requests.** 1 or 2 a month. (Jennings 70)
14 **Trace request written record.** No (Jennings 71)
15 **Distributor sales.** 98 percent to BL Jennings.
16 **Suggestions from BL Jennings for modifications.** Markting purposes. (Jennings 101-2)
17 **Steps to prevent strawpurchases.** No (Jennings 103
18 **Steps to prevent multiple sales.** No (Jennings 103)
19 **Steps to prevent unintential shootings.** No. (Jennings 103)
20 **Steps to prevent the purchase of guns by convicted felons.** I don't know what we would do (Jennings 104)
21 **Steps to prevent purchase by persons under 18.** Blue sheet on federal laws in firearm box (Jennings 104)
22 **Prices to distributor.** Its just set. What we felt we needed. . We don't have a formula. (Jennings 108-109)
23 **Trade Associations.** SAAMI - no. NSSF - no. American Shooting Sports Council - no. (Jennings 128)

iv. **Carl Walther**

v. **Colt**

(1) **Josh Dorsey, Colt, Manager of Domestic Sales**

1 Security logs. (Dorsey 10-14)
2 **Markets.** US Government, international law enforcement and commercial (Dorsey 26)
3 **Forecasting analysis.** Quantitative and qualitative. Look at quantity sold and try and predict (Dorsey 26-29)
4 **Knowledge of which guns are trace more frequently.** No (Dorsey 30)
5 **Consideration of conducting trace analysis for which guns sold more frequently.** No. (Dorsey 30)
6 Requirement of FFL for buyers (Dorsey 32)
7 **Requirements beyond FFL.** No, I do not know (Dorsey 33)
8 **Intrepid database.** Database listing buyers (Dorsey 35-36)
9 **Store contact.** Phone (Dorsey 37)
10 **Distributor contact by email.** Rarely (Dorsey 38)
11 **Marketing budget.** Last two years... virtually no advertising or marketing budget (Dorsey 40)
12 **ATF literature.** Yes pick up from trade shows. (Dorsey 45)
13 ATF tracing center visit (Dorsey 46)
14 **ATF discussions on tracing.** No (Dorsey 47)
15 **Consideration of conducting trace analysis.** No (Dorsey 47)
16 **View of trace analysis.** Irrelevant. View that majority of guns were produced in 70's and 80's. Distributors distribute nationally. Colt is not a police force. (Dorsey 48)
17 **Employees.** 545 people (Dorsey 48)
18 **Distributors.** 16 distributors currently (Dorsey 50)
19 **Distributor reduction in number over time.** Used to be more. I have spoken to others about reducing (Dorsey 50)
20 **Reasons for distributor numbers changing.** Separate case for each. Mutually beneficial relationship, location, sales volume, payment problems. Reasons for reduction. Also perceived effort and our

assessment of their potential. Also complaints or violation of law (Dorsey 51-56)

21 **Distributor investigation or discipline.** No (Dorsey 52)

22 **Learning about distributor or dealer complaints.** No process in place (Dorsey 57)

23 **Process of learning about distributor or dealer law violation.** Same manner in which you would. We do not monitor their phones, any of those issues. BATF or newspaper tells us. (Dorsey 58)

24 **Obligation to monitor distributors or dealers for abiding by law, has a store front, has an FFL, does not sell to criminals.** Don't know of any legal obligation. We care. We're not in a position to do this. (Dorsey 58-59)

25 **Monitoring to insure distributor or dealer has an FFL.** Yes. (Dorsey 59-60)

26 **Intrepid system.** Database that reveals if distributor or dealer has a valid FFL. (Dorsey 60)

27 **Monitoring that is done.** Insure FFL, serial number control. Chain of custody on serial number documentation. (Dorsey 61)

28 **Monitoring for valid permits.** No (Dorsey 62-63)

29 **Distributors.** Number is 16. No inclination to increase or decrease (Dorsey 63-64)

30 **Distributor contracts.** Yes (Dorsey 64-65)

31 **Key distributor contract terms.** Normal discourse of business. Follow the law. Be ethical. (Dorsey 68)

32 **Distributor contract.** Compliance with law. (Dorsey 69-70)

33 **Intrepid system.** Every FFL we ship to has FFL in our system (Dorsey 71)

34 **How know if distributors following the law.** Faith in legal system. I do not know of anything specifically done to ensure they are following the law (Dorsey 72-74)

35 **Changes to distributor agreements.** Yes (Dorsey 76)

36 **Distributor visits.** Yes I have. (Dorsey 77-78)

37 **Sales force.** Single. He is it. (Dorsey 78)

38 **Would like to have larger salesforce.** Would like 5 people. Increase market presence. Distributors want us to have a salesforce (Dorsey 79-80)

39 **Distributors want visits from salesforce.** Enhance communications between us. To get more orders of products. Part of sales is to establish that human relationship. Easier. Human bond, trust and confidence. Enhanced communications (Dorsey 80-81)

40 **Dealers and storefronts.** (Dorsey 83)

41 **Knowledge of who distributors sell to.** Do not track (Dorsey 83)

42 **Dealer store fronts.** Knowledge if dealers distributors sell to have storefronts. No (Dorsey 84)

43 **Dealer store fronts.** Ever looked into. No (Dorsey 84)

44 **Distributor dealers.** Knowledge of them. No (Dorsey 84-85))

45 **Dealer communications.** No. We do not have the budget (Dorsey 86)

46 **Dealer mailings.** Cost prohibitive. Claims do not send catalogs to dealers. Dealers wanted catalogs. (Dorsey 87)

47 **Structure of desired salesforce.** Domestic sales force who would

make regular visits to wholesalers. Daily phone calls. Frequent visits to known dealers and infrequent phone contact. . Market efforts. Catalog. Designed to increase trust and establish communication (Dorsey 88-89)

48 **Premier dealer program.** No knowledge (Dorsey 91)

49 **Dealer contact and information.** Trade show where dealers come by our booth. Routine discourse between shop and dealer (Dorsey 94)

50 **Top distributor.** RSR (Dorsey 95)

51 **Ideas from dealers or distributors.** None to mind (Dorsey 96-7)

52 **Inquiry of dealers on consumer ideas.** No (Dorsey 97)

53 **Inquiry of distributor on sales.** Yes (Dorsey 97)

54 **Tracking sales to see if a high number sold to a distributor.** If sold high number would get his attention. (Dorsey 98)

55 **Caps on number of products sold to distributor.** None (Dorsey 99)

56 **Reputable distributor.** Integrity. Respectable. (Dorsey 99-100)

57 **Distributor communication.** Monthly flier. Any relevant information that we think they would like to know (Dorsey 100)

58 **Distributor communication.** Monthly flier - ever put anything about compliance with the law. No (Dorsey 101)

59 **Distributor communication.** Any information to them regarding compliance with law that they need to comply to . Not by phone, conversations, faxes, newsletters, memos. No (Dorsey 102)

60 **Distributor application.** Analyze their organization. Mutual potential. Credit ratings. (Dorsey 103-4)

61 **Distributor requirement to have a storefront.** No (Dorsey 104)

62 **Restrictions on distributors relationship with dealers.** Not above what the law requires (Dorsey 115-7)

63 **Limited lifetime service agreement as a basis for knowing customers.** Don't get returned but it is a way to know customers. Also Colt collectors organization. (Dorsey 117-120)

64 **Market surveys.** Not in several years (Dorsey 119)

65 **Distributor training.** On products only. Through trade shows and discussions with them (Dorsey 122)

66 **Distributor training.** On products, pricing, financial terms of sale. (Dorsey 122-3)

67 **Distributor training.** On law through written correspondence. Peculiarities in Maryland and NY and California. July of this year (Dorsey 123)

68 **Distributor communications.** FAX each month (Dorsey 124)

69 **Distributor dissemination of information.** About what we are doing so they can make plans (Dorsey 126)

70 **Distributor questionnaire.** No. (Dorsey 126)

71 **Market survey.** Has seen results. Has not done one (Dorsey 127)(

72 **Dealer monitoring.** We don't have surveillance on our customers. (Dorsey 128)

73 **Distributor communication to dealers.** Some fliers to dealers (Dorsey 128)

74 **Incentives for distributors.** Not aware (Dorsey 129)

75 **Trace data monitoring.** No (Dorsey 130)

76 **Termination.** There are a litany of reasons in our agreement that we can terminate. With or without cause. (Dorsey 130-1)

77 **Sales direct to dealers.** Custom shop only (Dorsey 131)
78 **Sales direct to enduser.** Yes. Custom shop products. Can only ship to FFL (Dorsey 131-2)
79 **Marketing plan.** Not formal. No. Then shown 1999 marketing plan that contains SWOT and other specifics (Dorsey 139-140)
80 **Traces per day received.** 20 a day on average. Referring to another person's testimony (Dorsey 149-150)
81 **Security logs erased.** Every month in accordance with instructions from ATF. April 2000 start (Dorsey 150-1)
82 **ACCESS 2000.** Aspects (Dorsey 165-177)
83 **ATF correspondence.** Security department, he and Anton. (Dorsey 181)
84 **ACCESS 2000.** No amount paid except to have data input. (Dorsey 186)
85 **Trace requests received.** 4000 roughly in 2000. (Dorsey 193)
86 **Trace requests received.** Average of 20 per day. (Dorsey 194-5)
87 **Trace analysis.** No (Dorsey 202)
88 **Trace analysis.** No study. (Dorsey 206)
89 **Trace requests.** 20 per day. (Dorsey 207)
90 **Trace requests as a basis for evaluating sales practices.** No because trace data is normally about older guns (Dorsey 208)
91 **Trace requests for recently sold guns.** Yes. (Dorsey 209)
92 **Trace requests of recently sold guns as a basis for evaluating sales practices.** No. Quantities are not sufficient to make a credible assessment. (Dorsey 209)
93 **Sales projections.** 250,000 in 2001 (Dorsey 210)
94 **ATF encouragement to track trace requests.** No (Dorsey 211)
95 **Attempt to calculated models more likely to be traced.** No (Dorsey 211)
96 **Altering serial numbers.** Prevention of. Not involved in discussions (Dorsey 211-213)
97 **Prevention of criminals from altering serial numbers.** No. I don't know (Dorsey 213)
98 **Prevention of altered serial numbers.** Colt steps. Don't know (Dorsey 216)
99 **Trade association publications.** Yes. NSSF. And others (Dorsey 218)
100 **Distributor agreement 2001.** No retail sales unless dealer verified with laws. Not a police force that monitors the conduct of distributors (Dorsey 237-8)
101 **Distributor agreement 2001.** Requires that distributor must get verification from dealers that it is in compliance with law. Despite provision no attempt to get verification. I don't know if that is what it means. I didn't draft. There's no way. Only requirement is that they have a valid FFL. That means [we interpret] they are in compliance (Dorsey 240-241)
102 **Distributor agreement 2001.** Warning letter provision. Never in last two years. Has to law enforcement distributor. Based on lack of production. In 2002. (Dorsey 241-243)
103 **Market sales. 10% law enforcement.** 30 percent US govt. 30% international. 30% commercial sales. Balance law enforcement. Based

on dollars (Dorsey 244)

104 **Commercial business.** Percentage of total business is 30% (Dorsey 119)

(2) **Michael Reissig, Colt, Director of Sales and Marketing (21 year employment)**

1 **Steps to deal with unauthorized use of firearms after 1999.** Sells to distributors who have FFL. Distributors can only sell to FFLs. . Abundance of information about safety. (Reissig 52)

2 **How assure that distributors only sell to FFL's. Agreement.** No specific information asked for. (Reissig 55-6)

3 **No more salesforce.** Had commercial and military salesforce prior to late 1999. Financial reasons for stopping. Cash flow issues. (Reissig 57-58)

4 **Cost of salesforce.** 100,000 a year (Reissig 60)

5 **Salesforce.** 7 in 1995. (Reissig 60+)

6 **Custom shop.** Engravings. Various grips. Go through dealer to access (Reissig 84-85)

7 **Intrepid system.** Online computer file. Out computer system. Financial records. Sales records. Payroll. Mfgs data, quality data. Engineering data. Tracks mfg through process. Not after shipped. (Reissig 91-94)

8 **Intrepid system.** Satisfies ATF requirements for reporting. (Reissig 99)

9 **Distributor lists.** Yes. (Reissig 100)

10 **Dealer lists.** Intrepid system includes those customers that we have active FFL on. . Not sure if includes dealers. (Reissig 101)

11 **Sales to distributors.** Yes. (Reissig 104)

12 **Sales to dealers.** Small. Very small. Not in past seven years except through "custom shop" (Reissig 105)

13 **Security system.** Motion detectors, cameras, metal detectors in office building. (Reissig 121-122)

14 **Distributor termination.** Reduced number in the last ten years. (Reissig 130)

15 **Distributor numbers.** Reduced number to obtain better control. We wanted to get our salesforce down. We wanted to be able to enhance our distributor's sales position in the marketplace. (Reissig 130)

16 **Distributer numbers.** Had 100 in early 90's (Reissig 130)

17 **Distributor numbers.** Smaller number allow us to visit more frequently. Work with them (Reissig 130-1)

18 **Distributor visits.** Within last year all. See at various years. Once a month in 1991. We had a larger sales force then (Reissig 131)

19 **Importance of distributor visits.** Nice to face them and talk with them (Reissig 132)

20 **Disadvantage of not visiting as frequently.** Competition has better contact. (Reissig 133)

21 **Dealer visits.** Its rare. I don't have enough people to go out and visit (Reissig 133)

22 **Dealer visits in the past.** More frequently. (Reissig 133-4)

23 **Distributor contact.** Once a week. (Reissig 134)

24 **Dealer contact.** Based on custom shop (Reissig 134)

25 **Dealers**. Number. 3000 to 14,000 depending on type and line (Reissig 134-5)
26 **Distributors**. Number (Reissig 16)
27 **Termination of dealers**. If not FFL we don't sell (Reissig 138)
28 **Dealer contracts**. No (Reissig 139)
29 **Colt distributor termination of dealer**. I can only assume. Nonpayment. (Reissig 140-141)
30 **Distributor discussions about their dealer programs**. Inherent in that if we talk about it. Give information to distributor about trends. We do that. (Reissig 141-2)
31 **ATF tracing. Serial number inquiry**. When it was made, shipped, who it was shipped to, the caliber of the gun. (Reissig 143-4)
32 **ACCESS 2000**. ATF access gun manufacturer records directly. (Reissig 144)
33 **Intrepid versus ACCESS 2000.** Almost the same (Reissig 146)
34 **Trace request research**. Particular distributor. Don't know. (Reissig 153-4)
35 **Trace request research**. Particular distributor. We could probably do that. Trace requests come in for various reasons. (Reissig 154)
36 **Trace request research**. Knowledge of dealers. Would not know about distributors. We ship to FFL distributor. (Reissig 154-155)
37 **Distributor agreements**. Yes (Reissig 164)
38 **Dealer agreements**. No (Reissig 164)
39 **Dealer direct is possible**. We could do that if deemed appropriate. (Reissig 165)
40 **Dealer visits**. Customer issue reason. If customer wasn't satisfied we might visit and talk about service techniques . (Reissig 167)
41 **Dealer visits**. Regular sales calls in 1992. Go in and see how the dealer was doing. If they had POS materials. Show product. Make arrangements for Colt promotions. (Reissig 168)
42 **Dealer promotions**. When had would arranged through distributor. Distributor would work with dealer. (Reissig 168-9)
43 **Dealer visits**. Trade shows, but only specific ones given budget (Reissig 169)
44 **Trade show booth**. Yes (Reissig 169)

45 **Knowledge of dealers**. Difficult to do. Difficult to get information from our distributors. (Reissig 170)
46 **Difficulty in getting lists of dealers from distributors**. Not give it to us. That's a business (Reissig 171)
47 **Distributor involvement in negotiation for distributor agreement**. One negotiated instance (Reissig 173)
48 **Why can't include term that requires distributors to give them a list of their dealers**. We are not dominant force. If we attempted we not sell our product. But we never asked (Reissig 172-174)
49 **Distributor terminated**. Based on information from dealer (Reissig 175)
50 **Distributor termination**. Yes for chapter 11 reasons (Reissig 177-8)
51 **Distributor criteria and investigation for signing up.** Have to have a facility. Large enough for inventory. Sound financial history. Good credit rating. Business references. Ability to market our product and

desire to market our product. Facility versus those that might be kitchen dealers. (Reissig 178-180)

52 **Premier Dealer program**. Application form. Define your business – "storefront" or "nonstorefront." Mid 90's. Now FFL requires storefront (Reissig 184-9)

53 **Compliance of dealer as having storefront**. Depend on FFL requirement that now requires storefront (Reissig 187)

54 **Assurance that distributors are only selling to dealers with storefronts**. Our agreement requires that they follow laws including FFL requirements. When we had a salesforce, we were able to determine this for each that we visited. We would verify. (Reissig 187-88)

55 **Asking distributors to verify that they are selling to dealers with storefronts**. No (Reissig 188-9)

56 Salesforce as independent mfg reps. (Reissig 191)

57 **Salesforce [when had] would have been in contact with dealers**. Would have known dealers through "service agreement cards," talking with customers at shows, whatever way they could (Reissig 193)

58 **Premier Dealer program**. Never go off the ground. Try to get more information into consumes hands. Catalogs. Spec sheet. Decals. Posters. Financially could not do. Number of dealers. (Reissig 196)

59 **Limitations on number of dealers**. No. (Reissig 197)

60 **Premier Dealer program**. Did receive responses on it. We distributed some materials. (Reissig 194-200)

61 **Premier Dealer program**. Asking about storefront as a screen (Reissig 200)

62 **Criteria for Premier Dealer program**. Volume, location. Facility. What facility looked like. Attitude towards are product. How they filled out application. (Reissig 201-202)

63 **Trace analysis**. No (Reissig 206)

64 **Outside company offering to do trace analysis**. Not aware of any (Reissig 206)

65 **Consideration of seeking outside help on trace analysis**. No (Reissig 207)

66 **Trace analysis of dealers**. No. (Reissig 208)

67 Trace analysis of dealers and asking ATF if they should no (Reissig 208)

68 **ATF conversations on tracing dealers**. Said that they would not provide information (Reissig 209)

69 **Determination of number of traces from dealer**. No (Reissig 211)

70 **Awareness of traces for dealers**. No (Reissig 214)

71 **Determination of whether distributors have been indicted**. Not sure how would know. Maybe word of mouth. Not that I am aware of. (Reissig 217)

72 **Trace request record keeping**. Yes. (Reissig 217)

73 **Have trace requests gone up.** I don't know (Reissig 217)

74 **Trace analysis**. Keeping track of number of traces. No (Reissig 218)

75 **Time to crime**: Knowledge of but considers a misnomer. Not necessarily involved in crime if trace. Has not read any reports. Don't know if received reports. (Reissig 218-220)

76 **Time to crime**. Indicator of illegal trafficking. I don't know (Reissig 221)
77 **Time to crime**. Their demographic being older purchases suggests they have a longer time to crime for their guns. Have not studied. We believe this. (Reissig 222-3)
78 **FFL newsletters to Colt.** Yes (Reissig 225)
79 **Trade associations**. NSF. SAAMI. ASSC. (Reissig 227-8)
80 **Direct to dealers**. Going back. Don't know. (Reissig 229)
81 **Distributors and FFL sold to in last ten years**. Acusport, Davidsons, Camfour, Dixie Shooters Supply, Ellet Brothers, Jerry's Sports Centers, RSR. Shawmut. Southern Ohio, Valor, Williams Shooters Supply. (Reissig 230-233)
82 **Distributors**. 16 to commercial market (Reissig 235)
83 **Opinions regarding distributors business practices**. If they did not have good practices we would not sell to them. (Reissig 243)
84 **Distributor reduction**. We were looking cutting back based on sales volume how they promote. High integrity. Good reputations. Well-established. (Reissig 244)
85 **Distributors promote by.** Telemarketing. Internet. (Reissig 244-5)
86 **Distributor territory limitations**. No (Reissig 245)
87 **Commercial sales**. 35 to 50 percent depending on year (Reissig 247)
88 **Distributor numbers**. No intention to increase (Reissig 250)
89 **Dealer contracts**. No (Reissig 254)
90 **Dealer research into that they sell to.** Must have FFL. 50 percent payment upfront. (Reissig 255)
91 **Distributor files**. Yes (Reissig 256)
92 **Requires of distributors beyond agreements**. "General principles" yes (Reissig 257)
93 **Sanctions for violation of distributor agreement general principles**. No (Reissig 258)
94 **Dealer mailing**. 1991. (Reissig 262)
95 **Dealer mailings**. To announce a new product. To advise dealers of promotions that they can get involved in. 12,000 dealers sent to in 1991. (Reissig 261-5)
96 **Dealer mailings - addresses**. Based on service agreement cards, warranty cards and other. (Reissig 264-5)
97 **Dealer hotline**. 800 number. Same number and still have (Reissig 265)
98 **Dealer requirements**. We don't have agreements with dealers. (Reissig 268-9)
99 **Distributor agreements**. Time span January to December. (Reissig 272-3)
100 **Distributor agreement**. 1996. Amendment and changes. (Reissig 276-9)
101 **Distributor agreement changes**. Due to litigation. To ensure better working relationships (Reissig 279)
102 **Gun shows**. Distributor agreement. Distributors should not sell at gun shows. Would disturb our pricing structure. Don't have control of pricing. (Reissig 281-283)
103 **Suggested pricing**. Yes. No requirement to follow (Reissig 283)
104 **Suggested pricing and possible termination if not follow**. If not follow then they get letter and then suspend them and maybe terminate

them (Reissig 284)

105 **Termination of distributor**. No not in last 10 years. (Reissig 285)

106 **Salesforce**. Independent reps. 91-93 had indep reps. Not employees. Five or six employees of Judd and Associates. Represented them at shows. Sold product. Visit distributors. (Reissig 288-9)

107 **Sales force**. Employees of colt after 1993. 2 people. 17 people involved in sales and marketing (Reissig 290-1)

108 **Marketing personnel**. 15 are administration. 2 are salesforce (Reissig 291-2)

109 **Sales force duty**. Maintain contact with distributors, educate and train salespeople. Product demo. Market trend determination. Colt days and handle customer service issues (Reissig 296)

110 **Colt days**. Event over a weekend to promote colt product. Reps and show our product. Safety devices on guns. Range. Took place at dealers. From 1993 to 1999.

111 **Salesforce submit reports**. Mostly monthly from 1995-98 (Reissig 296-8)

112 **Sales force duties**. Written materials for training. Not aware of. Extensive training on product line. Into factory. Our systems. How orders processed. Several weeks training. (Reissig 298-299)

113 **Salesforce duties to train distributor salespeople**. Visit and educate and train. When visited dealers would train distributors. Feature and benefits of products. Instruction. Etc. during colt days. (Reissig 299)

114 **Minimum purchase by distributors**. No (Reissig 300)

115 **Distributors sales**. Not if not FFL. But otherwise just have to follow the law. (Reissig 301)

116 **Incentives to distributors**. No, but have in the past. Stopped because of money ran out in late 1999 (Reissig 302-3)

117 **Incentives to distributors**. Would pay SPIFFS when they would sell colt product. 2 to 5 dollars (Reissig 303)

118 **Coop program**. Advertising. Yes in the past but not now. Stopped when stopped promotions. (Reissig 304)

119 **Distributor gun orders**. Fax or call. Hard copy sent. Product by model number. Order reviewed. Sales specialist process. 99.9 percent guns made to order. We carry minute inventory. Different from prior years. Carried inventory until 1999. (Reissig 305-308)

120 **Warranty cards**. Included with orders. (Reissig 307)

121 **Return card from customers**. Lifetime limited service agreement. Yes. Includes a description of product and ask for name, address. About 10 percent returned. Customer information card and warranty card used prior to 1997. (Reissig 307-9)

122 **Advertising**. Based on trends. (Reissig 310)

123 **Advertising**. One since mid 1999. Ceased for financial reasons. (Reissig 311)

124 **Trade show attendance**. Attended yes and attended ATF presentations. (Reissig 324-327)

125 **Shot Show**. Sell guns. We have taken orders (Reissig 327)

126 **Change of sales practice based on ATF presentations at shows**. How we keep records. How to prevent theft. Improve security. We cooperate and listen (Reissig 329)

Volume II

127 **Strawpurchase.** Attempt by more than one person where one person represents they have the appropriate ability to purchase a gun when its really for somebody else (Reissig 350)

128 **Awareness of strawpurchase.** Last year and half as to term but generally aware in last ten years (Reissig 352-4)

129 **Strawpurchase prevention.** Demographic research shows that purchasers of Colt products would not do. Average customer is 35 years. Owns a couple of guns. Little more educated, little higher economic status. Market research firm did. Some focus groups. (Reissig 355-7)

130 **Gun trafficking awareness.** Yes. End up in hands of someone who should not have (Reissig 364)

131 **Theft awareness.** Yes. We are aware that our guns have been stolen (Reissig 364)

132 **Theft prevention.** Sales force would visit distributors and do a visual survey of their warehouse and their safety and security procedures. We are in communication. Discuss it. (Reissig 366)

133 **Communication with distributors on a regular basis.** 5 years ago. (Reissig 367)

134 **Security recommendations by salesforce to distributors.** I don't know. (Reissig 367-8)

135 **Termination of distributor for security issues.** We did not. (Reissig 368)

136 **Multiple sales awareness.** Yes (Reissig 376)

137 **Multiple sales process.** Form 4473. NICS check. Waiting period (Reissig 377)

138 **Concern for multiple sales.** 10 guns. We need to know what the circumstances are. If did not follow rules we would be concerned. (Reissig 379-384)

139 **System to assess issues with multiple sales.** No system. (Reissig 385)

140 **Concern for multiple sales by strawpurchase.** 100 guns and strawpurchase. Doubt it would be approved because of circumstances. Not in violation of law potentially 5 years ago. (Reissig 385)

141 **Awareness of obliteration of serial numbers.** They were before 1980 (Reissig 392-3)

142 **Prevention of obliterated serial numbers.** ATF requires certain depth and size etching. Serial numbers in more than one place. Exceed ATF requirements. That is all (Reissig 391-5)

143 **Limits on gun sales to employees.** 4 or six depending on document (Reissig 420-422)

144 **Don't Lie for the other guy.** Strawpurchase program. Goal to reduce. Encouragement of dealers to participate. Out position that for the ATF and with our support through NSF... to educate dealers in that way. We have not contacted dealers (Reissig 631)

145 **Project home safe.** Not aware of details (Reissig 648)

vi. **Excel Indus.**

vii. **Glock**

(1) **Paul F. Jannuzzo, Glock, Chief Operating Officier**

1 Attends ATF seminars and reads publications (Jannuzzo (1) 18-19)

2 **Firearms training to law enforcement.** Five employees that are trainers (Jannuzzo (1) 21-22)

3 Glock is a member of NSSF (Jannuzzo (1) 26)
4 **Trainers as salespeople.** No, but they are one of our best sales tools (Jannuzzo (1) 30)
5 **Glock Sports Shooting Foundation.** Shooting matches 30-35 a year (Jannuzzo (1) 31)
6 **Firearm safety.** All at Glock responsible (Jannuzzo (1) 35)
7 **Distributors.** Glock deals with 50 and was ½ over ten years ago when he arrived. Growth of company brought more in (Jannuzzo (1) 45)
8 **Selection of distributor.** No reply (Jannuzzo (1) 46)
9 **Termination.** Normal business evolution (Jannuzzo (1) 47)
10 **Management.** Glock knows in a personal and professional sense its distributors. Length of time, same boards (ASSC and NSSF, Heritage Foundation), distributor show, salespeople go to the plants same as any business relationship (Jannuzzo (1) 47-49)
11 **Distributor trade association.** NASGW (Jannuzzo (1) 50)
12 **Direct sales to dealers.** No, but have if friend, warranty card drawing, writer (Jannuzzo (1) 50-51)
13 **Warranty card drawing.** Returned to dealer and then drawn. Dealer incented to do safety awareness card. Do it from time to time (Jannuzzo (1) 50-52)
14 **Monitoring.** Customer safety awareness card packaged with each sale and asks if dealer explained safety. Forms, however stay with dealers (Jannuzzo (1) 51)
15 **Free pistol giveaway to dealers.** FFL check, and copy of FFL provided (Jannuzzo (1) 52-3)
16 **Stocking gun dealers.** 1500 that are signed up to a special program. (Jannuzzo (1) 54)
17 **27 field salespeople.** Visit dealers.. (Jannuzzo (1) 54)
18 **Dealer list.** No comprehensive list of who sells our firearms. (Jannuzzo (1) 54)
19 **Stocking gun dealers.** Maintain files. Not clear program has increased sales. Some complain that it takes to long to get package. (Jannuzzo (1) 59-60)
20 **Distributor growth.** No new distributors (Jannuzzo (1) 60)
21 **Dealers desired for distributors to sell to.** Stocking dealers with storefronts (Jannuzzo (1) 66)
22 **Distributor list.** Yes and files in credit deaprtment. (Jannuzzo (1) 66)
23 **Distributor contact.** Telephone. (Jannuzzo (1) 67)
24 **Dealer list that distributors sell to.** No (Jannuzzo (1) 67)
25 **Dealer agreements.** Not until Glock stocking dealer program (Jannuzzo (1) 68)
26 **List of field sales people.** Yes (Jannuzzo (1) 73)
27 **Sales reps e.g., outside agents or contractors in sales.** No, except prior to 1993) (Jannuzzo (1) 73)
28 **Distributor markets.** Law enforcement and commercial dealers. Each monitors the other to discern if selling in their markets and field sales also (Jannuzzo (1) 78-79
29 **Distributors.** 50 with a portion s law enforcement distributors (Jannuzzo (1) 79)
30 **Armour class.** 35 students, four day program and they have list of those who completed training (Jannuzzo (1) 95)

31 **Distributor minimum order.** No can order one gun (Jannuzzo (1) 107)

32 **Dealer min order from distributor.** Don't know. (Jannuzzo (1) 107)

33 **Training to distributors and dealers.** Basic safety and maintenance course. Firearm safety and handling, internal workings of product.. computer animation. Video for stocking gun dealers (Jannuzzo (1) 108-9)

34 **Video for stocking gun dealers.** 35,000 cost (Jannuzzo (1) 110-113)

35 **Stocking dealers prohibited from attendance at gun shows.** Prohibited by contract from doing that and we received no reports that they are (Jannuzzo (1) 117-8)

36 **Nonstocking dealers and attendance at gun shows.** I don't know who they are (Jannuzzo (1) 118)

37 **Leeching of law enforcement firearms to consumer market.** We are concerned and its unfair to our dealers and distributors (Jannuzzo (1) 119)

38 **Sales to indicted or under prosecution distributor or dealer.** Yes. Have had a dealer in chicago under indictment. If going to trial would still sell. (Jannuzzo (1) 123-5)

39 **ACCESS 2000.** Why participate.. a good tool for law enforcement. Prior to this we had to comb the books.. now computer (Jannuzzo (1) 126)

40 **ACCESS 2000.** Prior used to go through books, but now information is being put into computer for tracing purposes. Get hardcopy request for trace from ATF (Jannuzzo (1) 128-9).

41 **Analysis of ATF traces.** No. No reason because not all trace requests represent crimes. Example of donated guns resulting in trace and police officer. Have analyzed for Hamilton case (Jannuzzo (1) 1331-3)

42 **Analysis of traces to determine if certain dealer involved in a large number of traces.** No. We couldn't have, we never analyzed anything. That is ATF's job. Bad idea .. we only get serial number (Jannuzzo (1) 134)

43 **Trace requests per year.** I don't know (Jannuzzo (1) 134)

44 **Analysis of traces to determine if certain distributor involved in a large number of traces.** No. ATF role. Bad idea (Jannuzzo (1) 134)

45 **Trace requests have increased.** Comprehensive tracing lead to more trace requests. Up sever hundred percent (Jannuzzo (1) 135)

46 **ATF position on analysis by mfgs in tracing.** Stay out of way... statement and in published literature? (Jannuzzo (1) 136)

47 **ATF publications.** Read yes. (Jannuzzo (1) 137-8)

48 **Knowledge of models with ATF high trace requests.** Yes (Jannuzzo (1) 139-40)

49 **Time to crime. Does not know if ATF views this as indicator of illegal trafficking.** My have seen reports by ATF of guns with shortest time to crime (Jannuzzo (1) 140)

50 **Consideration of restrictions on resale or the sale.** No. We admonish not to sell if it doesn't feel right but we cannot put a brinks guard... (Jannuzzo (1) 144)

51 **Any restrictions beyond agreements to distributors and stocking dealers.** I can't think of any (Jannuzzo (1) 144-45)

52 **Inventory of guns.** Conduct cycle counts... every month (Jannuzzo (1)

147-8)

53 **Background checks of employees.** Yes at Glock (Jannuzzo (1) 151)

54 **Terms to stocking or other dealer.** Not negotiable. (Jannuzzo (1) 157)

55 **Straw purchase.** I know they exist. (Jannuzzo (1) 162)

56 **Strawpurchase.** A straw man is a front (Jannuzzo (1) 162)

57 **Corrupt dealers.** Sold by a dealer who knowingly engaged in a strawpurchase... define (Jannuzzo (1) 162)

58 **Multiple sales.** I know they occur. There legal. Theres a form.. (Jannuzzo (1) 163)

59 **Trace guns sold a gun show.** No belief .. I don't know how we would know (Jannuzzo (1) 165)

60 **Trafficked.** I don't know. State to state. I've seen the concept... ATF... they're the experts. (Jannuzzo (1) 167)

61 **Unlicensed dealers and sales of trace guns.** I don't have a belief (Jannuzzo (1) 167)

62 **Dealer sales off the books.** I don't know.. If we did we would report it. No research on this (Jannuzzo (1) 168)

63 **Knowledge of Glock guns used in crime.** Lists three individuals but no follow up to find out... I have no morbid fascination to find out ... found out by news.... no longer collect press clippings (Jannuzzo (1) 169-171)

64 Knowledge of how criminals obtain guns. I don't know for a fact.. theft, barte and trafficking, strawman basd on ATF discussions and anecdotal (Jannuzzo (1) 176-181)

65 **Monitoring of dealers for diversion type sales.** No. Impossible unless we put in a person (Jannuzzo (1) 182)

66 **Field sales inquiry on diverstion type sales.** No, but they watch sales practices in the store .. observation (Jannuzzo (1) 182)

67 **Monitoring of traces involving dealers or distributors.** No because trace gun may not mean a crime... even though crime gun (Jannuzzo (1) 183)

68 **Shipments of guns and tracking.** UPS, US mail.. certified to reduce lost guns. (Jannuzzo (1) 188)

69 **Interest in dealer who had 10, 50 or 1000 traces.** Curiosity... no... nothing we could do with it ... if inordinate amount e.g., 1000.. it would be ATF responsibility (Jannuzzo (1) 225)

70 **Interest in dealer who had 3, 50 multiple sales or 10 multiple sales in 1 day.** No it is not information that we can do anything with. (Jannuzzo (1) 227)

71 **Information on multiple sales. Never attempted to get information.** I know the job is being taken care of... paperwork and those charged with responsibility are capable of doing it (Jannuzzo (1) 228)

72 **Interest in dealer who had a time to crime of two months.** It doesn't tell you anything (Jannuzzo (1) 228)

73 **Interest in dealer who had repeated theft problems.** Interesting yes. Has received information one instance, but did not take action. ... I can't imagine what we would do. This was a stocking dealer. (Jannuzzo (1) 228-230)

74 **NSSF member. Not a member of SAAMI... only American**

companies. Heritage Fund. (Jannuzzo (1) 241)

75 **Support of Don't Lie for Other Guy.** Purpose to increase awareness of those at the end of the distribution chain to not be duped. BATF program in participation with NSSF..Glock provides ATF portions of ATF document in its Stocking Dealer Guide.. supplied lists of dealer, letter urging dealers to go, salespeople talk it up in feold and we encourage them to do this (Jannuzzo (1) 242-3)

76 **Glock Stocking dealer video.** No mention of straw purchases (Jannuzzo (1) 244)

77 **Ideas to help dealers avoid illegal sales.** No (Jannuzzo (1) 244)

78 **Possession of guns by minors and juveniles.** No (Jannuzzo (1) 247)

79 **Multiple sales as a problem.** No. (Jannuzzo (1) 247)

80 **Multiple sales ending in crime.** No specific knowledge. Aware of reports and studies (Jannuzzo (1) 248-9)

81 **Stocking dealers.** Must have storefront (Jannuzzo (1) 255)

82 **Nonstorefront dealers and prevention of Glock sales.** We have it in our contract... action to prevent its guns from being sold by nonstorefront dealers. No complaints about sales and no complaints by stocking dealers. (Jannuzzo (1) 255)

83 **Nonstorefront v. storefront.** Prior controversy between storefront and nonstorefront dealers.. not a large issue now given 67,000 FFL's .... was a competitive advantage in costs (Jannuzzo (1) 356)

84 **Criteria.** Have to have established place of business, draw your secuity system and where you keep firearms (Jannuzzo (1) 256)

85 **Nonstorefront problems of no background check.** Not aware of (Jannuzzo (1) 257)

86 **Awareness of problems with nonstorefront dealers.** Mya have read (Jannuzzo (1) 258)

87 **Discussions with trade associations on nonstorefront dealer problems.** No (Jannuzzo (1) 258)

88 **Gun show sales and problems.** No as long as background check... if a dealer who is obligated (Jannuzzo (1) 259)

89 **Gun show dealers and background checks.** We obligate ones we have contracts with and then leave rest to ATF (Jannuzzo (1) 260)

90 **Gun shows and expressed problems by dealers.** No (Jannuzzo (1) 260)

91 **Aware of Locket [retailer] article admonishing dealers.** Yes (Jannuzzo (1) 262)

92 **SW agreement.** No discussions with trade or dealers, but with consumers and internally (Jannuzzo (1) 263-6)

93 **Could G sell to only authorized dealers/code of conduct.** Not impossible. Potentially possible... right code and right amount of time. Yes. (Jannuzzo (1) 266)

94 **Could G terminate dealer who had disproportionate amount of crime guns.** Can't make a generalizaiton... needs to be more subjective ... but not impossible (Jannuzzo (1) 267)

95 **Could G require authorized dealers not sell guns to those who have not taken safety course.** Law in CA and therefore possible (Jannuzzo (1) 268)

96 **Could G require authorized dealers to implement security to prevent theft.** If blanket no, if subjective and had personnel, it does

seem possible (Jannuzzo (1) 268)

97 **Could G require authorized dealers not to allow access by children under 18 to stores or sections/ or if not accompanied by adult.** I don't know how we could do that. Impossible under three tier. Can't impose our will on independent businessman (Jannuzzo (1) 269-270)

98 **Does G require separation of pistols and ammunition.** No not part of contract. (Jannuzzo (1) 270)

99 **Could G require authorized dealers to keep pistols locked separate from ammunition.** Don't know how to enforce and would take time (Jannuzzo (1) 271)

100 **Could G take ATF trace data in its possession and determine models traced.** Simple. Yes... but would not tell us anything. (Jannuzzo (1) 272)

101 **Could G take ATF trace data in its possession and determine distributors involved in trace.** Simple mechanical process. (Jannuzzo (1) 272)

102 **Records kept by G.** Acquisition and disposition records for 20 years. 7 years for IRS. FFL for long as they are valid 3 years. (Jannuzzo (1) 273)

103 **Does G monitor FFL to see if valid.** Yes (Jannuzzo (1) 273)

104 **Glock Annual.** A marketing tool to get information out about Glock products, safety for firearms and product brochure. Given out at shows and send 50 to each stocking dealer and our field sales force has hundreds.. (Jannuzzo (1) 283-4)

105 **Markets.** Commercial including sports shooters, hunters and defense. Law enforcment including by department, specialized units, swat teams, FBI, DEA, Csotmes, Capitol Police (Jannuzzo (1) 36)

106 **Out of house field sales .** 27 individuals with 24 for law and 3 for commercial but all are charged with visiting dealers in their areas ... west, mid and east (Jannuzzo (1) 37-38)

107 No independent reps (Jannuzzo (1) 38-38)

108 Sales 50/50 to 70/30 law enforcement/commercial (Jannuzzo (1) 39)

109 **Warranty cards.** 200,000 cards but behind in entering (Jannuzzo (1) 42-43)

110 **Glock stocking dealer program.** 97 or 98 started.. storefront. Purpose to get immediate feedback from that last part of the chaind ... the last 18 inches across the counter..consumer knows they are qualified.. full line stocked.

111 **Requirements for Stocking dealer program.** Storeforont, FFL, tax licns, not violating zoning laws, picture of store, visit before we sign them up. (Jannuzzo (1) 56)

112 **Stocking dealer program package.** Banner, pencils, safety information, Glock Annuals, videotape on basic firearm safety and products and history of company... booklete on Don't Lie for the Other Guy .... NOTE: can sell prior to receiving package with video etc. (Jannuzzo (1) 60)

113 Distributor recommendation of dealer required to become stocking dealer (Jannuzzo (1) 61)

114 **Distributor requirements.** FFL, tax license, financial information... no new ones for 6 to 10 years (Jannuzzo (1) 61-62)

115 **Distributor contracts.** Responsibilities and expectations. (Jannuzzo

(1) 65)

116 Range program. (Jannuzzo (1) 69)

117 **Distributor sanctions.** Only one that comes to mind is violation of POR.. No cut rate prices and advertisements in general periodicals... price on request. Monitored through 3 periodicals.. people in company generally read them .... Shotgun News (Jannuzzo (1) 70-72)

118 **Prior to 1993, used independent rep groups.** Seven or eight groups (Jannuzzo (1) 75)

119 **Rules of conduct.** [not clear what for but appears to be law enforcement agreements] Field reps checking up but do not report (Jannuzzo (1) 83-4)

120 **Monitor compliance by distributor [law enforcement agreement].** Sales manager checks up (Jannuzzo (1) 89)

121 **Dealer program agreement [stocking dealer].** Monitor for security system on premises to defer theft. We have picture of every store... we visit if uncertain. Subjective call. Picture provides comparative.. if they claim they have a 20,000 security system but it looks like a 500 dollar store we check it out either by telephone or visit (Jannuzzo (1) 97-99)

122 **Other provisions.** Visit store. (Jannuzzo (1) 100-101)

123 **Distribtutor not vouching for stocking dealer applicant.** Some not approved... not a storefront. (Jannuzzo (1) 101)

124 **Stocking dealers and gun shows.** Permitted to sell anywhere background checks are conducted... with NICS check they can. (Jannuzzo (1) 101-2)

125 **Complaints on requirement that stocking gun dealers only sell where background checks occur.** None (Jannuzzo (1) 102)

126 **Cooperation of stocking gun dealers.** We pick them. They are cooperative. We have told them what are conditions are, we have picture, we visit, they're recommended by a reputable distributor. (Jannuzzo (1) 104)

127 **Costs of stocking dealer program.** No idea (Jannuzzo (1) 114-115)

128 **G discouragement of high volume sales by stocking dealers.** No. Booklet that goes to this and discusses scenarios.... this discourages. Also a matter of contract (Jannuzzo (1) 121-22)

129 **Glock stocking dealer program handbook.** Section on scenarios not in since inception. Once ATF had provided they included (Jannuzzo (1) 122)

130 **Financial terms to distributors.** 30 day net, 15 days at 4 percent. Not negotiable . Not determined by volume (Jannuzzo (1) 152... 155). Some variance and prepay (Jannuzzo (1) 159-160)

131 No rebates or other promotional offers (Jannuzzo (1) 156)

132 **Multiple sales as law enforcement tool.** ATF told us..(Jannuzzo (1) 164)

133 **Dealer guides [stocking dealer] versions.** Latter includes scenario on strawpurchase (Jannuzzo (1) 179)

134 **Glock discussion of ways to prevent criminal access to guns.** Yes internally. Security and theft in transit. ... don't have guns in address described. Double staple boxes... wrapper to orange so could be spotted (Jannuzzo (1) 186)

135 **Hiring of outside consultant to assess if it could do more to prevent criminal access to guns.** Not at dealer level . Good handle on in-house

security given personnel. (Jannuzzo (1) 192)

136 **Ellet brothers distributor.** 10 years at least relationship. 4-6000 guns a year. Very efficient. Pay bills on time. After out the door to their customers I do not know. (Jannuzzo (1) 194-195)

137 **Amchar distributor.** 10 years or more relationship. Unknown volume. Good cusmtoter. Law enforcement. Pay bills slowest, no complaints. (Jannuzzo (1) 196)

138 **Davidson Supply Company.** Don't know if sell to them. Highly reputable (Jannuzzo (1) 197-8)

139 **RSF Group.** 10 years of more relationship. 17 to 19 thousand guns per year. Excellent corporation. Know personally. (Jannuzzo (1) 199-200)

140 **Camfour. Relationshp since mid 90's. 3-4000 guns a year.** Professional organization, computer literate, dedicated dealer base,... put out circular with their dealers. Delivered electronically through dealer PIN. Made it easier for dealers to shop. Computer ordering and ability of delaer...(Jannuzzo (1) 201-3)

141 **AccuSport Corporation.** Since at least 1991. Personal relationship with people. 20 to 22 thousand guns per year. Highly professional. MBA controller. Sophisticated order picking system.. electronically (Jannuzzo (1) 204-5)

142 **DL Fleurys.** No relationshp (Jannuzzo (1) 206)

143 **Kevin Incorporated.** No relationship (Jannuzzo (3) 206)

144 **Holidom.** No relationship (Jannuzzo (1) 206)

145 **Lipsey's.** At least eight years probably 10 or 11. . Amount fallen off over years. Very professional (Jannuzzo (1) 206-7)

146 **Interstate Firearms Company.** Before 1991 relationship. Volume varies from year to year. (Jannuzzo (1) 208-9)

147 **Chattanooga Shooters.** Sold in the past. (Jannuzzo (1) 209-210)

148 **List of distributors it does business with.** Yes (Jannuzzo (1) 210)

149 **Bangers Enterprise.** 10 years or more. Volume less than any others weve spoken about. Personal relationship . Conscientious and good with knowledge (Jannuzzo (1) 211-213)

150 **Change of stocking gun dealer program.** PIN number for tracking orders better. (Jannuzzo (1) 245)

151 **Stocking gun dealer guide scenarios on straw purchase.** Scenarios... "do you make the sale" question asked if transaction was with friend and NIC not made. ... not even a straw purchase. .. would discourage from sale ... yes (Jannuzzo (1) 253-4)

152 **Monitoring of straw purchase involving dealer selling to friend without NIC.** Only if salespeople happened to be in the store at the time... don't know how could (Jannuzzo (1) 253)

Volume III

153 **ASSC [Amercian Shooting Sports Council].** Member and secretary. Paid dues. Classes of membership. Some distributor members. Retailer members. Buying consortiums. Board members had same voting rights. Glock not a member of the board. (Jannuzzo (3) 546-564)

154 No sales through buying consortiums. (Jannuzzo (3) 560)

155 **National accounts.** Yes. Sell directly (Jannuzzo (3) 560-561)

156 **ASSC staff.** 4 members. (Jannuzzo (3) 564)

157 **ASSC accomplishments.** Formal lobbying. Forged closer relationship with ATF. . Forged relationship with media. Represent industry.

Educate public on safety.. project home safe being conducted by ASSC was an extension of their program. (Jannuzzo (3) 567-571)

158 **ASSC.** Acted as a cohesive force which bound the industry together to meet common industry problems. Yes. (Jannuzzo (3) 573-4)

159 **ASSC considered industry problems to be.** AG regulations in MA and other accomplishments. (Jannuzzo (3) 575)

160 **Glock disagree with ASSC.** No. Did disagree with decision to announce the Glock program in the Rose Garden with Clinton. (Jannuzzo (3) 582)

161 **NASGW.** National Association of Sporting Goods Wholesalors. (Jannuzzo (3) 586)

162 **ASSC membership.** About 250. (Jannuzzo (3) 587)

163 **ASSC affiliated organanization.** American Firearms Council. (Jannuzzo (3) 587).

164 **ASSC projects.** Precursor to Project Home Safe that involved lock giveaways. Cable locks (Jannuzzo (3) 588 -590)

165 **NSSF.** National Shooting Sports Foundation. (Jannuzzo (3) 590)

166 **Hunting and Shooting Sports Heritage Foundation.** Member (Jannuzzo (3) 590)

167 NSFF. (Jannuzzo (3) 590)

168 Sporting Arms and Manufacturers Institute. (Jannuzzo (3) 591)

169 **Differences among ASSC, NSFF, SAAMI and HSSHF.** ASSC and NSFF had duplicative efforts in all of the ASSCS activities which would kind of make the ASSC a subset fo the whole the NSFF being the whole. ASSC had a greater universe of activities. It would include promotion of competitive shooting sports. SAAMI is purely a technical organization. Heritage Fund [HSSHF] is an organization that was formed in response in a large way to the suits that had been filed against us. . NSFF programs would be in that greater universe that the things that the ASSC was doing. ASSC was more an active lobbying organization. (Jannuzzo (3) 590-593)

170 ASSC meetings started in 95 or 96. (Jannuzzo (3) 593)

171 **ASSC communication to members.** Phone number available to everyone. Newsletter. FAX info. Conveyed information (Jannuzzo (3) 602-603)

172 **ASSC expressed need for industry endorsed safety message.** Yes. Pamphlets (Jannuzzo (3) 604-5)

173 **ASSC published firearm safety pamphlet.** Hundreds of thousands (Jannuzzo (3) 606)

174 **Consumers reading safety manual.** Some do not (Jannuzzo (3) 608 - 611)

175 **Knowledge of safety rules are important.** Yes (Jannuzzo (3) 611)

176 **Important to convey safety information.** To promote safe use (Jannuzzo (3) 612)

177 **ASSC video for training dealers sales personnel.** No recall. (Jannuzzo (3) 623-5)

178 **Don't lie for other guy and Glocks promotion of it.** Part of our stocking dealer program package. Dealers are urged to call ATF for information. Urged some to attend. We help pay for it through dues to NSFF. (Jannuzzo (3) 625)

179 Glock does not mandate that dealers attend Don't Lie training session.

(Jannuzzo (3) 626)

180 **Concern for disregard of Don't Lie message by dealers.** Unwise and foolish. We are concerned (Jannuzzo (3) 626-8)

181 **Glock knowledge of stocking dealers who attend Don't Lie seminars.** No. (Jannuzzo (3) 628)

182 **Concern if dealers received sufficient training on strawpurchase.** Not take a terrible amount of time to convey to employees. Not complicated. (Jannuzzo (3) 630-1)

183 **Strawpurchase awareness.** As long as I have memory. . Within a couple years of my tenue at Glock. (Jannuzzo (3) 632-33)

184 **Theft.** Commonly accepted belief was that thefts were a major problem up until 1995 (Jannuzzo (3) 633)

185 Strawpurchase problem started appearing in ATF circulars in late 1980's. (Jannuzzo (3) 638)

186 **ATF asking for assistance of industry to combat strawpurchase.** 1999 or 2000 (Jannuzzo (3) 639)

187 **Reading of ATF material.** Yes through website (Jannuzzo (3) 640)

188 Acknowledgement of knowledge that small number of dealers account for high number of traces. (Jannuzzo (3) 642)

189 **Efforts to identify bad dealers.** No. I don't know how we would get that information. (Jannuzzo (3) 642-3)

190 **Could industry use gun traces in same way as ATF.** We are lacking in information base and I think it is dangerously reckless for citizens to get involved. The only information we have is who we sold to which is our distributors. (Jannuzzo (3) 643-644)

191 **Could Glock know the circumstances under which it sold a trace gun.** Glock knows serial number, model, distributor, and date. No further information. (Jannuzzo (3) 646-7)

192 **Could Glock require distribution network to send trace request information to Glock.** It is physically possible. Certainly they could. Should not though..doesn't mean a crime has been committed. Could jeopardize lives. (Jannuzzo (3) 648-9)

193 **Source of trace requests.** 97-98 percent from local law. (Jannuzzo (3) 649)

194 **ATF resource sufficiency.** Believes they have sufficient to police those licenses that they should be focusing on. . Bad apples 1-1.2 percent of FFL (Jannuzzo (3) 650-1)

195 **Attempt by Glock to learn of bad apple FFL's.** No. Knowing that traces were made is useless. Its impossible to draw any kind of conclusion. Need to know number of traces to number sold (Jannuzzo (3) 655)

196 **Significance of high number of trace requests.** Good lead. Not conclusive. Does not indicate there was a crime (Jannuzzo (3) 656)

197 **SAAMI attempt to draft code of ethics for dealers in 1990s.** Not aware. (Jannuzzo (3) 689)

198 **ASSC consideration of code of ethics.** I don't believe so (Jannuzzo (3) 690)

199 **Range of prices for Glock.** High 400 to 600 dollars (Jannuzzo (3) 708)

200 **Stocking dealer program.** Mandatory requirements. Submitting order and signing up. Supply of inventory. No dealer direct, must place through distributor. Right to terminate them. Best efforts to market

products. ... its basically giving the party writing the contract a hammier..a right to terminate them upon their own unilateral decision. Violation of logo provisino leads to termination. This used in 2000 (Jannuzzo (3) 719-723)

201 **New terms in stocking dealer program 2000.** Stocking dealer defined as dealer who operates a storefront that is open to the public and maintains regular business hours. Must be inventoried continuously. Requirement of business profile of financial where with all such as gross sales, how many guns sold and could ask for. (Jannuzzo (3) 723-30)

202 **Awareness of storefront dealers.** Not number. (Jannuzzo (3) 726)

203 **Rule of conduct for stocking dealers.** Entirely possible (Jannuzzo (3) 730)

204 **Terms in stocking dealer program 2001 that go beyond law.** Best practices. Stocking. Some not required.

205 **Changes to stocking dealer program for 2002.** 99% sure none (Jannuzzo (3) 738)

206 All current stocking dealers have signed 2002. (Jannuzzo (3) 739)

207 **Significant changes between 2000 and 2001.** Yes.

208 **Signing of agreements.** Yes (Jannuzzo (3) 741)

209 **Refusals to sign new 2001 agreement.** Every year some refuse to sign. About same number of dealers over last 3 years. First year 800 and then jumped to 1000. That then the next jump was to 1500 and now 1800.

210 **Any dealers indicate they were dissatisfied or unwilling to sign 2001 changed agreement because of terms.** Not that I am aware of. (Jannuzzo (3) 743)

211 **Any problems getting dealers to sign 2001 changed agreement.** Not given numbers have increased (Jannuzzo (3) 743-4)

212 **2001 agreement implementation.** Pretty simple stuff. (Jannuzzo (3) 744-5)

213 **2001 agreement training requirement and if on strawpurchase** Package contains information.

214 **Verification on requirements met for 2001 agreement.** We can't know for sure if they have completed training. When they sign up next year they must certify that they have trained. Basically comes to I'd rather have it in the contract and have a hammer than completely ignore it (Jannuzzo (3) 747)

215 **2001 agreement.** Prohibition on stocking dealers selling at gun shows. Yes (Jannuzzo (3) 747-8)

216 **2001 agreement.** Maintain a security system. Needs to be a "sufficient" system. Up to Glock to decide. (Jannuzzo (3) 750-1)

217 **2001 agreement provisions on "best practices" 1 through 15 leading to safer dealership than those who do not implement.** I think a dealer who signs this and implements all those provisions has less of a chance of either having their premises broken into, having a customer leave an accidental discharge. And less chance of an employee involved in a theft. . (Jannuzzo (3) 752)

218 **Distributor contracts with dealers.** Not to his knowledge (Jannuzzo (3) 753)

219 **Ability of distributors to enter contracts with dealers.** Yes but some practical issues given dealers like to shop around. I can think of

instances where distributors and dealers do both sing an agreement.. stocking dealer program (Jannuzzo (3) 755)

220 **Can dealers sign up with multiple stocking dealer programs of different mfgs.** Not a problem for Glock. (Jannuzzo (3) 756)

221 **Can dealers sign agreements with multiple distributors.** Ruger at one point had a restrictive policy on this. (Jannuzzo (3) 756)

222 **SW agreement and Glock signing. Deal breakers.** Monitoring committee. Juvenille not in the store. (Jannuzzo (3) 763)

223 **Authorized dealers and glock willingness to implement.** Depend on circumstances. (Jannuzzo (3) 776)

224 **New dealer agreement.** Thinking affected by SW agreement. Yes (Jannuzzo (3) 777)

225 **ACCESS 2000 and attempt to look at what guns being traced.** No (Jannuzzo (3) 778)

226 **Ability of criminals to obtain Glock pistols.** Relatively difficult (Jannuzzo (3) 780)

227 **Difficulty of juveniles to obtain Glock pistols.** More difficult (Jannuzzo (3) 781)

228 **Discipline of dealers since feb 2002.** No. (Jannuzzo (3) 782)

229 **Gun trafficking as a serious problem.** Any crime is serious (Jannuzzo (3) 783)

230 **Efforts to investigate glock dealers in order to prevent gun trafficking.** We take notes on part of salespersons and notify purchasers of 4473 form. We pay for don't lie for the other guy. Remind them (Jannuzzo (3) 785)

231 **Internet sales.** No (Jannuzzo (3) 785)

232 **Believes law enforcement is doing everything it should be.** Yes (Jannuzzo (3) 787)

233 **Should FFL's withold sales until background check is done.** Yes (Jannuzzo (3) 791-2)

234 **Consideration of making a contract term - withhold sales until backgroun check is done.** No (Jannuzzo (3) 792)

235 **Glock Sprots Shooting Foundation.** Primarily a marketing tools (Jannuzzo (3) 820)

236 **Belief that glock should make best effort in regard to safety.** Close personal contact with distribution partners. Personal contact, cooperating with law (Jannuzzo (3) 831-2)

237 **Can law enforcement by itself ensure the safe and legal sale of pistols.** With the necessary resources. Yes (Jannuzzo (3) 833)

viii. **H&R 1871**

(1) **James Garrison, H&R 1871, President and CEO**

1 **Sales mainly to wholesaler**. 95-98% (Garrison 34-35)

2 **Direct sales**. Less than 10% to Sports Inc. and National Buying Syndicate (Garrison 35)

3 **National Buying Syndicate**. 20 plus sporting goods stores that are independently owned coop. Financial services. Coop is selective. (Garrison 36-7)

4 **Distributors**. 1991-95 approximately 50 dealt with. (Garrison 37)

5 **Distributors numbers reduced**. Dropped after some consolidation. Wanted to be sure that I was selling to legitimate wholesalers and not just a dealer that was calling himself a wholesaler. Financial stability

and cleanliness of sale (Garrison 37-8)

6 **Distributor visits.** At least once a year and I meet them at the NASGW show. I go to their facility. They come to mine (Garrison 38-9)

7 **Sales rep groups.** Paid on commission basis. Five groups. Approximately 55 reps. (Garrison 40-1)

8 **Sales rep interaction.** Meet at the NASGW show. I meet wiht them individual at other shows and when visiting distributors. They go with me. (Garrison 41)

9 **Sales rep sales.** To buyers who are wholesalers/distributors. (Garrison 41-2)

10 **Sales rep visits to dealers.** Yes. Not on my behalf. (Garrison 42)

11 **Sales rep surveys of dealers.** Never asked (Garrison 42)

12 **Sales rep reports of sales to dealers.** No (Garrison 42)

13 **Gold star dealer program.** Information program for new products. They send FFL and we send them package of materials. Catalogs. Press releases. Mailing list. Started in 1995. We were looking for vehicle to get information about our products quicker to the world. FFL's get free and others pay $2.00 (Garrison 42-4)

14 **Manufacturer based on sales not forecasts.** Manufacturer parts and then assemble as needed. Assemble 100 day max (Garrison 48-51)

15 **Awareness of black market.** No (Garrison 54)

16 **Reading of reports on illegal sales.** Yes I have read many stories (Garrison 55-6)

17 **Reading on strawpurchases.** Yes (Garrison 56)

18 **Reading on illegal sales by dealers** (Garrison 56)

19 **Prevention of illegal sales.** We deal with members of NASGW. We believe these are legitimate businesses. They have finanicial strength. My own personal observations. (Garrison 57-8)

20 **Distributors restricting who the sell to of FFLs.** Not to my knowledge (Garrison 58)

21 **Distributors restricting to stocking dealers.** One distributor recalled (Garrison 58-9)

22 **Distributors restricting to stocking dealers as important.** No. Their choice. (Garrison 59)

23 **Distributors purchasing ATF lists of FFL's .** No idea (Garrison 59)

24 **Distributors sending catalogs to nonFFLs.** No idea (Garrison 59)

25 **Review of bound books of distributors.** No (Garrison 59)

26 **Instructions of sales rep to review bound books of distributors.** No (Garrison 60)

27 **Knowledge of illegal sales in US.** No (Garrison 60)

28 **ATF.** Online with them to provide information on trace requests. 1996 started. (Garrison 60-1)

29 **Trace requests.** Fax us a request with serial number. Write in requested information and then send it back. Multiple people did it. (Garrison 61-62)

30 **Consideration of retaining trace requests.** No (Garrison 62)

31 **Trace requests numbers.** Minute and infrequent. . From 1991 to 95 received five to ten per year. (Garrison 62-3)

32 **Market.** Only knowledge from people coming to us at shows. Writers writing on the use of our products by some people. (Garrison 64-65)

33 **Distributor terms of sales**. Financial terms. No price reductions. No spiffs. Everybody pays the same. (Garrison 68-72)

34 **SPIFF incentive**. My definition of spiff is a sales rep goes in and will offer a prize type of program to the salespeople from that distributor who sells the product. Typically on a new product. Savings bond of something like that (Garrison 72-73)

35 **Sales rep commission tracking**. After we collect money. (Garrison 73-4)

36 **Insurance**. Provided to distributors on product liability. Extra to insure them (Garrison 74-5)

37 **Restrictions on distributors as to type of dealers they can sell to.** FFLs. Prefer they not sell to mass merchants because we believe we have a specialty product that would be more appropriately dealt with on an individual basis and not just thrown out on display on a price basis. . Talk to them about it. No contractual thing. . Assumption only to FFL. Presumption that they are not going to do anything illegal. No other restrictions (Garrison 78-82)

38 **Market projections**. No (Garrison 82)

39 **No direct shipments**. (Garrison 84)

40 **Gold star dealer program information kept for marketing decisions**. No (Garrison 84-85)

41 **Information to dealers**. Gold star program. Shot show. (Garrison 85)

42 **SAAMI**. Member. 1995 (Garrison 87)

43 **ASSC**. Member (Garrison 87)

44 **NSSF**. Member 1991 (Garrison 87)

45 **Knowledge of illegal sales in US.** Yes (Garrison 106-197)

46 **Belief as to their responsibility to take steps to insure distribution members are acting responsibly**. No. I believe that is ATF responsibility (Garrison 107)

47 **ATF resources**. No steps taken. My assumption is they have (Garrison 108-9)

48 **Knowledge of chemical industry work**. No (Garrison 116)

49 **Stolen**. Yes. One occasion on handguns. Notified police. No idea on filing forms with insurance. (Garrison 117-9)

50 **Stolen firearms as problem. I don't' know**. There are certainly problems with stolen firearms. (Garrison 118)

ix. **Heckler & Koch**

(1) **John T. Meyer, Heckler & Koch, VP of sales [been with firm since 1988]**

1 **Employees.** 50 (Meyer 21)

2 **Sales employees.** 16 (Meyer 26)

3 **Training.** Instruct on product to mfgs. (Meyer 27)

4 **Sales department.** Customer service and orders (Meyer 28)

5 **Market sales.** Commercial 2/3 of sales. (Meyer 30)

6 **Products.** Pistols and rifles and shotguns (Meyer 33)

7 **Competitors.** SIG, colt, remington (Meyer 38-39)

8 **Dealer relationships.** Yes (Meyer 41)

9 **Commercial distribution.** Different and handled separately from military and law enforcement (Meyer 41)

10 **Direct sales to dealers.** All direct on commercial sales (Meyer 42)

11 **Dealers.** 230 qualified dealers. 600 last year. In process of qualifying dealers. Fluctuates between 600 and 1000 dealers (Meyer 43)

12 **Dealer reduction.** To 600 to achieve good quality (Meyer 43)
13 **Distributors.** One RSR. Since 1998. Chosen on performance. Responsible for 10% of sales (Meyer 44-45)
14 **Distributors in the past.** Acusport in 1995 (Meyer 45)
15 **Why distributors.** Get our product to other markets geographically (Meyer 46-7)
16 **Distributors and dealers issues.** Not thrilled when added distributor because qualified dealers had market and other dealers had to buy from them. Now could get from distributors also (Meyer 48)
17 **Dealer direct versus distributor.** Service and elite status favors direct. Difficulty in servicing favors distributor. (Meyer 50)
18 **How many dealers.** Know qualified but not those who buy through distributor (Meyer 52)
19 **Reports of dealer sales.** Yes by state and used for sale rep commissions. (Meyer 52)
20 **Considered asking for dealers who buy from distributor.** No (Meyer 52)
21 **Inside sales and reps.** Both. (Meyer 55)
22 **Independent reps.** 40 organized by geography (Meyer 55)

23 **Rep groups.** Citadel Sales, Outdoor Sports Marketing, Sports Marketing south, Jack Harding and Associates, Mainstream. (Meyer 56)
24 **2001 indep sales rep agreement.** Must visit authorized dealer once each 6 months. Find out what's going on. Any issues. Delivery problems. Market feedback. Need for product. (Meyer 63)
25 **Reps have call reports.** Documentation of review of store, up and running, financial issues, meeting requirements. Customer service issues (Meyer 63)
26 **2001 indep sales rep agreement.** Best efforts to ensure that dealer is legitimate storefront dealer. Quality reason. Present the product. No sale out of car trunk.
27 **Ordering.** Can go through rep or call in directly to internal sales people (Meyer 67)
28 **2001 indp sales rep agreements.** Reps attending meetings up to four a year. Telephone or shot show or other. Go over issues, what's selling, what's not, problems. (Meyer 68)
29 **2001 indep sales rep agreement.** Termination upon felony. Never occurred to his knowledge (Meyer 68)
30 **Policy on indictment**. No. We would address it immediately . (Meyer 69-70)
31 **In-house sales compensation.** No commission but may have a special program (Meyer 71)
32 **Authorized dealers.** 700 apply. 600 currently and most are carry-overs. Some do not take application from (Meyer 72)
33 **New authorized dealers.** Sales rep get commissions for identifying (Meyer 73)
34 **New authorized dealers.** Reps check out. Credit check. FFL. If rep checks out put them on. Others also look intol (Meyer 76-77)
35 **Dealer information checklist.** Brand new dealer (Meyer 81)
36 **Authorized dealer qualification and information checklist.**

Photographs included to insure legitimate dealer. . References required. Credit references. (Meyer 86-88)

37 **Modification of dealer agreements.** Yes. Not very often (Meyer 94)

38 **Requirement of retail establishment for dealer agreement.** We want him to display our product (Meyer 95)

39 **Retail establishment requirement and safety.** No. Commercial reason (Meyer 97)

40 **Restrictions on dealer sales to other dealers unless on approved list.** Insures that product is properly promoted at that retail buyer. (Meyer 98)

41 Prohibition of authorized dealers selling at gun shows. (Meyer 99)

42 **Dealers asking if they can sell at gun shows.** No (Meyer 13)

43 **Complaints on prohibition of dealers selling at gun shows.** No (Meyer 103)

44 **Attempt to determine extent sold at gun shows.** No. Our reps would inform us. (Meyer 104)

45 **Complaints on sales at gun shows.** No (Meyer 104)

46 **Dealer contracts.** Best practices. Strawpurchase. What do they do to ensure compliance. Reps visit twice a year. . (Meyer 108-9)

47 **Dealer contracts.** Allowance of company reps to look over records. Yes. Will review. How much product sold, what's moving. (Meyer 110)

48 **Dealer contracts.** Safety features and techniques. Explain how product used. (Meyer 111)

49 **Compliance on terms.** Sales reps visit (Meyer 111)

50 **Rep training of dealer.** Show product. Safety instructions. (Meyer 112)

51 **Dealers not to sell to unauthorized dealers.** Competition with mfg. (Meyer 113)

52 **Dealers not to sell to unauthorized dealer.** Reps will report. They will go in and find out where it came from by getting serial number and calling back to HK and ask who sold it [note this is process that would also allow identification of traces]. Has been done. Termination for violation after warning (Meyer 114)

53 **Sales to authorized dealers.. we realized we were taking serious business risk by eliminating a major source of sales through basement bandits.** No safety consideration on this decision. (Meyer 119-121)

54 Authorized dealers since 1988. (Meyer 119)

55 **Agreements with distributors.** No (Meyer 123)

56 **Why limit dealers to not sell to unauthorized dealers but allow distributors to do so.** Distributor gets to another market that is not a stocking dealer (Meyer 125-6)

57 **Can RSR distributor sell to nonstorefront.** Yes. (Meyer 126)

58 **Concerns for RSR distributor selling to nonstorefront dealers.** No (Meyer 126)

59 **Can RSR sell to dealers who then sell at gun shows.** No specific requirements (Meyer 126)

60 **Why allow RSR to sell to dealers who are not authorized, but those you sell direct to are authorized.** Never scene it as an issue. Customer access. (Meyer 127)

61 **Dealers supplied by RSR have higher prices.** Yes. Customers

willing to pay based on location versus going to direct dealer (Meyer 128a0

62 **Ever consider asking RSR dealers to not sell at gun shows.** No (Meyer 128)

63 **HK people visiting RSR dealers sold to.** No (Meyer 128)

64 **Key dealer program.** Better credit terms and free shipping in return for selling specific quanity. (Meyer 129)

65 **Premiere dealer program.** Longer terms, free shipping, promotional materials for selling 20 total guns. (Meyer 130)(

66 **Dealer termination for violation.** Yes can at any time (Meyer 131)

67 **Sanctions.** Warnings. (Meyer 131)

68 **Terminations.** Before two years yes. Selling guns to other dealers. Not paying. (Meyer 132)

69 One price list, but different terms to different qualifying dealers. (Meyer yes 134)

70 **Theft and missing.** Yes (Meyer 135-138)

71 **Awareness of stolen guns at dealers.** We are aware. (Meyer 140)

72 **Multiple sales policy.** No (Meyer 141)

73 **Consideration of adding policy beyond law.** No (Meyer 141)

74 **Anything to encourage of discourage multiple sales.** No (Meyer 142)

75 **Concern for dealer who sold 10 identical pistols.** No could be training program or range (Meyer 143)

76 **Policy on selling to indicted FFL.** No (Meyer 144)

77 ACCESS 2000 yes. (Meyer 145)

78 **Trace counts.** No track of. (Meyer 147-8)

79 **Interest in traces by dealer.** Doesn't mean illegal activity. ATF would give us that activity. If ATF gave us that information it would be of interest to see if problem (Meyer 149)

80 **Trace request document retention.** Not surece. (Meyer 150)

81 **Trade association.** NSSF. SAAMI. ASSC (Meyer 255-6)

x. **Hi-Point**

(1) **Tom Deeb, High Point, ECO.**

1 **Employees.** 24-25 employees (Deeb 31)

2 **Gross sales.** 60,000 in 2000. 60,000 in 1999. 30,000 in 1998 (Deeb 37)

3 **Tracking of model and number of units produced.** Yes, Could go through A&D book (Deeb 39-40)

4 **Distributor.** One major distributor. MKS. (Deeb 46)

5 **Suggested retail price.** No. (Deeb 46)

6 **Price setting.** Whatever anyone else sells and then we go 10-15 percent below (Deeb 46)

7 **Target market.** Working people, law enforcement, hunters, people who need self-defense weapons. (Deeb 46-7)

8 **Products.** Hi-Point handguns. Nine millimeter carbine. (Deeb 47-48)

9 **Selling point.** Low price gun (Deeb 48-49)

10 **Communication with dealers.** Web pages. MKS makes catalog. Flier. (Deeb 83-84)

11 **Main distributor MKS.** Only distributor. (Deeb 84)

12 **Dealer direct sales.** Only to Mac's Guns. Ohio and Sportsman Den. (Deeb 84-85)

13 Personal relationship with both dealers. (Deeb 87-89)

14 **Dealer visits**. Go in an watch how they conduct business. I like the way they do business. (Deeb 89)
15 **Dealer discussions**. Product and what consumers want (Deeb 89-90)
16 **Dealer contracts**. No. (Deeb 92-93)
17 **Dealer terms**. Pay on delivery (Deeb 93)
18 **MKS does marketing**. (Deeb 93-94)
19 **Distributor**. MKS sole distributor since. Early 90's (Deeb 94)
20 **Marketing by MKS**. MKS provides shipping, ads, visits to distributors, trade shows, talk to dealers, promote the product (Deeb 96)
21 **MKS as distributor**. They ship to dealers and distributors (Deeb 96-97)
22 **Knowledge of distributor MKS's distributors and dealers**. Some distributors and some buying groups. (Deeb 97)
23 **MKS distributor contact**. I talk everyday and they send me stuff. FAX, phone (Deeb 98)
24 **Contact with distributors**. Send information to him. Advertising and fliers (Deeb 98)
25 **MKS distributor fliers with Hi-Point information in.** Yes. (Deeb 100)
26 **Reports on MKS distributor marketing**. No (Deeb 102)
27 **MKS distribution to dealers**. Yes. I don't know if direct or through other buying group (Deeb 103)
28 **Buying group**. Group of dealers buying at group rate. (Deeb 105-6)
29 No direct dealer sales unless in buying group (Deeb 104-5)
30 **Dealer contact**. Know some of them. We talk on a regular basis on the phone. They call for support (Deeb 105)
31 **List of retailers**. No (Deeb 106)
32 **Distributor MKS visit**. 6 times a year. (Deeb 107)
33 **Distributor MKS discussions**. How many guns. Daily business. Regular business. Back orders. (Deeb 108-9)
34 **Shipments to MKS distributor**. Yes. (Deeb 109-110)
35 **Inventory by MKS**. Yes. (Deeb 110)
36 **Demand**. Back ordered months. (Deeb 110-111)
37 **MKS advertising**. Trade magazines. American Firearms Industry, Shooting Industry, Shotgun news. (Deeb 113-114)
38 **Discussions with MKS**. Include advertising. General discussions (Deeb 116)
39 **Oversight of MKS**. Don't pay attention to him.. I don't totally ignore him. (Deeb 116-7)
40 **Ability to change MKS advertising**. I'd fire him if I found him advertising in children's magazine. . (Deeb 120)
41 **Knowledge of where MKS is advertising**. I believe I do. No I do not have a list. (Deeb 120-121)
42 **Budget to MKS or dealers to advertise**. No (Deeb 125)

xi. **Kel-Tec**

(1) **George Kellgren, Kel-Tec, President (founded it in 1991)**

1 **Sales to.** FFL distributors and dealers directly also and some employees (Kellgren 60-61)
2 **Why distributors.** They have retail contacts. More efficient in selling

to them. Easier to keep contact and control with smaller number of dealers. (Kellgren 63)

3 List of distributors (Kellgren 64-65)

4 **Investigation of distributors prior to selling.** Yes. Valid FFL. Creidty hsitory. Min order. (Kellgren 67)

5 **Investigation of dealers prior to selling .** Yes similar to distributors (Kellgren 68)

6 **Marketing of guns.** Attend trade shows. Advertise. (Kellgren 70)

7 Trade show booth and promotional materials (Kellgren 71)

8 **Tracking of guns from distributors to dealers.** No (Kellgren 81)

9 **Tracking of guns from dealers to buyers.** No (Kellgren 81)

10 **Tracking of guns from mfg to distributors.** Yes (Kellgren 82)

11 **Records.** Invoices on sales and ATF records showing particular models of gun sales (Kellgren 83)

12 **Distributors training.** Demo guns. Literature. Answer questions. (Kellgren 84)

13 **Dealer training.** Law enforcement firing and fixing problems (Kellgren 86)

14 **Distributor visits.** No (Kellgren 89)

15 **Distributor reporting back.** No ask them to (Kellgren 89)

16 **Distributor agreement.** Guidelines. (Kellgren 89)

17 **Distributuro agreement monitoring.** If we get information. Nothing proactively. (Kellgren 90)

18 **Distributor agreement requirements.** Talk with them. Listen for complaints. No visit though. (Kellgren 92)

19 **Distributor agreement monitoring.** We assume they are (Kellgren 93)

20 **Distributor agreement requirements.** Display. No. Not really displayed (Kellgren 94)

21 **Distributor agreement monitoring.** Self-evident. Min purchase order. ATF monitors. (Kellgren 95-6)

22 **Distributor order process.** Send fax with PO and then ges sent down to shipping room pack and shipped. Prior we validate that buyer has FFL. (Kellgren 96-7)

23 **Biggest distributors.** RSR, Jerry's AcuSport. (Kellgren 98)

24 **Incentives to distributors.** Yes. Progressive sales depending on amount they purchase in a year. . Certain amount of free guns at end of year. (Kellgren 100-101)

25 **Resale restrictions on price.** No (Kellgren 103-4)

26 **Require distributors to put restrictions on dealers.** No. (Kellgren 105)

27 **Knowledge of dealers that their distributors do business with.** No (Kellgren 105)

28 **Telling distributor not to do business.** No (Kellgren 105)

29 **Dealer suggested price.** Yes (Kellgren 105)

30 **Monitoring of dealer suggest price.** No (Kellgren 106)

31 **Sanctions of dealer.** Stopped selling to one dealer. No written guidelines. (Kellgren 107)

32 **Information on end users.** Yes. No compilations. Service calls and evaluations provide infomration (Kellgren 109)

33 **Track end users.** No. Impression from soruces (Kellgren 110)

34 **Main sales.** Law enforcement. And concealed license holders

(Kellgren 110)

35 **Trace requests.** Few a week. (Kellgren 112)

36 **Trace request process.** Fax. Takes to computer and looks up serial number and faxes information back to ATF immediately. (Kellgren 113)

37 **Record keeping of trace requests.** No and no on type or state or distributors (Kellgren 113)

38 **Why no record keeping.** Trace requests do not indicate criminal activity (Kellgren 114)

39 **Trace requests are kept on file.** Nothing else (Kellgren 117)

40 **Strawpurchase.** Eligible individual buys for an ineligible individual (Kellgren 118)

41 **Awareness if their guns sold in strawpurchase.** No (Kellgren 118)

42 **Attempt to find out what dealers do to prevent strawpurchase.** Discussions. No writing. We leave to ATF. (Kellgren 119)

43 **Trafficker.** Person engaged in business of buying and selling without FFL [attorney]. (Kellgren 120

44 **Knowledge of guns being sold to traffickers.** No (Kellgren 120)

45 **Discussions with distributors or direct dealers.** No (Kellgren 121)

46 **Kitchen table dealer.** None storefront FFL. (Kellgren 121)

47 **Awareness of guns being sold through or by distributors to kitchen table dealers.** No (Kellgren 121-2)

48 **Kitchen dealer conversations with distributors or dealers.** No (Kellgren 122)

49 **Gun shows and awareness of sales.** May be. (Kellgren 123)

50 **Attempt to determine extent sold at gun shows.** No (Kellgren 123)

51 **Multiple sale.** More than one gun at a time (Kellgren 123-40

52 **Awareness of multiple gun sales at dealers.** No (Kellgren 124)

53 **Attempt to determine multiple gun sales at dealers.** No. Not possible (Kellgren 124-5)

54 **Thefts.** One incident (Kellgren 125)

55 **Awareness of guns stolen from distributor.** No (Kellgren 127)

56 **Awareness of guns stolen in transit.** Two or threee time by UPS. (Kellgren 127)

57 **Thefts by employees.** No (Kellgren 127)

58 **Discussions with distributors on theft.** No. No discussions nor instructions. (Kellgren 128)

59 **Reading of ATF publications on theft.** Yes and have reviewed. (Kellgren 129)

60 **Awareness if distributors and dealers employed methods of ATF to deter theft.** No (Kellgren 129)

61 **FFL requirements.** Business of firearms, no criminal record, approved by state... criminal background check (Kellgren 130)

62 FFL fee 250 (Kellgren 1310

63 **ATF audits.** Excise tax and compliance with gun control act. Onece a year. (Kellgren 132-33)

64 **ATF oversight activities and discussions with distributors.** No (Kellgren 134)

65 **Communications with other gun manufacturers on how distribute.** No (Kellgren 134)

66 **Trade association activities.** Heritage foundation shot show. Not

activie otherwise. (Kellgren 137-8)

67 **Don't lie for other guy.** Yes aware. Cooperation of NSSF and ATF. Way to reduce strawpurchases. Assume of interest to NSSF to make shooting sport legal and safe. (Kellgren 140-1)

68 **Criminal use of firearms and information kept.** No. (Kellgren 175)

69 2001 distributor incentive program. (Kellgren 185-6)

70 **Efforts to track if guns sold to unauthorized persons.** No (Kellgren 196)

71 **Distributor agreement.** Current. Yes. This is the one (Kellgren 202-3)

xii. **North American Arms**

xiii. **Phoenix**

(1) **David Brazeau, Phoenix Arms, Raven Arms** [78-91]

1 **Employees**. Ten (Brazeau 28)

2 **Employee training**. Demonstrate. Whatever kind I need. No materials (Brazeau 44)

3 **Sales department**. Phone orders. Two people handle. (Brazeau 45)

4 **Sales to.** FFL distributors. (Brazeau 45)

5 **Distributor agreements.** Yes. Verbal agreements that they will abide by the laws. They will give me orders and I fill them. Maintain FFL. They need to respond to trace requests. (Brazeau 47)

6 **Monitoring.** Trace requests fulfillment by distributors. People come in if they don't respond. (Brazeau 47-48)

7 **Distributor criteria**. Don't solicit. They approach me. (Brazeau 48)

8 **Distributors.** 30 distributors (Brazeau 49)

9 **Distributor contact**. By person. (Brazeau 49)

10 **Deciding on distributor**. A fell of do I know the person. What kind of company they are. Where are they located. Not too many in one area. (Brazeau 50-51)

11 **Limitations on distributors**. No written rule on geography. Do limit that they abide by law. They provide license. We do EZ check. Look at application. (Brazeau 52)

12 **EZ check**. Website by ATF. FFL copies sent to one you are doing business with. Each license has unique number. Can access on website. (Brazeau 52-3)

13 **ATF website**. Information on Don't Lie. Has accessed. (Brazeau 53)

14 **Requirements of distributors**. Known for long time (Brazeau 53)

15 **Contact with distributors**. Face to face twice a year at show. . Phone call away. Can talk anytime. Two times a month to three times a year. Discussions on orders. Send some brochures. Where is my order. (Brazeau 54-55)

16 **Distributor issues**. Gun product related. They talk about product. No suggestions. (Brazeau 55-6)

17 **Termination of distributor**. Never had opportunity or need to (Brazeau 56)

18 **Distributor discussions about dealers**. They will get dealer name and call them. Handful of times. (Brazeau 56-7)

19 **Discussions with dealers**. I speak with dealers quite often. They call. They write. See at shot show (Brazeau 57)

20 **Discussions with dealers about how they are selling**. They tell me. (Brazeau 57-8)

21 **Distributor guidance**. I have no information they do not have. Were on the same page. (Brazeau 58-9)

22 **Strawpurchases and distributor discussions**. On occasion discuss at shot show and NASDW show. Don't Lie program. Newsletter about strawpurchases. (Brazeau 59)

23 **Agree with Don't Lie program**. Yes. We support it. (Brazeau 59)

24 **Don't want guns in the hands of criminals**. We have businesses and don't want to lose (Brazeau 60)

25 **Distributor reprimand**. I would cut him off if notified by law enforcement. If someone else said, I would notify ATF and ask what is up. If not following law (Brazeau 60-61)

26 **Discussions with distributors about dealers**. Shot shows and trade shows. Dealer said this or that. I've got a great dealer – things like this (Brazeau 62)

27 **Dealers.** How many. No I do not have that information. (Brazeau 62)

28 **Price suggestions to dealers**. Yes. (Brazeau 62-3)

29 **Requirement of distributors to only sell to dealers with place of business**. No. I might encourage it but not stipulation. Rural areas where they only sell a few guns and issues with having storefront make it difficult. Not privy to distributors policies (Brazeau 65-67)

30 **Theft.** I would encourage them to do something about it (Brazeau 67-8)

31 **Multiple sales**. Knowledge if distributor requires dealers to sell only one per day. (Brazeau 68)

32 **Multiple sales**. Forms and their utility for identifying criminals. If develop tool it would tell them a lot. (Brazeau 69)

33 **Sales agents with distributors**. No (Brazeau 70)

34 **Sales agents with dealers**. No (Brazeau 70)

35 **Mfg reps**. No (Brazeau 70)

36 **Others that sell their guns**. No. Just two people (Brazeau 70-71)

37 **Background checks of employees**. As reuired by law. (Brazeau 71-2)

38 **Order process for distributors**. Fax or phone. Order. Sometimes enter in computer. Try to print invoive. We mfg just in time. Invoice goes to shipper. FEC ex. Bar code label. Key for locks arrive later. (Brazeau 73-5)

39 **Theft**. Never had a gun turn up missing that he is aware of. (Brazeau 75)

40 **Materials with guns**. Brochures. What the state requires in safety warnings (Brazeau 76)

41 **Trace requests**. Logs into computer. Same generate acquistion and disposistion books. Faxes information back. (Brazeau 83-4)

42 **Trace request analysis**. Reviewed on a monthly basis to see if discernable pattern. I look a computer printout with wholesaler information. Look at date, wholesaler. Rare same wholesaler showsup. . Hired someone some time ago to alter program so I could obtain information (Brazeau 84-87)

43 **ATF**. I have asked for information regarding trace. Not told. Phone conversation. Talk at shot show. (Brazeau 89-90)

44 **Studies on trace information**. No further besides monthly review (Brazeau 90-1)

45 **Outside consultant to study traces**. No (Brazeau 94)

46 **ACCESS 2000.** No use. Not compatible software. Cost of phone line

(Brazeau 99)

47 **ACCESS 2000.** Modem and software and ATF is allowed to download information. . (Brazeau 102-3)

48 **Market surveys.** No (Brazeau 122)

49 **Try to determine customers.** No market research. Just not the way we do business (Brazeau 122)

50 **Advertising.** Yes (Brazeau 123)

51 **Marketing docusments.** Discusses target markets. Objectives. (Brazeau 127-8)

52 **Trade shows.** Shot shows. NASDW. Both. Brochures. Discussions with dealers and distributors (Brazeau 130-132)

53 **Price list.** (Brazeau 134-135)

54 **Communications from consumers** . Yes (Brazeau 136)

55 **Trace requests.** Kept and saved. Within last two years saved everyone (Brazeau 150)

56 **Invoices.** Saved. (Brazeau 151)

57 **Sales to law enforcement or military.** No but some distributors do. (Brazeau 189)

58 **Steps to prevent unauthorized use.** Sell strictly to FFL dealers or distributors. Gun locks. Instruction manual. Cable lanyard. Youth safety notice. Track each shipment. Send key through another source (Brazeau 194-195)

59 **Trace requests and informaton about dealers.** No information if provided. (Brazeau 210)

60 **Insurance.** Yes they have. (Brazeau 213)

61 **Trace requests.** 4-5 day but days when 1 and days when we don't get any. Steady average. When ATF indicated they received a lot it did not strike me (Brazeau 219)

62 **Trace requests.** 4-5 a day. (Brazeau 85)

xiv. **Sig Arms**

xv. **Smith & Wesson**

(1) **Christopher Killoy, VP of Sales and Marketing, Smith & Wesson**

1 **Responsible distribution.** Definition of responsible distribution as compliance with laws and working with ATF, an working with staff to achieve ethical standards. I consider the way we distribute our firearms today to be responsible gun distribution...we're in compliance with fed, state and local regulations.. we work hard with ATF and organizations like the firearms and tool Mark Examiners group to educate new agents of the ATF and examiners... we reach out to ATF ... tracing progrms and working with staff to conduct business ethically ... nothing else (Killoy 19)

2 **Information** - Clipping service. Clippings circulated to executives, but not ATF publications (Killoy 18)

3 **Information to distributors on SW compliance with law.** Provide information to distributors so they can understand that their products are in compliance with laws (Killoy 20)

4 **Awareness of straw purchase.** Straw purchases awareness before 1995 (Killoy 22-23)

5 **Awareness of illegal conduct by FFL.** Illegal purchase, use of guns in crime, FFL's engaging in illegal conduct ... not aware of others (Killoy 25-26)

6 **Trade groups**. NSSF - National Sports Shooting Foundation and SAAMI - Sporting Arms and Ammunition Manufacturers' Institute, American Sprots Shooting Council, Hunting and Shooting Sports Heritage Foundation, National Shooting Sports Foundation (Killoy 42-43)

7 **Sales rep groups**. Schuler, Lafonnd and Spry, Ludwikowski and Associates (Killoy51-52)

8 **Some retailers do not handle handguns**. Walmart does not, Oshman/Gart, Sports Authority (Killoy 65)

9 **Markets for handguns**. Sporting goods, law enforcement and international business (Killoy69)

10 **Sporting goods channel**. Primarily distributors or wholesalers... who in turn sell to FFL and also includes direct accounts and also sales to buying groups that act essentially as distributors to negotiate pricing, but have member dealers that buy on a cooperative basis (e.g., Sports, Inc., Worldwide and Nations Best Sports)... in a nutshell that's the way we go to market (Killoy 69-70)

11 **Stocking dealers**. A subset of the overall FFL dealers... generally not sold directly to.. we sell through buying group and then deliver directly to them (Killoy 70-71).

12 **Smith and Wesson Stores**. Small number of firearms that we sell through our retail stores.. four stores currently ... may have been six or seven... Pigeon Forge, TN, Branson Missouri, Springfield Mass and Myrtle Beach (Killoy72)

13 **Distributors and wholesalers used**. 24 or 25 used, but this has shrunk over the years... sporting goods and law enforcement categories.

14 **Selection criteria of distributors based on financial, market strength**. Criteria includes financial strength, market strength and market presence/specific nich... good working relationship. (Killoy 73-75)

15 **New distributors.** Big Rock Sports, Jerrys, Acusport, Davidsons (Killoy74)

16 Distributor contracts are annual typically (Killoy 74)

17 Distributor contracts standard contracts (Killoy 75)

18 **Direct sales - some stocking dealers sold to direct through show**. If member of buying group... attends their shows.. we allow them to write one order... through show arrangement (Killoy75-76)

19 **National accounts relationship**. Includes promotion and merchandising but do not call on daily basis. Reps do visit more than once a year (Killoy 77-78)

20 **Distributor relationships**. Monthly visits (Killoy 78)

21 **Stores of buying groups relationships**. Yes visit stores, but not certain if all... more than once a year (Killoy79)

22 **No direct sales to non FFL's**. No. But some transfers from SW stores to other SW stores

23 **Yes sales to SW employees**. (Killoy 80)

24 **Does not know all FFL that sell its guns**. Too many e.g., 70,000... do not have the ability to know the customers of our wholesalers (Killoy80-81)

25 **Distributors do not inform SW of FFL's they sell to.** Have asked for specific information at times to avoid distribution conflicts (Killoy 81-

82)

26 **Do know FFLs that are sold through buying groups.** Given they write order directly (Killoy 83)

27 **Do know stocking dealers.** Regional sales managers have to sign off on their application and have visited... more than once a year typically (Killoy 83)

28 **Requirements to become stocking gun dealer.** FFL, photo of store to insure storefront so that referred customers can find, copy of ad in yellow pages, tax certificate, information on volume of sales .. thats all that is required (Killoy 84-85)

29 **Inquiries to distributors about store front dealers for marketing coordination purposes.** We would ask distributors for good accounts to help them with instore promotions..sales coordination (Killoy86)

30 **Top gun accounts program and Partnership Wholesale program were marketing program.** Best accounts that warranted additional advertising and POS material and resources and another program, but not others except (Killoy 89)

31 **SW wholesaler cannot sell to another SW wholesaler**. In distributor contract.. depend on violation of contract being brought to attention. We expect wholesalers to sell our products to retailers and not to sell it to other wholesalers who don't have a relationship with SW (Killoy89-90)

32 **Distribution strategy to max sales, quality products in a cost effective way**. We seek a strategy that maximizes our sales.. quality products... cost effective manner ... (Killoy 92)

33 **Control and methods of control of distribution**. If you mean implement... reports of sales expenses, distributor value, internal budgets, watching competition... watch effectiveness and cost effective (Killoy 93)

34 **National accounts strategy involves in-store, ads, seminars to acquaint with product**. Multiple location accounts, central warehouse.. direct relationship... feel could benefit from working directly with them and more focused support through coop advertising, ins tore ads, flyers, seminar or appearance by SW salesperson, foree goos, tailored promotion, some training and seminars of national account sales staff involving actually handling and firing products (Killoy 96-98)

35 **Marketing training of FFLs**. ... national and independent accounts on features and benefits of products. Overview of product lines competitive positioning, explaining support provided, assistance, instore promotion

36 **Training on straw purchases planned but not known if implemented.** We have extensive training [plns] for retail store managers... role playing.... train the trainer. .... cannot recall if ever implemented

37 **High turnover at retail and concerns for product knowledge and straw purchase**. Concern is that they may not know products. Additional concern in relation to ability to spot straw purchases.

38 **Straw purchase**. Alert store manager is if seen and support Don't Lie.... but not other. Alert store manager if sales force sees and support and encourage support of Don't Lie for the Other Guy (ATF and NSSF

partnership). We have not done more but are working on some programs. Does not require participation (Killoy 103)

39 **Aware of Partnership for Progress by ATF and NSSF** but not participated and doesn't think it involves anything in terms of safeguards beyond reference to Don't lie for the other Guy program. (Killoy 105)

40 **Have not required outside training on straw purchase, but have thought about it.** Consideration of requiring Don' lie for the other guy... yes, but have not implemented (Killoy106)

41 **SW training on strawpurchase - syllabus and looking at it, but only for SW stores.** Syllabus known to be used in only SW stores (Killoy 107)

42 **Support of Don't lie ...limited to saying they support.** No distribution of kits (Killoy109)

43 **National accounts training on strawpurchase** - no. (Killoy 110)

44 **Retail training on strawpurchase** - do not know of any (Killoy 111)

45 **Buying group contracts**. No and not sure if ever had (Killoy 115-116)

46 **HUD agreement** (March 17, 2000) lead to pressure but SW did not lose any disributors, but did lose dealers. SW received a tremendous amount of email, postal mail, NRA ran articles, dealers chose not to stock, consumer boycotts. Constant touch with distributors Dealers lamented on SW decision. (Killoy 120 - 122)

47 **Criteria**. Top Gun dealers based on sales and retail presence (Killoy 125)

48 **Dealer programs**. Stocking gun dealers numbered at 2200 as a subset of the stocking dealer program (Killoy 126)

49 **National accounts.** Number of national accounts not known (Killoy 126)

50 **Dealers dropped for being engaged in illegal activity**. Also going out of business, limited hours and not convenient (Killoy 128) Dropped 4-5 dealers in Chicago for illegal activity learned from newspaper (Killoy 128). Stopped selling to them. Some question of whether other SW dealers could then in turn sell to them (Killoy 130)

51 **Never have given instructions to stocking gun dealers or national accounts not to sell to other dealers.** Have you ever instructed the 2000 stocking gun dealers not to resell to anyone else. No (Killoy 131)

52 Buying groups are not given instructions not to sell to others (Killoy 133)

53 **Field reps** cover 50 states (Killoy 136)

54 **Stocking gun dealer seminars** - marketing, but no longer providing. Review of product, programs, POS, ad programs and opportunity to fire the products (Killoy 137)

55 **Information**. Dealer database "Telemagic" software could be supplemented with additional information. Keeps list of name, address, phone, fax, catalogue receipt, any complaints for sales rep... contact managment tool that could be supplemented with additional information (Killoy 139)

56 **Information**. Dealer contact through database contact management, phone, voice mail, fax (Killoy 140)

57 **No telemarketers (Killoy 141).** Tried in 1997, but staff attrition and cutbacks stopped (Killoy 141)

58 **List of FFLs**. 125,00 FFL's listed by ATF... available to SW but not purchased (Killoy 143)

59 **Part-time dealers**, without storefront, basement bandits, cellar dealers. Have FFL but no storefront. Not sold to directly, but no knowledge if sold to by distributors (Killoy 145)

60 Did not target part-time dealers given low volume, but not other considerations (Killoy 146-7)

61 Lists of dealers commercially available (Killoy 148)

62 **Limitations on advertising**. Distributors restricted from advertising in Shotgun News and Gun List in 1990's. (Killoy 150)

63 **List maintained by SW**. stocking gun dealers (includes buying groups), distributors, yellow page lists or ATF list, national accounts, (Killoy 152)

64 **Dealers**. Cannot identify all of the dealers that they have shipped to directly... difficult (Killoy 153)

65 **Direct sales**. Only direct to buying groups, national accounts and incidental situations (Killoy 165)

66 **Indirect sales through distributors**. Never required them to initiate some sort of dealer contact system - difficult from a resource perspective (Killoy 166)

67 **Distributor agreement**. Never required distributors to submit a annual sales and marketing plan as they specify the are to (Killoy 170-171)

68 **Distributor agreement.** Never required follow of pricing guidelines even though specified. No controls implemented (Killoy 171 - 175)

69 **Selection**. Requirements of stocking dealers limited to photo, FFL (Killoy 177)

70 No requirements on non stocking dealers (Killoy 178)

71 **Stocking dealers applications**... suppose to visit store to see how product is merchandised, treatment of customers, market presence, are they a good source of guns (Killoy 179)

72 **Stocking dealer applications** ... turned down .. don't know but estimate over 100 in 12 years (Killoy 179)

73 **Stocking dealer applications** turned down because of lacking in marketing requirements (Killoy 181)

74 **Training.** Stocking dealer some training prior to signing up (Killoy 181)

75 **Selection.** Store security at stocking dealer application visit - store security is issue only if obvious or egegious problem e.g., no regard for proper security, inability to lock the doors. No minimum security required (Killoy 182)

76 **Straw purchase training inquiry by SW** ... typically not and none that I am aware of (Killoy 183)

77 No instructions to distributors not to sell to turned down stocking dealer applicant (Killoy 183)

78 **Distributor communication to dealers**. Flyers and catalogues, circulars, websites, invitation to visit, (Killoy 184)

79 No reliance on distributors to train dealers (Killoy 184)

80 Some distributors train dealers on marketing but no knowledge of training on straw purchases (Killoy 185)

81 Some distributors visit and some rely on telemarketers, (Killoy 186)

82 Feedback from dealers and distributors does make it back to SW but informal and infrequent and on marketing and competitive topics (Killoy 186)

83 National account feedback from buyers or merchandise manager (Killoy 189)

84 **Buying group feedback** - no (Killoy 189)

85 **Stocking Dealer Program seminars**. Planned to offer twelve, had offered five, but not sure ever received any (Killoy 192)

86 **Focus groups**. Never any fixed schedule. He attended two and new of two others (Killoy 193)

87 **Training videos**. Oriented toward products, and performance on products (Killoy 194)

88 **Training video on consumer safety.** Editing stage (Killoy 194)

89 **No training video on strawman purchases (Killoy 195).** Only aware of Don't Lie for the Other Guy ... can't recall if they distribute video (Killoy 195).

90 **Four requirements to be a SW stocking dealer**. Yes and hasn't changed since 1993 (Killoy 197)

91 **Information on application asking for number of guns sold** - probably not provided and asked for for marketing purposes (Killoy 200)

92 **Dealer information on their sales of guns** - could ask dealer (Killoy 201)

93 **Dealer information through email/computers asked for on application - asked for purposes of marketing too latter through email, clip art etc**. Email used since 96, 96, 97. Do communicate with other firms in industry now including other manufacturers, law enforcement. Trying to create database of stocking gun dealers and have emailed buying group members. Distributors also including RSR (Killoy 202 - 207)

94 **Visits to stocking dealers.** Try to visit as many as possible as a policy (Killoy 209)

95 **Selling direct**. Some dealers ask for this, but SW views it may not be the best approach. Heckler and Koch sells direct to some dealers. Kimber also (Killoy 213)

96 **Focus groups with dealers** never discussed access of guns to criminals or training to prevent straw purchases (Killoy 213)

97 **Magazine** - catalog produced each year and provided to dealers and some times bundled with Shooting Times Magazine.

98 **SW stores** some success in building brand, but located in tourism places where people cannot buy. Some closed (Killoy 216)

99 Barreta also had store (Killoy 218)

100 **Pull versus push marketing description** - emphasis on pull. Suppport of stocking dealers, in store seminars, in store promotional event, book signing by professionals. We like to think we engage in pull through marketing programs and promotions that help distributors and reailer and consumers (Killoy 226)

101 **Discounts on closeout**. No standing series of discounts (Killoy 227)

102 **Warranty card database**. One million names (Killoy 227)

103 **Excise tax tracking.** No get from government (Killoy 228)

104 **Strategic plan markets**. Legitimate storefront dealers... dealers who maintain a storefront (Killoy 230)

105 **National Association of Wholesalers, Distribution Research and Education Foundation report transition of distribution occurring at**

slower pace. SW just trying to make their products available (Killoy 230-232)

106 **Strategic plans** to enhance management of sales and promotional efforts and EDI and dealer support (Killoy 234)

107 **Implemented from strategic plans** - rnage program, reduced some distributors, support of dealer base... gained greater control over product presentation and environment - yes we have more presence or direct relationship with chain accounts giving greater environment control [merchandising] (Killoy 235-7)

108 **Warranty card reports include gender, age, demographic data and mailing list**. Can use to contact prior customers for promotion and followup questionnaire - not participating as fully in it (Killoy 238)

109 Scout report based on consumer panel tracking different channels and trends (Killoy 239-240)

110 **Questionnaire and telephone surveys.** We would take warranty card information and phone them in down time...questions about do you read Guns and Ammo.. could have instituted questions regarding anything in terms of marketing or good taste .. but has not asked questions about safe storage (Killoy 244)

111 **Tracking sales by computer versus bound book.** Have MIS staff do a query to sort our shipments by units by state for those periods,...because of concerns over computer problems many dealers are reluctant to give up their ways of processing a 4473 (Killoy 248-249)

112 **Sales information.** Our distributors are required to submit to us on a monthly basis, a report of unit sales by state... used to pay commissions to reprs and ascertain performance for salespeople... some by model some by SKU (Killoy 250).

113 **Inventory information.** We also gent on an as needed or as requested basis, inventory data.. how many SW in stock at distributor level. (Killoy 251)

114 **Financial information.** Annually we get requests from tem to get financials... fiscal year close (Killoy 252)

115 **Business information.** I constantly talk to distributors and ask how is business (Killoy 252)

116 **Analysis of information from distributors.** Put into excel sheet. (Killoy 254)

117 **Promotional program notification**. By fax, by mail, by advertising in the case of dealers in trade magazines, magazines and POS material and ad slicks (Killoy 254)

118 **Incentives available to stocking dealers and varies with national accounts and buying groups, but not nonstocking.** Involve product, free item or cash SPIFF e.g., $5 for each model gun sold. Not offered on a typical basis, several times a year could be. (Killoy 257-9)

119 **Operation sell guns promotion.** Two objectives, increase sales and drive home importance of quality, timely delivery, understand retail ... send out a staff person working on an in-store promotion at a dealer location.. training to these staff in terms of product familiarization, updating on programs, structure, education on product line... but no training on straw purchase (Killoy 264)

120 **VIP purchase program/retail sales program.** Opportunity for sales people at dealer level a chance to purchase at discount... 20% and a limit on one per person.... limited to mak sure for personal use (Killoy 268)

121 **Documentation of sales for programs.** Required for incentive programs. Some kind of data. Possibly down to the dealer level . If a store level promotion they would ask for that documentation from the store ... substantiate serial numbers through cross checking .. but not check which distributor it went through (Killoy 270-274)

122 **Six Pack Promotion.** Distributor and retail level incentive buy five and get sixth free (Killoy 274-5)

123 **Incentive abuse through sales to other dealers or wholesalers.** Someone other than a retail sale is prohibited in programs... some sales to other dealers by stocking dealers to nonstocking dealers .. as long as it was a legitimate dealer e.g., FFL, legally doing business. Prior to paying they will ask for salesperson name, what they sole, when they sold so that we can verify (Killoy 278)

124 **Salespeople salary**. Salespeople paid by salary plus incentive based on sales by state up to 25% (Killoy 286-7)

125 **Manufacturer rep salary.** Manufacturer reps are paid commissions measured by state no incentive (Killoy 288-9)

126 **Training for mfg reps**. No training for manufacturer reps on strawpurchase not by mfg (Killoy (Killoy 290)

127 **Training of in house sales staff.** Training for in-house sales staff at SW stores - yes (Killoy 290)

128 **Training for sales field reps**. Sales people in field have not been trained - not recall , but have thought about it (Killoy 291)

129 **Training by sales field reps.** Effectiveness of salespeople in field for training, do not consider it the role and difficult but do visit stores regularly and provide training on weapons as best they can. (Killoy 292)

130 **Training through video.** Had considered video training and print materials, but not implemented (Killoy 292 - 4)

131 **Training as industry approach.** Views industry wide training as best approach (Killoy 296)

132 **Training feasibility.** Feasibility of SW starting training - looked at resources, but felt reaction to HUD agreement created feeling of betrayal in relation to SW and 4th amendment (Killoy 297)

133 **Training through video.** Video training in final stages after being developed, scripted, produced.and edited...for consumers (Killoy 300

134 **Distributor versus dealer training.** Would have approached distributors and dealers applying different training approaches... reconsidered (Killoy 302)

135 **Distributor criteria**. Distributor information for Jerry's Sports Center collected before entering agreement.. visited, financial data.. looked at warehouse operations, understand how they go to market, discussed operational logistics and review of how they conduct business (Killoy 302-4)

136 **Distributors use of telemarketing and other**. Distributors using telemarketing and direct mail and circulars (Killoy 305)

137 **Programs to sales dealers**. Promotion spiff - $5 for each gun sold (Killoy 306)

138 **Questionnaires to retailers**. Questionnaire to retailers on occasion and to our stocking dealers mainly nd use phone or written (Killoy 307-8)

139 **Excluding sales to specific distributors**. Ruger policy of not allowing distributors to sell SW .. yes but not now (Killoy 312)

140 **Market monitor information**. Market Monitor data provided was retail audit of market share by units sold at retail and average unit selling price... dealers filing out form of sales by caliber ... mail or give to MM rep... using sampling approach ten dealers in 20 markets or 20 in ten... some dealers chose not to participate (Killoy 316)

141 **Distributor contract**. Standard distributor contract with no variation (Killoy 317)

142 **Distributor contract language**... ethically and in accordance with laws... we expect our distributors to be good and reputable business partners... pay their bills, honest... examples of not are all marketing based.... (Killoy 318+)

143 **Distributor contract language** ... ethically and accordance with laws... innocent until proven guilty... if not revoked FFL then I think it would be presumptuous to assume guilt....(Killoy 320+)

144 **Distributor contract language**... ethically and accordance with laws... if new of straw purchase through information but not held legally would not... if found insufficient reason to prosecute SW would not do anything (Killoy 325-329)

145 **Dealer relationship...** not zero tolerance for dealers making straw purchases ... would have to look at circumstances (Killoy 330)

146 **Termination of distributor.** Distributor termination based on "ethically and accordance with law"... not that aware of except for Canadian who violated export laws

147 **Distributor contract language** .. "financial and competitive capabilities.. sound business practices defined as (Killoy 332)

148 **Compliance.** Distributor compliance.. steps.... day to day awareness .. if found out then we would address... no investigation... no instructions for, but implied responsibility for salespeople to report on (Killoy 335)

149 **Dealers acting ethically**.. yes concern. (Killoy 336)

150 **Monitoring.** No instruction of sales reps monitoring dealers... they know the people they do business with. If ethical breach then no longer do business (Killoy 336)

151 **Monitoring.** If sales force or mfg reps became aware of illegal activity they would report or if they read it in the newspaper (Killoy 338)

152 **Contract language.** Shipping by distributor to non contracted distributor .. observe through catalog if other distributor carrying... cannot recall breach of this provision (Killoy 338-9)

153 **Contract language.** Adhere to SW sales policy..... never issued sales policy (Killoy 340)

154 **Contract language.** Provide sales and ... reports...have asked for inventory amounts and names and numbers of sales people so we can follow up with them ... distributors have never refused requests for information (Killoy 340)

155 **Contract language.** Distributor shall not sell at gun shows... no table at gun show.. does not apply to dealers... reason for clause is so distributors do not compete with retailers (Killoy 342)

156 **Concern for sales at gun shows without background checks**... not within purview of SW (Killoy 345)

157 **Termination**. Never terminated for breach, change in business or

failure to provide financial statements (Killoy 348)

158 **Termination.** Have terminated based on determination to go with fewer distributors (Killoy 349)

159 **Termination.** Only one aware of for cause (Killoy 350)

160 **New draft contract.** "Employed sufficiently and adequately trained staff...competent and abide by all laws... competent to understand the laws and follow them.. never before required this (Killoy 365)

161 **New draft contract.** "Distributor restrict sales .. to those persons or dealers lawfully authorized to purchase."..... cannot interpret. Does not know what it means (Killoy 368)

162 **Law enforcement dealers**. SW has contracted with specific dealers to service individual law enforcement market.. officiers who must purchase their own guns .... 50 or more dealers... contracts with each of them (Killoy 371)

163 **Distributors and retail sales**. Some distributors conduct retail sales (Killoy 374)

164 **Concept of dealer training academy at one time**... never got off the ground (Killoy 375)

165 **Repair station dealers and contracts.** SW has contracts with dealers who also provide repairs ... about 4 dealers (Killoy 372)

166 Browning had a dealer training program (Killoy 376)

167 Smith and Wesson Academy training for law enforcement, consumers, civilian training, concealed permit carriers... for 25 years (Killoy 379+)

168 **Dealer training concept**. Felt NSSF better versus manufacturers, but never did anything to encourage ... could not recall... more effective by NSSF because dealers did not like SW.. because of HUD agreement... training to recognize straw purchase ... not sure on how extensive of reach .. whether all or just stocking dealers..... tied to Boston and HUD agreements... ... not known if submitted/passed on idea to NSSF (Killoy 384-6)

169 **Training syllabus for SW own retail stores.** Training important because of lot of laws they need to be aware of. ... used ATF trainer... managers get first hand training and then train their store personnel.... not known if circulated outside of SW or with NSSF (Killoy 387-8)

170 **Training academy for law enforcement instructions**... apparently being modified to apply to dealers for sporting or for SW stores (Killoy 393-6)

171 **Internet training for law enforcement and other**. Sniper schools, armorer school, advanced pistol... but not training unrelated to law enforcement (Killoy 399-400)

172 **SW Stocking Dealer Code of Responsible Business Practices**. ... purpose to delineate requirements to become stocking dealer... solicit pledge to follow items contained.. distributed by mail or handed out.. follow up process.. tracked to see who signed it... some refused to sign, but were distributors were not instructed to not deal with them... nothing eals... objections were generally to control and shifting of responsibility... stocking dealers should not be a problem in complying with requirements... others would have trouble given non storefront (Killoy 405-414)

173 **Codes by trade associations.** Not known or recall (Killoy 415-6)

174 **Codes by other manufacturers.** Possible Glock (Killoy 415)

175 **SW Stocking Dealer Code of Respon**.... keep list but only indicate if

signed or not... no separate list... drop from stocking dealer list if do not sign... only 4 or 5 that did not sign that SW tried to make sure they did not receive any SW product .... letter sent to them indicating they were dropped from the stocking dealer program and directed not to be sold any additional product (Killoy 435-7)

176 **SW Stocking Dealer Code**... terminated dealers... not followed up to determine if distributors stopped selling product.... the dealer had signed the code of responsibility (Killoy 440-443)

177 **Boston agreement** rescinded by parties (Killoy 447)

178 **Boston agreement.** Requirement of insurance under Boston. Many dealers unable to get insurance because of suits... could sell to only those that get insurance, but would go out of business given number... never attempted to determine those that have difficulty (Killoy 449-50)

179 **Boston agreement.** No sales at gun shows that any sellers not doing background checks. Issue that individual dealer is now being held accountable for the action of someone else (Killoy 450)

180 **Boston agreement.** Inventory tracking. Secure backup monthly of records... difficulty of being able to do this...copy, safe and secure... questions? (Killoy 451)

181 **Boston agreement.** Storage of ATF 4473. Difficulty of storage beyond ATF requirements

182 **Boston agreement.** Theft. Unaccounted for firearms... concern on SW... frustrated that illegal activity might be occurring... never asked ATF for that information (Killoy 455-56)

183 **Boston agreement.** Display cases locked... Some dealers store on peg... but do not know how many had issues (Killoy 457)

184 **Boston agreement** non business hours locked in safe or secure area. ... if not have, dealers afraid they would be hauled into court by Boston (Killoy 457-8)

185 **Boston agreement.** Theft. Sales reps do not make any evaluation of he store security system (Killoy 460-1)

186 **Boston agreement.** Storage of guns and ammunition separately.... does this mean room or what proximity as issue (Killoy 461)

187 **Boston agreement.** 10 round magazines... some still legal and its SW and dictating how to run their business (Killoy 463)

188 **Boston agreement.** Provision that requires dealer to comport with section... how do SW know that you did it... burden on SW (Killoy 464)

189 **Boston agreement.** SW gets access to acquisition and disposition records. Issue was 4th amendment concerns by dealers (Killoy 465-6)

190 Boston agreement and other mfgs... if they had signed on would that have made a difference...at one time thought that... if common practice then not a problem... too easy to find other alternatives if it is one mfg (Killoy 468-9).

191 **Boston agreement.... dealers couldn't implement insurance, storage, security, sale of certain products, shift burden to dealers..... sales at gun shows...inventory tracking.. court enforcement,.. Display of product... monitoring by SW of distribution, employee training program interpreted as requirement of attending program by SW... Boston court oversight?** Transfer notice provisions.... transfer prerequisites and limitations..consumer education and training to onerous compared to competition ..enforcement and how implemented by SW and how interpreted .. resales to only authorized SW dealers...

how do you check .. multiple handgun sales restrictions viewed as restriction on dealer rights and potentially setting up end around on ATF rules (Killoy 470-489)

192 **Diversion and access.** Through thefts, straw purchases, illegal purchases, transfers not in compliance ...but not aware of magnitude of problem (Killoy 490 - 92))

193 **Work to limit diversion and access.** Worked with ATF, inernal measures to package our firearms and address them in nondescript ways . (Killoy 491)

194 **Strawpurchases.** A serious problem.. not known what they have done to determine if sold through strawpurchase...(Killoy 493-4)

195 **Strawpurchase by SW store employee.** Would fire them and report them to the policy.. and prior to any prosecution.. call law enforcement to insure he did not skip town .. have not fired anyone (Killoy 494-496)

196 **Multiple sales.** Two or more within 5 days.... Multiple sales within a certain period of days .. regulations provide a reasonable check and balance system (Killoy 498-9)

197 **ATF staffing adequacy to carry out its role.** Not my expertise.. don't know if they have expressed that they do not have sufficient staff. (Killoy 499)

198 **Multiple sales and crime.** Doesn't know of linkage and has not looked at studies (Killoy 499-500)

199 **Multiple sales, legislation restricting and SW.** Never done anything to encourage or discourage multiple sales (Killoy 500-501)

200 **Interest in 200 multiple sales by FFL who sold SW.** ... would you do anything... not sure he would do anything either way (Killoy 501)

201 **Interest in 50 guns in one transaction by FFL who sold SW...** yes because it could reflect problem but we would have to look further to terminate (Killoy 502-503))

202 **Multiple sales and knowledge of dealers engaged in** ... no (Killoy 504-5)

203 **Multiple sales by dealer...** could look in dealers A&D book (Killoy 505)

204 **Time to crime.** Interest in... need to know additional information (Killoy 506-7)

205 **Indicted FFL and attempt by SW to find out.** We use ATFs FFL EX check system to verify validity of our stocking gun database ... look at newspaper, watch internet (Killoy 509)

206 **Dealer who sold trace guns and SW to find out.** SW looks at degree of proportionality in terms of traces to guns sold... defers to ATF for them telling SW if something wrong.

207 Trace process and SW involvement. (Killoy 513-521)

208 **General awareness of ATF and other reports on gun crime...** some generally and others not (Killoy 521-526)

209 **Opinions on specific FFL's.** Generally but not considerable knowledge of (Killoy 530-3)

210 **Common carriers...** yellow freight, consolidated... some SW discussions with on security (Killoy 533+)

211 **HUD agreement** and whether mfgs discussed standing united against it... no not aware (Killoy 537)

(2) **Robert I. Hass, Smith & Wesson, Prior VP and Senior VP for Marketing**

(1978-1989)

1 **Existence of market in firearms.** Yes (Hass 18)

2 **Strawpurchase.** A goes to a gun store, buys a gund and soon after transfers it to B (Hass 20)

3 **Awareness of strawpurchases.** Yes (Hass 20)

4 **Kitchen table deal.** Yes familiar with term (Hass 20)

5 **Reduction in FFL as good thing.** Don't know (Hass 21)

6 **Kitchen table deals and criminals obtaining guns.** Yes (Hass 24)

7 **Multiple sales and access by criminals to guns.** Not specifically but sure it happens (Hass 25)

8 **Gun show sales and access by criminals to guns.** Yes. (Hass 25-26)

9 **Straw purchases contribute to illegal market.** Yes (Hass 26)

10 **Multiple sales contribute to illegal market.** If illegal, yes (Hass 26-27)

11 **Kitchen table deals contribute to illegal market.** If illegal, yes (Hass 27)

12 **Illegal gun shows contribute to illegal market.** If illegal yes (Hass 27)

13 **Personal and industry awareness of illegal market when at SW.** By deduction (Hass 28-9)

14 **Awareness of ATF reports.** Yes to exhibit (Hass 33-6)

15 **Awarenes of ATF report on small proportion of FFLs that account for large number of gun traces.** Statistics agreed with his memory (Hass 35)

16 **Small proportion of FFL's that account for large number of gun traces as public policy problem.** Yes (Hass 36)

17 **Should others have been aware that there were problem dealers.** Should have, could have and would have.. yes (Hass 37)

18 **Belief as to unlawful diversion as a problem.** A public policy problem.. yes.. a problem nationwide (Hass 38)

19 **Adequacy of ATF resources to address.** Not known (Hass 38-9)

20 **Sufficiency of criminal penalties and industry steps to address unlawful diversion.** I think the industry as a whole could be more active in analyzing the tracing of its guns and pinpointing those dealers who are involved in a significantly higher percentage of traces than the average (Hass 39-40)

21 **Trace requests and whether SW could have taken additional steps.** Yes could have. An analysis of traces by distributor and retailer where we had the information on the retailers... nothing really formal... we were aware of the big hitters e.g. distributors... SW could have derived information about retailers from the distributors FFL records. It was done but not in relation to determining if a particular retailer had a higher than usual number of traces (Hass 40-43)

22 **What is indicated by a higher than normal number of traces.** If pattern persists for any significant length of time, it to me indicates a presumption that the retailer is not... may not be adhering to ... law (Hass 42-43)

23 **Actions to be taken with retailer that has an unusually high number of traces.** At a minimum the companies could, should cut off the retailer from selling that company's gun (Hass 43-44)

24 **Supervising and monitoring of distribution chain.** Very frequently

for conformance to law. (Hass 44-45)

25 **Distributor and retailer requirements.** Distributor contract... conform to laws (Hass 45)

26 **SW effort to identify or investigate retailers associated with significant number of traces.** No (Hass 45-6)

27 **Could SW identify retailers associated with significant number of traces.** I think that the companies.. certainly the larger ones, would be able to execute and administer some method of identifying those distributors and retailers with an abnormal number of traces... I'm sure that could be developed (Hass 46-7)

28 **"Breaking prices" and steps taken to remedy Two price lists.** One for police. One for sporting goods distributors. Occasionally retailers would take advantage of their position in one or the other of the distribution chains and price deviate from list. Some distributors were distributing to both markets. Would learn through looking in ads and then approach and ask them to quit. (Hass 47-9)

29 **Illegitimacy to say that mfgs have no obligation to oversee because we sell to distributors and why.** No. Not sufficient. The nature of the problem demands that its distribution be handled in such a way as to minimize illegal and unintended use... Because the product can be used in a dangerous manner. Belief that industry could have taken steps. But can never wipe out totally (Hass 50)

30 **Ability of mfgs to oversee retail level.** Not total control, no (Hass 51)

31 **Ability of mfgs to provide training to minimize illegal/unintended use.** Could assist in identifying people who are crossing the line (Hass 51-2)

32 **Ability of mfgs to set standards to help define strawpurchase.** Standards are set and these are the laws (Hass 52-3).

33 **Certified gun dealers proposals.** Yes have heard. Preferred retailer program. (Hass 54)

34 **Training for strawpurchase.** It could't hurt. (Hass 55)

35 **Belief that mfgs know that guns they sell are frequently used to cause harm.** Yes, I guess they do (Hass 55-56)

36 **Belief that mfgs are on notice of the extent of criminal use of firearms.** Yes along with knife and baseball bat manufacturers (Hass 55-56)

37 **Belief that mfgs have a responsibility to ensure safe distribution.** Within confines of commercial law, yes (Hass 57)

38 **Belief that mfgs could take additional steps that they could to make distribution safe.** To the best of his knowledge (Hass 58)

39 **Belief that mfgs could refuse to do business with a distributor.** Essentially yes, but can be complicated (Hass 60)

40 **Belief that mfgs can chose the retailers to whom they sell.** Such a move could be started and once started would be easier to execute, but complicated (Hass 60)

41 **Belief that mfgs could impose conditions on distributors.** To some extent as a group... would have to be an industry wide initiative (Hass 60-61).

42 **Belief that industry has capability to impose conditions on distributors industry wide.** It has the capability (Hass 62)

43 **Belief that mfg could more easily supervise or improve their distribution chain if had fewer distributor relationships.** No (Hass 63)

44 **Belief that mfgs could require distributers and dealers to report name, model and serial number of guns sold.** I doubt that would work. None of mfgs business. BUT although in some cases sales personnel do review distributor's FFL books. ... in relation to pricing.. and could be done for tracing. (Hass 64-5)

45 **Communications between mfg and distributor.** Daily and constant at many different levels... orders, sales, credit. There is a constant discussion across the breadth of mfg and distributor (Hass 65-6)

46 **Visits of mfg to distributors.** Yes and for reasons of sales and customer service related reasons. (Hass 66)

47 **Visits of mfgs to retailers.** Yes and for reasons of sales, customer service (Hass 67)

48 **Mfg communication to retailers.** To some extent, certainly not 100 percent to all FFLs. Retailer mailing list, (Hass 67-68)

49 **Mfg background check on distributors.** To some extent, certainly credit and general business reputation and other mfgs at minimum checked creditworthiness (Hass 68).

50 **Mfg background check on retailers.** No. (Hass 69)

51 **Ability and knowledge if while at SW did SW attempt of actually identify a dealer with unusual high amount of traces.** No (Hass 69)
Knowledge of SW attempt to find out which of gun models accounted for a disproportionate amount of traces. No (Hass 71)

52 **Knowledge of SW attempt to determine what geographic areas accounted for a disproportionate number of trace requests.** No (Hass 71-2)

53 **Why SW did not attempt to determine dealers who accounted for disproportionate amount of traces. Not information that was shared.** Those that performed traces guarded their function. Combination of territory and the fewer number of people that had that information the better. (Hass 73)

54 **Communications by mfg to distributor or dealers regarding traces.** No (Hass 74)

55 **Did SW provide extra training, attention, supervision to dealer or distributor because of number of trace requests.** No.. didn't have the data. (Hass 74)

56 **If mfg aware that a retailer had a high proportion of traces is it appropriate to wait for ATF to prosecute before mfg looks into the dealers business practice.** Yes, I think they should move to cut them off .... work with distributor (Hass 75-6)

57 **Could mfgs communicate to distributors and dealers the issue of unauthorized access.** Yes. None of this is a mystery to me. (Hass 76) Knowledge exists about unauthorized access and don't need to communicate (Hass 76-77)

58 **Trade association participation.** NSSF and SAAMI (Hass 77)

59 **SW agreement and hampering of their ability to do business.** Yes from what I have read. Criticism is widespread.

60 SW agreement was executed in a way that lead to its failure. (Hass 85)

CROSS

61 **Did you market to criminals and not your intention or unlawful purposes.** No (Hass 91)

62 Antitrust issues in setting price or allocating markets (Hass 97-99)

(3) **Paul Pluff, Smith & Wesson, (since 1985 and oversees stocking gun dealer program and now direct sales force for East Coast)**

1 **Overseeing stocking gun dealer program.** Correspondence, keeping track of dealers on program, dealer training. (Pluff 8)

2 **Dealer training seminars. Product review.** Teach dealers on product information. Dozen or so that he participated in.(Pluff 8-9)

3 **In house sales reps.** Seven direct. In addition mfg reps used. Such as Leisrue Sales, SPA Group and Schueler, LaFond Spry ... two rep groups will be three (Pluff 9-11)

4 SW agreement 2000 or the HUD agreement (Pluff 12)

5 City of Boston agreement. (Pluff 12)

6 **Boston agreement.** Authorized dealer requirement to sign a revised code of responsible business practice. No code revised. No draft. Never shown to dealers. Not revised to date. (Pluff 17-19)

7 **Boston agreement.** Helping dealers acquire cost effective insurance. Reviewing several insurance carriers and NSSF for group term . Nothing came of thse. NSSF was willing to cooperate. Dealers would have been able to obtain insurance (Pluff 18-20)

8 **Boston agreement.** Options to provide dealers with software, hardware and training to comply with provision. Reviewed software, POS software that allowed them to track the product, serial number, salees on electronic format. Most product using UPC codes and bar codes. Scanning would eliminate human error. No we did not do this. Could have done this yes. We evaluated software in our 4 stores. Firpower is name of software. No glithcers. Price of 2500 to 10,000. Thought about allowing dealers to use coop funds to purchase. Larger dealers would have had enough funds. (Pluff 21-26)

9 **Boston agreement.** Clarification of 18 year old individuals in store and signage. No signs ever. (Pluff 26)

10 **Boston agreement.** Cooperation of dealers. Dealer required to cooperate with law enforcement. This is essence (Pluff 27)

11 **Boston agreement.** Provision of software to dealers. POS software. Enter data. No software provided. Not difficult task to solve. Excel spreadsheet. (Pluff 28-29)

12 **Boston agreement.** Dealer maintain an electronic record of all trace requests and report to mfg. Never told by ATF to not do that (Pluff 29-31)

13 **Boston agreement.** Require all dealer employees to attend annual training and SW will provide media and printed materials. Never provided. We were in process of developing a syllabus, but no video yet for dealers. We have video for consumers (Pluff 30-33)

14 **Dealer retail sales associate training.** No training offered yet. (Pluff 34-35)

15 **Boston agreement.** Not completing transfer until NICS notice. Not required of dealers today. Walmart has implemented policy. SW did nothing in response to that (Pluff 35-36).

16 **Boston agreement.** Training aids and handout material. Not yet provided (Pluff 36-7)

17 **Boston agreement.** Implications of trying to implement. Dealers would not sign. We would have been out of business. Dealers do not want SW telling them how to run their business. (Pluff 37-8)

18 **Boston agreement.** Could and would dealers do the things asked for. Yes on several. Some not. Locked safe. Yes. Separate ammunition. Could. 18 year old. Could, but entry restriction could not for some. Could have but would not have signed . Oversight commission 50/50 issues. Electronic record of trace requests. Could, but 50/50 on would they. Training of employees. Could and a large portion would. Others yes could and woul, EZ check. Could if had electronic. Show safety features. Could and would. (Pluff 39-47) (See further on Pluff 117)

19 **Boston agreement.** Termination procedures and enforcement. Yes could agree to and would be based on if signed (Pluff 47-48)(See further on Pluff 117)

20 **Boston agreement. If in violation stop supply of product.** Yes could have done it if part of contractual agreement. (See further on Pluff 117)

21 **Boston agreement.** Multiple gun sales limits and reports. Yes could and would. Some resistance on 14 day limit of time on next purchase given some distant dealers and tavel. Not an issue in urban areas. (Pluff 49-51)(See further on Pluff 117)

22 **Boston agreement.** Insurance. Issues of cost (Pluff 51-2)(See further on Pluff 117)

23 **Boston agreement.** Would implementing terms lead to safer business. No. Many already do this. For dealers who are not following this format these terms would make them a safer business (Pluff 53-4)(See further on Pluff 117)

24 **ATF license suspension.** How many? Don't know (Pluff 54-55)

25 **Security system offer to Stocking dealers.** Motion detector, VCR, sensor alarms. Panic button. Offer to dealers. Not sure if still do and not sure how many took advantage of it (Pluff 55-7)

26 **Stocking dealer letter.** To 2500. Indicating SW would publish a revised code. Never done. (Pluff 61-63)

27 **List of nonstocking dealers.** Periodically purchase list and yellow page program that allows us to separate. 12,000 dealers from yellow pages. Code in yellow pages allows identification of dealers. (Pluff 64-65)

28 **Stocking dealer yellow page requirement.** Must be listed. (Pluff 65-66)

29 **Other dealers not in yellow pages.** Not suspect. But do believe they do not invest in their business as much as those that are in yellow pages. (Pluff 66-68)

30 Top five issues of dealers in signing agreements. (Pluff 70)

31 **Authorized dealer code new.** Revised (Pluff 88-91)

32 Authorized dealer code new.

33 **Boston agreement.** Would and could on terms. Some would never sign because of association of agreement to Clinton administration and some would not sign because they felt it was passing liability to them (Pluff 117).

34 **Circulation of draft code of responsibility.** Some changes after circulation (Pluff 118)

35 **Knowledge of retailers who sell SW guns.** No. As a whole no.

36 **Knowledge of retailers who sell SW guns.** Know some. Stocking dealers, national accounts. (Pluff 120)

37 **Aware of some who sell that are not stocking.** Yes. We really have no way of knowing 100 percent. (Pluff 120)

38 **Dealer categories.** Stocking dealers, national accounts, and other FFLs. (Pluff 120)

39 **Knowledge of non-stocking or non-national accounts.** Other FFLs are known based on jst doing business with them and yellow pages (Pluff 121)

40 **Stocking and national accounts.** 2800 retailers (Pluff 122)

41 **Non-stocking and non-national accounts.** Don't know how many. 68,000 less 2800 [stocking and national account]. Part of this number (Pluff 122)

42 **Telemagic database.** Purpose of allowing SW to track stocking dealers and maintain information, mailing list. Maintain notes to dealers, see activities of dealer on day to day basis. Name, address, phone numbers, base, key contacts, FFL number and expiration. Potential handgun volume, best selling gun, distributors,. Less than 50% of dealers are on. Some consider the information privileged but speculation. They know information being kept. Could add additional fields of information. Can manipulate database for analysis. Previously analyzed who signed the revised code of responsibility. Notes taken and entered in order to keep track day to day so salesforce better able to meet and be prepared for dealer. Laptops provided to some salesforce so they can remotely access database. National accounts and stocking dealers listed. We only have day to day communication with these dealers. (Pluff 122-128, 130-136)

43 **Dealers out of business.** How find out. Regional sales rep. Course of communications. (Pluff 129)

44 **Operation sell more guns.** Program to make company personnel more aware f what the marketplace .. our concerns with our dealers and consumers. Ensure quality. PR program. Coordinate store events or promotions. Send factory personnel out and get familiar with dealers. Volunteers and training of factory individuals for e.g. sales associates. Set guidelines for these individuals for their visits. What not to do, how to deal with media and other. Only to stocking dealers. Not a direct sales call initiative. Involved over 100 dealers. 211 top gun accounts, 225 locations - not all included. Limited number of resources. Sales goals was a min of 50 guns per dealer. Road warrior personnel participating filled out reports.. a summary of how the event went. Basic safety training for employees who needed it. Sales effects not known.. Primary goal of program..no. Build relationships with our dealers and get our factory personnel more in tune. No bonuses or prizing for employees. Guns supplied directly to dealers and was unusual. To insure adequate inventory. . Other volunteers also participated. Possible goal to sell 60,000 additional guns. (Pluff 138-168)

45 **Dealer investigation prior to selling to them.** No (Pluff 168)

46 **Dealer training.** Field seminars for stocking dealers. But not to nonstocking dealers. Periodic in nature. Going on over 6 years. Take attendance. Product information overview, features and benefits of products. History of SW. Review additional products. No

strawpurchase training. (Pluff 168-171)

47 **Strawpurchase training.** NSSF provides this. (Pluff 171)

48 **Could SW provide strawpurchase training in field seminars.** Possible yes, historically limited time. Full day event with half to class and then to range. Could discuss strawpurchase in less than a day. . Priority is determined product familiarization.. that is priority (Pluff 171-2)

49 **Strawpurchase training as SW responsibility.** Yes. That is responsibility of the FFL. (Pluff 173)

50 **SW refusal to sell to dealer.** Yes in Chicago and Virgina. Found to be under indictment.

51 **Policy to refuse to sell to dealer under indictment.** No but has unwritten policy to not condone illegal sales. Indictment doesn't mean illegal. (Pluff 174)

52 **Refusing to sell to indicted dealers.** Based on information they gathered they decided to do this [even though they suggest that indictment doesn't mean illegal]. Media reports. Sale reps stated. Have not been approved for sale yet. Have not been informed they were cleared. But if they were cleared on a technicality, we would not sell because there would still be a shadow of doubt whether they were following the law on how they transact business. . Sent letter of notification to distributors and advised them not to sell. Have not followed up however, but sales reps have not reported back. . We also sent letter to dealers and our field salesforce had stopped relationships. Not visited since. Dealers would also alert us if they were now selling.(Pluff 174-183)

53 **How learn if any dealers are indicted.** Scan internet news, articles. This is a difficult task. Internet search on daily basis. Only found 2 in two years. (Pluff 183-186)

54 **Incentives to dealers or distributors based on volume.** No. We do SPIFFS at the distributor and dealer level. (Pluff 187-8)

55 Same prices to all distributors (Pluff 188)

56 No restrictions on dealer pricing (Pluff 188)

57 **Restrictions on stocking dealers to who they can sell to.** Code of responsibility restricts to those who cannot provide proof of identify, age. Not to unauthorized individual. Reason to believe they have made false or misleading statement. Strawpurchasers. Violation of law. All are those required by law. No other restrictions beyond code. (Pluff 189-191)

58 **Dealers refusing to sign Code of responsibility.** 500-600 dealers. Not on our current stocking dealer list. Dropped if did not sign. Did not sign becuase advised by attorney, felt it was infringing, SW could not dictate. View that if they did not agreee to follow the law did not mean they would not follow the law. Dropped because we deemed them non wanting to build a relationship with SW. Did not stop them from selling because they could obtain from distributors. (Pluff 191-195)

59 **Can you stop distributors from selling to particular dealers.** Yes. Contract has clause that allows SW to make request. (Pluff 195-198)

60 **Could you stop distributors from selling to dealers who did not sign code.** Yes, If we did distributors would lose business and terminate their relationship with us. I don't believe a distributor would sign. SW and distributors would go out of business given the limited number of

outlets they would have for volume (Pluff 195-198)

61 **If all manufacturers required dealers to sign a dealer code, would distributors sign.** Can't speculate. (Pluff 199-200)

62 **Dealer application.** Stocking dealers. Estimated number of handguns. Entered in database. Must submit four items. Photo of store. Always visit store prior. (Pluff 201-202)

63 **EZ check.** ATF website and cross check FFL number to see if valid. Prior to shipping SW internally checks this and attach copy to invoices (Pluff 202-203)

64 **Letter on Code to stocking dealers.** Signing code will protect community. (Pluff 204)

65 Preventing strawpurchases will help protect the community against potential crime (Pluff 204-5)

66 **Is strawpurchase a crime.** Can't speculate. Have not seen statistics. (Pluff 205)

67 **How validate that dealer is following code.** Strictly through periodic visits by our sale reps and them visiting (Pluff 206)

68 **Telemagic database printout and deletion of convicted dealer.** Alerted by sales rep (Pluff 208-9)

69 **Distributor directory.** Distributed at SHOT show to dealers tht came to booth. All that they had contracts with in 1998. (Pluff 221-222)

70 **Database of dealers prior to telemagic.** Database in existence as far back as 1985. Printout with zip code, curent dealers. (Pluff 223-4)

71 **Stocking dealer program.** Existence as far back as 1985 (Pluff 224)

72 **SW acquisition and disposition records.** Computerized and show shipments to AZ, CA and NV and includes models, dates shipped and which models shipped to which dealers. (Pluff 235-7)

73 **Distributors reports of guns sold.** On a monthly basis and by state. Not models, depends. Some distributors could if sophisticated enough to be able to sort and have data. (Pluff 242-244)

74 **Could a training syllabus like one for SW stores be prepared for stocking dealers.** Yes. (Pluff 246)

(4) **George Hood, Manager of transportation and international distribution, Smith and Wesson, since 1981**

1 Oversee shipping.

2 **SW database.** Date of mfg, date of shipment, model, caliber, identity of person to whom gun transferred. (Hood 12)

3 **Records clerk.** Recording of serial numbers and maintenance and responding to BATF trace requests (Hood 17)

4 **ATF reprots.** Not until yesterday and not seen others (Hood 18)

5 **Trace report data and relevance.** Did not interest him. (Hood 20-21)

6 **Dealer and distributor contact.** Determine if gun shipped. (Hood 24)

7 **Common carriers.** FED EX, LTL carrier, Yellow Transportation, Sweeney transportation (Hood 24)

8 **Fed ex and theft.** Discussed modes, procedures. Made clear we would not identify our packages. No firearm on residential steps. (Hood 25-26)

9 **Fed ex and theft.** Have had thefts. Yes. 2000 there was 5. 2001 there was 12. 2002 non. (Hood 26-7)

10 **Fed ex and theft.** How find out if thefts. Customer complaint and then we trace. Fed ex trace. (Hood 27-28)

11 **Fed ex and theft.** Follow up to stolen guns. Don't know if lost or stolen. No followup.

12 **Yellow transport and theft.** Discussions of procedures. Have had thefts. (Hood 33-4)

13 **Sweeney transport and theft.** No discussions about preventing theft. They carry extremely small amount. None missing or stolen (Hood 34-5)

14 **Gun theft as serious problem.** No I do not. My belief extremely small amount stolen. (Hood 31-32)

15 **Theft from SW facility.** Yes. (Hood 32)

16 **Guidelines for shipping and handling.** He did, but not SW. For submission to SAAMI. Both regulatory and common sense. Draft was in 1996. Not aware of action by SAAMI. . No indication of why not published. Never proposed to SW to publish. More effective if published by trade organization. (Hood 33-37)

17 **Could check records at SW and determine serial numbers that were stolen and see if traced.** Yes (Hood 41-42)

18 **Address on package.** SAW as acronym. Address (Hood 45-6)

19 **Serial numbers, obliteration and hidden numbers.** Stopped including hidden numbers in 2001. ATF regs for deeper numbers lead to them stopping. Preclude need for hidden serial number. (Hood 47-9)

20 **Problem with Sigma guns and obliterated serial numbers.** Discovered serial number could be removed easily (Hood 48-49)

21 **Serial numbers.** Range of number assigned to specific gun. (Hood 50-51)

22 **Trace requests.** ATF would fax to us on a daily basis one or more serial numbers for which they needed trace information. We would access the information on the computer or go to the manually entered bound books, complete the faxed form and fax it back. Sometimes would get telephone urgent. (Hood 51-52)

23 **Trace request records kept.** 2 to 3 years agon started keeping. (Hood 52-53)

24 **Trace requests analysis.** No followup to see what distributor sold. No. (Hood 52-53)

25 **Request for aggregate tracing data from ATF.** No. (Hood 52-3)

26 **Trace requests analysis.** One year period review of model, destination state, recipient and caliber. 2000. To president of company. Simple excel spreadsheet. . Four days. . No conclusions drawn. If asked for last years data, I could provide. (Hood 53-55)

27 **Time to crime and trace requests analysis.** I could compile an elapsed time period between when the firearms was shipped and when the trace was received. I could do this based on serial number for time back to 1977 (Hood 56)

28 **ACCESS 2000.** Participant since 1999. Can use to see which guns are being traced. Yes. Never done. Never asked. (Hood 57-58)

29 **Multiple sales.** More than one handgun in five day period. (Hood 58)

30 **Multiple sales and ATF data.** No do not receive.

(5) **Robert Scott, Persident and CEO, Smith & Wesson**

1 **Trade Associations.** NSSF, SAAMI, ASSC and Heritage Foundation. (Scott 10)

2 **Responsible distribution steps.** Established business relationships.

Annual contract that spell out responsible business practices. Sell only to license FFLs (Scott 23)

3 **Direct sales.** To buying groups and chains (Scott 24, 25)

4 **Dealer contracts.** No (Scott 24)

5 **Criminal and juvenile access.** Theft, none other that come to mind (Scott 26)

6 **Prevention of access.** Lawful manner of sale legally restricted channel. FFL (Scott 27)

7 Dealer terminated upon indictment. (Scott 29-30)

8 **Trafficking.** Not a term he is familiar with (Scott 32)

9 Dealers with high volume sales. (Scott 32)

10 **Strawpurchases.** When one person buys a firearm for another who may not be legally eligible for that purchase. (Scott 33)

11 **Awareness of strawpurchase.** Not aware. Last five years became aware of term. No specific knowledge of dealers who engage in . (Scott 32-34)

12 **Antitheft measures at dealers.** Dealer decision (Scott 34-35)

13 **FFL violators not caught.** No knowledge (Scott 35)

14 **Steps taken by SW to learn about FFL who have been indicted.** News sources. Not other (Scott 36)

15 **Involvement in traces.** Cooperate (Scott 37)

16 **Strawpurchases.** Not aware of any (Scott 37)

17 **Ever attempt to find out if FFL has been cited for ATF violation, law enforcement, engage in irresponsible sales practices.** No (Scott 38)

18 **Trace request.** Cooperate. Don't know how many. (Scott 39)

19 **ACCESS 2000.** Since inceptions (Scott 40)

20 **Trace analysis.** No. We are not privy to purpose of trace request so could be for legitimate purposes not crime. (Scott 40-41)

21 **Trace utility in sounder and safer businesses.** I don't believe so. (Scott 40-41)

22 **Interest in 10 or 1000 traces.** Not useful. (Scott 42)

23 **Multiple sale if hd 200.** Not interested. I don't know what it would tell us. (Scott 43)

24 **Multiple sales and crime guns.** Not related (Scott 43)

25 **Time to crime and interest in knowing about.** Dealers activities governed by law. Issue is for local authorities (Scott 44 -45).

26 **Gun theft.** No opinion on seriousness of problem. (Scott 45)

27 **Gun theft and actions taken.** All precautions prescribed by law and outside advice. Including carriers. (Scott 46)

28 **Termination of dealers with too many traces.** Consideration of terminating. Not that I am aware of. (Scott 47)

29 **Termination for multiple sales.** Not aware of (Scott 47)

30 **Termination for gun thefts.** Not aware of (Scott 47)

31 **Obliterated serial numbers and interest in dealers that sold.** Don't know what value it would be. Might indicate a problem in their system if received from SW. Might be afoul of law if tried to sell. (Scott 49-50)

32 **Dealers selling obliterated serial number guns.** Not to his knowledge (Scott 50)

33 **ATF newsletters and reports.** Not aware of any reports. (Scott 50-51)

34 Reports. ATF 2000 to 2005 strategic plan, DOJ National integration Firearms Violence Reduction Strategy, Following the Gun, Commerce and Firearms 2000. ..... Operation Snapshot 1993, Don't recall any. (Scott 52-54)

35 **Letter to Mr. Scott dated 1995.** Notes regarding thefts, guns in schools, smash and grab, 25 percent FFL storefront, strawman purchase is , juveniles through black market, trafficking is a critical area,, commerce guns dangerous commodity very unregulated versus pharmaceuticals, require degreed pharmacist, insurance a big issue for dealers, produce a video, posters in stores, get ASSC, NSSF, SAAMI NRA endorsement in video. Alcohol industry has invested millions to discourage underage drinking and responsible driving.. federal funding, (Scott 58-69)

36 HUD agreement and channel. Put a number of requirements on SW to monitor and dictate third party behavior. Make it impossible for them to do business. Require them to exceed laws. Dealers would have chosen not to go with SW. (Scott 81)

37 **Boston agreement.** Similar issues of distribution (Scott 83)

38 **Boston settlement and SW steps.** Agree to abide by law, (Scott 88)

39 **Sell only through contract distributors who can sell to FFL's.** Meet laws (Scott 90)

40 **Insurance.** Individual dealer decisions. No requirement. (Scott 91-92)

41 **Sales at gun shows.** We have preclusion that distributors not to sell at gun shows. Not apply to dealers.

42 **Inventory tracking.** No requirement (Scott 92)

43 **Security.** No requirement (Scott 92)

44 **Limitations on under 18 handling guns**. No requirement (Scott 93)

45 **Access to documents.** I don't believe we do (Scott 94)

46 **Compliance with monitoring by SW, ATF.** Unknown (Scott 95)

47 **Monitoring of distribution.** Valid FFLs (Scott 95-96)

48 **Trace requests.** Yes (Scott 96)

49 **Employee training.** Awareness of legal requirements and how to handle guns. But not anyone else (Scott 97)

50 **Employee testing and certification.** No for employees or anyone else (Scott 98)

51 **No transfer prior to NICS notification.** Not a requirement (Scott 98-99)

52 **Walmart announced policy to not transfer sale until NICS notification - even if late.** SW no plans to alter policy. Cannot control dealers (Scott 100)

53 **Forego sale if under indictment.** Not selling to anyone indicted... but policy is valid FFL and indictment may not indicate crime. (Scott 101-2)

54 **Purchaser education.** Only as required by law. (Scott 102)

55 **Distributor sales to nonauthorized distributors.** No sales to unauthorized distributors (Scott 102-3)

56 **Sales to dealer known to engage in strawpurchase sales.** Policy that

must meet all laws (Scott 103)

57 **Could SW implement terms of Boston agreement.** No. Requirements exceed legal requirements. Required dealers to handle SW differently. Would not have agreed (Scott 105-106)

58 **If industry wide term implementation of Boston agreement could it be implemented.** No. Exceed laws and physical impossibility of monitoring (Scott 107)

59 **HUD agreement versus doing on their own.** Same reaction.

60 **Impact on SW.** Loss of 16 million over year when never had a loss. (Scott 111 -112)

61 Safe T Hammer acquired SW. (Scott 113)

62 **Don't' Lie for other Guy.** NSSF function. No requirement of dealers except to meet laws. We can't monitor (Scott 121)

63 **Any requirements that SW could require of distributors.** Can't sell to other distributors. (Scott 122)

64 **Any requirements that SW could require of dealers.** We can't control third parties. No

65 **What can SW control.** Things we can put in a box, can supply things to dealers. Brochures... things we can put in our gun box that our product is in. Warning. (Scott 124-4)

66 **Website.** We put safety rules. Links to other websites. Update. (Scott 123-4)

67 **Supplying to dealers.** Product information, new product announcements, coop materials. (Scott 124)

68 **Additional materials that could be given to dealers - training materials.** Not that comes to mind (Scott 125)

69 **Purpose of supplying dealers.** For purposes of running business and supplying necessary information to run business. Some safety purpose also (Scott 126-127)

70 **Working with law enforcement.** ACCESS 2000 and cooperate (Scott 129)

71 **Distributors refusing to sign distributor agreement.** No not to knowledge (Scott 144)

72 **Termination of distributors.** For business reasons. A number 144)

73 **Reduce number of distributors.** Prior to 1999. 60 to 20to 25. Not a need for that many and marketing purposes. Regionalization not as important as it once was (Scott 146)

74 **Ethical conduct clause in distributor agreement.** Honestly and forthrightly. Not pay bills. Willfully violate laws. Aware through other distributors, currency of FFL (Scott 148-149)

75 **Dealer arrangements.** No agreement with dealers. Expect them to follow law. Don't have ability to examine ethical conduct (Scott 149-150)

76 **Dealer requirements in distributor agreement.** Limit sales to FFL who have a regular place of business. (Scott 154)

77 **Dealer direct arrangements.** Buying groups and some retail accounts. (Scott 156)

78 **Stocking dealers arrangements.** Not a direct relationship. No commitments from them. They buy from distributors. We provide information, promotional, advertising. (Scott 157)

79 **Direct sales at shows.** Not for firearms (Scott 157)

80 **Dealer termination.** Others beyond Chicago. No. (Scott 165)
81 **Market Monitor.** Provided a retail market share estimation (Scott 166)
82 **Limitations on distributors doing business with competitors.** Contemplated but not effective. (Scott 173)
83 **Legitimate dealers.** Those that are a full-fledge retail operation. (Scott 174).
84 **Stocking dealer seminars.** Familiarization with our products. How to promote. Tools avaialble (Scott 176)
85 **Trademark dealers.** Contemplated but not implemented. (Scott 177)
86 **Partnership dealer program.** Contemplate but not implemented. Did not feel effective. (Scott 178)
87 **Urge distributor contact with dealers.** Not aware of formal requirement. . I had offered in conversation that I thought important. Build relationships. Manifest through visit to dealer (Scott 178-9)
88 **Distributor visits to dealers.** Course of year all visited I believe. Helps to create a complete relationship. (Scott 179)
89 **Training like Don't Lie ... No memory that considered doing this.** Primary focus on safe handling. (Scott 183)
90 **Dealer programs and feasibility.** Opinion that programs designed for independents would not work for chains. If you have SPIFF could not implement easily in chain. Could do this with independent. Independent could accept new product easier than chain given SKU and data entry (Scott 183-4)
91 **Stocking gun and Top gun dealers.** More attention to Top Gun dealers. (Scott 184-5)
92 **Distribution share percentages.** We estimate that the two hundred top Gun dealers could represent as much as 20 percent of the retailer and the balance of the three thousand stocking dealer base an additional 30 percent (Scott 186)
93 **Dealer sales.** Distributors protective of their sales so do not get that information (Scott 186)

xvi. **Sturm Ruger & Company**

(1) **Stephen Sanetti, Sturm Ruger (30(b)(6)), Senior Executive VP and general counsel.**

1 **Reading of ATF studies.** Yes (Sanetti 9/11: 31)
2 **Study of responsible gun distribution.** I'm familiar but have not studied. (Sanetti 9/11: 39)
3 **Ways in which criminals acquire guns.** Criminal acts. Theft. (Sanetti 9/11: 41)
4 **NSSF.** Yes. (Sanetti 9/11: 44-45)
5 **Sales manager knowledge of sales.** (Sanetti 9/11: 55)
6 **Sales department.** 10-15 people (Sanetti 9/11: 56)
7 **Responsible corporate citizen.** (Sanetti 9/11: 65)
8 **Acknowledgment that their guns sought by criminals and juveniles.** Yes (Sanetti 9/11: 65-66)
9 **Expectation that guns will be used safely.** (Sanetti 9/11: 67)
10 **Traces.** Reasons other than crimes (Sanetti 9/11: 74)
11 **National database on traces.** (Sanetti 9/11: 76)
12 **Studies to determine extent their guns traced.** Study reports issued by ATF. ATF is denoted to do this (Sanetti 9/11: 79-80)

13 **Percentage of suspect dealers.** View that 99 percent good (Sanetti 9/11: 82-83)
14 **Steps to determine bad dealers.** We don't know. We applaud efforts to find and put in jail. Function of ATF. (Sanetti 9/11: 83-87)
15 **Sell to.** Independent distributors. Not dealers (Sanetti 9/11: 86)
16 **ATF asking them not to be involved.** Cannot recall, but gave examples and indicated discussions at shot show (Sanetti 9/11: 90-97)
17 **Distributors.** 23. (Sanetti 9/11: 101)
18 **Knowledge of dealers selling to criminals.** No (Sanetti 9/11: 103)
19 **If new distributor was involved in gun trafficking.** We would tell ATF (Sanetti 9/11: 104)
20 **Awareness of dealers involvement in gun trafficking.** No (Sanetti 9/11: 105)
21 **Don't Lie program.** ATF/industry effort. Method of surreptitiously acquiring guns. Program aids in providing questions to be asked. Help cut down on these purchases through education. To minimize number of strawpurchases. (Sanetti 9/11: 106-109)
22 **Awareness of strawpurchase as problem.** 1990 by ATF. 1990's by Sturm (Sanetti 9/11: 112-113)
23 **Considered training dealers on strawpurchases.** No need because Don't Lie exists. (Sanetti 9/11: 116)
24 **NSSF has network to reach dealers for training.** NSSF has a way and a network to get to those dealers and disseminate information and to conduct education seminars. (Sanetti 9/11: 116-117)
25 **Strawpurchase training as an idea whose time has come.** Its an idea whose time has come and it's a good program and we support it (Sanetti 9/11: 117)
26 **Responsible distribution training.** (Sanetti 9/11: 117)
27 **ATF resource sufficiency.** If they need more they should get more. (Sanetti 9/11: 122)
28 **If dealer commits crime should be prosecuted.** (Sanetti 9/11: 122-123)
29 **Ability to prevent illegal gun sales by dealers that law cannot do.** Not something they can do. (Sanetti 9/11: 124)
30 **If dealer suspects strawpurchase.** Contact law. No sale. (Sanetti 9/11: 124-5)
31 **Multiple sales.** Should suspect something if sale of 10. Legitimate sale and report on form. Doesn't mean felon (Sanetti 9/11: 125-6)
32 **Multiple sales.** If circumstances suggest, dealer should alert law. (Sanetti 9/11: 127)
33 **Awareness of strawpurchase of Sturm.** No (Sanetti 9/11: 127)
34 **Steps to prevent strawpurchases.** Besides supporting Don't Lie program. Don't know what else we can do. (Sanetti 9/11: 128-9)
35 **Multiple sales regulation.** Why passed. Don't know (Sanetti 9/11: 130)
36 **Multiple sales regulation.** Awareness in 90's.
37 **Steps to discourage multiple sales.** ATF monitors (Sanetti 9/11: 131)
38 **Corrupt FFLs as problem.** I don't know if serious problem (Sanetti 9/11: 132)
39 **Sell to.** 23 distributors. Yes (Sanetti 9/11: 132)
40 **Sell to.** Used more distributors previously. High 30's. (Sanetti 9/11:

133)

41 **Attempt to learn dealers.** We do from time to time learn some. (Sanetti 9/11: 134-5)

42 **Attempt to learn of dealers.** Through "purchaser record cards." Send it back tomfg and it identifies information including dealer. (Sanetti 9/11: 135)

43 **Attempt to learn of dealers.** Our sales reps sometimes call on them (Sanetti 9/11: 135)

44 **List of dealers.** Yes. Not comprehensive list. About 10,000 dealers. (Sanetti 9/11: 136)

45 **Requirement of distributors to identify dealers.** No (Sanetti 9/11: 136)

46 **Dealer indicted.** They alerted ATF. (Sanetti 9/11: 137)

47 **Decision to not sell to distributor who sells to a dealer.** We can always decide to whom we sell products because our terms and conditions are unilateral terms and conditions. (Sanetti 9/11: 138)

48 **No sale by distributors to nonstorefront dealers.** Policy since 1987 that must have a place of business. It could a be a bait and tackle. Our goal was to make sure that the person was actually in the business and stocked firearms so people could compare and shop. (Sanetti 9/11: 142-44)

49 **No sale by distributors to nonstorefront dealers..** We thought policy was good business practice. We felt products could be best promoted by displaying on shelf and loyal cadre of distributors. (Sanetti 9/11: 145)

50 **Reduction in number of distributors from 150 to 30.** (Sanetti 9/11: 145-6)

51 **Concern that nonstocking dealers more likely to be involved in illegal traffic.** No (Sanetti 9/11: 149)

52 **How determine if distributors are complying with terms of contract.** Rely on ATF. (Sanetti 9/11: 154-55)

53 **Steps taken to ascertain distributor compliance on having a place of business - buy and trace.** We will make a buy and trace gun. A dozen time (Sanetti 9/11: 156-157)

54 **Steps taken to ascertain distributor compliance on having in a place of business.** Reps do visit dealers from time to time. Also phone. Meet with distributors. Not every dealers. (Sanetti 9/11: 157-8)

55 **Sales a gun shows as problem.** (Sanetti 9/11: 158-9)

56 **Dealer lack of inventory control.** Don't know (Sanetti 9/11: 160)

57 **Awareness of trafficking coverup.** No (Sanetti 9/11: 160-1)

58 **Obliterate serial numbers as problem.** No (Sanetti 9/11: 161-2)

59 **Awareness of state to state recovery of crime guns.** Yes. Crime in one state. Recovery in another (Sanetti 9/11: 163)

60 **Tracing requests.** Telephone and paper. (Sanetti 9/11: 164)

61 **ACCESS 2000.** Familiar but not part of . Consider in next year. (Sanetti 9/11: 165)

62 **Trace request.** Immediately complied with. (Sanetti 9/11: 165)

63 **Trace request records.** 10 years with some gaps (Sanetti 9/11: 166)

64 **Trace request analysis.** We analyzed data for traces to new York. No pattern. No other analysis (Sanetti 9/11: 167-8)

65 **Trace requests.** Not more than 50,000. (Sanetti 9/11: 170)

66 **ATF indication that certain factors related to traces require further**

inquire. No (Sanetti 9/11: 173)

67 **Trace analysis**. None other than described for new york (Sanetti 9/11: 176)

68 **Sales reps**. Some employees and some outside contractors. (Sanetti 9/11: 177)

69 **Sales rep training**. Head of sales department. Meet each year on two occasions. Up to date on legal requirements. (Sanetti 9/11: 177-8)

70 **Sales rep training on Don't Lie**. Don't know (Sanetti 9/11: 178)

71 **Strawpurchase materials provided. Yes in 1993.** Booklet. Reminder to dealers strawpurchase subject to law. Mailings to dealers and distributors and we distribute at trade shows (Sanetti 9/11: 179-80)

72 **Sales reps**. Five total. (Sanetti 9/11: 181)

73 **Dealer visits by sales reps**. 5 or 6 dealers per week. 250 a year. Sometime mores. (Sanetti 9/11: 182)

74 **Contact and attempt to visit all dealers**. They change all the time. Its just not one list of 10,000. We also visit at shot show where 50,000 distributors and dealers attend. They meet with us. Seminars. Phone. Mail. Marketing department mailings to dealers. . There's a variety of different kinds of contacts over the years and we do different things as appropriate. (Sanetti 9/11: 183-4)

75 **Training of dealers**. Some mailing of brochures and information. Training implies all sorts of things. We are primary source of information for dealers about our products. (Sanetti 9/11: 186-7)

76 **Independent reps**. Yes. (Sanetti 9/11: 188)

77 **Criteria for distributor selection**. Best and most reliable. Financially sound. Conduct business according tot he standards we like. Safety conscious. (Sanetti 9/11: 188-9)

78 **Reducing size of distributor numbers**. We know them better (Sanetti 9/11: 190)

79 **Investigation of distributors prior**. No need to investigate each year. We know them. (Sanetti 9/11: 190-1)

80 **Knowledge if responsible**. Look at business practices. (Sanetti 9/11: 191-2)

81 **Due diligence on distributors**. Must be reliable and responsible as provided for through financial statements. (Sanetti 9/11: 192-3)

82 **Distributor agreement terms**. Unilateral terms and conduction. We impose on distributors. If you want to purchase from you have to understanding these are the terms and conditions we sell on. Not contracts, but terms and conditions to be met as a prerequisite to sale. (Sanetti 9/11: 193-4)

83 **Distributor agreement terms**. Condition that they not carry other gun mfgs products. 1998. We then dropped for antitrust concerns. (Sanetti 9/11: 195-6)

84 **Distributors that they refuse to sell to.** We chose less than the total out there - 23 out of 130 (Sanetti 9/11: 197)

85 **Distributor termination**. Variety of reasons. Out of business. Financial hard times. . unilateral decision on our part. (Sanetti 9/11: 198-99)

86 **Distributor termination/choice**. Not a mutual thing. We determine (Sanetti 9/11: 199-20)

87 **Safeguards.** POS background checks. Prohibition of unsupervised

possession of guns by juveniles. Safety programs. Safe storage. Scrutiny of retail sales. Endorse all of them - yes (Sanetti 9/11: 204-5)

88 **Scrutiny of retailers.** Require distributors to only sell to dealers who had established hours of business. Attempted to cut of dealers who were not complying. A dozen times. (Sanetti 9/11: 207-8)

89 **Responsible marketing practices.** Doesn't know what they do differently from others (Sanetti 9/11: 216-9)

90 **Attempts to get other mfgs to engage in responsible distribution.** Don't know what they could do (Sanetti 9/11: 218-219)

91 **Attempt to get other mfgs to engage in responsible distribution as a topic at trade associations.** No. Absolutely not (Sanetti 9/11: 219)

92 **Trace requests.** They do not know identity of dealers or others down the line (Sanetti 9/11: 238)

93 **Trace requests.** Could they learn those down the line sold to. Only thing making this inappropriate is that ATF told us not to. Enforcement scheme precludes us (Sanetti 9/11: 239-41)

94 Steps to identify problem dealers. (Sanetti 9/11: 250)

95 **Don't lie.** Not involved in development (Sanetti 9/11: 259-60)

96 **Mailing to distributors asking them to make available Don't Lie materials.** (Sanetti 9/11: 266-7)

97 **Looking into other industries to see what they are doing in relation to responsible dealers.** What other industries do are not comparable to our industry (Sanetti 9/11: 271-3)

98 **SW training syllabus for retail sales associations.** Not comparable to Sturm given SW has direct sales and they do not (Sanetti 9/11: 274-5)

99 **Code of ethics for dealers.** SAAMI discussion. Drafts made (Sanetti 9/11: 288-93)

100 **Indicted dealer and continuing to sell to them.** Tough call. Not conviction. (Sanetti 9/11: 309-10)

101 **Changes to distributor terms and conditions.** Some changes. No sales through mail to other FFLs. (Sanetti 9/11: 320-324)

102 **We want sales through legitimate dealers.** (Sanetti 9/11: 324)

103 **Change of business practices based on seeing reports and other information.** No reason to change our practices because ATF is on the job. (Sanetti 9/12: 16-24)

104 **Efforts to learn of bad apple dealers identified in Schummer report.** No (Sanetti 9/12: 27)

105 **Change in business practices based on seeing reports and other information.** No. Studied report but no reason to interfere with ATF on the job (Sanetti 9/12: 29-39)

106 **Gun trafficking as a recent term.** Yes. Mid 90's became aware (Sanetti 9/12: 40)

107 **Change in business practices based on seeing reports and other information.** We've always engaged in responsible business practices. (Sanetti 9/12: 43-44)

108 Policy that legitimate storefront dealers can display at gun shows. (Sanetti 9/12: 50)

109 List of distributors. (Sanetti 9/12: 64)

110 **Distributors issues.** We would contact phone or other (Sanetti 9/12: 65-6)

111 **Production.** Make ½ million guns a year and are largest (Sanetti 9/12:

73)

112 **Dealer survey**. 1993. Information on what dealer requires. (Sanetti 9/12: 74-81)

113 **Sales rep** visits to dealers. (Sanetti 9/12: 81)

114 Different volume dealers tiers and different information amounts to them (Sanetti 9/12: 84)

115 **Feedback on SW agreement**. Bredath and unenforceability. (Sanetti 9/12: 94-95)

116 **SW agreement feasibility**. Multiple sales without explanation. How does one enforce (Sanetti 9/12: 112)

117 **SW agreement feasibility**. Authorized dealers. Monitoring issues and licenses (Sanetti 9/12: 114)

118 **SW agreement feasibility**. Liability insurance required by dealer. Difficult to enforce by mfgs. (Sanetti 9/12: 114-115)

119 **SW agreement feasibility**. Make no sales at gun shows unless all sales are conducted only on completion of a background check. Unenforceable (Sanetti 9/12: 115)

120 **SW agreement feasibility**. Inventory tracking plans. Not in position to tell distributor or dealer what is the best inventory plan (Sanetti 9/12: 116-117)

121 **SW agreement feasibility**. Audit failure sanctions. Not a matter for mfgs but for dealers (Sanetti 9/12: 118)

122 **SW agreement feasibility**. Locking display cases. Dealer issue and how enforce (Sanetti 9/12: 118)

123 **SW agreement feasibility**. Guns in safe. How enforce that (Sanetti 9/12: 119-20)

124 **SW agreement feasibility**. Requiring minors be accompanied by parent. How enforce that (Sanetti 9/12: 120-121)

125 **SW agreement feasibility**. Compliance inspections and oversight committee. Confidential data and issues (Sanetti 9/12: 122-3)

126 **SW agreement feasibility**. Trace requests kept. Not enforceable (Sanetti 9/12: 124)

127 **SW agreement feasibility**. Employee training. We do. But oversight difficult (Sanetti 9/12: 124-5)

128 **SW agreement feasibility**. No transfer until notice of NICS. Now being done. (Sanetti 9/12: 127-8)

129 **SW agreement feasibility**. Foregoing sale to if know they are under indictment. Valid. But difficult (Sanetti 9/12: 128-29)

130 **SW agreement feasibility**. Authorized to authorized FFL sales only. Now in our agreements (Sanetti 9/12: 133-4)

131 **SW agreement feasibility**. No strawpurchases. That's the law. (Sanetti 9/12: 134-135)

132 **SW agreement feasibility**. Multiple sales. 14 day. How do we enforce (Sanetti 9/12: 135-6)

133 **SW agreement**. Verify validity of FFL license. Now doable (Sanetti 9/12: 140)

134 **SW agreement**. Security for mfg. We have (Sanetti 9/12: 140-1)

135 **SW agreement**. Shipping in un marked. We do (Sanetti 9/12: 141-2)

136 **SW agreement**. Theft reports in 24 hours. Unknowable. We notify

immediately (Sanetti 9/12: 141-2)

xvii. **Taurus**

(1) **Robert G. Morrison, Taurus International (TIMI), Executive VP and COO (joined in 1997 - present)**

1 **Trade association membership.** NSSF, SAAMI, both on Board of Govenors, (Morrison 13-14)

2 **TIMI production.** 5000 to 20,000 annually (Morrison 20)

3 **SKU's produced.** Between 10 and 50 (Morrison 20-1)

4 **Sales to distributors.** Yes primarily (Morrison 40)

5 **Catalog defines guns by SKU.** (Morrison 43)

6 **Communication with disributors.** Every day we get a customer being a distributor. I ge orders, ... yes by purcahse order that contains SKU... it contains lots of information (Morrison 50)

b. **Distributors**

i. **BL Jennings**

(1) **Bruce Lee Jennings. President of Jennings Firearms [until 1984]. BL Jennings [sole shareholder and president until 1999.] no title now but involved in litigation. Raven employee. Bryco Arms [BL Jennings is Bryco distributor]. Consultant to Bryco arms.**

1 **Trace request retention policy.** No (Jennings B. 33)

2 **Trace request retention.** Attempt to (Jennings B. 34)

3 **ATF report retention.** Informal policy (Jennings B. 37)

4 **ACCESS 2000.** No participation. (Jennings B. 40)

5 BL Jennings and Bryco similar retention policies. (Jennings B. 41)

6 **File on instances of inappropriate users gaining access to firearms.** No (Jennings B. 46)

7 **Don't Lie for other guy.** No participation (Jennings B. 54)

8 **Jennings firearm distributors.** Sold to distributors. 60 of them. Core of 20-30. (Jennings B. 76-77)

9 **BL Jennings.** A Distributor of firearms (Jennings B. 78)

10 **BL Jennings employees.** 30 (Jennings B. 95)

11 **Inventory by BLJ.** Yes (Jennings B. 112)

12 **Order tracking at BLJ after placed.** No (Jennings B. 113)

13 **Shipments.** FED EX, UPS, Common carrier. (Jennings B. 113)

14 **Security at warehouse.** No guards. But alarms. (Jennings B. 114)

15 **Suggestions by mfgs to BLJ.** Non other than firearms (Jennings B. 114-115)

16 **BLJ contact of customers.** Yes (Jennings B. 116-7)

17 **Advertising by BLJ.** Started in 1996 (Jennings B. 117)

18 **BLJ sales.** 40 percent to distributors and 60 direct to dealers. (Jennings B. 118)

19 **Customer criteria.** FFL. Phone numbers and financial information. (Jennings B. 119)

20 **Customers not meeting criteria.** Recall that happened (Jennings B. 120)

21 **Requirement of retail place of business.** Not require storefront (Jennings B. 120)

22 **Requirement of demonstration of compliance with law.** No (Jennings B. 120-1)

23 **Communications with customers.** Phone. Calling to check on inventory is only basis of contact (Jennings B. 121-2)

24 **Steps in purchasing from BLJ**. Distributors. Long term relationships. Phone call. Order placed. Computers. Type up invoice. Shipping receipts typed up. Shipping and receiving clear receives copy of sales order. Selection of firearms. Types serial numbers in computer. Places labels on package. Ships by UPS or FED EX. Computer updates acquisition and disposition record. (Jennings B. 123-4)

25 **Steps in purchasing from BLJ**. Dealers. Dealer call in or the sales reps will call them. Place order. Sales rep crease a sales order. Invoice and shipping document. Shipping clerk gets product. Complete transaction through shipping. Computer takes and creates acquisition and disposition record. Bar code readers. (Jennings B. 124)

26 **Dealer conversations**. No formal document. Dialogue formalized (Jennings B. 125)

27 **Encouragement of dealers to limit number of guns in transaction**. No (Jennings B. 125)

28 Acknowledge of Schumer study (Jennings B. 126)

29 **If new that dealer was one of the 1-2 percent bad apples would attempt to limit sales**. Not sell to them (Jennings B. 126)

30 **No requirement of storefront for dealer**. FFL requires background check so view they have been approved for sale. Some who do not have storefronts may become storefronts. Guns shows are part of industry. Presence of licensed dealers at guns shows is good for industry because of their present illegal sales would be slowed down. (Jennings B. 127-128)

31 **Some local laws require storefronts - has BLJ ever investigated those laws**. No (Jennings B. 130)

32 **Visits to dealers**. No or at least rarely (Jennings B. 132)

33 **Other requirements beyond those mentioned**. No (Jennings B. 132-33)

34 **Dealers of BLJ**. 5000 (Jennings B. 134)

35 **Distributors of BLJ**. 15-20. (Jennings B. 134)

36 **Sales to various dealers**. (Jennings B. 135-139)

37 **Trace requests**. Since inception 15-20,000 (Jennings B. 139-140)

38 **Trace requests as proportion of sales**. 1 percent given 2.5 to 3 million in sales. Since inception (Jennings B. 140)

39 **Sales since inception**. 2.5 - 3.0 million (Jennings B. 140)

40 **Traces per week**. 1 per week [not consistent with 15-20,000 estimate above] (Jennings B. 140-1)

41 **Trace request process**. Fax. (Jennings B. 141)

42 **Reports developed on trace requests**. No (Jennings B. 141)

43 **Protocol for trace request response**. Yes. Access computer records per serial number. Download information where it was sold. Create spreadsheet and then information would be faxed to ATF (Jennings B. 142)

44 **Trace records kept**. Yes (Jennings B. 143)

45 **Trace request analysis**. We took dealers and the quantity of guns the dealer had purchase and the quantity of guns traced to those dealers and ran some spreadsheets on those dealer trying to find out if we could identify the 1 or 2 percent that have high number of traces as spoken about by Schumer. . 3 or 4 years ago. I don't know who has. We also

bought data from ATF that they claimed was their entire file for tracing. It included mfgs by make, model, caliber we put into spreadsheets and compared BLJ to other major companies. We reviewed and created charts and graphs. Still have those. Yes. I'm not sure what they show. We thought we were successful in testing theory. Most highly traced dealers that we dealt with had as much as 3.5 to 4 percent traces. Normal trace was below 1 percent. . We decided the information was flawed because if a person only bought five guns and had one traced that put him in that category. We came up with a big zero . Study didn't tell us anything useful. We were not able to obtain the full number of sales on the part of dealer given we only had information on our sales. They probably purchased from other distributors besides us. We had information on only our sales to dealers. (Jennings B. 148-158)

46 **Trace request analysis**. ATF data provided information that only 1 percent of traces would be considered serious crimes. . we tried to find out which guns were used in crimes more often that not. Shotguns equally as pistols (Jennings B. 158-159)

47 **Trace request analysis**. We concluded that type of gun didn't lead it to become crime gun. Type of gun was not correlated with traces to crime. (Jennings B. 159-160)

48 **Trace request analysis**. Awareness of distributors with high trace request. We have not data on distributors. (Jennings B. 162)

49 **Trace request analysis**. Awareness of mfgs with high trace requests. All within 2 percent to .5 percent. (Jennings B. 162)

50 **Trace request analysis**. Analysis by day. All sales in one day to one dealer being traced. Due to lost shipment. I wouldn't know. (Jennings B. 163-4)

51 **Trace request analysis** . Other than the two. No. (Jennings B. 163-5)

52 **Acquisition and disposition records**. Updated electronically. (Jennings B. 164-5)

53 **Dealer or distributor training**. No (Jennings B. 165)

54 **Change in sales practices since Hamilton decision and other suits**. I can't recall any (Jennings B. 166)

55 **Awareness of cases on illegitimate gun dealers**. Yes. (Jennings B. 166)

56 **Change in sales practices after becoming aware of illegitimate gun dealer cases and other cases**. Not aware of any (Jennings B. 167)

57 **Strawpurchases.** Customer buys a firearm for the ownership of someone else (Jennings B. 168)

58 **Awareness of strawpurchases**. Mid 1980's (Jennings B. 168)

59 **Steps to avert strawpurchases**. We do not sell to consumers (Jennings B. 168)

60 **Steps to get dealers to prevent strawpurchases**. I'm not sure, but I think in box there is information. ATF has numerous programs. . Primarily a law enforcement issue. (Jennings B. 169)

61 **Awareness of industry steps to prevent strawpurchases**. Nothing direct, but hear. (Jennings B. 169)

62 **Steps to encourage dealers to attend industry efforts to prevent strawpurchases**. Not part of the normal business transaction (Jennings B. 170)

63 **Steps to encourage dealers to take steps to prevent strawpurchases.** None that I am aware of (Jennings B. 170)

64 **Awareness of firearm diversion.** Other than strawpurchases. I don't believe so. (Jennings B. 170)

65 **Multiple sales and requests of dealers to limit.** No. It is a legal transaction. Special forms that government requires. (Jennings B. 170)

66 **Multiple sales and responsibility to prevent.** Nothing more that BLJ could, should do (Jennings B. 171-3)

67 **Steps to prevent obliteration of serial numbers.** Don't know what could do (Jennings B. 173-4)

68 **Steps to prevent sales across state lines.** Dealers have the ability. It is legal. No (Jennings B. 174)

69 **Other restrictions on dealers or distributors.** I do not think we have any other restrictions. (Jennings B. 175)

70 Changes in sales practices in response to SB 15. (Jennings B. 176)

71 **Min prices for distributors and dealers.** No (Jennings B. 176)

72 **Awareness of multiple sales restrictions in law.** Dealers handle. We do not (Jennings B. 177)

73 **Feasibility of asking dealers to restrict multiple sales.** Could be possible. We would not be willing to do it. It infringes on rights of customers (Jennings B. 178)

74 **Imposition of requirements beyond law for dealers and distributors.** Yes. (Jennings B. 179-181)

75 **Willingness to impose requirement that dealers not sell at gun shows.** No it would not (Jennings B. 182)

76 **Willingness to impose requirement that dealers have storefront.** No. (Jennings B. 183)

77 **Marketing segments.** Lower cost firearm market (Jennings B. 259)

78 **Product focus.** 5-10 gun focus (Jennings B. 259)

79 **Top ten time to crime pistols manufactured by Bryco and changes to sales practices once found out.** No (Jennings B. 271-272)

80 **Literature distributed with firearms.** Youth handgun safety notice. Suppose to be placed at retailer wall. We put in box thinking it would help educate public on what their responsibilities are. Aware that not under legal notice to do so (Jennings B. 299-303)

81 **Awareness of white house initiative to have mfgs change sales practices.** Yes (Jennings B. 380)

82 **SW agreement.** Willingness to enter agreement that says that mfgs only sell to authorized distributor and dealers. No (Jennings B. 411)

83 **SW agreement.** Willingness to monitor or keep track of licenses of dealers. No (Jennings B. 412)

84 **SW agreement.** Willingness to assume duty of observing each firearm sale at dealer level. No (Jennings B. 413-4)

85 **SW agreement.** Willingness to require insurance by mfg, distributors or others they deal with. No (Jennings B. 414)

86 **SW agreement.** Willingness to require no sales at gun shows. No, but believes background checks should be don by our dealers. (Jennings B. 415)

87 **SW agreement.** Willingness to require inventory tracking. We disagree given assumption that every dealer must go out and buy a computer to

track this. (Jennings B. 416)

88 **SW agreement**. Willingness to audit dealer inventor. Not have the ability to do (Jennings B. 417)

89 **SW agreement**. Willingness to secure shipments. Security (Jennings B. 418)

90 **SW agreement**. Willingness to monitor dealers. (Jennings B. 418)

91 **SW agreement**. Willingness to require prohibition of 18 year olds inside stores. No (Jennings B. 418-19)

92 **SW agreement**. Willingness to require dealers to provide documents to oversight commissions. No (Jennings B. 420)

93 **SW agreement**. Willingness to participate in monitoring of distributor by manufacturer. We have always complied and participated (Jennings B. 420-1)

94 **SW agreement**. Willingness to participate in electronic record keeping requirement. Don't know how to create (Jennings B. 421)

95 **SW agreement**. Willingness to participate in oversight committee. No (Jennings B. 422)

96 **SW agreement**. Willingness to participate in seminars to dealers. No (Jennings B. 422-23)

97 **SW agreement**. Willingness to monitor and supervise dealers. No (Jennings B. 423-4)

98 **SW agreement**. Willingness to enforce, supervise or have duty to force dealers. We believe, though that it is reasonably appropriate (Jennings B. 424)

99 **SW agreement**. Willingness to require dealers and mfgs to do certain things (Jennings B. 424)

100 **SW agreement**. Willingness to participate in authorized dealer provisions. Reject that concept (Jennings B. 425)

101 **SW agreement**. Willingness to participate in Multiple purchase provisions. Damaging to gun shows. Severely restrict people from attending gun shows (Jennings B. 426)

102 **Determination of market base**. Geographically focused on west (Jennings B. 430)

103 **Market target**. No conscious decision to target under 200 dollars. (Jennings B. 431)

104 **Market steps to expand dealer base**. Advertisements. Phone. Mailings. Shot show (Jennings B. 433)

105 **Market surveys**. No. Doesn't know how. (Jennings B. 433-434)

106 **Retention of third parties to conduct market surveys**. No knowledge of third parties. (Jennings B. 435)

107 **Suggestions to mfgs and their adoption**. Advertising for Bryco done by BLJ, but not others (Jennings B. 445)

ii. **Ellett Bros.**

(1) **Randal Spatharos, Ellett Brothers [5 years], International Director of Marketing and prior Director of Purchasing.**

1 **Department of marketing**. Two employees (Spatharos 11)

2 **Inventory management**. Computer tracking. (Spatharos 18)

3 **Purchasing staff**. Two staff members. (Spatharos 19)

4 **Buyers and assistant buyers**. (Spatharos 21)

5 **Appointments with vendor**. Vast majority at trade show.

6 **Meetings with vendors at Shot Show.** New products. Pricing. Hear what the vendor has to say (Spatharos 26)
7 **Denial of buyer adding a vendor.** Veto yes. (Spatharos 29)
8 **Criteria for adding vendor.** No official written criteria. Main criteria would be if there was a product that was a duplicate of what we had. [not add]. Other criteria was if we could sell. . Buyers makes decisions in part. Demand for product. (Spatharos 32-33)
9 **Marketing studies.** None to determine if could sell (Spatharos 33)
10 **Information about vendors from buyers [criteria].** Catalog. Price points. Opinion as to ability to sell. How many units. (Spatharos 34)
11 **Buyer hiring.** No specific criteria (Spatharos 38)
12 **Employee background check.** I'm not aware of that (Spatharos 39)
13 **Employee training.** On the job. Gener procedure training manual. (Spatharos 39)
14 **Employee training on law.** Working with other buyers and manufacturers. (Spatharos 41)
15 **Marketing.** Fliers, catalogs, (Spatharos 41-43)
16 **Mfgs asking that fliers be signed off on.** No. (Spatharos 43)
17 **Mfgs asking that fliers be pulled.** Not that I recall (Spatharos 43)
18 **Pricing.** They determine their own. (Spatharos 44)
19 **Input of mfgs on fliers.** No. . I don't recall. That would be extremely rare. (Spatharos 45)
20 **Catalog distribution.** Of 99 percent of our customers. Retailers and also some distributors (Spatharos 46-7
21 **Distributors sold to.** RSR. (Spatharos 47)
22 **Top mfgs.** Remington, Ruger. (Spatharos 530
23 **Dealers sold to.** No idea (Spatharos 53)
24 **Allowances from vendors.** Coops from mfgs (Spatharos 56-7)
25 **Contracts with mfgs.** No (Spatharos 59)
26 **Coordination with sales manager or vendor rep for promotion.** Both get together and agree on a date. Discuss the general items that will be in the promotion. (Spatharos 60)
27 **Promotions and incentives.** SPIFFS. Taurus $3 per gun. . addional cash prize to sales person. Incentive. (Spatharos 66-69)
28 **Partners in Success Program.** Rebate program based on some goals. Taurus sets goals. (Spatharos 72-3)
29 **Promotion.** Directed toward salespeople. (Spatharos 85)
30 **Trips as promotional incentives.** Yes (Spatharos 90)
31 **Sales promotions budget.** Yes (Spatharos 90)
32 **Evaluation of product prior to approval for sale.** No (Spatharos 96)
33 **Discontinue a firearm criteria for termination of sale.** No longer in business. Not selling are two of the major reasons (Spatharos 99)
34 **Trade associations.** National association of sporting goods wholesalers. National Association of Shooting Sports. Heritage fund (Spatharos 103)
35 **Marketing research.** On sales trends. No (Spatharos 105)
36 **Sales promotion.** 100,000 dollars top out. SPIFF amount. (Spatharos 110)
37 **Browning stocking distributor agreement.** Yes his responsibility to enter inoto. Min purchase requirement. . Min of 1,000,000 to be Master distributor. Requirement for distributor to distribute catalog,

fliers and promotional materials. . (Spatharos 128-134)

38 **Glock stocking dealer program**. Dealer decides which distributor he wants products invoiced through. Letters sent by glock. Inbound calls and we also let dealers know that glock has program. Sales function in distributor area to contact dealers (Spatharos 136-7)

39 **Glock SPIFFS**. Extremely few. (Spatharos 141)

40 **Mfg communications**. Arranging a meeting, visit or notification of something their company is doing. Artwork via email (Spatharos 143)

41 **Trade organization communications**. No email to him (Spatharos 144)

42 **Training of salespeople**. Yes a training period. All day. . (Spatharos 146-8)

43 **Distributor agreements**.

iii. **MKS Supply**

(1) **Charles Brown. VP, MKS Supply [5 years]**

1 **MKS**. Marketing company that markets HiPoint guns (Brown 12)

2 **Customers.** Distributors and some dealers (Brown 12)

3 **Distributors sold to.** AcuSport, Alamon, Bangers, Chattanooga, Dixie Shooter Supply, Ellett Brothers, Faber Brothers, Henry's, Hicks, RSR Wholesale, CSI, MT Sports, Seligman Distribution. Zanders Sporting Goods. (Brown 13)

4 **Dealers sold to.** 20-25 sold to. (Brown 14)

5 **Dealers sales**. Started to have program 4 years ago (Brown 14)

6 **Dealer sales**. Dealers we sell to are members of three major Buying groups (Brown 15)

7 **Buying Group.** Similar to Co-op but costs dealers to be a member of (Brown 15)

8 **Buying Group and dealer screening**. Anchor, solid, long-term stores. (Brown 16)

9 **Buying group interaction**. We deal with dealers and purchase orders are approved by buying group. (Brown 17)

10 **Buying group process**. Fax purchase order and it is faxed from buying group office. (Brown 20)

11 **Buying groups**. Sports Inc, NBS, Worldwide (Brown 20)

12 **Buying groups have shows**. Sports Inc. show (Brown 21)

13 **Buying group evaluation of members**. Financial wherewithal. (Brown 22)

14 **Buying group evaluation of members**. Screening process - don't know.

15 **Criteria for selling to buying group**. Attend meeting with them. (Brown 24)

16 **Meetings with buying groups**. Information about their groups and why they were a good group. Why their dealers were quality. Information about how well established dealers were. Creditworthiness. Length of time in business. (Brown 28)

17 **Importance of quality dealer**. Indication they were established, they'd been in business a long time. I don't want credit problems. I want to be comfortable with these groups. (Brown 29)

18 **Buying group discussion of dealer's sales practices and safety**. I don't recall (Brown 31)

19 **Knowledge of buying group dealer sales practices**. Yes. (Brown 31)

20 **Interaction with buying group dealer**. Met, been to shop. Not all visited. (Brown 32)

21 **Knowledge of buying group dealers as storefront**. Assume given they pay a lot and have been in business. Don't know if a criteria for being a member (Brown 33)

22 **Other requirements for being in buying group**. No knowledge. (Brown 33)

23 **Requirement wise all buying groups act the same**. Yes (Brown 34)

24 **Buying group contracts**. No (Brown 36)

25 **Sales to all member of buying groups**. No. Some do not sell firearms (Brown 36)

26 **Buying group approves purchase orders from dealers** . Don't know what approval is based on. Fax arrives from buying group. (Brown 37)

27 **Dealer sales of gun locks**. Virtually every one (Brown 40)

28 **Selling to buying groups versus directly to dealers**. Because they are well-established, large dealers. (Brown 41-43)

29 **Buying group meetings**. At shows. Discuss new product ideas, new features. Presentations. (Brown 44-5)

30 **Termination of dealer**. Yes. Arizona Sportsman. Not paying on time. No other reason for other terminations (Brown 45-6)

31 **Requirement of dealers to have storefront premise**. No

32 **Requirements of dealers and distributors**. Only that they have a valid FFL. We verify every time - started this year and prior kept copy of license (Brown 47-9)

33 **Employees**. 2 full time and couple part time. (Brown 49)

34 **Background checks of employees**. No, have know personally. (Brown 51-53)

35 **Security system**. Alarm code on building (Brown 55)

36 **Employee termination** . No (Brown 56)

37 **Thefts**. Had a few missing, filed forms, never cited. Everything zeroed out. (Brown 58)

38 **Thefts**. No (Brown 60)

39 **Inventory procedures**. End of month physical count. (Brown 60)

40 **Trace request**. They give serial number, data, model and mfg. (Brown 61-62)

41 **Reasons for doing traces**. Doesn't know. (Brown 63-65)

42 **Trace requests**. I don't know how many

43 **Tracking trace requests**. Never counted. They just come through and we do them. No pattern that has jumped out. (Brown 66-67)

44 **Schumer report**. Acknowledged seeing. . Believes report (Brown 70-73)

45 **Criteria for selling to dealer**. If not quite worthy. (Brown 74-75)

46 **Attempt to find out that relatively small number of dealers**. Article about ATF study raised interest. (Brown 76-78)

47 **If new of dealer who was on list of ATF study of bad Apple dealers would that be grounds for termination**. I don't know. (Brown 77-8)

48 **ATF instructions not to sell to dealer**. No never (Brown 78-79)

49 **Dealers not engaging in good business practices**. List of dealers from ATF report (Brown 85-6)

50 **Response to finding out dealer on ATF study list of bad apples [hypo].** Call ATF. . Could stop selling.
51 **Response to learning of bad apple dealer problem existed.** Couldn't without knowing more. Not policies changed. (Brown 86-88)
52 **MKS relationship with HiPoint.** Independent entities. (Brown 89)
53 **Source of purchases.** B. Miler, Iberia and Haskell. (Brown 90)
54 **Marketing studies.** No. Never polled or studies. (Brown 92-3)
55 **Mfgs meetings.** Feelings and ideas conveyed (Brown 94)
56 **MKS relationship with mfgs.** MKS sells all the guns that B. Miller can make and needs more essentially and Haskell also. (Brown 96)
57 **Any local gun shop who holds a FL can get out gun.** Yes that is my understanding. (Brown 99)
58 **Dealer list.** Dealers who carry Hipoint. Exists and may have others on. (Brown 104)
59 **Tracking of dealer stock.** No and never had the capability (Brown 106)
60 **Sales practices of dealers on their list of dealers.** No (Brown 107)
61 **Distributor termination.** Yes. S&G Distributing. Buying to sell to their own retail stores. Unfair. . They were not a distributor. (Brown 111-115)
62 **Distributor agreements.** Wither each distributor. Identical terms. Substantively the same. (Brown 116-117)
63 **Distributor agreement terms.** FFL. Abide by laws. Pay their bill. (Brown 117)
64 **Require credit check of distributors.** No formal checks. (Brown 118)
65 **Require min order from distributors.** Nothing. We would like them to order 100 of each. But would not terminate if not 100. (Brown 118-120)
66 **Require that distributors sell only to stocking dealers.** No. (Brown 120)
67 **Require that distributors only sell to dealers who don't sell at gun shows.** No (Brown 120)
68 **Web site.** Yes (Brown 122)
69 **Training and experience of dealers.** Assumption on his part. I mean they are a FFL. (Brown 128)
70 **Theft of firearms.** (Brown 164-5)
71 **Knowledge of gun used in crime from email.** Did that lead to change in sales practices. Not that aware of (Brown 168)
72 **Steps to prevent firearms from being acquired by criminals.** Work with ATF. We support organizations that give information. Heritage fund. NSSF has a program.. Don't Lie for Other Guy. Contribute to Heritage Fund that we believe contributes to Don't Lie. (Brown 168-9)
73 **Trade association memberships.** SAAMI - no. NSSF - no. ASSC - we were. Attended one meeting and does attend shows (Brown 171-194)
74 **Training of employees.** No. No classes. (Brown 207)
75 **Marketing campaign.** I write ads. Targeted to dealers. Keep awareness up. Keep our name out their. (Brown 210-213)
76 Sales to buyer groups. (Brown 217)
77 Ship directly to dealers and assumes they know if firearm is legal in that state. (Brown 217-219)
78 **Sales at gun shows as concern.** Dealers are FFL's. No (Brown 223)

79 Dealers at gun shows have to do background checks (Brown 224)
80 No warranty registration. (Brown 227-228)

iv. **RSR Wholesale**

(1) **Robert Steger, RSR Group, [wholesaler], CEO**

1 RSR management group and RSR wholesalers.
2 **Sales manager.** Responsible for supervising salespeople, motivating, prospecting, education on sales procedures. How to find information about customers, sales programs, rules and regulations on sales. (Steger 26-29)
3 **Use field representatives.** No. (Steger 30)
4 **National Association of Sporting Goods Wholesalers.** Member (Steger 33)
5 **RSR interation with mfg reps.** Yes. We may ask them to train. We may be alerted to new store. They may encourage stores to buy from us (Steger 36-8)
6 **Distributor agreements.** Yes between RSR and manufacturers. (Steger 38)
7 RSR management group provides management training, hiring assistance (Steger 39)
8 **Background checks.** Yes on employees. Purpose to prevent criminal element from business. (Steger 41)
9 Guns in wrong hands can be dangerous (Steger 41)
10 **Prevention of criminals in business.** Prevention of getting in through walls and background checks (Steger 42)
11 **Training.** Software training. (Steger 42)
12 **Process of wholesale receipt.** Shipments off truck, compared against packing slip, bar code technology on package. (Steger 47-48)
13 **Process of wholesale ship/sales.** Salesperson enters and order. Order prints out in warehouse. Picker. Shipping. Scan product. Disposition posted and serial number. Double checked. UPS or other. Tracking and also hear if it doesn't arrive. (Steger 48-49)
14 **Once in hands of shipper.** Out of our hands (Steger 49)
15 **Trade association.** NSSF. Heritge Fund (Steger 50)
16 **National accounts.** Come and go. Not much sense for them. Have sold to national accounts. (Steger 60)
17 **RSR management.** 30 people. (Steger 63)
18 **Focus groups.** Not appear so (Steger 72)
19 **Training of customers.** We don't (Steger 73)
20 **Sales record keeping.** Daily transmittal logs, buyers report - sales report, onorder by vendor and SKU and history of sales, a once a year report. Sales by customer - sales by state and lists of customers and prospects. (Steger 74-78)
21 **Salespeople.** Base and commission salary and also receive SPIFFS from mfgs. (Steger 78-80)
22 **Correspondence.** Written and most by telephone with vendors and buyes (Steger 83-84)
23 **RSR.** Maintain and inventory offered for sale through cateloges and fliers. Dealers call us and say send me one. Our sales staff may call up the dealer and ask them if hey would like to buy one.
24 **Sales contacts to dealers.** Not in person. (Steger 99)
25 **Other contacts to dealers.** Web site and trade shows. (Steger 99-100)

26 **Support vendor promotions.** Through having adequate inventory (Steger 101)
27 **Advertising.** Print catalog. Fliers. Faxes. Mail catalog (Steger 104)
28 **Sales people interaction with customers.** Life in the day of a salesperson would show that there is a lot of interaction back and forth between salesperson and their customer. . So it is just a back and forth thing. It could run days (Steger 105)
29 **Sales staff assigned to specific customers.** Yes. Leads generated. 125 is average. Some daily call some monthly. (Steger 105-6)
30 **Customers.** Difficult to tell number. All 50 states. (Steger 107-8)
31 **Sales to distributors.** No sales to those like themself. Some distributors are actually also retailers (Steger 109)
32 **Terms of sale.** Net 30. No other terms. (Steger 110)
33 **Restrictions on dealers.** No (Steger 111)
34 **Mfg restrictions of RSR.** A number of mfgs require regular business hours. Not advertise in publications pricing. (Steger 111-113)
35 **Consideration of restrictions on those they sell to.** No. (Steger 114)
36 **Direct sales to consumers.** To employees. Not typical (Steger 114-115)
37 **Implementation of terms.** Invoices (Steger 116)
38 **Contracts with dealers.** May have had for large retailers. Often they are the retailes contracts that specify delivery, defects, payment, general sales contracts. (Steger 116-9)
39 **Contracts with FFL's.** Never considered [other than those initiated by retailers] (Steger 121)
40 **Dealer credit application.** Yes. Years in business, sales volume (Steger 121-122)
41 **Information about dealer.** Ask for information. No photos. Anything you could learn would be helpful. (Steger 123-4)
42 **Assumee if FFL must have storefront.** Yes. (Steger 124-5)
43 **Salespeople keep notes on customers.** Yes. No systematic (Steger 127)
44 **Information to mfg SW.** Unit sales per month. (Steger 129-30)
45 **Inquiry of dealers about training.** No not our responsibility (Steger 130)
46 **Trace analysis associated with FFL.** No never (Steger 131)
47 **Time to crime.** No knowledge. No effort. We supply infomation to ATF (Steger 134)
48 **Multiple sales.** Definition and retail requirement to report. This is retila issue. No attempt to learn of multiple sales at retail level (Steger 135)
49 **Retailers indicted.** No infomration provided. Not asked. Why would we want that information. Thats a law enforcement issue. We have FFL ez check. (Steger 136)
50 **Retailers indicted then continuing in other name.** No knowledge and have not tried to learn (Steger 137)
51 **Retailes indicted or convicted.** Have not tried to learn (Steger 138)
52 **FFL's audited.** Don't have knolwed. Understand they are audited every three years [not true?]. Have not tried to find out. (Steger 139-40)
53 **Responsibility.** We can't take initiative to check every one of our customers and we are not standing over them. We help an cooperate.

(Steger 141-142)

54 **Inquiry and interest in dealer security.** Don't inquire. (Steger 125)

55 ATF has never instructed them not to look into records (Steger 148)

56 **Inquiry as to dealer recordkeeping violations.** No (Steger 149)

57 **Inquiry into missing inventory citations.** No (Steger 149)

58 **Inquiry into dealer burglarized.** Don't know (Steger 149)

59 **Inquiry into whether sold guns that were then used in crime.** No (Steger 150)

60 **Strawpurchases.** Buying gun for someone else other than yourself representing. Aware for 30 years. ATF has said problem and NSSF is working on it. Late 1990s NSSF. Illegal. Extent of problem unknown.

61 **Attempt to find out extent of strawpurchas problem.** No. (Steger 152)

62 **Strawpurchase problem.** If one strawpurchase that is problem. (Steger 153)

63 **Trace requests.** Don't know how many. (Steger 153)

64 **Trace requests and how many to particular dealers.** Tried to determine.. Not that I know of (Steger 154)

65 **ACCESS 2000 and RSR own computer.** They had earlier system of their own. (Steger 154-55)

66 **Trace requests as basis for building safer and better businesses.** Not know what to do with them. Has to be relational data that goes along with traces. No matter if 50, 100 or 1000. Number of sales inorder to obtain proportion. If 1000 sales and 1000 traces then prombably end up as illegal activity. . (Steger 158-161)

67 **If 1000 sales and all traced would RSR be interested.** No. That is law enfrocement responsibility. . I am happy to help, but not my job (Steger 160)

68 **Negotiable terms.** Generally same for all (Steger 166)

69 **Can RSR terminate or refuse to sell.** Certainly we could, but never have (Steger 166)

70 **Consideration of authorized dealers.** Not aware of, no. (Steger 166-7)

71 **Sales to SW stocking dealers.** Yes. And have list (Steger 169)

72 **National Association of stocking gun dealers.** Prior member of as a distributor member. . Early 1990s. (Steger 170-174)

73 **Dealer not signing SW code and reaction of RSR.** Would not bother them (Steger 177)

74 **Surveys to dealers.** Yes to improve service. . (Steger 178)

75 **Clipping services.** No. (Steger 181)

76 **If found news of indicted dealer would you clip and put in file.** I don't think so. (Steger 181)

77 **Information on dealers.** More is better. More is better than none (Steger 183)

78 Guns sold by RSR and involvement in crime, used by criminals, from strawpurchase, sold by corrupt dealer, sold in multiple sales, sold at gun show, trafficked, stolen from delearship, sold by unlicensed dealer, .. No for all (Steger 186-187)

79 **Trafficking.** Illegal activity. I here in conjunction usually with drugs. (Steger 187-189)

80 **RSR guns traced.** Don't know (Steger 189-90)
81 **Interest in FFL that sold 50 guns in multiple sale.** No (Steger 190)
82 **Interest in FFL with time to crime of two months.** No (Steger 191)
83 **Interest in FFL no matter how many guns traced to them.** No (Steger 191)
84 **Interest in FFL with obliterate serial numbers.** No (Steger 191)
85 **Awareness of RSR sold guns with obliterated serial numbers.** No (Steger 192)
86 **Sales person connection to FFL.** Could find out if had FFL and zip code (Steger 194)
87 **Traiing to dealers.** Help understand products and features. (Steger 195)
88 **Don't lie and RSR involvement.** Helped disseminate information to retilers and encouraged them to attend seminars. Invitations sent. Posted on web site (Steger 195)
89 **Reason Don't Lie could not have been started 10 years ago.** Not answerable. (Steger 197)
90 **Knowledge of Dealers who have participated in Don't Lie.** Don't know and have neve asked (Steger 197)
91 **Sales to those who don't attend Don't Lie.** Don't know (Steger 198)
92 **Purpose of Don't Lie.** To increase awareness about strawpurchases. (Steger 198-199)
93 **Memo on procedures for filling out 4473 form [multiple sales].** Not know if passed on to dealers. (Steger 200-201)
94 **Lack of law enforcement and lack of enforcement.** Law enforcement is very busy. (Steger 204-206)
95 **Awareness of dealer selling to criminals what would RSR do.** I wold coside it hearsay and it woldn't change whether we would sell to he customer or not. Innocent until proven guilty. (Steger 207)
96 **Awareness of dealer making strawpurchase sales what would RSR do.** I would consider it hearsay and it would't change whether we would sell to the customer or not. Innocent until proven guilty. Dosn't matter if ATF made us aware (Steger 207)
97 **Gun sales among distributors.** No. 1 or no. 5 depending . Don't kow. No knowledge of sales volume (Steger 218-9)
98 Sales are important, profits are important, (Steger 221)
99 Doing business with good companies is important (Steger 221)
100 **Contracts with mfgs.** Some and some not (Steger 221)
101 **Distributor agreements.** Not extensive negotiations and most look the same across distirbutors (Steger 223-225)
102 **Mfg ever refused to do business with you and vice versa.** No (Steger v225-227)
103 **Mfg asking for information on who distributors sell to.** We have no reason to provide. If they ask for it because of safety reasons, I mean abosulutely we will givem then everthing they need as quickly as possible. But in general, I am not aware of any manufacturer that hs just generically askef for, Hey who do you sell our products to. I don't believe that has ever happened. (Steger 230-1)
104 **Would RSR provide infomration on who they sell to to mfg requesting it.** I think I would ask more ... if it served a useful purpose absolutely. If to sell out from under me, i would. I mean if it is a safety

situation absolutely. In a heartbeat, everything stops, the problesm gets fixed, the information gets provided and fast (Steger 231)

105 **Would RSR provide information on who they sell to if mfg requested it to find out which dealers had traces to it.** I don't believe we would cause too many people to jupm to too many conclusions. . Would not provide if mfg came and asked RSR to inform it as to which FFL guns were traced to. (Steger 231-232)

106 **Distributor agreement modification.** Letter asking RSR to discourage dealers from selling international. Beretta monitoring of sales to see if distributor sold to dealers who sold internationally (Steger 234-5)

107 **Could RSR refuse to sell to dealer based on mfg request.** We are not required to sell to any retailer. We could tell a retailer that we don't want to sell to thme for any reason (Steger 236-7)

108 No law enforcement sales. (Steger 241-2)

109 RSR doesn't sell at gun shows (Steger 244-45)

110 RSR dealers may sell at gun shows. (Steger 245)

111 **Discussions with SW.** A lot of things. How to increase mutual interests. How to get retailers to stock more SW (Steger 255)

112 **Distributor agreements with SW and Glock and interpretation of terms.** Does not understand many (Steger 240-260+)

113 **Employee training in compliance with mfg requirements.** Limited. (Steger 262)

114 **Security system.** Yes (Steger 264)

115 **If aware of FFL failing to comply with laws, what would you do.** We are not in a position to make a decision about that. We would not act on heresay (Steger 269)

116 **Glock stock and dealer program.** Customer agrees to purchase a selection of glock product and in returne gets delievery from glock free goods, promotional items (Steger 270)

117 **Information to mfgs for SPIFF redemption.** Name of salesperson, amount of quantity of what they sold and . Some require serial numbers. We give them compilation. No one asks for additional compilation. (Steger 279)

118 SW Boston agreement and workability (Steger 293 - 304)

119 **Ability to comply with terms of SW Boston agreement.** Some comply and some could not comply and some depends. Possess FFL- do so already. Law compliance - yes. All could or does not apply. Secuirty - yes. Store seperately - not apply. Sale of products - no. Not selling SW 10 round magazines - no. Not seeling semiauto assault - yes. Monitoring and distribution - ?. Trace requests - yes. Training - depnds. Yes. Employee testing - some training. Trasfer prerequisites - no. Enforcement - vagues. Noncompliane - no. Only to authorized dealers - yes. (Steger 316-333)

120 **Familiar with reports.** You Crime Gun... and others. Some yes and some no. (Steger 335-8)

v. **S.G. Distributing**

vi. **Southern Ohio Guns**

(1) **Richard Herdtner, Southern Ohio Gun Distributors, President and CEO [since 1983]**

1 **Sales methods.** Phone, mail and internet and fax and email. (Herdtner 22)

2 **Customer visits.** No (Herdtner 23)
3 **Customers.** FFL dealers. (Herdtner 24)
4 **Sales to FFL holder who altered their expiration date.** 600 guns sold. Effort to see if sales person complicit with FFL holder - no. (Herdtner 39)
5 Salespeople not responsible for keeping up with customers. (Herdtner 46-7)
6 **FFL license is checked to see if valid.** Yes (Herdtner 48)
7 **Any requirements imposed on customers other than FFL.** Nothing to do with that. ATF determines. May do credit check (Herdtner 54)
8 **Training of sales staff. Somebody shows them.** I don't know what the training includes (Herdtner 55)
9 **Incentives to salespeople.** SPIFFS used. (Herdtner 56-8)
10 **Training.** Was a handbook. Not a handbook (Herdtner 62-3)
11 Background checks on employees (Herdtner 66)
12 **Security.** Metal detector. Fire and alarm system (Herdtner 68)
13 **Thefts and stealing.** Yes. (Herdtner 68 - 69)
14 **Mfg interaction.** Telephone and reps sent in. Some visitation. (Herdtner 78-82)
15 Gun reps do not check inventory. (Herdtner 83)
16 **Contracts with mfgs.** Not that he can recall. (Herdtner 84)
17 **Mossberg distributor nonexclusive contract.** Requirement that only sell to only retail and not mail order and those that have displays. Not to his knowledge that they do anything to ensure this (Herdtner 88)
18 Disposition information. (Herdtner 92)
19 **Record keeping.** We don't keep anything were not required to keep. Acquisition and disposition records kept (Herdtner 99-100)
20 **Salespeople responsibilities.** Answering phone and culling through records (Herdtner 101)
21 FFL records on site. 20,000 in excess of (Herdtner 101)
22 **Salespeople training on identifying valide FFL.** From prior salespeople. No written materials on determining if valid FFL sent in by dealer. Never asked ATF and ATF never talked to them on it (Herdtner 102)
23 **Trace requests training.** Prior salespeople and others passing on information. No written materials (Herdtner 103)
24 **Trace analysis.** Trace means nothing to us. Don't know how to analyze. Never determine if large number relates to a particular customer. I don't know how.
25 **Trace analysis and ATF.** ATF said none of our business. Never asked for additional information of ATF. (Herdtner 104-6)
26 **Concern about high trace requests for a customer.** Don't know anything about... not concerned (Herdtner 106)
27 **Familiarity with ATF reports of crime guns through non storefront dealers.** No (Herdtner 106-107)
28 **Reading or knowledge of how criminals get guns.** No (Herdtner 107)
29 **Policies on reporting high trace requests.** No (Herdtner 108)
30 **Policies on approval of quantities of guns.** No unless want discount (Herdtner 108)
31 **Trade association membership.** National wholesalers and distributors

and maybe NSSF (Herdtner 112)

32 **Visits to dealers they sell to.** No (Herdtner 114)

33 **Correspondence kept of dealers.** No (Herdtner 114)

34 **Mfg interactions.** Phone call on new products. A sample sometimes (Herdtner 115)

35 **Computer entry of information.** For orders. Yes (Herdtner 116)

36 **ACCESS 2000.** No participation. (Herdtner 117)

37 **Shipping.** To address of FFL. (Herdtner 122)

38 **Police customers.** Not know, but some small (Herdtner 128-9)

39 **Familiarity with Schumer report.** No (Herdtner 132)

40 **Mfg asked that SOG keep records of all trace requests.** No (Herdtner 134)

41 **Mfg asked that they not sell to anyone that sells at gun shows.** No (Herdtner 134)

42 **Mfg asked that they pass on trace requests of their guns.** No (Herdtner 135)

43 **Mfg asked that they implement any training.** No (Herdtner 135)

44 **Database entries.** Whatever is requried by law for FFL checking (Herdtner 140-142)

45 **Gun log [acquisition and disposition records].** Tracking. Log number. You can pull up the gun later. Mfg. Model, serial number. Type of gun. Caliber. (Herdtner 157-160)

46 **Monitoring by gun mfgs of inventory.** Informal discussion with rep (Herdtner 163)

47 **Trace analysis records.** Some (Herdtner 166)

48 **How would you go about identifying if employee illegally transferred gun.** I don't know. I guess i would ask (Herdtner 171-172)

49 **Volume discount.** Yes (Herdtner 188)

50 **Price breaks.** Yes on occasion (Herdtner 190)

51 Policy of salespeople not calling dealers (Herdtner 192)

(2) **Debra Jo Bowling, Southern Ohio Gun Distributors, no job titles (designated most knowledgeable)**

1 **Customer contact**. Sales fliers. Mailed to hit the FFL holders on the first of the month. (Bowling 6-7)

2 **Customer contact**. Phone yes (Bowling 8-9)

3 **Customer contact**. Catalog. (Bowling 14)

4 **Customer contact**. Fliers only to FFLs (Bowling 14-15)

5 **Customer contact**. Catalog to customers who have a FFL (Bowling 19-20)

6 **Customer contact**. Web site. With inventory and specials (Bowling 20-21)

7 **Customer contact**. FFL licenses kept of customers. Organized by zip code. (Bowling 61-62)

8 **Require proof of FFL prior to sale**. They don't require FFL to send proof of state license. If they send it we keep it. Has never required customer to send it in. As long as they have we can sell. Do not require them to send it in. No information is entered in computer regarding a customer with respect to whether or not they possess a state license (Bowling 64-65)

9 **Instructions to employees on handgun sales**. Not to sell certain

handguns to CA. (Bowling 66-67)

10 **Salespeople.** Yes (Bowling 69)

11 **Shooting magazine.** No not familiar. Do not know if subscribe (Bowling 71)

12 **Restrictions of sales.** Those to CA. Flier has symbol in it indicating that cannot be sold in CA. (Bowling 75-78)

c. **Dealers**

i. **Andrews Sporting Goods dba Turners Outdoorsman's**

ii. **B&B Group**

iii. **Trader Sports**

(1) **Tony Cucchiara, president, Traders Sports [since 1954]**

1 **Illegal sales.** If intoxicated, anyone looking like attempting to commit a fraud. Scrutinize each customer. Strawpurchase. (Cucchiara 24-26)

2 **Records retention.** Keep everything they must by law. Kept at store and warehouse (Cucchiara 27-28)

3 **Correspondence from mfg.** Marketing material (Cucchiara 34=35)

4 **Distribution.** Direct and indirect. 50-60% from mfg. (Cucchiara 35)

5 **Dealer contracts.** Some mfgs. (Cucchiara 37)

6 **Dealer contracts.** Straightforward. (Cucchiara 37)

7 **Distributor contracts.** No (Cucchiara 40)

8 **Marlin contract requirements.** Sales to authorized distributor only and to stores that have display. Sales to people we know. Limited geography (Cucchiara 44-45)

9 **Beretta contract.** No (Cucchiara 47)

10 **US Repeating arms/winchester contract requirments.** Sale only to storefront requirement. People we deal with for years. 25-30 dealers. Requirement that they have storefront, regular business hours and knowledable sales - from talking to others. Paperwork. (Cucchiara 47-51)

11 **Heckler & Koch contract requriements.** Dealer qualification and checklist - nothing currently provided. Review of records - not looking at records. (Cucchiara 53 -55)

12 **Sales reps from mfgs visits.** Remington, Winchester and ammunition reps. Heckler & Koch. Direct mfgs. Everyone who we buy directly from Marlin, Bereta. Other sales reps also who are indep. Glock. Tauras by phone. Everyo couple of months. Some reps represent multiple mfgs like Olin Brown and Associates (Cucchiara 57).

13 **Sales reps from mfgs visits and activities.** Take inventory, introduce product. Hour or two. Leave catalogs. Demonstrate product. No training. May tear a gun down and put it back. Show safety devices. Bring contacts. (Cucchiara 62-64)

14 **Direct sales all send reps.** (Cucchiara 64)

15 **Traders will not be undersold.** Monitor prices. Most stores do that (Cucchiara 69-70)

16 **Distributors purchased from.** Acisboard, RSR. Shopping. (Cucchiara 81-82)

17 **Visits from RSR group distributor.** A couple over the years. (Cucchiara 82)

18 **Visits from Wester-Hoegge.** Yes but across a lot of items. (Cucchiara 83)

19 **Trader Sports customers**. Indivduals, law enforcement and a few dealers. (Cucchiara 85)
20 **Law enforcement sales**. Bid on (Cucchiara 88)
21 **Dealer sales**. 5-7 percent. (Cucchiara 90)
22 No distributor sales. (Cucchiara 91)
23 **Dealer requirements for TS to sell to them**. Complete set of records and licenses. We get copies and file them. No investigation. Credit check. Ask other people of what they think of them. Other distributors. Ask about payment history. Refused to sell if govt says to and we receive information. Less than 1 percent has that happened. No roster of those that we received information on to not sell. (Cucchiara 92-96
24 **Sales to other dealers and training**. No. (Cucchiara 97)
25 Sales to other dealers and reuirements, suggestions, advice. No (Cucchiara 97)
26 **Sales to other dealers and monitoring**. No. (Cucchiara 97)
27 **Sales to other dealers and investigation**. We rely on authorities (Cucchiara 97-8)
28 **Sales to other dealers and communication**. Phone. Fax. They get call and dealer is looking for a particular gun and might be calling several other distributors looking for bsest price. (Cucchiara 98-99)
29 **Sales to other dealers and visits**. No, but they might visit TS (Cucchiara 99)
30 **Sales to other dealers and phone**. Mostly by phone (Cucchiara 99)
31 **Sales to other dealers and incentives**. No (Cucchiara 99-100)
32 **Sales to other dealers and volume discounts**. If we had to (Cucchiara 100)
33 **Sales to other dealers and restrictions**. Only that they have paperwork. (Cucchiara 100)
34 **Police individual customers**. 15 percent. (Cucchiara 100)
35 **Sales to public**. 45-40 percent. (Cucchiara 101)
36 **Sales information**. Can get from DOJ. DOJ would give breakdown of sales. Could also get from wholesale information. (Cucchiara 102-103)
37 **Monitoring of sales**. No. Well we know what we buy and sell. (Cucchiara 104)
38 **DOJ records**. Indicates number of guns. . Multiple gun sales indicated by total guns. (Cucchiara 106-107)
39 **Acquistion and dispostion records**. Can determine if guns acquired were from mfgs, distributors and individuals. Type of person sold to. We can determine total number of guns. (Cucchiara 112)
40 **Rejection and hold list**. On customers that have been rejected. Consult if they come back in. Yes (Cucchiara 116)
41 **Inventory**. Once a year (Cucchiara 117)
42 Mfg reps come in and inventory products also. (Cucchiara 124)
43 **ATF marterials received**. Some (Cucchiara 126-127)
44 **How do criminals and juvenilles obtain guns**. That's law enforcement. I have no belief that they obtain from TS.
45 **TS sought to obtain information whether sold to juvenilles**. No (Cucchiara 132)
46 **TS sought to obtain informaiton whether criminals or juvenilles obtain guns**. No (Cucchiara 132)
47 **Traces and TS attempt to understand**. No (Cucchiara 142)

48 **Traces and TS attempt to learn time to crime**. No (Cucchiara 142)

49 **Strawpurchase**. Someone buying a gun for someone else (Cucchiara 146)

50 **Knowledge of strawpurchase**. No (Cucchiara 148)

51 **Training by TS on strawpurchase**. Yes. The law may not require it, but we do it. We want the right person buying the gun rather than for someone else. . We ask questions. They know how to stop a straw sale. Rely on employees. 10-15 years ago we implemented policy. Literature. No conversations with NSSF. No conversations with NRA. Magazines. We profile custome. Questions include: are you buying for yourself, collection. We have a waiver that's handed to them. They're told in meetings. (Cucchiara 147-157)

52 **TS making strawpurchases**. No. If had then law enforcement would have told us. (Cucchiara 156-157)

53 **Gun trafficking**. Not privy to. Never studies. No investigation on it by TS. (Cucchiara 163-4)

54 **Stop sales to a dealer if involved in gun trafficking**. Yes (Cucchiara 165)

55 **Anything that TS does to ensure buyers are not invovled in strawpurchases or movement of guns into youths and criminals.** Gun locks. Safety instructions (Cucchiara 168)

56 **Kitchen dealer sales by TS.** Not to their knowledge. Hard to determine. (Cucchiara 173)

57 **Kitchen dealer sales**. Haven't done anything to determine (Cucchiara 176)

58 **Trace requests**. Come in on fax and you have 24 hours. Fax them back. (Cucchiara 178-179)

59 **Trace analysis**. No. (Cucchiara 180-181)

60 **Trace analysis and learn more**. No (Cucchiara 191)

61 **Trace analysis and altering conduct**. No (Cucchiara 191)

62 **Traces lead to decline to sell to anyone**. No (Cucchiara 192)

63 **Trace analysis done that indicates several guns traced to TS.** (Cucchiara 193)

64 **Reason guns traced to TS.** We have a high volume of sales (Cucchiara 197-200)

65 **Ability of TS to not sell to other dealers**. Only grounds we can stop selling if ATF tells us (Cucchiara 196)

66 **ATF citation for TS on sales violations in 1970s**. License revoked and then got back. (Cucchiara 209)

67 **Security precautations at TS.** Video, sound alarms, solid building, code systems. Bay alarm. Firearms locked in cases, doors barred, windows bared. Alarms, tirp wires. Cannot see guns from street. Glas cases. No thefts. (Cucchiara 222-3)

68 **SW agreement and feasibility on part of TS of meeting requirements**. Have insurance. Have licenses. No gun shows. Inventory. Monthly backups. Fire suppression sprinklers. Security. Ammunition stored seperately,. Safety locks and warnings. Training. Hold the gun until approved. Validate license. (Cucchiara 240-269)

69 **NSSF member**. Yes (Cucchiara 270)

70 **Communications with mfgs on programs to curb strawpurchasing**. No. We have that with everyone else. (Cucchiara 280)

71 **Heckler and Koch agreement**. Compliance with law based provisions. Yes (Cucchiara 291-292)

d. **Trade Associations**

i. **ASSC**

(1) **Robert Ricker, Ricker & Associates, ASSC [from 92 through 99]**

1 **ASSC**. American Shooting Sports Council. (Ricker 23)

2 **NSSF**. National Shooting Sports Foundation (Ricker 23)

3 **SAAMI**. Sporting Arms and Ammunition Manufacturer's Institute. (Ricker 23)

4 **ASSC**. Purpose to articulate the needs and interests of the shooting sports and outdoor industry. ... positive and representative image.. to dipel any misimpression. (Ricker 29)

ii. **NSSF**

(1) **John Badowski, Director of Retail Partnerships, NSSF [prior employee of Gander Mountain Retail until 2000]**

1 **National Instant Check System**. NICS. (Badowski 12)

2 **Benefits to retailer members.** Reduced credit card transactions fees, continuing education, seminars relevant to security on premises, reduced shipping fees, background checks at discounted rates, professional representation in DC, common trade association benefits, libraries for information revolving around merchandising, layouts, employee training. Retail customer. (Badowski 17)

3 **Continuing education.** Seminars on customer and store retail environment. Security issues. (Badowski 18)

4 **Background checks.** Pre employment (Badowski 18)

5 **Library.** New. Information on methods implemented by larger major retailers including layout, strategic planning, product placement. Hiring and firing of employees. Documents include books, cassette and video. Retailers call and then are made available. No ATF publications.

6 **No ATF publications in library.** It's the case of being a retail trade association making information available to our members in lines commensurate with excelling in the retailer industry.. designed to do. (Badowski 20)

7 Membership. 950

8 **Classifications.** No on retailers. (Badowski 20)

9 **Dues based on volume of retail.** No knowledge of breakdown (Badowski 21)

10 Gander mountain retail [past employee]. (Badowski 29)

11 **Gander mountain compliance program.** To insure employees in compliance with law. Familiarity with employees. Continuining education program. For 40 years. Had outline of areas sent to ATF for input. Developed outline in 95 or 94. Strawpurchase training - no. (Badowski 30-32)

12 **Strawpurchase.** Became familiar with term 2 years ago. From Following the Gun ATF publication. Never used term prior to (Badowski 32)

13 **Strawpurchase.** A person who was lying of the purpose of purchasing a firearm for some one who is prohibited from purchasing. (Badowski 33)

14 **Gander mountain and strawpurchase.** Didn't spend a lot of time on issue (Badowski 34)

15 **Gander mountain training.** Prior to new store opening and as needed. Everyone who sold firearms. Required to attend ongoing . Handouts and question and answer sessions. Handouts included ATF rules and regulations. State issue discussion. Articles or information relevant to salesmanship. Three to five hours long. Discussions. Tests. Not written policy. Pass fail. No failures. (Badowski 34-45)

16 **Training opinion.** A retailer would not want to put a sales associate on a sales floor who ws not wel-versed in the area relevant to that particular line of business.. whatever that might be (Badowski 46)

17 **Importance of training at Gander mountain.** Product lines and other. And important to have training in rules and regulations. Yes (Badowski 47-8)

18 **Has he read ATF reports.** Not familiar with many. Read ATF newsletter. Rule book. No other (Badowski 50-2)

19 **Gun trafficking.** I'm not sure where one would go to learn about gun trafficking. I would welcome opportunity to learn more about my work. Information not commonly available. (Badowski 53-54)

20 **Strawpurchase problem.** No opinion formed yet. NSSF opinion - don't know. In response to concern we jointly partnered with AFT on Don't Lie..(Badowski 54-55)

21 **How criminals obtain guns.** Strawpurchase, theft. None other aware of. (Badowski 57-8)

22 **Trace requests at GM.** Would process. Not very often requested (Badowski 60)

23 **ACCESS 2000 and GM.** Volunteered to participate, but not being done (Badowski 61)

24 **Personal opinion on keeping criminals from gaining access to guns.** No developed opinion. Makes sense (Badowski 62)

25 **GM programs to prevent criminal access to guns.** Broad program to prevent theft (Badowski 62-63)

26 **GM program to prevent theft.** Tracking the transfer of firearms from their central retail warenous receiving facility to the retail store that sold the firearms. Receive and properly record. Audit trail reprot. Good records. Computer program to eliminate manual entry. And password protection. Restricted passwords. Never implemented system that would allow look at total systems at central location. (Badowski 64-70).

27 **Importance of avoding theft.** Yes (Badowski 70)

28 **Statement: Can handle a large number of inventory and in a cost effective way: GM.** Yes at GM. (Badowski 70-71)

29 **Theft resistant systems.** Good business practice (Badowski 71)

30 **Concern for theft of firearm versus other products.** Same level concern as found for other products. Obviously, firearms are an item that one is concerned with, as one is concerned with the investment and the expense in series of fly rods or fishing reels or outdoor clothing. (Badowski 73)

31 Store security at GM. (Badowski 74)

32 **Training of retailers at NSSF.** No training of retailers (Badowski 76)

33 **GM policy on locking firearms.** Yes to prevent from being stolen (Badowski 77-8)

34 **Training outline for GM that references strawpurchases.** Indicators reference (Badowski 79-90)

35 **Indicators and training at GM.** Red flags like disparaging comments. Intoxicatd (Badowski 87-96)

36 **Don't Lie for the Other Guy.** Educational and POP material on strawpurchases. Purpose was to educate and make retailers aware of strawpurchases and the techniques that they emolyed to obtain firearms. Displya material, counter card, buttons. . Underpinnings of program to train retailer and to ensure that they could avoid entering into a strawpruchase transaction. (Badowski 97-8)

37 **ATF had been doing training prior to this.** 1990. Not sure if strawpurchase covered (Badowski 98-102)

38 **Training on Don't Lie for Other Guy and effectiveness.** Yes, unquestionably and well received in industry (Badowski 107)

39 **Need for Don't Lie...** Not sure. (Badowski 108)

40 **Distribution of Don't Lie..** UPS ships retailer kits. 15,000 shipped.

41 **Distribution list for Don't Lie.** ATF supplies. Do not know where they go. (Badowski 110-11)

42 **Could NSSF have put on Don't Lie on its own.** I would think not. NSSF was not aware of strawpurchase areas until approached by ATF (Badowski 112)

43 **Could Don't Lie be stronger. Not my area of expertise (Badowski 114)**

44 **Don't lie components.** Training guides, large posters, counter cards, buttons, door decals.(Badowski 114-115)

45 **Partnership for progress.** Train retailers by ATF i one room. Broader than Don't Lie. (Badowski 116)

46 **Don't Lie.** Kit sent to retailers who then decide if they will implement. (Badowski 117)

47 **NSSF requirement of retailer members to be part of Don't Lie.** Supported. Not relevant if they require because it is an ATF program that NSSF agreed to distribute (Badowski 119-20)

48 **NSSF looking for ways to identify problem dealers.** No awareness of (Badowski 122-23)

49 **Knowledge of ATF shortage.** No knowledge of. Never heard that. No information on that (Badowski 125-6)

50 **NSSF newsletter and magazine.** Bullet Points and Shot Business (Badowski 128)

51 **GM training versus Don't Lie.** GM training was verbatim what was on the Form 4473 and limited to that (Badowski 138)

52 **Don't Lie.** Costs 20 dollars a kit. Invested over ½ million with breakdown. ATF handles costs of meeting rooms (Badowski 140-143).

53 **National Association of Firearms Retailers.** NAFR. (Badowski 144)

54 **Locking of guns and additional steps.** Depends on retailer and their needs. Owner has to make that decision (Badowski 148)

55 **Don't Lie..seminars.** 19-20 in past year (Badowski 149)

56 **Who attends Don't Lie seminars.** Retailer preference. Owners, managers and associates. Have not taken headcount (Badowski 150-1)

57 **Don't Lie Seminars.** 15-17 in 2001, 2000 did 4 or 5. (Badowski 153)

58 **Keep list of attendees at Don't Lie...** No. Sign up list, but no followup (Badowski 155-6)

59 **Dealer visits.** Dozens. But he is only one (Badowski 156, 161)

60 **Dealer visits.** No security evaluation (Badowski 157-8)

61 **NSSF retail security seminars.** Yes. ATF personnel at Shot Shown. Partnership program includes security issues. (Badowski 158-160)

62 **Retail training by manufacturers.** Every manufacturer had a program while he was at GM. Very regular basis had reps come in and hold training on products they sold. Mfg reps would visit and give training. Comprehensive in terms of product line. No training on strawpurchases. Prevention of unlawful purchases relegated to ATF. Most of all and major mfg did as a matter of policy - train on products information. All visited.. Materials categoes and materials and information. Some onsight (Badowski 172-176)

63 **Don't Lie for... video is completed and being edited.** 45- 50 thousand cost. $2 per copy reproduction costs. . intent to make available. Follow recommendations of ATF in distribution (Badowski 182)

64 **NSSF background check assistance for dealers.** Fideafax company arrangement. . Made available to any dealer. Need not be a member. Discount for membership 20%. (Badowski 199-202)

65 **Need for background check of employees.** Not developed opinion (Badowski 205)

66 **Theft from dealers as problem.** Yes. Retailers are concerned with any theft of any item of merchandise (Badowski 207)

67 **Knowledge of stolen arms used in crime.** I don't know either way. Have not looked into it. (Badowski 207)

68 **NSSF activities to address firearm theft.** No authority. Primarily an ATF purview. Allow ATF a venue to convey information. Partnership seminars that bring ATF together with retailers (Badowski 208-9)

69 **GM problem with theft of firearms.** A couple of situations. . Don't recall.

70 **NSSF and dealer inventorying.** Support of inventories whatever product. Good scheduled inventorying is supported. Doesn't provide any standards or assistance though but does provide training at Sot Show on suggest inventory and record keeping (Badowski 214-15)

71 **NSSF importance of precision inventory control of firearms.** Not relevant (Badowski 216)

72 **Knowledge of corrupt dealers who keep false records.** I am not aware. Never tried to learn. I don't know about gun industry only about retailers. NSSF took position on this though. (Badowski 217-218)

73 **Awareness of inability of FBI or other to complete background check in time to meet Brady Bill requirement.** Yes. No position by NSSF on this except for retailer to use best judgement (Badowski 228-229)

74 **Delayed denials e.g. delay for decision after 3 day background check period.** Under the purview of ATF not NSSF (Badowski 231)

75 **Don't Lie for other Guy distribution.** To retailers and other members of industry. No list kept but might be able to construct. (Badowski 255-6)

76 **GM training outline - inclusion of spotting illegal sales.** Yes (Badowski 261)

77 **NSSF instructions to him to create education program.** Seminars at Shot Show, retailer library, Partnership for Progress Seminars (Badowski 263-4)

78 **NSSF implementation of programs.** Seminars at Shot Shows. Other

seminars to dealers. (Badowski 265-66)

79 **Bullet Points.** Weekly electronic newsletter (Badowski 290)

80 **NAFR publication.** NSSF publication (Badowski 290-1)

81 **Shot Business.** Publication of NSSF (Badowski 291-292)

82 **Videos by NSSF.** Overview of the NICS, new video on strawpurchase. Others but do not deal with retail (Badowski 294-5)

83 **NSSF support of background checks of employees.** Supports all laws. (Badowski 307)

iii. **SAAMI**

(1) **Robert T. Delfay, Special Advisor to the Chairman and past President and CEO, National Shooting Sports Foundation and Sporting Arms and Ammunition Manufacturers Institute, past president of the Hunting and Shooting Sports Heritage Foundation (e.g., Heritage Foundation)**

1 **Access to guns by criminals.** A problem (Delfay 29)

2 **Access to guns by criminals.** Channels through theft and illegal purchase. Theft from common carrier not a major problem now. Other theft occurs.. Illegal purchase from retailers and straw purchase. But corrupt dealers does not mean anything to him (Delfay 30)

3 **NSSF actions to stop inhibit criminals and juveniles from gaining access.** Cooperate with ATF. Invited ATF to trade show to conduct seminars and conferences for retailers, free access to trade press and meetings quarterly with ATF to discuss how to cooperate and provision of facility to meet with mfgs to discuss and we provide input to ATF regulation and we have volunteered to put mfgs records of gun disposition on computer (e.g., ACCESS 2000). Don't Lie for other guy and project homesafe (Delfay 34-36)

4 NSSF and SAMMI cooperate together on programs except for Don't lie (which is NSSF) (Delfay 37-8)

5 **Gun trafficking prevention.** Illegal sales in firearms. Propose computer background checks and Don't Lie for the Other Guy (Delfay 41)

6 **Painter memo of July 13, 1993.** Doug, you may want to file for later reference... Arlen not keen on doing anything right now (Arlen Chairman of the Board of Governors). Memo contained discussion of small retailers as prone to violate the law report and Painter is indicating his views on it and disposition recommendation. Memo raised issue of FFLs as source of guns for crime e.g. unscrupulous gun dealers (Delfay 45-51)

7 **Reports from ATF.** Multiple reports of ATF identifying crime gun issues not recognized and not acted upon if recognized. No circulation of reports to retailers. No action taken except to ATF (Delfay 56-72)

8 NSSF does not require retailers to do anything in terms of safety and security of firearms (Delfay 65)

9 **SAAMI members pledte to sell only to legitmate retail firearms dealers interpreted as lincensed FFL's.** If indicted may still be legitimate, but not if convicted. SAAMI does not have a position on this (Delfay 77-79)

10 **Retailer code of ethics 1994.** SAMMI felt retailer organization should develop and they approached a retailer organization National Alliance of Stocking Gun Dealers (only dealer association at that time)... neither went forward with a code. NSSF had dealer members at this time. NSSF discussed but did not take action for same reason... dealer

association should take action. (Delfay 85-91)

11 **1994 further discussion of code of ethics.** Still felt dealer association should advance (Delfay 94-95)

12 **Safety Board.** Recommended but not formed (Delfay 95)

13 **Retailer Code of ethics.** SAMMI contact of 100 retailers who indicated they were favorable to the code... we hope to print and distribute this code of ethics... not done (Delfay 97-98)

14 **National Association of Firearms Retailers (NAFR).** Program of the National Shooting Sports Foundation. Started in 2000. Never developed Code (Delfay 9-102)

15 NSSF may no longer exist (Delfay 103)

16 **National Association of Firearms Retailers.** Largest retailer organizaiton in the country. No policy to develop code

17 **Taking criteria from ATV industry and adopting to firearms for retailers.** Video made available to retailer for consumers in 2000 and CD rom being developed. Video in place and title is Firearm Safety Depends on You for purchaser of firearm. Mfgs invited to purchase and distribute with their products. All within last year (Delfay 105-106)

18 **Memo to Chief Behan...** "SAAMI opinon that while the crime problem is largely created by criminals and not by guns, guns are involved and it is the responsibility of the manufacturers, distributors and retailers of firearms to attempt to keep them out of the hands of criminals" This means to cooperate with government agencies (Delfay 111-112).

19 **Safety education programs to consumers.** Implemented through Project Homesafe (Gun lock distribution) an videos McGruff on Gun Safety and another Playing it safe... for high school. Made available to retailers (Delfay 115-116).

20 **SAAMI or NSSF dealer focus groups.** One by NSSF but about magazine. Not regularly (Delfay 119)

21 **NSSF Don't Lie for the Other Guy.** Video in 2002 but do not know if circulated. 60,000 dollars for production. NSSF did not pay.. 15 minutes on straw purchases.

22 Straw purchase brought to attention of SAAMI 18 months ago.... (Delfay 125-6)

23 **Video is dead.** No other trade association brought the idea of video to SAAMI (Delfay 125-6)

24 **Video of ATF presentation at 2000 Shot Show that is entitled strawpurchase.** Made available for retailers not at show. Demand is in the hundreds (Delfay 127-129)

25 Buying group Sports Inc. expressing desire for video for retailers... not aware of any action taken (Delfay 132-133)

26 **Surveys of members.** Yes from time to time (Delfay 134)

27 **ATF's Easy Check.** Mfg or distributor can readily confirm that a retailer is currently licensed... don't believe its mandatory, but SAMMI and NSSF does not have a position. Personally not necessary if doing business for 20 years (Delfay 135-6)

28 **NSSF urged people to buy firearms prior to day Brady Check came on line.. November 30, 1998.** Suggestion of concern with NICS implementation. (Delfraiy 138)

29 **Retailer University.** Conference of seminar on business practices by NAFR held during year. (Delfay 139-143))

30 NAFR offers services to retailers (Delfay 140-1)

31 **Training on strawpurchase.** By NSSF with ATF once a year at Shot Show (Delfay 142)

32 Survey of retailers regarding security or straw purchases... not certain if ever done (Delfay 144)

33 **Information on application to become members of NSSF.** Addresses, name of principals and contact information (Delfay 145)

34 **Trace process.** ATF contacts mfgs with serial number... to distributor... to retailer ... to consumer (Delfay 146-148)

35 **Value of trace information.** Can tell what dealers sold crime guns. To get percentage need to know how many guns sold not involved in crime. It would not tell you whether dealer aware of guns being purchased by a criminal (Delfay 148-9)

36 **Supportive of increased traces.** I believe they would (Delfay 150-1)

37 **Members utilizing traces to build sounder and safer businesses.** Asserts ATF would not approve because it is in their purview. Does not offer view. Does not know if retailers use to build sounder and safer businesses (Delfay 150-5)

38 **NSSF steps to identify problem dealers.** Nothing done, but made offer (Delfay 162)

39 **ATF staff shortage.** Does not contradict (Delfay 163)

40 **SAAMI and NSSF position is that ATF's role to provide leadership and ask for assistance from them in policing industry.** They have responded (Delfay 165)

41 **ACCESS 2000.** Some companies volunteered to participate prior to being asked (Delfay 166)

42 **NSSF and SAAMI position on if mfgs should identify dealers with significant traces.** I don't know, but asserts ATF would not make data available (Delfay 167-8).

43 **Multiple sales.** Does not know. Supports multiple sales reporting system. No position by SAAMI or NSSF. (Delfay 170)

44 **No requirement of retailers to attend seminars of ATF and NSSF.** No (Delfay 172)

45 **Poor Inventory management identified by ATF.** Worked with ATF on regulations (Delfay 173)

46 **Video to retailers by IACP.** Not produced. (Delfay 174)

47 **Topics "out in front on".. acted upon. Strawpurchases, security, posters for Don't Lie.., training program in Partnerships for Progress, regional seminars,, nothing on dealer award, nothing on increasing ATF fundings, Acess 2000 willing to help.** Work with ATF. (Delfay 176-8)

48 **Don't Lie for the Other Guy.** Kit with posters, countercard, five booklets, retailers guide to protecting straw purchases, five lapel buttons, one door decal, counter mat.... also sessions at Shot Show, video, articles in publication of SHOT Business and others industry publication... don't know if effective... don't know if it could be more effective. Incentives were to prevent criminals from getting guns. No sanctions. (Delfay 181-184)

49 **Partnership for Progress.** No incentives or sanctions to retailers and no requirements for participation (Delfay 183-4)

50 **NSSF encouragement of dealers to go beyond letter of the law.** Yes,

Don't Lie for the Other Guy. .. and encouraging participation in it (Delfay 187-8)

51 **Implementation of NICS stopped 130,000 crime gun purchases... leading to importance of strawpurchases.** Yes. Figure "blew us away." We were surprised at how many guns used in crime.. were purchased by strawpurchasers. (Delfay 189-1)

52 **Law does not require background check on every transaction.** If a criminal transaction was going to take place it would be helpful to have (Delfay 190-3)

53 Did not investigate strawpurchases in development of Don't Lie... (Delfay 1940

54 **Trace percentage versus raw trace number..** more likely that a high volume dealer is going to have more traces than a small volume dealer .... basis for ATF sending letters on raw traces... (Delfay 206-208)

55 **SW agreement.** Position that many things already being done and that not in purview of SW. (Delfay 216)

56 **SW agreement.** Things already being done were feasible... (Delfay 217)

57 **SW agreement.** Not in purview of SW...no one under 16 or 18 allowed to walk through gun department, all firearms locked at end of day...

58 **SW agreement.** Press claims that he canvassed most of mfgs and they indicated they would not go along and he disagrees he canvassed (Delfay 228-229)

59 **Center for Firearms Safety Responsibility...** no longer exists... was a program... existed less than 2 years (Delfay 244)

60 **Warranty card information sharing.** Recent program with purpose to have a database for direct mail promotion (Delfay 251)

61 **Database of retailers.** Members attending Shot Show... 10,000 retailers...and also from ATF (Delfay 252)

62 **Database of distributors.** Yes (Delfay 253)

63 **Database of mfgs.** Yes. (Delfay 254)

64 Database of shot show exhibiters (Delfay 254-5)

65 NSSF retailers.. 1,200 (Delfay 255)

66 **Prevention of criminals and unauthorized juveniles from acquiring guns.** Key area of involvement with ATF (Delfay 266)

67 **Heritage Foundation.** Purpose to coordinate and industry response to litigation nd to fund initiatives (Delfay 274)

68 NSSF governance and input of retailers and distributors (Delfay 290+)

69 **Don't lie for other guy.** Expenditures by NSSF at ½ million (Delfay 294)

70 **Handguns more likely to be traced.** Did not know (Delfay 308)

71 **Project Homesafe.** Non traditional consumers..someone who inherited, not familiar, not used on regular basis. Safety information and locking devices... provides people with safety information and that is important (Delfay 346-80)

BY EVANS

72 **Safe distribution discussions at SAAMI or NSSF.** None prior to 2000 (Delfay 383)

73 **Shot Show seminars.** List of participants kept (Delfay 395)

74 **Mfg code of responsibility.** Not recall any discussions (Delfay 398)

75 **Concerns that Don't Lie for the Other Guy.** Putting to much onerous

on the retailer... expressed by Carter? (Delfay 476)

76 **Programs.** Strawman purchase awareness, education seminars but not inventory management (Delfay 489-90)

77 **NSSF and SAAMI does not seek to control member activities.** Yes (Delfay 514)

FIREARM INDUSTRY EXPLANATIONS FOR NOT IMPLEMENTING SAFEGUARDS FOR RESPONSIBLE DISTRIBUTION

(Reasons industry has not taken further steps to safeguard against diversion)

8. **Not really a problem**
   a. **Not really an oversupply or prices would be coming down**
      i. Illegal market may not feel pressures of normal market (98: 3817)
   b. **Manufacturers only sell to legitimate dealers**
      i. Robert Bonaventure of Beretta. Beretta only sells to "legitimate retail firearms dealers." When asked explain legitimate... It means to me a person who sells firearms and follows the laws of the US government... Don't know how they follow the law (36: 17-18)
   c. **We know that our dealers are law abiding so do not need to address**
      i. Larry Nelson of Browning: We know who our dealers are, I mean, it is kind of a moot point because we don't, we know that they are abiding by the law. .... (36: 17)
   d. **Reputational consequences keep retailers honest.**
      i. Larry Nelson of Browning: Again just based on reputation, who they are. They risk severing their relationship with Browning if they breach that. We know them. They just don't do that (36: 17)

9. **Others responsibility to address problem**
   a. **BATF's responsibility**
      i. "It is not the job of the manufacturers to look for patterns and trends related to traces. The ATF are the law enforcement agency. Criminal investigation is there business. This agency is in charge of looking for patterns and trends relate with criminal issues. The manufacturers and retailers should be cooperative with the ATF" (Trial deposition Hamilton v. Accu-Tek, page 1364-1365).
         (1) See above that BATF cannot comprehensively address issues
      ii. Larry Nelson of Browning: We are not a police force, FFLs are licensed with the government. I suppose they don't want us meddling (36: 17)

10. **Have fulfilled responsibility**
    a. **Fulfilled responsibility through following rules and regulations**
       i. We followed the rules and regulations governing this industry which outline the procedures and steps it must take to have its product distributed" (Report of D. Stewart, Exhibit B, p.17)
          (1) See above that many retailers want to go beyond the letter of the law

11. **Lack of information to address**
    a. **Lack of knowledge**
       i. "The only knowledge that the defendants would have regarding the underground market of guns would be obtained from what is printed in the press or government reports" (Report of D. Stewart, Exhibit B, p.17)
          (1) See above on specific knowledge within associations.
       ii. If only know the press or government information, instigating a system to monitor would help in this regard (98: 3816)
       iii. This lack of supervision might be understandable and excusable if defendants had no way of knowing that their products were being acquired for use in crime. However, as this report has demonstrated, there is substantial evidence that large numbers of handguns recently sold are used in crime, that a large proportion of all handguns sold are eventually used in crime, that guns are smuggled from states with weak controls on handgun sales to other states and that the level of demand in some states is higher than can be explained by legitimate demand. Indeed, there is evidence that manufacturers were warned of the

dangers of certain market practices such as selling to nonstore FFLs. Positioning study by Smith and Wesson in 1989: Non store FFL operators exert their greatest appeal to price sensitive customers. Also they may potentially be a risk in terms of legislative enactment (i.e., illegal sales either through avoiding waiting periods of tax evasion) (36: 18).

b. **BATF does not make information available.**
   i. Concentration of trace of traces suggests it would be relatively easy to obtain information and this information is best obtained not from BATF , but from industry (98: 3816)

12. **Lack of skills to address**
   a. **Lack of expertise**
      i. Larry Nelson of Browning: We have no expertise in that area (36: 17).

13. **Lack of resources to address**
   a. **Cannot support tracking of sales**
      i. **Industry does not have the resources.** Cannot track gun sales through the entire or part of the distribution channel (Trial deposition Hamilton v. Accu-Tek, page 1331).
         (1) **Industry earnings 1996-97.** Positive earnings for Ruger (142 and 145 million), Beretta (ITL 375 and 387 mill), FN Herstal (BEF 17490 and 14559 mill), Browning (203 million and 156 million), winchester (73 and 65 million), Remington (427 and 390 million), CZ (CZK 1023 and 1071mill) and SIG arms (SF 211 and 204 mill) (225: 4143)
         (2) **SIGARMS financial position.** Corporation is part of international SIG Group a conglomerate with 4 distinct divisions with sales of CHF 1,950 million and net profits of CHF 112 million in 1998 with over 7307 employees. (198: 755) SIGARMS had sales of CHF 204 million with 31% coming from the US (198: 65). Sales in 1998 of $44.373 million with operating profits of NEGATIVE 2.657 million. Cost savings program initiated in 1999(201: 3873). Cost savings measures for gun shows 1999 (199). Cost savings for law enforcement 1999 (200). The market is strong. Dealers and distributors are having an outstanding year.. we will be able to achieve our revised 1999 sales targets (205: 3880). The overall market continues to exhibit better strength than in recent years march 1999 report (207: 3882)
      ii. **Cannot support training**
         (1) Industry cannot support training of distribution channel members channel (Trial deposition Hamilton v. Accu-Tek, page 1331).

14. **Lack of legitimacy and consensus to address**
   a. **Cannot mandate to channel members**
      i. Industry cannot require channel members to put security infrastructure in place channel (Trial deposition Hamilton v. Accu-Tek, page 1331).
      ii. Bob Lockett article in Shooting Sports Retailer that also was leaked to WSJ: Decries excuses by manufacturers that "they have no control"(3)
   b. **Lack of industry consensus for restrictive policies** (87)
      i. Recently released BATF study, however e.g. "Operation Snapshot" may well, have removed some of these stumbling blocks and opened the way for developing a realistic and workable proactive stance" (87-13898

15. **If implemented would not work**
   a. **Delays would be associated with getting information and this is why rely on government**
      i. This argues for a better information system at the distribution level (98: 3817)
   b. **Result in high costs to dealers**

i. "You can't do very much with many small customers out there". "The economics don't work". They have many dealers with sales under $1000 a month; therefore they can't put to many restrictions in these dealers. (Trial deposition Hamilton v. Accu-Tek, page 1330-1331)

c. **Too difficult to identify straw purchases.**

i. Obvious problems arise in trying to distinguish the actual buyer from a straw purchaser .... many retailers routinely engage their customers in a series of questions to determine what their needs and wants are. By including a couple of questions regarding the identity of the actual purchaser in this pre-sales screening, retailer can provide a valuable service to law enforcement and to their community . Effective way to do this is to establish a store policy or post a sign. (91:2946)

d. **Restrictions would lead to other sources of guns filtering in.**

i. Ignores bans on imports and reductions in supply by industry wide standards (98: 3817)

ii. JAMA editorial. The supply side approach would seem futile if one accepts the common assumption that guns are everywhere that almost anyone can quickly and cheaply obtain a gun regardless of age or place of residence. Some statistics suggest otherwise however....most robbers 75% do not use guns, gang members do not all own guns according to a recent study supported through other study also. (242: 1765-66)

16. **If implemented would lead to unintended consequences**

a. **Negative customer (retailer and customers) reactions toward any restrictive policies** (87)

i. Recently released BATF study, however e.g. "Operation Snapshot" may well, have removed some of these stumbling blocks and opened the way for developing a realistic and workable proactive stance" (87:13898)

b. **Oversight would interfere with antitrust laws**

i. Defendant expert agrees that industry action to limit potential for misuse and abuse of handguns is not a violation of antitrust laws and regulations (98: 3818)

ii. Reducing number of FFLs would negatively affect competition (24: 28)

iii. Sanetti Deposition. Q: Well is there anything else that you require the distributor to provide to Sturm Ruger before you'll enter into a contractual relationship. ....Our terms and conditions are unilateral terms and conditions in other words, we say, These are terms and conditions for the following years that we impose upon the distributorships ans we say if you want to purchase Ruger firearms from us before buying the Ruger firearm you have to understand these are the terms and conditions upon which we are selling... it is not strictly speaking a contract... we were very concerned this it could be interpreted as a conspiracy or restraint of trade. So on advice of counsel, those contracts are not contracts per se they are unilateral terms and conditions. We do not have strictly speaking, contractual relationships with distributors (165:193-194)

iv. Bob Lockett article in Shooting Sports Retailer that also was leaked to WSJ: (3) Debunks FTC anticompetition excuse (3)

c. **Restrictions would lead to theft**

i. Smaller numbers of guns might reduce motive to steal and many guns are used within 3 years of purchase (98: 3818)

TOWARD RESPONSIBLE DISTRIBUTION IN FIREARMS: INDUSTRY RECOMMENDATIONS

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TOWARD RESPONSIBLE DISTRIBUTION IN THE FIREARM INDUSTRY: SAFEGUARD REFORMS
(Framework, strategies and tactics of reform)

1. **General approach to development**
   a. **Focus on source of guns and channels through which they enter market**
      i. ATF Director Davis - It is my opinion that handgun control must be approached by looking first at the source of the guns and how they entre into and remain in circulation. I am convinced that the lack of even minimal monitoring and regulation of the firearms industry constitutes the beginning of an impossible enforcement situation. .. It seems futile to talk about methods of handgun control without first discussing such basic questions. (4: 150)
   b. **Key FFL violations as potential priority**
      i. Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): violations reported for FFL - failure to keep records 48.9%, transfers to prohibited persons 26.3%, NFA weapons possession 24.8%, straw purchasing 24.1%, dealing without license 18.8%, False entries 18.8%, illegal out of state transfer 15.8%, purchase, possession sales by felon 12.0%, (51: 29) - suggesting priorities for reforms

2. **Frameworks for organization of safeguards**
   a. **Academic frameworks**
      i. See analysis framework for safeguards
   b. **Regulatory and enforcement frameworks**
      i. **Operation Snapshot**. In our opinion, the new study "Operation Snapshot" can provide not only the thesis for a constructive proactive position, but also an appropriate and timely **framework** for industry response" The study was an attempt to quantify and qualify the universe of FFL holders and their activities. Study findings confirm: BATF cannot come close to inspecting or overseeing the activities of 287,000 FFL holders nationwide, violations found at 34% of all FFL holders, 9% of all FFL applicants were subject to application investigation (87)
      ii. **Source of illicit flows**. The flow from licit to illicit has several major sources, including theft ½ million guns are stolen each year from vehicles, homes and commercial places), scofflaw retailers who are willing to sell under the counter to prohibited purchasers, strawman purchasers who buy guns on behalf of those who are prohibited because of their age or criminal record and gun traffickers who act as arbitragers, buying guns in loosely regulated jurisdictions and reselling them elsewhere. This **analysis suggests a variety of possible tactics for reducing availability**. To slow the flow of guns into the illicit sector, it seems important to put the scofflaw dealers out of business and reduce gun theft, while cracking down on interstate trafficking. To disrupt redistribution of guns within the illicit sector, law .... gathering information on who is selling guns on the street. (242: 1765-66)
      iii. **Federal, State and local laws**
         (1) Federal, state and local laws prescribe certain reforms
   c. **Industry frameworks**
      i. **Smith & Wesson agreement**
         (1) Standard of conduct to make every effort to eliminate sales fo firearms that might lead to illegal possession and/or misuse by criminals, juveniles and other prohibited persons e.g. suspect firearms sales (2: 7)
         (2) Gun Violence Reduction: National .... Strategy (2000): Smith and Wesson agreement to take measures to design, manufacturer and distribute and market to reduce criminals access to guns and prevent gun accidents. The agreement represents that common sense distribution and safety measures are practical and

can be embraced by the gun industry as a matter of responsible business practices. Key provisions included new sales and distribution controls to help keep guns out of the hand of criminals, help law enforcement solve gun crimes and reduce firearms accidents including assured background checks at guns shows, required ballistics testing for new firearms and gun safety training for purchasers (60: 35)

(3) Gun Violence Reduction: National .... Strategy (2000): The firearms industry must do much more to design and distribute its products to be as safe as reasonably possible, so as to reduce the level of accidental gun injuries and suicides in our society. The recent agreement with Smith and Wesson includes provisions ...Other gun manufactures should be encouraged to voluntarily incorporate existing safety devices and .... to institute voluntary measures such as code of conduct for retail dealers to ensure that firearms are transferred only to persons who have the knowledge and experience to handle them safely. Such distribution controls can help significantly in the effort to reduce gun accidents and suicides (60: 39)

3. **General approaches for coordinating safeguards**
   - a. **Ownership based safeguards and information systems**
     - b. **Take on role of intermediary**
       - (1) Sell direct to dealers
   - c. **Nonownership based safeguards and information systems**
     - i. **Safeguards**
       - (1) **Objective**
         - (a) **Take steps to control distribution system**
           - (i) Gun Violence Reduction: National .... Strategy (2000): Gun manufacturer and importers could substantially reduce the illegal supply of guns by taking similar steps to control the chain of distribution for firearms as found in many industries such as fertilizer and explosives where manufacturers impose extensive controls on their dealers and distributors (60: 34)
         - (b) **Root out diversion**
           - (i) But whatever methods are ultimately employed, there is no doubt that a concerted bid to root out the individuals and firms who engage in commercialized gun diversion would have a salutary effect on the gun marketplace (35: 237)
       - (2) **General approach**
         - (a) **Formalize distribution system**
           - (i) Exert greater control through formalizing distribution structure. (324:277)
         - (b) **Use contractual methods**
           - (i) Authorized dealers/distributors, franchise distributors/dealers, distribution contract restrictions (324:277)
         - (c) **Restrict sales only to authorized distributors and dealers**
           - (i) Sales to only authorized distributors and dealers (2: 7)
           - (ii) Only sell to other authorized dealers and distributors (2: 7)
     - ii. **Information systems**
       - (1) **Role of information to enhance coordination effort**
         - (a) Based on ATF 1999: purchases from licensed firearm dealers including pawn brokers, large scale straw purchasers, small scale straw purchasers. (39:14). FFL dealer information can be particularly useful (39: 15)

(b) Based on ATF 1999: Thefts from gun dealer, fencing, common carrier theft, household and auto theft, bartering and trading within criminal network, manufacturer theft (39: 14) - FFL theft information and required reports can be helpful (39: 15

(2) **General need for more complete and extensive information**

(a) General need for more information on how guns enter the market. ATF Director Davis (4: 150)

(b) Need for focus on sales transaction. ATF Director Davis (4: 150)

(c) Need to understand interstate flow. ATF Director Davis (4: 150)

(d) Little systematic information about the gun trade, ... a good place to start would be a more systematic data collection effort (22: 91)

(e) Current information, complete information - suggestions for ATF (11: 121)

(f) Handgun control 1993: more extensive information on licensees and background check, report all thefts (16:69)

(3) **Need for all to provide information and allow access**

(a) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - FFLs submit records to tracing center, allow FFL inspections more than each year by ATF, allow FFLs to establish security standards, license and train handgun users, 72 hour handgun waiting period , systematic collection of information on causes of firearms accidents, encourage adoption of safety design and distribution, locks(60: 45-52)

4. **Specific coordination and information system reforms**

a. **Selection**

i. **Criteria**

(1) **Reduce number overall**

(a) **Higher costs through requirements, bonds, registration fee, certificate of eligibility**

(i) Performance bond (3)

(ii) Pay a registration fee to be a dealer (3)

(iii) Handgun control 1993: Require higher govt fees to be a dealer, (16:69)

(iv) National alliance of stocking gun dealers 1993: license fee up, (16: 92)

(v) National Alliance of stocking gun dealers 1993: sufficient fee (16: 99-100)

(vi) There are a variety of measures that would help reduce the availability of guns to youths and criminals - increase licensing fees, (22: 90)

(vii) GAO Report on Various Factors.. Decline in ... Dealers 1996: Decline in number of FFL dealers as a result of increased fees (24: 2)

(viii) Certificate of eligibility required in CA (24: 23)

(ix) GAO project: 57% of prior licensees said increase in fee as reason for not renewing (24: 27)

(b) **Geographic limitations**

(i) Forbidding sales in certain areas (24: 23)

(c) **More requirements overall**

(i) GAO Report on Various Factors.. Decline in ... Dealers 1996: Decline in number of FFL dealers as a result of increased

enforcement by closely scrutinizing applicants and licensees, more information about applicants, and more licensing requirements including certification of compliance with state and local laws (24: 2)

(d) **Higher scrutiny generally**

(i) Our objective in formulating a stance should be to create a reasonable set of standards that act to discourage the casual applicant while not creating undue or unnecessary hardships for the small, but legitimate dealer or gunsmith (87:13899)

(ii) GAO Report on Various Factors. Decline in ... Dealers 1996: Decline in number of FFL dealers as a result of increased enforcement by closely scrutinizing applicants and licensees, more information about applicants (24: 2)

(2) **Specify strict qualifications**

(a) **Detailed application**

(i) ATF instigated application procedures including finger printing, requiring furnishment of detailed application, compliance with law, - latter eliminated to reduce backlog of applications (24: 20)

(ii) NFFL must now provide fingerprints and identification photo, face to face interview with inspectors, demonstrate business premises, notify state and local enforcement of their intent to engage in business, certify compliance, pay a 200/3 year fees and 90 renewal fee. (30: intro)

(b) **"Retail place of business" and "engaged in business"**

(i) Requiring dealers to maintain "retail place of business" (324: 277)

(ii) Operating in a storefront, 40 hours, 35% revenues from shooting industry, ID number, yellow page, fax, email, permits (3)

(iii) 1993 Schumer letter to ATF Director: Which if any of the following would aid ATF enforcement: maintenance of a business premise, (16:41, 45-46)

(iv) Handgun control 1993: Require licensee to have gun sales as their principle form of business. (16:69)

(v) National Alliance of stocking gun dealers 1993: photo of business location, (16: 99-100)

(vi) ATF instigated application procedures including requiring furnishment of diagram indicating where firearms are stored and located, (24: 20)

(vii) Forbidding business out of home (24: 23)

(viii) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation clarify engaged in business requirements for license, (60: 45-52)

(c) **"Full" inventory requirements**

(i) Sales only to stock gun dealers

(ii) A full product line as samples (3)

(d) **Provide professional qualifications**

(i) Curriculum vitae on all employees, picture, (3)

(ii) National Alliance of stocking gun dealers 1993: photos of dealers, (16: 99-100)

(e) **Financial qualifications**

(i) 3 year statement, personal statement, credit rating, (3)

(f) **Liability insurance**
- (i) Carry full liability insured coverage (324: 277)
- (ii) Insurance (3)
- (iii) Carry insurance, (2: 7)

(g) **Security plan**
- (i) Requiring dealers to secure their firearms from theft. (324: 277)
- (ii) Limit thefts (11: 115)
- (iii) Thefts is a significant problem that should be curbed (11: 144)
- (iv) To curtail theft requires owners to store then guns more carefully (22: 80)
- (v) ATF instigated application procedures including security description for safeguarding, (24: 20)
- (vi) Inventory tracking plan including electronic recording of information, inventory accountability and security, forms retained on premise, audit can lead to termination (2: 7)
- (vii) Security plan for shipments including locked display cases, secure area, ammunition stored separately (2: 7)
- (viii) Gun Violence Reduction: National .... Strategy (2000): to properly control the distribution of firearms gun manufactures and importers should require them to implement inventory security, (60: 34)

(h) **Signing of Code of ethics or guidelines**
- (i) Require signing of code of ethics as was done with S&W (324: 277)
- (ii) Guideline compliance (3)
- (iii) Gun Violence Reduction: National .... Strategy (2000): to properly control the distribution of firearms gun manufactures and importers should code of conduct for dealers and distributors, (60: 34)
- (iv) Gun Violence Reduction: National .... Strategy (2000): To assist ATF will supply information about gun races and work to establish voluntary measures like codes of conduct and training. (60: 34)

(i) **Certification of compliance with state and local law and licensing provisions**
- (i) 1993 Schumer letter to ATF Director: Which if any of the following would aid ATF enforcement: show compliance with state and local law prior to license (16:41, 45-46)
- (ii) Handgun control 1993: compliance with all laws, (16:69)
- (iii) National alliance of stocking gun dealers 1993: compliance with state and local laws before issuance, (16: 92)
- (iv) National Alliance of stocking gun dealers 1993: copies of all permits and licenses, background check, (16: 99-100)
- (v) GAO Report on Various Factors.. Decline in ... Dealers 1996: Decline in number of FFL dealers as a result of increased enforcement by certification of compliance with state and local laws (24: 2)
- (vi) ATF instigated application procedures including finger printing, requiring furnishment of certification o f compliance with law, - latter eliminated to reduce backlog of applications

(24: 20)

(vii) One street dealer acquired g1200 guns by simply furnishing a forged firearms license to a gun distributor. According to investigators, such episodes are becoming more frequent. Additional safeguards to prevent misuse of licensing documents may be necessary (35: 236)

(viii) Completion of forms and requirements under Brady and Gun control act, (2: 7)

(ix) No known indictment (2: 7)

ii. **Identification, assessment and choice**

(1) **Manufacturer verify above criteria**

(a) Verify FFL validity (2: 7)

(2) **Reduce number overall**

(a) Reducing number of FFLs recommended in 1974 (5: 1596)

(b) In our opinion, the industry should consider adopting a strong proactive stance calling for a significant reduction in the total number of FFL holders as an important step in better regulating the distribution of its products and as a means to minimizing the possibility of illegal transactions through unscrupulous FFL holders (87:13899).

iii. **Substantiation**

b. **Management**

i. **Role responsibility and goals**

ii. **Operational guidelines, programs and strategies**

(1) **Inventory and shipping practices to curb thefts (both manufacturer and intermediaries)**

(a) **Generally**

(i) To curtail theft requires owners to store then guns more carefully (22: 80)

(ii) There are a variety of measures that would help reduce the availability of guns to youths and criminals - priority to stolen guns (22: 90)

(b) **Access**

(i) Security plan for firearms including in shipment including visitor into facility (2: 7)

(ii) Restricted areas (2: 7)

(iii) Detection of unauthorized entry (2: 7)

(c) **Storage and shipping**

(i) One reform that may cut into retail theft is to require FFLs to keep guns in special locked cabinets or otherwise protect their stock of guns and ammunition against theft (22: 86)

(ii) Reducing theft example of Gander Mountain Central Retail Warehouse: Very successful with 2 of 28,000 missing in 1995 and zero missing for 33,000 shipped: separate section for inventory, video surveillance, audit trail reporting, password protection on inventory records, shipping boxes designed for long guns for all types of firearms, skid bands on pallets, opaque shrink wrap on pallets, gun transfer sheet for movement, training and exam for employee, no discerning labels (32c: 3)

(iii) Cartons shipped have no identifying marks (2: 7)

(d) **Carrier verification of recipient license**

(i) 1993 Schumer letter to ATF Director: Which if any of the

following would aid ATF enforcement: requiring carrier who is shipping guns interstate to verify recipient has valid license, (16:41, 45-46)

(ii) Use carriers who have only background checked employees (2: 7)

(iii) Senator Paul Simon 1993: common carriers to obtain identification, (16: 65)

(iv) National alliance of stocking gun dealers 1993: identification of transporting recipients, (16: 92)

(e) **Signage**

(i) Posting warning signs that theft is a crime - example of Gander Mountain posting and a gun growing legs and returning after being stolen (32f: 8)

(f) **Disposal of inventory**

(i) Safe disposal of samples - Decision on what to do with samples after year (3)

(g) **Other measures**

(i) ATF September 94 and December 97 - theft statistics leading to suggestions to reduce theft: locked display cases, one firearm shown at a time, remove firing pin or use plastic ties, keep in location where you cannot turn back to customer, no customer unattended, ammunition stored separately, no ammunition with firearm, no after hours business, strict control of firearms at gun show including inventory and all display aspects, no large sums of cash in location, use secure carrier - not US mail, use carrier that has security and background checks of employees, alarms systems in working order, established security protocols, plans in the event of theft, no talking to others about security except law enforcement or employees, keep employees appraised of theft issues and events, vigilant, secure inventory at the end of day, inventory records accurate and up to date, missing versus stolen distinction in reporting, telephone numbers of law enforcement, police etc in accessible place, wipe down counters and doors each night to create clean environment for fingerprints, consider bait money, modus for suspicious persons, post theft warning signs, employee screening and background checks, height measuring device to capture height of suspicious people, good lighting in area, front windows unobstructed, no large shrubs or vines to reduce visibility, remote activated security entrance, burglar alarm, video system, motion and glass smash security, burglar bars or roll down gates, steel mesh screens for interior separation of rooms, ask enforcement authorities to provide information, copies of floor plan to enforcement authorities, provide customers with information and brochures, advise them on secondary market sales measures to avoid crime channels e.g. disposition of firearms notice brochure, (34: 7-12)

(2) **Training and examination.**

(a) **Generally**

(i) Strict examination on employees regarding safeguards, handling , storage, (3)

(ii) ATF goal to maximize voluntary compliance by dealers

includes industry education and partnerships for informational seminars, meetings, booths at shows, instructional materials and informational materials, safety and security information, audit suggestions, videotapes, compliance inspections for records, sales to underage, inventory and bound book discrepancies, noncompliance with Brady act, unreported multiple sales, interaction and other questions. (50: 30)

(iii) Employees pass an exam with failure leading to prohibition on sale by employee (2: 7)

(b) **Areas**

(i) **Diversion indicators**

1) Training for all employees that includes law, straw purchasers and other, diverted indicators, safe handling and storage (2: 7)

(ii) **Strawman customers**

1) Training of retailers to identify strawman transactions and customers who may potentially abuse product. Education program to alert consumers to the dangers of firearms failing into the hands of criminals

2) Don't Lie for the Other Guy" will provide firearms retailers with comprehensive kits to educate the public and alert potential strawman purchasers of the consequences of buying a firearm for someone else. These items are designed not only to educate firearms purchasers, but also serve to educate retailers on how to better identify a potential strawman purchaser. Education and public awareness about straw purchasing will protect our communities by making it more difficult for criminals to illegally obtain firearms (91:2957)

3) Training for all employees that includes law, straw purchasers and other, diverted indicators, safe handling and storage (2: 7)

(iii) **Illegitimate purchasers**

1) Training dealers on how to minimize risk of transfers to illegitimate purchasers, (324: 277)

2) Gun Violence Reduction: National .... Strategy (2000): to properly control the distribution of firearms gun manufactures and importers should require them to implement policy and record keeping measures to keep guns out of wrong hands, (60: 34)

(iv) **Compliance with laws**

1) Gun Violence Reduction: National .... Strategy (2000): develop continual training programs covering compliance with laws, identifying straw purchasers scenarios and securing inventory, (60: 34)

2) Training for all employees that includes law, straw purchasers and other, diverted indicators, safe handling and storage (2: 7)

(v) **Safeguards**

1) Strict examination on employees regarding safeguards, handling , storage, (3)

(vi) **Safe handling** (3)
1) For both intermediaries and customers
2) NRA. 1989 survey of gun owners identified as members of the NRA expressed support for mandatory safety training, (31: 15)
3) Training for all employees that includes law, straw purchasers and other, diverted indicators, safe handling and storage (2: 7)
4) Strict examination on employees regarding safeguards, handling , storage, (3)

(vii) **Safe storage** (3)
1) Training for all employees that includes law, straw purchasers and other, diverted indicators, safe handling and storage (2: 7)
2) Strict examination on employees regarding safeguards, handling , storage, (3)

(viii) **To educate customers**
1) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - allow FFLs to establish security standards, license and train handgun users, 72 hour handgun waiting period , systematic collection of information on causes of firearms accidents, encourage adoption of safety design and distribution, locks (60: 45-52)

(ix) **Retrain high risk dealers**
1) Tracking ATF trace requests through distribution to identify, retrain or terminate dealers that are repeatedly the subject of gun traces (324: 277)

(3) **Restrictions on certain types of transactions**

(a) **Multiple sales limits.**

(i) **Generally**
1) Limit multiple sales proposes as far back as 1974)(5: 1523) (5: 1598)
2) Multiple sales are often indicative of unlicenced dealers and other offenses (5: 1598)

(ii) **Type of restrictions**
1) Requiring dealers to limit sales to individuals to one handgun per month (324: 277)
2) Traffic Stop: How the Brady Act Disrupts Interstate Gun Trafficking 1997: Recommendations: one handgun a month purchase limit (31: 13)
3) Limiting multiple sales to 1 per month per buyer (324: 276)
4) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - limit handgun purchases to one a month, (60: 45-52)
5) No multiple sales (3)

(iii) **Support**
1) Survey of public: Support for keeping handguns from criminals even if it means harder for citizens to acquire. 80% of respondents support limiting multiple sales of more than one a month (31: 14)

(b) **No off premise sales**
- (i) **Generally**
  - 1) No off premise sales (3)
- (ii) **Restrictions on newspaper sales**
  - 1) Restricting newspaper sales (22: 89)

(c) **Gun show sale limitations**
- (i) **Prohibitions**
  - 1) Prohibiting gun show sales (324: 277)
- (ii) **Restrictions**
  - 1) No gun show sales unless background check, (2: 7)
  - 2) There are a variety of measures that would help reduce the availability of guns to youths and criminals - gun shows abolished, all transactions through FFL (22: 90)
  - 3) Gun Violence Reduction: National .... Strategy (2000): Congress should enact the legislation passed last year requiring all firearms transactions at guns shows to go through FFLs. This legislation would not shut down gun shows, it would merely prevent felons .... and other persons not allowed from acquiring guns "no questions asked" (60: 44)

(d) **Straw purchase limitations**
- (i) No sale to straw purchaser, (2: 7)
- (ii) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - create straw purchase violation for FFL who knowingly assist in purchase - now very difficult to prosecute, (60: 45-52)

(e) **Limit interstate transfers**
- (i) Recommended in 1974 (5: 1523)

(f) **No transfers to other dealers**
- (i) No transfers to other dealers (3)

(g) **Limiting some geographic areas**
- (i) Forbidding and banning sales in certain areas (24: 23)

(h) **Raise minimum age**
- (i) Under 18 years accompanied by parent (2: 7)
- (ii) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - raise min age on handgun possession to 21 (60: 45-52)

(i) **Limit transfers to FFL's under indictment**
- (i) Forego transfer if dealer or distributor under indictment (2: 7)

(j) **No suspect sales without explanation**
- (i) Suspect firearms sales include straw purchasers (2: 7) multiple sales of handguns w/o reasonable explanation (2: 7) sales w/o completed background check (2: 7)

(k) **Limit certain types of product sales**
- (i) Ammunition magazines of no more than 10 rounds, no automatic and sell only those that comport with other aspects of agreement (2: 7)

(l) **Transaction requirements**
- (i) **All sales through FFL**
  - 1) There are a variety of measures that would help reduce the availability of guns to youths and criminals - all transactions through FFL (22: 90)

2) Gun Violence Reduction: National .... Strategy (2000): Congress should enact the legislation passed last year requiring all firearms transactions at guns shows to go through FFLs. This legislation would not shut down gun shows, it would merely prevent felons .... and other persons not allowed from acquiring guns "no questions asked" (60: 44)

(ii) **Verification of FFL status**

1) Verification of FFL before transfer (nonpublic)(2: 7)

2) Copy of ATF disposition transfer, signature on forms, accurate description so can be identified (2: 7)

(iii) **Background check**

1) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - 72 hour handgun waiting period , systematic collection of information on causes of firearms accidents, encourage adoption of safety design and distribution, locks (60: 45-52)

2) No transfer until receiving notice by NICS that not prohibited person (2: 7)

(iv) Gun Violence Reduction: National .... Strategy (2000): to properly control the distribution of firearms gun manufactures and importers should identify require them to implement policies for postponing gun transfers until NICS checks are completed (given some can take longer than 3 days - small percentage (60: 34)

(v) **No sale without demonstration**

1) No sale w/o demonstration (3)

2) Transfer only if demo of safe handling by transferee through course or examination, demo of actual safe handling, (2: 7)

(m) **Require record keeping**

(i) **Generally**

1) Regulation of manufacturer, distributor and dealer record keeping suggested of ATF (11: 116) (11: 145)

2) ATF goal to maximize voluntary compliance by dealers includes industry education and partnerships for informational seminars, meetings, booths at shows, instructional materials and informational materials, safety and security information, audit suggestions, videotapes, compliance inspections for records, sales to underage, inventory and bound book discrepancies, noncompliance with brady act, unreported multiple sales, interaction and other questions. (50: 30)

3) Electronic record of all trace requests by ATF (2: 7)

4) Gun Violence Reduction: National .... Strategy (2000): to properly control the distribution of firearms gun manufactures and importers should identify policy and record keeping measures to keep guns out of wrong hands, (60: 34)

(ii) **Importance**

1) In 1975, more than 1/3 of traces fail because of poor

manufacturer record keeping - suggestions fro ATF(11: 117)

2) Among those that had sold 50 or more in the previous year - 10% of pawnbrokers and 16 percent of other retailers had reported a theft since starting their business. Inventory errors accounted for 45% for pawnbrokers and 20% of dealers selling 50 more in past year. (50: 27) - suggesting importance of good inventory keeping

(n) **Compliance with laws**

(i) **Generally**

1) Compliance with laws requiring FFL license is not enough to curb illegal market given many guns flow through license holding retailers - Stewart (98: 3809)

(ii) **Notification of noncompliance**

1) NRA: notification of revocation of license (16: 73)

2) National Alliance of stocking gun dealers 1993: notification of termination if noncompliance or time period to comply, (16: 99-100)

(o) **Cooperation with enforcement agencies**

(i) **Generally**

1) 1993 Schumer letter to ATF Director: Which if any of the following would aid ATF enforcement: dealer cooperation with telephone response on traces, (16:41, 45-46)

2) Cooperate with oversight provisions of agreement (2: 7)

3) National alliance of stocking gun dealers 1993: licensee compliance with trace requests, license fee up, compliance with state and local laws before issuance, enable compliance inspections, theft reporting, identification of transporting recipients, criminalize sale if reasonable belief going to used in crime (16: 92)

4) Full access to documents to law enforcement (2: 7)

(ii) **Information analysis**

1) **Generally**

a) Tracing pattern analysis: multiple crime guns, linking trace data with historical information, (25: 178-181)

2) **Implication**

a) If oversight commission notifies party to agreement that a disproportionate number of gun traces to dealer or distributor then take steps to terminate or demand explanation and if not satisfactory terminate them. If continue then terminate (2: 7)

3) **Trafficking indicators**

a) Trafficking indicators: multiple guns traced to FFL, short time to crime for FFL, incomplete trace results due to unresponsive FFL or other, significant or frequent losses or

theft reports, frequent multiple sales, recovery of obliterated serial numbers to FFL, geographic indicators (50: 22)

b) A recent agreement between Smith and Wesson and government emphasizes the need to focus on dealers selling a "disproportionate number of crime guns (54: 567)

c) Identification of Patterns in Firearms Trafficking study: Examining trace patterns for FFLs reveals counties with densest population has highest number of FFLs, 8.4% of FFL have a crime gun traced to them, Georgia had highest (21: 8-10)

d) Identification of Patterns in Firearms Trafficking study: If guns traced to a FFL dealer reveal on average a relatively short time to crime this may suggest that the activities of the dealer, or activities of individual purchasing from that dealer or possibly the overall crime context needs to be examined. (21: 11)

e) Identification of Patterns in Firearms Trafficking study: As with the number of firearm traces associated with a dealer, average time to crime is an indicator of a potential trafficking problem (21: 11)

f) Identify the first purchasers - and also develop information about the illegal gun market. For example, if the gun was bought only a short time before, but is recovered from someone different, the buyer may have been a straw purchaser, when numerous gun traces from a jurisdiction are analyzed patters are identifiable that can be used to facilitate investigations of FFL traffickers (30: 11)

g) Query Management Facility: FFL check or history which shows all recovered firearms that were traced back to a specific FFL and the recovery location. Close out codes - unsuccessful traces to an FFL can indicate a problem that the FFL may be hiding, can also look at order of firearms sold to FFL and check them against the FFLs own records in the bound book to see if they are keeping orderly records and transactions off the books, another query involves who supplied FFL that were later recovered or traced, another query is a purchaser query that lists all the firearms traced back to a specific FFL for which a buyer is identified - can then see if they bought other guns, another approach

lists all recent multiple gun purchases allowing for networking with other FFL/enforcement to track down (32a: 6)

h) Some traffickers use the same method to obliterate the serial number and can be tracked using Project _E-Lead contains information on guns with obliterated serial numbers that can be used to try and identify commonalities (32d: 3-4)

i) NTC has developed various proven indicators of illegal trafficking of firearms - patterns that illegal traffickers use (32f: 2)

j) Traffickers often develop a market for a certain gun. Using trace information an investigator can identify the FFLs where multiple sales are occurring of a specific gun (32m: 4)

(p) **Industry participation**

(i) Public participation in events with products (3)

(q) **Other potential reforms**

(i) **Generally**

1) Limit flow from low regulation to high regulation states (11: 145)

2) Address "new firearms" hypothesis (11: 145)

3) Standardized serial numbering - suggestion to ATF (11: 126-7)

4) Enhanced tracing suggestion to ATF (11: 125)

(ii) **Manufacturers**

1) Quarterly information (2: 7)

2) Not market to juveniles (2: 7)

3) No modified firearms to be like those that cannot be imported (2: 7)

4) No ads in vicinity of schools, crime zones or public housing (2: 7)

5) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - systematic collection of information on causes of firearms accidents, encourage adoption of safety design and distribution, locks (60: 45-52)

iii. **Incentives and monitoring**

(1) **Generally**

(a) Specific controls over distribution system (324:277)

(2) **Theft reports**

(a) 1993 Schumer letter to ATF Director: Which if any of the following would aid ATF enforcement: , theft reports, (16:41, 45-46)

(b) Senator Paul Simon 1993: report shortage, lost or stolen products, (16: 65)

(c) Handgun control 1993: report all thefts (16:69)

(d) National alliance of stocking gun dealers 1993: theft reporting, (16: 92)

(e) Reports on stolen guns (26:9)

(f) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - require common and contract carriers to report stolen or lost

guns, (60: 45-52)

(3) **Restrictions on certain types of transactions**

(a) **Reporting**

(i) Multiple sales reporting suggested as requirement - more than 1 gun within a period 5 days (11: 127)

(ii) Multiple gun purchases must now be reported - 2 or more within 5 days (26: 9)

(iii) Multiple gun sale procedure that only one gun on first day and then filing of multiple gun report with subsequent purchase to be after 14 days (2: 7)

(iv) Gun Violence Reduction: National .... Strategy (2000): Proposed legislation - require multiple sales report to ATF when a person buys two or more handguns in 30 day period, (60: 45-52)

(v) Senator Paul Simon 1993: report shortage, lost or stolen products, (16: 65)

(b) **Penalties**

(i) National alliance of stocking gun dealers 1993: criminalize sale if reasonable belief going to used in crime (16: 92)

(c) **Gun Show sales limitations**

(i) **Monitoring**

1) It would appear straightforward to police gun shows and enforce rules (22: 89)

(d) **Monitoring, inspection and compliance checking**

(i) **Generally**

1) Spot-checking, coordination of information, increase availability of information, supervision - suggestions for ATF (11: 118-119)

2) Senator Paul Simon 1993: allow ATF to investigate dealers more than once a year, report shortage, lost or stolen products, compliance with trace requests, common carriers to obtain identification, (16: 65)

3) National alliance of stocking gun dealers 1993: enable compliance inspections, (16: 92)

4) Inspection, (24: 23)

5) Participate and comply with ATF monitoring (2: 7)

6) Those who encourage dealers and distributors to consent to ATF unannounced checks (2: 7)

(ii) **How**

1) Monitoring through Monthly sales report, keep product line up, allow audits (3)

2) National Alliance of stocking gun dealers 1993: compliance audit, (16: 99-100)

(iii) **Importance**

1) ATF goal to maximize voluntary compliance by dealers includes industry education and partnerships for informational seminars, meetings, booths at shows, instructional materials and informational materials, safety and security information, audit suggestions, videotapes, compliance inspections for records, sales to underage, inventory and bound book discrepancies, noncompliance with brady act, unreported multiple

sales, interaction and other questions. (50: 30)

(e) **Information analysis**

(i) **Trafficking indicators**

1) Since traffickers often acquire guns from distributors, monitoring suspicious purchases at wholesalers - particularly by home and hybrid dealers may prove helpful. Like techniques could be applied at the retailer level to counter the use of straw buyers by street vendors (35: 237)

2) Identification of Patterns in Firearms Trafficking study: Trace patterns reveal that.1 percent of all FFL accounted for approximately 25 percent of all guns traced back to active FFL. .4 percent of all dealers account for almost 50% of all guns traced back to FFLs - suggesting more frequent inspections may be needed (21: 10-11)

3) Monitoring and analysis of firearm commerce - number and type sold, transporters and where they operation, highest volume retailers, reasons trace requests made, thefts and circumstances - suggestions for ATF, (11: 122)

iv. **Conflict resolution and enforcement**

v. **Integration and commitment**

c. **Modification/Termination**

i. **Adaption**

ii. **Termination**

(1) **Generally**

(a) Action against sellers who violate (2: 7)

(2) **Refuse to supply to those that have pattern of diversion**

(a) Gun Violence Reduction: National .... Strategy (2000): to properly control the distribution of firearms gun manufactures and importers should identify and refuse to supply dealers and distributors that have a pattern of selling guns to criminals and straw purchasers (60: 34)

(3) **Terminate dealers who violate law**

(a) Terminate dealers who are found to have violated the law or have been sued for negligent distribution practices (324: 277)

(4) **Procedures for termination**

(a) Procedures for termination (2: 7)

IMPLICATIONS OF SAFEGUARD REFORMS FOR THE DIVERSION PROBLEM

(Opinions regarding efficacy of different types of reforms)

5. **Supply side reforms overall**
   a. **Generally**
      i. Decrease the amount and availability of illegally trafficked firearms in a community and the number of violent crimes will decrease (324: 276)
      ii. 1997 Washington Post: Stands to reason that if you curb the supply of handguns in a state, the number of these weapons to be grabbed up by criminals might also decline (32a: 7)
   b. **Control of supply through combination of efforts**
      i. JAMA editorial. The combination of efforts would help increase prices of guns sold to legally prescribed buyers and increase the time and hassle required to make a connection. The upshot would be an increased tendency on the part of the youths and criminals to economize on their gun possession ans use. As guns become scarcer and more valuable, they will be slower to buy and quicker to sell, thus reducing the percentage of their criminal careers in which they are in possession of 1 or more guns. The supply side approach would seem futile if one accepts the common assumption that guns are everywhere that almost anyone can quickly and cheaply obtain a gun regardless of age or place of residence. Some statistics suggest otherwise however....(242: 1765-66)
   c. **Rooting out those engaged in diversion**
      i. But whatever methods are ultimately employed, there is no doubt that a concerted bid to root out the individuals and firms who engage in commercialized gun diversion would have a salutary effect on the gun marketplace (35: 237)

6. **Distribution system reforms**
   a. **Control distribution channel**
      i. Gun Violence Reduction: National .... Strategy (2000): Gun manufacturers and importers could substantially reduce the illegal supply of guns by taking similar steps to control the chain of distribution for firearms as found in many industries such as fertilizer and explosives where manufacturers impose extensive controls on their dealers and distributors (60: 34)
   b. **Code of conduct for dealers**
      i. Gun Violence Reduction: National .... Strategy (2000): The firearms industry must do much more to design and distribute its products to be as safe as reasonably possible, so as to reduce the level of accidental gun injuries and suicides in our society. The recent agreement with Smith and Wesson includes provisions ...Other gun manufactures should be encouraged to voluntarily incorporate existing safety devices and .... to institute voluntary measures such as code of conduct for retail dealers to ensure that firearms are transferred only to persons who have the knowledge and experience to handle them safely. Such distribution controls can help significantly in the effort to reduce gun accidents and suicides (60: 39)

7. **FFLs reforms**
   a. **Fewer dealers**
      i. Less gun dealers, less crime (2000). The number of FFLs had dropped dramatically in the Midwest as a result of the 1993 Brady Act .... an average of 70% fewer FFLs. The reduced number of FFL in the Midwest has no doubt played a role in the falling number of firearms deaths in this region (48: 3)
      ii. Reducing number of FFL holders offers a straight forward and sensible policy initiative that is neither overly complex in concept or in application. Corrects a problem that has gotten out of hand, but does not compromise on traditional ownership rights. It is an initiative that clearly positions our industry as part of the solution and not just part of the

problem (87:13900)

b. **Stricter licensing requirements and fee increases**
   i. There are a variety of measures that would help reduce the availability of guns to youths and criminals - increase licensing fees, priority to stolen guns, gun shows abolished, all transactions through FFL (22: 90)
   ii. Strict gun law states on licensing have resulted in fewer license applications by around 40% (24: 23) Increasing FFL license fee lead to decrease in FFLs.
   iii. As the number of FFLs fall, the capacity of AFT and the states to regulate will become more equal with the task (22: 80)

c. **Only "legitimately engaged in business"**
   i. Organizations: NASGD, Handgun Control and VPC indicated that reducing the number of dealers to only those who are legitimately engaged in the business was an advantageous step toward reducing crime (24: 28)
   ii. NASGD executive director: reductions in the number of nonlegitimate firearms dealers has a direct impact on reducing crime (24: 28)

d. **Abolition of gun shows**
   i. There are a variety of measures that would help reduce the availability of guns to youths and criminals - increase licensing fees, priority to stolen guns, gun shows abolished, all transactions through FFL (22: 90)

e. **Regulation and enforcement**
   i. A random sample of inspections of retail licensees in 1998 showed numerous violations. Among all retail dealers, 45 percent of pawnbrokers and 30 percent of other dealers were in violation (50: 30)
   ii. A review of 1700 compliance inspections in 1999 reveals that about 25 percent were cited leading to 3% license revocation, 19 percent license surrender, 9% warning conferences, 30$ warning letters, and 56% recall or followup inspection (50: 31) ATF recognized that enforcement actions on FFL would reduce number of FFL s (24: 24) GAO Report on Various Factors.. Decline in ... Dealers 1996: Decline in number of FFL dealers as a result of increased enforcement by closely scrutinizing applicants and licensees, more information about applicants, increased fees and more licensing requirements including certification of compliance with state and local laws (24: 2) NOTE: in association with fact that fewer FFLs leads to fewer guns in distribution.
   iii. Regulation of FFLs does influence the terms on which guns are available in the secondary market. More stringent regulation of sales by FFLs increases prices of guns on the street. Higher prices should persuade some youths and criminals to economize in their gun possession (22: 90)

8. **Transaction reforms**

a. **Regulation of transactions**
   i. When it comes to the criminal misuse of firearms, the stock of guns is less important than the flow. Effective regulation of transactions would quickly reduce gun crime (22: 90)

b. **Limitations on multiple sales**
   i. In 1993 state of VA restricted handgun purchases to one handgun per person per month. An evaluation of the law's impact on interstate gun trafficking revealed that VA supplied a significantly smaller percentage of crime guns recovered in the NE of the US that had been purchased after the law took effect when compared to the percentage of recovered guns prior to law (31: 12) (242: 1766)

c. **All transactions through FFL**
   i. There are a variety of measures that would help reduce the availability of guns to youths and criminals - increase licensing fees, priority to stolen guns, gun shows abolished, all transactions through FFL (22: 90)
   ii. Gun Violence Reduction: National .... Strategy (2000): Congress should enact the

legislation passed last year requiring all firearms transactions at guns shows to go through FFLs. This legislation would not shut down gun shows, it would merely prevent felons .... and other persons not allowed from acquiring guns "no questions asked" (60: 44)

d. **Background checks on purchasers**

i. The permanent provisions of the Brady Act require background checks of applicants for transfer of both handguns and long guns from an FFL (53: 1) In 1999 alone 204,000 of the 8.6 million applications were rejected equaling a rejection rate of 2.4% which is comparable to the period prior to the national system 536,000 of 22.5 million from 94-99 (53: 1) Nearly 3 of 4 rejections were for felony convictions or because the applicant was under felony indictment. (53: 1) (also 259)– suggesting that checking of some sort is useful and works.

9. **Theft reforms**

a. **Generally**

i. Reducing theft example of Gander Mountain Central Retail Warehouse: Very successful with 2 of 28,000 missing in 1995 and zero missing for 33,000 shipped: separate section for inventory, video surveillance, audit trail reporting, password protection on inventory records, shipping boxes designed for long guns for all types of firearms, skid bands on pallets, opaque shrink wrap on pallets, gun transfer sheet for movement, training and exam for employee, no discerning labels (32c: 3)

ii. There are a variety of measures that would help reduce the availability of guns to youths and criminals - increase licensing fees, priority to stolen guns, gun shows abolished, all transactions through FFL (22: 90)

b. **Warning labels that theft is crime**

i. Posting warning signs that theft is a crime - example of Gander Mountain posting and a gun growing legs and returning after being stolen (32f: 8)

10. **Disparity of state laws reforms**

a. **Traffic Stop**: How the Brady Act Disrupts Interstate Gun Trafficking 1997: Interstate trafficking occurs in part because fo the disparity in state laws governing the sale of firearms. As a result, prices are less in less stringent law areas. Change in disparity can have an impact on trafficking. Study of differences before and after Brady Act - states that did not have background checks for handguns prior to brady became less important sources for guns after Brady Act requiring mandatory background check. (31: intro). This study provides additional evidence that federal gun control laws can be effective tool in combating illegal gun trafficking (31: 11)

11. **ATF activities and results**

a. **Tracing**

i. So it may not be stretching things too much to suggest that gun tracing has helped reduce violent crime in the US. (32b: 1)

b. **Trafficking investigations**

i. Following the Gun 2000 (July 1996 to December 1998 1530 trafficking investigations involving 84,128 firearms diverted from legal to illegal commerce): ATF's review of recent trafficking investigations clearly demonstrates that many firearms are diverted from legal commerce through a variety of illegal channels that law enforcement agencies can target effectively to reduce criminal and juvenile access to firearms (51: 41)

FEASIBILITY OF INDUSTRY REFORM

(Requirements, opinions and statements regarding possible, workable, viable, practicable nature of reforms)

12. **Some safeguards are already required by federal, state and local law**
    a. See overview of Federal, state and local regulations
    b. NY city/state requirements for dealers including: business location, security devices to deter theft, regular inspections. Recommendations include audit and termination standards (16: 52-53)

13. **Manufacturer**
    a. **Generally**
        i. **Many manufacturers have coordination systems in place that could be relied upon**
            (1) see distribution agreements.
    b. **Financial capabilities**
        i. **Industry**
            (1) **Industry earnings 1996-97.** Positive earnings for Ruger (142 and 145 million), Beretta (ITL 375 and 387 mill), FN Herstal (BEF 17490 and 14559 mill), Browning (203 million and 156 million), winchester (73 and 65 million), Remington (427 and 390 million), CZ (CZK 1023 and 1071mill) and SIG arms (SF 211 and 204 mill)(225: 4143)
        ii. **Specific manufacturers**
            (1) **SIGarms**
                (a) **Financial and strategic position**. Corporation is part of international SIG Group a conglomerate with 4 distinct divisions with sales of CHF 1,950 million and net profits of CHF 112 million in 1998 with over 7307 employees. (198: 755) SIGARMS had sales of CHF 204 million 7with 31% coming from the US (198: 65). Sales in 1998 of $44.373 million with operating profits of NEGATIVE 2.657 million. Cost savings program initiated in 1999(201: 3873). Cost savings measures for gun shows 1999 (199). Cost savings for law enforcement 1999 (200). The market is strong. Dealers and distributors are having an outstanding year.. we will be able to achieve our revised 1999 sales targets (205: 3880). The overall market continues to exhibit better strength than in recent years march 1999 report (207: 3882). SIGARMS reports that "financial strength" is one of its strengths in its SWOT analysis (228: 4154). SIGs listed in a summary of its problems... SIGS... "strategy is sound" (229: 4165). We have an outstanding products and market reputation; our engineering capabilities are excellent (230: 4167

        iii. **Financial impact of litigation suggesting economic sense to address.** It is an unfortunate fact that our company and the industry as a whole are under extreme pressure due to lawsuits. It is under these conditions that SIG commits its resources to defend not only our company and the industry as a whole... (206: 3881). Risks.. from the legislation standpoint, risks can be found in a ll sectors in the form of restrictions on sales, ownership, trade, import and export... (225: 4145)
    c. **Market research firms recommending coordination as a basis for enhancing performance.** SIGARMS qualitative interviews and quantitative survey research program to identify attitudes about brand image, product quality and performance, programs, profile of customers likely to purchase and decision factors that influence purchase - recommends communicating directly with dealers and to provide training and incentives to dealers and staff salespeople (171: 3890-3895)
    d. **Specific manufacturers acknowledging they can institute safeguards or are actually doing so**
        i. **Generally**
            (1) See distributor agreements

ii. **S&W**
(1) S&W agreement
iii. **Sturm Ruger**
(1) **Sanetti deposition.** Q: Could Sturm Ruger make a commercial decision about whether to continue doing business with a distributor that sells to a dealer that has been indicted...? I mean we can always decide to whom we sell products because our terms and conditions are unilateral terms and conditions (165: 138)
(2) Sanetti deposition. Q: Well is there anything else that you require the distributor to provide to Sturm Ruger before you'll enter into a contractual relationship. ....Our terms and conditions are unilateral terms and conditions in other words, we say, These are terms and conditions for the following years that we impose upon the distributorships ans we say if you want to purchase Ruger firearms from us before buying the ruger firearm you have to understand these are the terms and conditions upon which we are selling... it is not strictly speaking a contract... we were very concerned this it could be interpreted as a conspiracy or restraint of trade. So on advice of counsel, those contracts are not contracts per se they are unilateral terms and conditions. We do not have strictly speaking, contractual relationships with distributors (165:193-194)
iv. **SIGarms**
(1) Manufacturer rep suggesting termination. Letter from manufacturer rep to SIG arms complaining of out of area distributor telemarketer sales involving net prices with 5% cash and 5% volume discounts and fact that dealers not offered are offended. Suggests ..."I don't know how you solve the problem, other than cut off the offending distributors" (171: 3885)

14. **Retailer**
a. **Bob Lockett article in Shooting Sports Retailer and leaked to WSJ:** (3)
i. **Describes issue for gun industry** (3)
ii. **Decries excuses by manufacturers that "they have no control"**(3)
(1) Debunks FTC anticompetition excuse (3)
iii. **Economic and competitive benefits from implementation** (3)
(1) Smart businessman avoids needless expense (3)
(2) Aside from the obvious economic and competitive benefits ... demonstrate to law enforcement...(3)

15. **Gun associations**
a. **NRA**
i. 1989 survey of gun owners identified as members of the NRA expressed support for mandatory safety training, waiting period for handguns, (31: 15)

16. **Senators**
a. **Charles Schumer**
i. **Schumer's Report suggests problem is circumscribed and therefore could be addressed**
(1) A few bad apples.... shows that 1160 dealers or approximately one percent of the more than 100,000 FFLs were the source of 34626 crime guns in 1998. That is 45% of the guns used in crimes last year and successfully traced - these could be focused on (45: 1).
(2) A few bad apples... shows that 137 guns sores sold more than 50 percent of the guns used in crimes. These dealers represented only 1/10 of on percent, but were the source of more than 13,000 guns of the 77,010 guns traced - these could be focused on (45:1)

(3) A few bad apples... shows that a pattern where the same few gun dealers show up year after year. Of the 137 gun stores which sold more that 50 crime guns in 1998, 70% also sold more than 50 crime guns in 1997 and 40% more than 50 crime guns over a 3 year period. From 1996 to 98 these 137 stores were the source of 34631 guns or an average of 250 crimes per dealer - these could be focused on (45:1)

(4) NOTE: Followup study to test hypothesis that trace volume merely reflects sales volume and larger dealers will have more. Results indicate that a small minority of firearms dealers are associated with more handguns trance than would be predicted by their sales volume and these account for a substantial majority of all traced guns (54: 567)

17. **National strategy**

a. **Gun Violence Reduction: National .... Strategy (2000)** (60)

i. **Reference to workability of S&W agreement**

(1) The firearms industry must do much more to design and distribute its products to be as safe as reasonably possible, so as to reduce the level of accidental gun injuries and suicides in our society. The recent agreement with Smith and Wesson includes provisions ...Other gun manufactures should be encouraged to voluntarily incorporate existing safety devices and .... to institute voluntary measures such as code of conduct for retail dealers to ensure that firearms are transferred only to persons who have the knowledge and experience to handle them safely. Such distribution controls can help significantly in the effort to reduce gun accidents and suicides (60: 39)

ii. **Reforms would not shut down gun shows**

(1) Gun Violence Reduction: National .... Strategy (2000): Congress should enact the legislation passed last year requiring all firearms transactions at guns shows to go through FFLs. This legislation would not shut down gun shows, it would merely prevent felons .... and other persons not allowed from acquiring guns "no questions asked" (60: 44)

18. **Police testimony**

a. **1993** No sales at gun shows would not deter legitimate gun owners frm acquiring gun (16: 62)

19. **Academic opinion**

a. Improved FFL regulation shows promise for stemming the flow of guns to proscribed individuals. While there is no systematic data available on the effect of scofflaw dealers, there is anecdotal information suggesting the variety of ways in which they have abused the system. Some are known for their willingness to sell... others purposely seek out the proscribed sector of the gun market (22: 78)

20. **Plaintiff expert opinion**

a. **Stewart**

i. In my opinion it would have been relatively easy for the manufacturers of guns to avoid the use of distribution channels that serve populations with disproportionately high likelihood of including likely abusers and illegal users of guns and to provide other channel members with useful information for purposes of identifying individuals with a high probability of misuse or abuse of guns. In addition, it is highly likely that careful screening and monitoring of potential distribution partners would substantially reduce the number of guns flowing into the underground market and as a consequence reduce aggregate hazard to the public (98: 3710)

ii. Type of cost borne by victims and others are costs that could be expended by firms to

reduce likelihood of consequences in the first instance (98: 3819)

iii. Because victims pay these costs they subsidize the industry allowing firms to generate higher profits and providing a means for lower prices thus increasing demand for handguns beyond what they would be otherwise (98: 3819)

21. **Public support for controls**

a. Survey of public: Support for keeping handguns from criminals even if it means harder for citizens to acquire. 80% of respondents support mandatory registration of handguns, limiting multiple sales of more than one a month, childproofing all newly manufacturers handguns; 70-80% support extending background checks requirements to secondary market, 60-70% feel that long guns should be registered, (31: 14)

NEW MATERIALS NOT YET INSERTED IN OUTLINE

Terrorist market

1. Irresponsibility of the gun industry ... allows corrupt gun dealers to funnel guns to terrorists (341: 4)

Strawpurchases

2. ATF/industry meeting. 1999 Dealers need to be alert for unusual transactions. (382)
3. ATF/industry meeting. 1999. Working to address strawpurchase (382)

Gun shows

4. Gun shows are breeding ground for gun sales to terrorists (341: 4)
5. Gun shows annually: 4000 (341: 5)
6. A review of gun trafficking investigations conducted during the period July 1996 through December 1998 revealed that gun shows were a major trafficking channel (341: 5)
7. A review of gun trafficking investigations conducted during the period July 1996 through December 1998 revealed that gun shows were associated with the diversion of approximately 26,000 firearms into the illegal market (341: 5)
8. Gun shows feature both FFL dealers and unlicensed sellers. Background checks in most states only apply to sales by licensed dealers... engaged in business. (341: 5)
9. Felons and other prohibited gun buyers can easily avoid criminal background checks at gun shows where a diverse group of sellers are willing to do business with no questions asked. (341: 6)
10. Gun shows are notorious venues for unscrupulous licensed dealers willing to make illegal sales (341: 6)
11. Gun show examples of terrorist links: (341: 6-10)

Multiple sales

12. With exception of handful of states, there are no restrictions on the number of guns that can be purchase from retail dealers. (341: 10)
13. Difficult to determine where large number of guns have been sold under current national records keeping approach (341: 10)
14. Federal law requires that purchase of two or more handguns within a five business day period be reported by licensed gun dealers to ATF. (341: 10)
15. According to ATF, handguns sold in multiple sales accounted for 22 percent of all handguns traced to crime in 1999 (341: 10)
16. Virginia statute: limits purchases to one handgun per month. Effect was that guns recovered in crime in NY, the percentage traced back to Virginia fell by 61 percent. Three states only have limitations on multiple sales: South Carolina, Maryland and California. (341: 10)

Corrupt dealers

17. Gun used in crime originate with licensed gun dealers (341: 14)
18. ATF trace data indicates that a mere 1.2 percent of licensed dealers account for more than 50 percent of guns traced to crime (341: 14)
19. ATF's review of its own gun trafficking investigations showed that corrupt gun dealers accounted for nearly half of the total number of trafficked firearms (341: 14)

Diversion problem

20. Problem of dealer diversion of guns into the illegal market reflects the failure of gun manufacturers to prescribe and enforce responsible business practices by their downstream sellers. At same time... impose requirements on distributors and dealers designed to product mfgs business interests. (341: 14)

Acknowledgment of diversion problem

21. Robert Hass, Smith and Wesson executive: "black market in firearms is not simply the result of stolen guns but is due to the seepage of guns into the illicit market from multiple thousands of unsupervised FFLs. The industry's position has consistently been to take no independent action to insure responsible distribution

practices (341: 14)

22. Sears Congressional statement describing its decision to limit sales. 1930-1940 discontinued sales of handguns on national basis. 1960's drop all handguns from catalogs. Concern extended from difficulty of interpreting regulations, but also because of serious concern over security with respect to inventory of handguns. We also had growing concern with over the counter sales and handling of merchandise at point of sale. Discontinued all handguns in catalogs and retail. April 1968 no longer sell guns and ammunition to persons under 21 or accept mail or phone orders. Commended on voluntary action. (403)

Reforms

23. US Department of Justice. To properly control distribution... mfgs ..should: identify and refuse to supply dealers and distributors that have a pattern of selling guns to criminals and strawpurchasers; develop a continual training program for dealers and distributors covering compliance with firearms laws, identifying strawpurchasers scenarios and securing inventory; and develop a code of conduct for dealers and distributors, requiring them to implement inventory, store security, policy and record keeping measures to keep guns out of the wrong hands, including policies to postpone gun transfers until NICS [background] checks are completed (341: 14)
24. Reforms. Positioning SAAMI and/or NSSF as foundation for advancing a responsibility and safety information network. Take a chapter from alcohol and ATV industries examples of materials for POP and checklist. Discusses safety board. Training. POP format. 800 number. Checklist for safe storage (398)

Feasibility of reforms

25. Recognition by Richard Feldman in 1993 that alcohol industry has made some real progress in changing their public image... gun industry might respond similarly. Coopted their enemy... directed to problem... redirect the attack against us by doing something about the flow of firearms to criminals and children. Somehow we ought to be able to figure out... without the help of the government. (385)
26. Advertisement extolling that distributor/supplier who only sells to the stocking dealer using proof through photographs. Offers dealer protection. Indicates that nonstocking should not bother. AmChar Wholes (386)
27. Reforms. Positioning SAAMI and/or NSSF as foundation for advancing a responsibility and safety information network. Take a chapter from alcohol and ATV industries examples of materials for POP and checklist. Discusses safety board. Training. POP format. 800 number. Checklist for safe storage (398)
28. Sears Congressional statement describing its decision to limit sales. 1930-1940 discontinued sales of handguns on national basis. 1960's drop all handguns from catalogs. Concern extended from difficulty of interpreting regulations, but also because of serious concern over security with respect to inventory of handguns. We also had growing concern with over the counter sales and handling of merchandise at point of sale. Discontinued all handguns in catalogs and retail. April 1968 no longer sell guns and ammunition to persons under 21 or accept mail or phone orders. Commended on voluntary action. (403)

Trade association

29. NSSF activities
    a. Only after suits.. did the industry's trade association, the National Shooting Sports Foundation, announce a program encouraging gun dealers to scrutinize purchasers for signs that they may be functioning as straw buyers on behalf of prohibited persons and to "politely refuse the sale" if "suspicion arose." (341: 14-15)
    b. Reforms. Positioning SAAMI and/or NSSF as foundation for advancing a responsibility and safety information network. Take a chapter from alcohol and ATV industries examples of materials for POP and checklist. Discusses safety board. Training. POP format. 800 number. Checklist for safe storage (398)
30. SAAMI
    a. Reforms. Positioning SAAMI and/or NSSF as foundation for advancing a responsibility and safety information network. Take a chapter from alcohol and ATV industries examples of materials for POP and checklist. Discusses safety board. Training. POP format. 800 number. Checklist for safe storage (398)
31. NASGD

a. H&R 1871. Future of firearms and the shooting sports can only be assured if manufacturers fully support the well trained, professional gun dealers. H&R will send you information on becoming a gold star dealer. Database. To NASGD dealers. (399)

Dealers

32. Sears Congressional statement describing its decision to limit sales
    a. 1930-1940 discontinued sales of handguns on national basis. 1960's drop all handguns from catalogs. Concern extended from difficulty of interpreting regulations, but also because of serious concern over security with respect to inventory of handguns. We also had growing concern with over the counter sales and handling of merchandise at point of sale. Discontinued all handguns in catalogs and retail. April 1968 no longer sell guns and ammunition to persons under 21 or accept mail or phone orders. Commended on voluntary action. (403)

ATF/industry meeting

1999 BATF will stress cooperation with industry (382)

HUD/SW agreement.

33. Clarification as to SW current activities in relation to agreement. Authorized distributors and dealers: Code of Responsible Conduct. FFL license. Insurance. No sales at gun shows unless all sales abide by completion of background check. Inventory tracking plan, record keeping, security plan, under 18 year old accompanied by parent, cooperation of with oversight, monitoring participation, record of trace requests, training, written exam, no sales without completion of NICS check, verify FFL, forego transfer if licensee known to be under indictment, termination, sales only to authorized distributors or dealers. No sales to those who engage in strawpurchases. Mfgs must ship. Restrictions on areas. Encourage distributors and dealers to consent to ATF inspections. Oversight commission will establish disproportionate amount crime guns. (346)

Misc. other industry safeguards

34. Overnight delivery. FED EX helping FDA to nail marijuana smugglers. (302)
35. Banks. Bank of New York using software to hunt for money launders (302)
36. Car rental. Acme rent a car levies fines on speeders using software and GPS technology (302)
37. Gun retailers. Gun retailers using software to identify terrorists - speculation (302)
38. Explosives industry. Institute of Markers of Explosives. Safety library publications ranging from storage, warnings, transportation, guides, handling. Safety posters. Videos. Suggested Code of Regulations for the Manufacturer, Transportation, Storage, Sale, Possession and Use of Explosive Materials. Safety in the Transportation, Storage, Handling and Use of Explosive Materials (305-7)
39. Antibiotics for fish. Review of sales practices b some pet stores after determined that people buying fish medicines that don't require prescriptions. (351)
40. Chemical. ATF/industry meeting. 1999 "Be Aware for America" in chemical industry. Possibility could benefit from program application in other industries. (382)
41. Alcohol industry/gun. Recognition by Richard Feldman in 1993 that alcohol industry has made some real progress in changing their public image... gun industry might respond similarly. Coopted their enemy... directed to problem... redirect the attack against us by doing something about the flow of firearms to criminals and children. Somehow we ought to be able to figure out... without the help of the government. (385)
42. ATV. Positioning SAAMI and/or NSSF as foundation for advancing a responsibility and safety information network. Take a chapter from alcohol and ATV industries examples of materials for POP and checklist. Discusses safety board. Training. POP format. 800 number. Checklist for safe storage (398)
43. Alcohol. Reforms. Positioning SAAMI and/or NSSF as foundation for advancing a responsibility and safety information network. Take a chapter from alcohol and ATV industries examples of materials for POP and checklist. Discusses safety board. Training. POP format. 800 number. Checklist for safe storage (398)

EXHIBIT 10

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RESUME

VICE PRESIDENT, NORTH AMERICA SALES AND MARKETING
FATS, Inc. **1999-02**

As Vice President, I am responsible for sales of firearms simulators to the law enforcement market throughout North America.

DIRECTOR OF DOMESTIC SALES AND MARKETING **1997-98**
FATS, INC.

As Director of Domestic Sales and Marketing, I was responsible for sales of firearms training simulator systems throughout the United States to the law enforcement market. Responsible for planning sales promotions, supervising and coordinating the efforts of a national sales staff, and new business development and acquisitions.

STEVE HIGGINS ASSOCIATES **1993-1999**

Upon retirement from ATF I started a consulting business, specializing in alcohol, firearms, and explosives issues. I have represented a number of clients with regulatory issues involving ATF, State Department, and the U.S. Customs Service. I also serve as an expert witness for clients involved in litigation pertaining to alcohol and firearms matters and am enrolled to practice before the Bureau of Alcohol, Tobacco, and Firearms. In the international area I have served as a consultant to the Harvard Institute for International Development and the International Monetary Fund in their efforts to improve the effectiveness of excise tax systems in the Republic of Russia and in the Philippines. Finally, I serve as an advisor and consultant to the National Institute of Justice on issues relating to law enforcement and police administration.

ALCOHOL, TOBACCO AND FIREARMS **1961-1993**

On October 30, 1993, I retired after serving over 32 years with the Bureau of Alcohol, Tobacco, and Firearms (ATF). For the past 11 years I served as Director. ATF is a Bureau in the Department of Treasury whose primary mission includes law enforcement, excise tax compliance, and regulation of the alcohol, tobacco, firearms, and explosives industries. Excise taxes collected totaled nearly $15 billion annually, and the number of regulated industry members was approximately 400,000. The law enforcement resources were targeted primarily at violent firearms and explosives offenders, as well as arsonists involved largely in arson for profit. ATF offices were located throughout the United States and five foreign countries.

DIRECTOR **1983-1993**

Exhibit 10

ACTING DIRECTOR **1982-1983**

As Director I was responsible for managing the operation and support of over 4300 employees with an annual budget of nearly $400,000,000. This included responsibility for short and long range planning, budget formulation and execution, organizational development, human resources management, coordination with other agencies, and representation of the agency before various national and international groups.

DEPUTY DIRECTOR **1979-1982**

ASSISTANT DIRECTOR, REGULATORY ENFORCEMENT **1975-1979**

This position was responsible for managing a workforce of 1200 employees involved in regulating the alcohol, tobacco, firearms, and explosives and the collection of excise tax revenues totaling $8 billion.

REGIONAL DIRECTOR, MIDWEST REGION **1973-1975**

In 1973 I returned to Headquarters to help establish ATF as a separate Treasury Bureau as it had previously been a division of the Internal Revenue Service. Later in 1973 I was selected as Director of the Midwest Regional Office in Chicago with responsibility for managing over 400 law enforcement and regulatory personnel in a nine state area.

CHIEF, PERMISSIVE BRANCH SAN FRANCISCO **1971-1973**
MANAGEMENT EXAMINER, WASHINGTON,DC **1965-1969**
REGIONAL ANALYST **1964-1965**
ATF INSPECTOR **1961-1964**

My first position in ATF was as an Inspector and following four years in the field, I was selected as a Regional Analyst, responsible for special projects, program review, and program evaluation. Two years later I assumed similar responsibility at a national level, working at Headquarters in Washington, D.C.

INTERNATIONAL EXPERIENCE

Starting in 1975 I assumed responsibility for representing the U.S. Government in the international arena with respect to regulation of the alcohol beverage industry. I regularly attended and addressed meetings of the FIVS (International Federation of Wine & Spirits Producers) and the OIV (International Organization of Wines), as well as bilateral meetings with numerous foreign government officials and industry members. In 1982 ATF officially joined the OIV, and in 1993 I chaired the first OIV General Assembly to be held in the United States.

In the law enforcement area I served as North American Vice-Chairman of the International Association of Chiefs of Police Advisory Committee on International Policy. In that position I helped coordinate the IACP's international efforts as well as assist in planning and conducting two international conferences per year. I was also a regular participant in the activities of Interpol and have attended numerous international conferences. Through these efforts and other not listed

I have established positive working relationships with government and industry representatives in both the international law enforcement and compliance fields. As mentioned previously, since retirement I have served as an advisor to the Harvard Institute for International Development and the International Monetary Fund for excise tax administration in the former Soviet Union and in the Philippines (IMF).

MISCELLANEOUS

As Director of ATF I gained extensive public speaking experience, averaging 15 to 20 major speeches annually before audiences up to 5000 in attendance. The topics included contemporary law enforcement problems and issues as well as problems, issues, and developments in the alcoholic beverage and firearms industries. The speeches were before national and international forums.

I have appeared extensively before Congress on legislative, appropriations, and oversight issues and have represented ATF on numerous national and international committees with heads of other agencies and departments.

In 1981 the President recommended ATF be abolished although the proposal was overturned by Congress eighteen months later. As Acting Director during that period I had first-hand experience with downsizing an agency by over 25% in one year (with no RIF's) and later in the more enjoyable task of rebuilding the agency to its current strength. The rebuilding effort was a long-term initiative which emphasized adherence to core organizational values long before that approach gained extensive recognition in management literature.

RECOGNITION AND AWARDS

In 1980 I became a charter recipient of the Meritorious Executive Rank Award, a Presidential honor granted annually to less that 3% of federal career executives. In 1985 and 1991 I won that award for the 2nd and 3rd times, and in 1988 I was presented the Distinguished Executive Rank Award by President Reagan, the highest award available in the Senior Executive Service.

In 1985 I was a recipient of the National Sheriffs" Association's Presidents Award for improving cooperation among law enforcement agencies at all levels, and in 1990 received the Roger W. Jones Award for Executive Leadership which is granted annually by American University to recognize Federal Career Executives for excellence in leadership. In 1991 I received the U.S.Marshals' America Star Award for lifetime achievement in criminal justice and law enforcement, and in 1993 won similar awards from the Senior Executives Association and the National Law Enforcement Coordination Council. In 1992 I was elected as a fellow in the National Academy of Public Administration.

In June 2002 I received the Lifetime Achievement Award from ATF.

PROFESSIONAL MEMBERSHIPS

I am a life member of the National Sheriffs Association and the International Association of Chiefs of Police. I'm also a member of the Boy Scouts of America's National Exploring Committee and the Executive Committee of the National Law Enforcement Exploring Committee.

EDUCATION

Graduated with honors with a B.S. in Business Administration from the College of Emporia in 1961.

Post-graduate work at the University of Washington in 1968 after receiving a career education fellowship from the National Institute of Public Affairs.

Graduate of the Federal Executive Institute and the Harvard Program for Senior Managers in Government.

EXHIBIT 11

Documents "relied on" by Higgins

(portion of total docs sent to Higgins. Produced to opposing counsel 7 days before dep 10/8/02)

Higgins' April 16, 1998 declaration (no bates # but sent to opposing counsel)

Higgins' trial testimony in the Hamilton case (no bates # but sent to opposing counsel)

Higgins' statement before the House on February 19, 1986. C30813-17

Bureau of Alcohol, Tobacco and Firearms, Commerce in Firearms in the United States (2000) PLTF 100519-98

Bureau of Alcohol, Tobacco and Firearms, Gun Dealer Licensing and Illegal Gun Trafficking: A Progress Report (1997) BUSA 40602-14

Video of sting conducted by Wayne County PLTF 104182

Firearms Legislation: Hearings before the Subcomm. on Crime, House Judiciary Committee, 94th Cong. (1975) PLTF 100669-789

Franklin E. Zimring, Firearms and Federal Law: The Gun Control Act of 1968, 4 J. Legal Studies 133 (1975) BOS 105319-52

Bureau of Alcohol, Tobacco and Firearms, Project Identification: A Study of Handguns Used in Crime (1976) PLTF 100848-914

Steven Brill, Police Foundation, Firearms Abuse: A Research and Policy Report (1977) PLTF 100915-101021

Bureau of Alcohol, Tobacco and Firearms, Concentrated Urban Enforcement: An Analysis of the Initial Year of Operation CUE in the Cities of Washington, D.C.; Boston, Mass.; and Chicago, Ill. (1977) BOS 105114-260

FFL newsletter 1989, Vol. 2 (HG 942-46); FFL newsletter 1992, Vol. 1 (HG 957)

Bureau of Alcohol, Tobacco and Firearms, Operation Snapshot (June 1993) and attached Operation Snapshot Final Report (July 12, 1993) PLTF 101022-101041

Federal Firearms Licensing: Hearing before the Subcomm. on Crime and Criminal Justice of the House Judiciary Committee, 103d Cong. (June 17, 1993) (statement of Edward Daily; testimony and prepared statements of Steven E. Higgins, Director, Bureau of Alcohol, Tobacco and Firearms; correspondence of Bill Bridgewater, Executive Director, National Association of Stocking Gun Dealers; Statement of Jeremy Travis, Deputy Commissioner, New York City Police Department; Opening statement of Chairman Schumer; and Statement of Senator Simon) PLTF 100200-60

Bureau of Alcohol, Tobacco and Firearms, 1994 Firearms Enforcement Investigative Report (1995) PLTF 100261-339

Glenn L. Pierce, et al., The Identification of Patterns in Firearms Trafficking: Implications for Focused Enforcement Strategies (Northeastern University 1995) PLTF 100340-66

Exhibit 11

Bureau of Alcohol, Tobacco and Firearms, Youth Crime Gun Interdiction Initiative, Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Markets in 17 Communities (1997) PLTF 101087-98

Bureau of Alcohol, Tobacco and Firearms, Safety and Security Information for Federal Firearms Licensees (1998) PLTF 100367-95

Julius Wachtel, Sources of Crime Guns in Los Angeles, California, 21 Policing: An Int'l J. of Police Strategies & Mgmt. 220 (1998)

Bureau of Alcohol, Tobacco and Firearms, Youth Crime Gun Interdiction Initiative, Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Markets in 27 Communities (1999) PLTF 101099-138

Bureau of Alcohol, Tobacco and Firearms, Youth Crime Gun Interdiction Initiative, Performance Report (1999) BOS 093626-57

Report of Senator Charles Schumer, A Few Bad Apples: Small Number of Gun Dealers the Source of Thousands of Crimes (June 1999) BOS 104193-201

Report of Senator Charles Schumer, Crime Guns Sold By High Crime Gun Dealers Quickly Change Hands and Are Rarely Used by Original Buyer of the Gun (Dec. 1999) BOS 104182-92

Dep't of the Treasury and Dep't of Justice, Gun Crime in the Age Group 18-20 (1999) PLTF 100438-55

Bureau of Alcohol, Tobacco and Firearms, Following the Gun: Enforcing Federal Laws Against Firearms Traffickers (2000) PLTF 100599-668

Bureau of Alcohol, Tobacco and Firearms, Youth Crime Gun Interdiction Initiative, Crime Gun Trace Reports (1999) National Report (2000) PLTF 100456-518, 103357-445

SR 1036-42

HMT 3077, 3079-81

NSSF 9221-24, 13710-11, 13898-900, 14143, 14144, 14183

SW 14908-24, 15780-81

SAAMI 50-61, 746-47

Affidavit of Robert I. Hass, Feb. 20, 1996, on file in Hamilton v. Accu-Tek, No. 95 CV 0049 (JBW) (E.D.N.Y.) PLTF 101142-48

Bob Lockett, Implications of New York City (1999) PLTF 101388-89

Bob Lockett, open letter to manufacturers PLTF _____

Paul M. Barrett, Loaded Words: A Dealer Breaks Rank Blaming, Gun Makers, Wall St. J., June 22, 1999, at A1

ASSC 1023-32

Dep't of Justice, Gun Violence Reduction: National Integrated Firearms Violence Reduction Strategy (2001), available at http://www.usdoj.gov/opd/gunviolence.htm (downloaded Apr. 5, 2001) PLTF 100055-99

Feb. 4, 2000 ATF Press Release entitled Treasury, ATF Release Firearms Report, Gun Trafficking Actions PLTF 103563-64

Jan. 14, 2000 Taurus letter to Joe Vince re: Higgins Hamilton testimony (no bates #, btu produced to opposing counsel)

Letters between Taurus and ATF, Forest Webb, PLTF 101149-155, PLTF 101181-183

Letters between Sturm, Ruger and ATF, Forest Webb, PLTF 21972, SR 20680-681

ATF Strategic Plan, 2000-2005, PLTF 101156-101180

Boston Smith & Wesson settlement agreement PLTF 101185-101209

Alliance Voice articles:

February 1993, PLTF 102348, 372

June 1993, PLTF 102255, 259, 270-271

July 1993, PLTF 102223, 251-252

August 1993, PLTF 102191, 196-199

September 1993, PLTF 102155, 159, 186-188

December 1993, PLTF 102051, 055

April 1994, PLTF 102532, 536-540

May 1994, PLTF 102564, 569-571, 573-575, 577-578, 583, 591-592

August 1994 PLTF 102654, 658

Don't Lie for the Other Guy Video NSSF 45855

Firearm Commerce in the US 2001/2002 PLTF 104048 – 104076

SAAMI Exec Comm. Minutes HMT 6326-6329

Fed Firearms Act of 1976, HR Rpt. No.94-1103 PLTF 100790-847

Oversight Hearings on BATF, Special Hearings before the Senate Committee on Appropriations, 96th Congress, First Session, pp. 474-475. (no bates # but sent to opposing counsel)

EXHIBIT 12

Carter K. Lord

2433 N. Perry Park Rd.
Sedalia, CO 80135
(303) 660-6603
email: CarterLord@msn.com

SUMMARY OF EXPERIENCE AND CREDENTIALS

AREAS OF EXPERTISE:
Testing and Evaluation of firearms, ammunition and law enforcement equipment; Hi-velocity and Hyper-velocity Ballistics; Terminal Ballistics; Firearms Design, Manufacture, Maintenance and Optimization; Law Enforcement/Security and Fire/EMS Management; Law Enforcement Firearms Instruction; Fire Investigation & Arson Detection; Death Investigation; Engineering Management; Product Development; Design Assessment; Design Optimization; Electro-Mechanical Design; Structural Analysis; Dynamics; Thermodynamics; Fluid Dynamics; Aerodynamics; Kinematics; Emergency Medical Technology.

EXPERIENCE:

- 3 1/2 years serving as **Technical Advisor** for law enforcement and corrections agencies worldwide on weapons, ballistics, firearms training and related issues under a program of the National Institute of Justice implemented by the National Law Enforcement & Corrections Technology Centers.

- 1 year as **Test Coordinator/Ballistics Range Manager** at the National Institute of Science and Technology - Office of Law Enforcement Standards.

- 2 years as **Weapons Technology Manager** at the National Law Enforcement and Corrections Technology Center – Rocky Mountain Region working with the National Institute of Justice and the Office of Law Enforcement Standards at the National Institute of Standards & Technology reviewing and revising various NIJ Standards for the testing of law enforcement equipment, conducting ballistics research, providing law enforcement and corrections agencies with expertise on firearms, ballistics, protective equipment and training programs.

- 6 years as a **Public Safety Officer** with Castle Pines Emergency Services - A Public Safety agency responding to criminal, fire, and EMS incidents within its service area.

- 30 years experience as a **Design Engineer** involved in all aspects of mechanical engineering design and analysis of firearms and other weapons systems, spacecraft (manned and unmanned), ground transportation vehicles, vehicle subsystems, robotics, remote sensing equipment, special laboratory equipment, vehicle braking systems, vehicle power systems, etc.

- Over 30 years as a **Gunsmith**, proficient in the design, manufacture, repair and restoration of all types of rifles and handguns. Experienced at performing ballistics and terminal effects

Exhibit 12

experiments. Developed several innovative special purpose small arms projectiles and weapons subsystems.

- 22 years as a **Firefighter-EMT**, responding to thousands of fires and vehicle accidents varying in severity and complexity. Intimately familiar with the dynamics of such incidents, and with the mechanisms associated with traumatic injuries to the victims of vehicle accidents.

- 18 years as **EMS Instructor**, training and recertifying field EMT's for Swedish Medical Center, later Columbia Health One.

- 7 years as **Fire Investigator**, and former President of the Douglas County Fire Investigation Task Force, a team of trained and experienced personnel associated with both local fire and law enforcement agencies that investigates fires in and around Douglas County, Colorado. Represented field investigators at the National Center for Forensic Science National Technical Working Group on Arson and Explosion Debris Analysis for 2 years.

- Currently serving as **Deputy Coroner - Senior Investigator** for the Douglas County Coroner's Office. Colorado Certified Death Investigator responsible for the investigation and subsequent determination of the manner and cause of death of all deaths in Douglas County Colorado falling under the jurisdiction of the Douglas County Coroner.

- Currently serving as **Firearms & Ballistics Technology Director** at Firearms & Ballistics Consultants, providing firearms and ballistics expertise to armor manufacturers, districts attorney and law enforcement agencies, as well as performing firearms related research for attorneys.

EMPLOYMENT HISTORY:

- Dec 2001 to present: Douglas County Coroner's Office, Douglas County, CO. Current title: **Deputy Coroner - Senior Investigator** **ASSIGNMENTS:** Certified Death Investigator. Investigate and document deaths falling under the jurisdiction of the Office of the Douglas County Coroner to determine cause and nature of each death- specifically homicides, suicides, accidental deaths, sudden deaths and unwitnessed deaths. Specific additional duties include the analysis and evaluation of the firearms, ammunition and wound ballistics of deaths resulting from gunshots.

- Jan 2000 to present: **Director - Firearms & Ballistics Technology** - Firearms & Ballistics Consultants, Sedalia, CO. **ASSIGNMENTS:** Consultant to testing laboratories, law enforcement agencies, armor manufacturers and attorneys on firearms and firearms safety, ballistics, protective equipment, and testing issues. Specific assignments have included performing research to determine the feasibility of retrofitting integral locking devices on various models of autoloading pistols as well as the feasibility of incorporating integral locking devices into the design of autoloading pistol; Evaluation of various Loaded Chamber Indicator devices and their applicability to other designs of pistols; detailed inspection, evaluation and testing of firearms involved in accidental shootings to determine integrity of the mechanism and its design; Performing analyses to determine the feasibility of retrofitting user authorization systems into existing handguns; Advising NIJ and NIST personnel on various firearms related issues as needed; and preparing numerous informational briefs on firearms, ballistics and protective equipment related topics.

- Feb '99 to Mar 2000: **Test Coordinator - Ballistics Range Manager** - National Institute of Standards and Technology, Office of Law Enforcement Standards (NIST-OLES); Gaithersburg, Maryland. **ASSIGNMENTS:** Review and revise various law enforcement equipment standards; develop new law enforcement equipment standards as needed; provide technical assistance to the National Institute of Justice, Office of Science and Technology (NIJ-OS&T) in the fields of firearms, ammunition, ballistics and protective equipment; develop and maintain a firearms, ammunition and ballistics information resource center at NIST-OLES; provide expertise in the fields of firearms and ballistics to law enforcement agencies as requested; design and implement an interim Ballistics Research Test Facility (BRTF) at NIST-OLES; prepare specifications and a preliminary conceptual design for a state-of-the-art BRTF planned for construction at NIST-OLES in the near future; review and evaluate technical proposals for research in the development of new law enforcement related equipment submitted to the National Institute of Justice, Office of Justice Programs; represent NIST-OLES and/or NIJ-OS&T at various meeting, conferences, and symposiums worldwide.

- May '97 to Jan '99: **Weapons Technology Manager** - National Law Enforcement & Corrections Technology Center - Rocky Mountain Region (NLECTC-RM) - University of Denver Research Institute; Denver, CO. **ASSIGNMENTS:** Develop and maintain a firearms, ammunition and ballistics information resource center at NLECTC; provide expertise in the fields of firearms and ballistics to law enforcement agencies; provide technical assistance to the Office of Law Enforcement Standards of the National Institute of

Standards and Technology in the fields of firearms, ammunition, ballistics and protective equipment, specifically for the review and revision of various law enforcement standards; assist in the revision of specified standards; serve as Grant Monitor for various NIJ research grants, including a SMART GUN research grant to Colt's Mfg. Co.; perform analyses to assist law enforcement agencies and Districts Attorney in shooting incidents.

- Aug '91 to May '97: **Captain of Emergency Services** - Castle Pines Emergency Services; Castle Pines, CO. **ASSIGNMENTS:** Chief of Operations - responsible for the management, response, and training of 25 man community public safety department. Responsibilities also included investigation of all accident, fire, medical and criminal incidents within the service area and evaluation and implementation of security equipment and computer systems. Also served as an expert witness in litigation pertaining to vehicle accidents.

- 1972 to Present: **Gunsmith/Owner** - The Stock Shop; Sedalia, CO. **ASSIGNMENTS:** Repair, restoration, and modification of all types of handguns and rifles. Research, development, testing, and manufacture of special purpose and enhanced performance ammunition for both law enforcement and hunting applications. Manufacture of custom rifles for special applications. Perform action tuning jobs, accurizing, reliability enhancement work, etc. on all types of handguns. Conduct appraisals of small arms condition and value. Consultant to various firms for product conceptual design, development, design assessment and analysis, and detail fabrication.

- Jan '92 to Jan '99: **Fire Investigator** - Douglas County (CO) Fire Investigation Task Force; Castle Rock, CO. **ASSIGNMENTS:** Investigation of all fires in Douglas County, CO, and preparation of Fire/Arson Investigation Reports for various government agencies and insurance companies. Served as President from 1996 to 2000. (Level II Colorado Law Enforcement Officer - Fire Investigator).

- Apr '84 to Dec '91 - **Vice President - Engineering** - Olis Engineering; Sedalia, CO. **ASSIGNMENTS:** Primary Research & Design Engineer and Program Manager on numerous government prime R&D contracts for NASA and DOD and various commercial contracts. Conceptual design, design analysis, program management, configuration management, detail design, tooling design, prototype development, fabrication, destructive and non-destructive testing, preparation and presentation of technical reports, etc. on state-of-the-art development projects primarily relating to robotics and weapons subsystems.

- 1972 to 1984: **Staff Engineer** - Martin-Marietta Aerospace; Littleton, CO. **ASSIGNMENTS:** Various assignments from Conceptual Design Engineer to Principal Investigating Engineer to Technical Director/Acting Program Manager on many projects, ranging from miniature instrument design and fabrication to design and development of spacecraft docking systems to design, fabrication and testing of missile transportation and handling vehicles and missile assembly equipment. Responsible for the accident investigation, reconstruction, and corrective action associated with the catastrophic failure of the Peacekeeper Stage Erection Platform, and served as a team member on the accident investigation of the failure of the Peacekeeper Launching System.

EDUCATION:

- BSAE - **Aerospace Engineering**, University of Maryland, 1971. Minors in **Structural Engineering, Dynamics**, and **Thermodynamics**.
- Graduate studies in **Remote Sensing,** Colorado School of Mines, 1971 & 1972.
- Associates Degree - **Emergency Medical Technology,** Arapahoe Community College, 1978 (Certification not current). Also certified as an **EMS Instructor** through the Colorado Department of Health & Human Services.
- **Colorado Certified Firefighter, Level II**, 1990.
- Certified courses totaling over 500 hours in **Fire and Arson Detection/Investigation, Interview Techniques, Scene Sketching & Photography, Evidence Collection & Control, Explosive Devices, etc.**

PUBLICATIONS:

Many papers and briefs addressing issues related to Firearms and Ballistics for the Law Enforcement community, including **NIJ Standard - 0112.03 "Autoloading Pistols for Police Officers"** and **NIJ Standard - 0101.04 "Ballistic Resistance of Personal Body Armor"**. Numerous publications regarding design optimization of electro-mechanical devices. Technical papers pertinent to development of innovative new electromechanical systems and devices, including Remote Sensing and Robotic equipment. Reports on results of destructive and non-destructive testing of various devices. Technical reports on various Terminal Ballistics studies. Technical reports on analytical methods of evaluating the threat to armor of obscure types and calibers of ammunition. Published reports presenting Engineering Analysis of numerous vehicular accidents. A comprehensive listing of publications available on request.

U.S. PATENTS:

- U.S. Patent #5,020,321 - **EXHAUST POWERED WASTE PROCESSING UNIT,** June 7, 1991.
- U.S. Patent # 5,090,758 - **RIGID SPINE INFLATABLE END EFFECTOR,** February 25, 1992.

AWARDS:

Group Achievement Award from NASA to the Viking Lander Design & Development Team, 1976; Operational Performance Award, 1982; Numerous commendations and spot awards while at Martin-Marietta; NASA Certificate of Recognition - Inflatable End Effector, 1987; numerous others.

MISCELLANEOUS:

- NRA Law Enforcement Firearms Instructor #BWJ8210J.
- Certified ASP (Collapsible Baton) Instructor.
- Federal Firearms Dealer from 1972 to present.
- Colorado Certified EMS Instructor/Coordinator (not current).
- Field Response Firefighter/EMT for Sedalia Fire Department from 1977 to 1980.
- For West Douglas County Fire Protection District:

Field Response Firefighter/EMT - 1980 to 1998; Fire Marshal - 1992 to 1995; Fire Chief - 1991 to 1992; Asst. Fire Chief - 1986 to 1991; Board of Directors - 1980 to 1983 (Chairman 1982-1983).

Member Douglas County Fire Chief's Assn. - 1977 to 1995 (chairman several times).

- Certified CPR Instructor (American Heart Assn.) (not current).
- Colorado Certified Death Investigator.

REFERENCES:

- Mr. James A. Keller, Director – National Law Enforcement & Corrections Technology Center – Rocky Mountain Region, Denver, CO. Phone (303) 871- 2829.
- Ms. Wendy Howe, Program Manager - National Institute of Justice - Office of Science and Technology, U. S. Department of Justice, 810 7th St., NW, Washington, DC 20531. Phone (202) 616-9794.
- Mr. Whit Collins - Cook, Collins & Associates, 125 Redwood Avenue, Ventura, CA 93003. Phone (805) 642-6353.
- Additional references available upon request.

File: Resume Dec 2002

Firearms & Ballistics Related Publications of Carter K. Lord

National Standards:

1. NIJ Standard - 0101.04, Ballistic Resistance of Personal Body Armor, (with others), National Institute of Justice, U.S. Department of Justice, September 2000.

2. NIJ Standard - 0112.03, Autoloading Pistols for Police Officers, (with others), National Institute of Justice, U.S. Department of Justice, November 1998.

3. NIJ Standard - 0112.03, Revision A, Autoloading Pistols for Police Officers, (with others), National Institute of Justice, U.S. Department of Justice, July 1999.

Informational Briefs:

1. "Maximum Range of Ammunition", Firearms & Ballistics Consultants, September 2000.

2. "223 Remington Ammunition For Law Enforcement", Firearms & Ballistics Consultants, May 2000.

3. "Comparison of Effects – 380 ACP vs. 9mm Luger", Firearms & Ballistics Consultants, May 2000.

4. "Damaged Ammunition Disposal", Firearms & Ballistics Consultants, May 2000.

5. "Maximum Range of Ammunition", Firearms & Ballistics Consultants, May 2000.
6. "Safe Gun Storage", National Institute of Standards and Technology - Office of Law Enforcement Standards, July 1999.

7. "Firearms Terminology", (with others), Firearms & Ballistics Consultants, September 2000.

8. "Comparison of Effects – 380 ACP vs. 9mm Luger", National Institute of Standards and Technology - Office of Law Enforcement Standards, December 1999.

9. "Safety Alert: Threat To Armor - Winchester Ranger 9mm 127 Gr +P+ Ammunition", National Law Enforcement & Corrections Technology Center, September 1998.

10. "Body Armor - Survey of User Agencies", National Law Enforcement & Corrections Technology Center, December 1997.

White Papers:

1. "Impact Study - Release of NIJ Standard 0101.04 on Armor Previously Tested to NIJ Standard 0101.03", National Law Enforcement & Corrections Technology Center, June 1999

2. "Threat Ammunition Validation Tests", National Law Enforcement & Corrections Technology Center, August 1998.

3. "Non-Eradicable Marking Of Firearms", National Institute of Standards and Technology - Office of Law Enforcement Standards, February 2000.

Technical Reports:

1. "Relative Impact Factor - An Analytical Method for Evaluating the Threat Level of Ammunition Relative to Soft Body Armor", National Law Enforcement & Corrections Technology Center, May 1998.

2. "A Comparison of Roma Plastilina #1 and 10% Type 250A Gelatin as Backing Material for Testing of Body Armor", National Law Enforcement & Corrections Technology Center, January 1998.

3. "Performance Comparison - Remington #22847 vs Speer #4217 .357 dia. 158gr JSP Bullets", National Institute of Standards and Technology - Office of Law Enforcement Standards, January 2000.

4. "Analysis of Threat to Armor - WW Ranger RA9SXTP 9mm +P+ Ammunition", National Law Enforcement & Corrections Technology Center, September 1998.

5. "Technology Assessment Protocol", National Law Enforcement & Corrections Technology Center, April 1998.

Miscellaneous:

6. "Smart Gun Status", Law Enforcement & Corrections Technology Center, April 1998.
7. "Smart Gun Status", Law Enforcement & Corrections Technology Center, May 1998.
8. "Smart Gun Status", Law Enforcement & Corrections Technology Center, June 1998.

9. "Smart Gun Status", Law Enforcement & Corrections Technology Center, July 1998.

10. "Smart Gun Status", Law Enforcement & Corrections Technology Center, August 1998.

11. "Summary of Smart Gun Meeting - November 18, 1997", Law Enforcement & Corrections Technology Center, November 1997.

EXHIBIT 13

Evaluation as of 09/11/02

Evaluation of Compatibility

ABBREVIATIONS:

LCI- Loaded Chamber Indicator
ILM- Integral Locking Mechanism
NE- Not evaluated to date
NA- Not Applicable to this model
N- NO
Y- YES

NOTE: Models in Bold Type are or have been offered with ILM and/or LCI from the manufacturer

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
Sturm, Ruger	P89	505	Y	Double action autoloading pistol	Y	Y	Y	Y	
Sturm, Ruger	10/22	393	Y	Autoloading rimfire rifle	Y	Y	Y	N	*Incorporate ILM in supplied safety
Sturm, Ruger	P85	161	N	Double action autoloading pistol	Y	Y	Y	Y	
Sturm, Ruger	Mini 14	145	Y	Autoloading centerfire carbine	N	Y	Y	N	*ILM fwd of trigger guard
Sturm, Ruger	Mark II	135	Y	Single action autoloading pistol	Y	Y	Y	N	
Sturm, Ruger	Blackhawk	133	Y	Single action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Single Six	119	Y	Single action rimfire revolver	N	Y	Y	NA	
Sturm, Ruger	GP100	99	Y	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Security Six	94	N	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	SP101	89	Y	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Super BlkHwk	68	Y	Single action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	P90	64	Y	Double action autoloading pistol	N	Y	Y	Y	
Sturm, Ruger	Standard	63	N	Single action autoloading pistol	N	Y	Y	N	Same as MKI-Similar to MKII
Sturm, Ruger	Redhawk	44	Y	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	M77	44	Y	Bolt action centerfire rifle	N	Y	Y	N	Rem 700 style ILM
Sturm, Ruger	P94	30	Y	Double action autoloading pistol	N	Y	Y	Y	
Sturm, Ruger	Service Six	20	N	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Speed Six	16	N	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Mini 30	13	Y	Autoloading centerfire carbine	N	Y	Y	N	*ILM fwd of trigger guard
Sturm, Ruger	Vaquero	13	Y	Single action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Super RedHwk	13	Y	Double action centerfire revolver	N	Y	Y	NA	
Sturm, Ruger	Mark I	10	N	Single action autoloading pistol	N	Y	Y	N	Similar to MKII
Sturm, Ruger	Bearcat	9	N	Single action rimfire revolver	N	Y	Y	NA	
Sturm, Ruger	44	5	N	Autoloading centerfire carbine	N	Y	NE	NE	Similar to Deerfield now in production
Sturm, Ruger	P93	5	Y	Double action autoloading pistol	N	Y	NE	Y	
Sturm, Ruger	22/45	4	Y	Single action autoloading pistol	N	Y	Y	N	Similar to MKII
Sturm, Ruger	Super Bearcat	2	N	Single action rimfire revolver	N	Y	Y	NA	Mfg 1971-73
Sturm, Ruger	M77/22	2	Y	Bolt action rimfire rifle	N	N	NE	NE	
Sturm, Ruger	P944	2	Y	Double action autoloading pistol	N	Y	Y	Y	
Sturm, Ruger	No. 1	1	Y	Single shot centerfire rifle	N	Y	NE	NE	
Sturm, Ruger	P97	1	Y	Double action autoloading pistol	N	Y	Y	Y	
Sturm, Ruger	Old Army	1	Y	Single action percussion revolver	N	Y	NE	NE	Not classified as a firearm

Exhibit 13

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
Taurus	**PT92**	99	Y	Double action autoloading pistol	N	Y	Y	Y	current prod w/ILM & LCI
Taurus	**85**	66	Y	2 - 3" Double action revolver	N	Y	Y	NA	current prod w/Taurus Security Sys
Taurus	**PT99**	64	Y	Double action autoloading pistol	N	Y	Y	Y	current prod w/ILM & LCI
Taurus	66	35	Y	4 & 6" Double action revolver	N	Y	Y	NA	
Taurus	**PT22**	21	Y	DAO autoloading pistol	N	Y	Y	NE	current prod w/Taurus Security Sys
Taurus	PT58	20	N	Double action autoloading pistol	N	N	NE	NE	Discontinued 1996
Taurus	65	15	Y	3 & 4" Double action revolver	N	Y	Y	NA	
Taurus	**PT111**	14	Y	Striker fire Autoloading pistol	N	Y	Y	NE	withTaurus Security System (ILM)
Taurus	82	12	Y	4" Double action revolver	N	Y	Y	NA	
Taurus	689	12	N	4&6" Double action revolver	N	Y	Y	NA	Similar to Model 669 w/ full lgth rib
Taurus	**PT945**	12	Y	Double action autoloading pistol	N	N	Y	NE	withTaurus Security System (ILM)
Taurus	80	11	N	3 & 4" Double action revolver	N	Y	Y	NA	Mfg 1971-90
Taurus	**PT100**	10	Y	Double action autoloading pistol	N	Y	Y	Y	current prod w/ILM & LCI
Taurus	PT908	10	N	Double action autoloading pistol	N	N	NE	NE	
Taurus	PT25	7	Y	DAO autoloading pistol	N	Y	Y	NE	
Taurus	669	6	U	4&6" Double action revolver	N	Y	Y	NA	
Taurus	**605**	6	Y	2" Double action revolver	N	Y	Y	NA	Some equipped w/ILM
Taurus	**PT101**	6	Y	Double action autoloading pistol	N	Y	Y	Y	current prod w/ILM & LCI
Taurus	**94**	5	Y	3 & 4" Double action revolver	N	Y	Y	NA	current prod w/Taurus Security Sys
Taurus	**PT940**	4	Y	Double action autoloading pistol	N	N	Y	NE	withTaurus Security System (ILM)
Taurus	431	4	N	3 & 4" Double action revolver	N	Y	Y	NA	Mfg 1992-97
Taurus	**44**	2	Y	Double action revolver	N	Y	Y	NA	current prod w/Taurus Security Sys
Taurus	606	2	U	2" Double action revolver	N	Y	Y	NA	
Taurus	83	1	U	Double action revolver	N	Y	Y	NA	
Taurus	86	1	N	Double action revolver	N	Y	Y	NA	Discontinued 1994
Taurus	**PT938**	1	Y	Double action autoloading pistol	N	N	Y	NE	current prod w/Taurus Security Sys
Taurus	84	1	N	4" Double action revolver	N	Y	Y	NA	Discontinued 1989
Taurus	73	1	N	4" Double action revolver	N	Y	Y	NA	Discontinued 1993

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
S&W	686	206	Y	Double action revolver	N	Y	Y	NA	
S&W	**36**	163	Y	2 - 3" Double action revolver	N	Y	Y	NA	current prod. Models equipped w ILM
S&W	19	130	N	Double action revolver	N	Y	Y	NA	
S&W	10	122	Y	Double action revolver	N	Y	Y	NA	
S&W	66	118	Y	Double action revolver	N	Y	Y	NA	
S&W	60	112	Y	2 - 3" Double action revolver	N	Y	Y	NA	
S&W	**Sigma**	**88**	Y	Striker fire Auto pistol Series	N	Y	Y	Y	Equipped w/ cocked indicator & LCI

									Includes Mod SW9, SW40 & variants
									Some variants also have ILM
S&W	586	79	N	Double action revolver	N	Y	Y	NA	Mfg 1980-99
S&W	915	77	N	Double action autoloading pistol	Y	Y	Y	Y	Mfg 1992-94
S&W	15	74	U	Double action revolver	N	Y	Y	NA	
S&W	29	60	N	Double action revolver	N	Y	Y	NA	Mfg 1956-98
S&W	59	60	N	Double action autoloading pistol	N	Y	Y	NE	
S&W	**5906**	51	Y	Double action autoloading pistol	N	Y	Y	NE	Current Prod equipped w/ ILM
S&W	649	44	Y	Double action revolver	N	Y	Y	NA	Shrouded hammer
S&W	640	43	Y	Double action revolver	N	Y	Y	NA	Internal hammer
S&W	459	41	N	Double action autoloading pistol	N	Y	Y	Y	
S&W	629	40	Y	Double action revolver	N	Y	Y	NA	
S&W	6904	38	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	64	37	Y	Double action revolver	N	Y	Y	NA	
S&W	6906	37	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	39	34	N	Double action autoloading pistol	N	Y	Y	Y	
S&W	49	34	N	Double action revolver	N	Y	Y	NA	Shrouded hammer
S&W	37	33	N	Double action revolver	N	Y	Y	NA	
S&W	3913	32	Y	Double action autoloading pistol	N	Y	Y	Y	
S&W	SW380	31	U	Double action autoloading pistol	N	Y	NE	Y	
S&W	422	31	N	Single action autoloading pistol	N	N	NE	NE	Mfg 1987-96
S&W	659	30	N	Double action autoloading pistol	N	Y	Y	Y	Mfg 1983-88
S&W	65	30	Y	Double action revolver	N	Y	Y	NA	
S&W	38	29	N	Double action revolver	N	Y	Y	NA	Shrouded hammer
S&W	669	29	n	Double action autoloading pistol	N	Y	Y	Y	Mfg 1986-88
S&W	13	28	N	Double action revolver	N	Y	Y	NA	Mfg 1974-98
S&W	14	24	U	Double action revolver	N	Y	Y	NA	
S&W	28	24	N	Double action revolver	N	Y	Y	NA	Mfg 1935-94

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
S&W	910	23	Y	Double action autoloading pistol	N	Y	Y	Y	
S&W	67	23	Y	Double action revolver	N	Y	Y	NA	
S&W	4506	23	N	Double action autoloading pistol	N	Y	Y	NE	
S&W	459	18		Double action autoloading pistol	N	Y	Y	Y	
S&W	4006	18	Y	Double action autoloading pistol	N	Y	Y	NE	
S&W	442	17	Y	Double action revolver	N	Y	Y	NA	Internal Hammer
S&W	916	15	U	UNIDENTIFIED	N	N	NE	NE	
S&W	411	15	N	Double action autoloading pistol	N	Y	Y	NE	Mfg 1994-96: Similar to 915
S&W	5904	15	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	645	14	N	Double action autoloading pistol	N	Y	Y	NE	Mfg 1986-88
S&W	681	7	N	Double action revolver	N	Y	Y	NA	Mfg 1991-93

S&W	1000	13	N	Double action autoloading pistol	N	Y	Y	NE	Mfg 1990-94
S&W	27	13	N	Double action revolver	N	Y	Y	NA	Mfg 1935-94
S&W	457	11	Y	Double action autoloading pistol	N	N	Y	NE	
S&W	642	10	Y	Double action revolver	N	Y	Y	NA	Internal Hammer
S&W	12	10	N	Double action revolver	N	Y	Y	NA	Mfg 1952-86
S&W	41	10	Y	Single action autoloading pistol	N	N	NE	NE	
S&W	4516	10	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	2214	9	U	Striker Fire Autoloading Pistol	N	N	NE	NE	
S&W	3914	8	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	5903	8	Y	Double action autoloading pistol	N	Y	Y	NE	
S&W	639	8	N	Double action autoloading pistol	N	Y	NE	NE	Mfg 1982-88
S&W	3000	8	U	Slide action shotgun	N	Y	Y	NE	
S&W	63	8	U	Double action revolver	N	Y	Y	NA	
S&W	581	7	N	Double action revolver	N	Y	Y	NA	Mfg 1985-92
S&W	3904	7	N	Double action autoloading pistol	N	Y	Y	NE	Mfg 1989-91
S&W	625	7	Y	Double action revolver	N	Y	Y	NA	
S&W	17	7	N	Double action revolver	N	Y	Y	NA	Mfg 1947-93 &1996-98
S&W	1006	6		Double action autoloading pistol	N	Y	Y	NE	Mfg 1990-94
S&W	622	6	N	Single action autoloading pistol	N	N	NE	NE	
S&W	30	5	N	Double action revolver	N	Y	Y	NA	Mfg 1903-1976
S&W	5926	5	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	631	5	N	Double action revolver	N	Y	Y	NA	Mfg 1991-92
S&W	4013	5	N	Double action autoloading pistol	N	Y	Y	NE	Mfg 1990-93
S&W	1500	5	N	Bolt action rifle	N	Y	NE	NE	Mfg by Husqvarna - Sweden

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
S&W	57	5	N	Double action revolver	N	Y	Y	NA	Mfg 1964-93
S&W	624	5	N	Double action revolver	N	Y	Y	NA	Mfg 1985-86, 10,000 made
S&W	908	5	Y	Double action autoloading pistol	N	Y	Y	Y	
S&W	4046	4	Y	Double action autoloading pistol	N	Y	Y	NE	
S&W	638	4	Y	Double action revolver	N	Y	Y	NA	Shrouded hammer
S&W	24	4	N	Double action revolver	N	Y	Y	NA	Mfg 1950-67, 1983
S&W	34	4	N	Double action revolver	N	Y	Y	NA	Mfg 1936-91
S&W	6946	3	U	Double action autoloading pistol	N	Y	Y	NE	
S&W	18	3	U	Double action revolver	N	Y	Y	NA	
S&W	68	3	N	Double action revolver	N	Y	Y	NA	Mfg 1976-83-7500 made for CA CHP

MFG	MODEL	# CA	Current	DESCRIPTION	Example	Familiar	ILM	LCI	Comments

		Traces	Prod?		on Hand	with	Compat.	Compat.	
Beretta	**92**	541	Y	Double action autoloading pistol	Y	Y	Y	Y	Equipped with LCI
Beretta	**84**	86	Y	Double action autoloading pistol	N	N	Y	Y	Equipped with LCI
Beretta	950	475	Y	Double action autoloading pistol	N	Y	Y	Y	
Beretta	70	22	N	Single action autoloading pistol	N	N	NE	NE	
Beretta	3032	16	Y	Double action autoloading pistol	Y	Y	Y	Y	
Beretta	Cougar	10	Y	Double action autoloading pistol	N	N	Y	NE	
Beretta	**85**	9	Y	Double action autoloading pistol	N	N	Y	Y	Equipped with LCI
Beretta	**96**	21	Y	Double action autoloading pistol	N	N	Y	Y	Equipped with LCI
Beretta	21	158	Y	Double action autoloading pistol	N	N	Y	Y	
Beretta	1200	6	Y	Autoloading shotgun	N	N	NE	NE	
Beretta	1934	4	N	Autoloading pistol	N	N	NE	NE	Mfg 1934-59
Beretta	686	3	Y	Over & Under shotgun	N	N	NE	NE	Price range from $750-$1695 used
Beretta	1201	3	N	Autoloading shotgun	N	Y	NE	NE	Riot gun version still in production
Beretta	948	3	U	Autoloading pistol	N	N	NE	NE	

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
Beretta	AR70	2	U	Autoloading rifle	N	N	NE	NE	imported 1984-90
Beretta	**81**	2	U	Double action autoloading pistol	N	N	Y	Y	Equipped with LCI
Beretta	101	2	N	Single action autoloading pistol	N	N	NE	NE	
Beretta	85	2	Y	Double action autoloading pistol	N	N	Y	NE	
Beretta	A303	2	N	Autoloading shotgun	N	Y	NE	NE	
Beretta	20	21	N	Double action autoloading pistol	N	N	Y	Y	
Beretta	302	2	N	Autoloading shotgun	N	Y	NE	NE	
Beretta	9000S	1	Y	Double action autoloading pistol	N	N	NE	NE	
Beretta	BL3	1	N	Over & Under break action shotgun	N	Y	NE	NE	
Beretta	90	1	U	Double action autoloading pistol	N	N	NE	NE	
Beretta	71	2	N	Single action autoloading pistol	N	N	NE	NE	
Beretta	76	2	N	Single action autoloading pistol	N	N	NE	NE	
Beretta	**M9**	1	Y	Double action autoloading pistol	Y	Y	Y	Y	Military version of Model 92
Colt	MKIV	124	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Govt	124	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Python	80	Y	Double action revolver	N	Y	Y	NA	
Colt	AR15	64	Y	Autoloading rifle	N	Y	NE	N	
Colt	Det. Spec.	57	N	Double action revolver	N	Y	Y	NA	rarer models in 32 & 38 New Police
Colt	Mustang	56	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Combat Cdr	46	N	Single action autoloading pistol	N	Y	Y	NE	
Colt	Cobra	35	N	Double action revolver	N	Y	Y	NA	
Colt	Police Positive	32	N	Double action revolver	N	Y	Y	NA	
Colt	King Cobra	32	N	Double action revolver	N	Y	Y	NA	

Colt	Trooper	31	N	Double action revolver	N	Y	Y	NA	
Colt	1991	31	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	1911	31	N	Single action autoloading pistol	N	Y	Y	NE	
Colt	Sporter	28	Y	Autoloading rifle	N	Y	NE	N	Variant of AR-15
Colt	Lawman	23	N	Double action revolver	N	Y	Y	NA	
Colt	Woodsman	19	N	Single action autoloading pistol	N	Y	NE	NE	
Colt	Commander	18	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Gold Cup	18	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Anaconda	18	Y	Double action revolver	N	Y	Y	NA	
Colt	Delta Elite	15	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Diamondback	14	N	Double action revolver	N	Y	Y	NA	

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
Colt	Officer's	11	Y	Single action autoloading pistol	N	Y	Y	NE	
Colt	Agent	11	N	Double action revolver	N	Y	Y	NA	
Colt	2000	10	N	Striker Fire Autoloading Pistol	N	N	NE	NE	
Colt	Challenger	2	N	Single action autoloading pistol	N	Y	Y	NE	
Colt	Defender	1		Single action autoloading pistol	N	Y	Y	NE	
Colt	Nat'l Match	1		Single action autoloading pistol	N	Y	Y	NE	
Colt	Delta Gold Cup	1		Single action autoloading pistol	N	Y	Y	NE	
Colt	Combat Elite	1		Single action autoloading pistol	N	Y	Y	NE	
Colt	WWI Comm.	1		Single action autoloading pistol	N	Y	Y	NE	

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
SIGARMS	W. Marshall	68		Single action revolver	N	Y	Y	NA	Mfg b y Hawes(?)
SIGARMS	W. Sixshooter	13		Single action revolver	N	Y	Y	NA	Mfg b y Hawes(?)
SIGARMS	W. Derringer	10			N	N	NE	NE	Mfg b y Hawes(?)
SIGARMS	Front. Sixshooter	5		Single action revolver	N	Y	Y	NA	Mfg b y Hawes(?)
SIGARMS	P226	3	Y	Double action autoloading pistol	N	Y	Y	NE	
SIGARMS	P220	1	Y	Double action autoloading pistol	N	Y	Y	NE	
SIGARMS	MT Marshall	2		Single action revolver	N	Y	Y	NA	Mfg b y Hawes(?)
SIGARMS	P210	1	N	Single action autoloading pistol	N	Y	NE	NE	
SIG	1930	1	N		N	N	NE	NE	
SIGARMS	Chief Marshall	1		Single action revolver	N	Y	NE	NA	Mfg b y Hawes(?)
SIGARMS	Texas Marshall	1		Single action revolver	N	Y	NE	NA	Mfg b y Hawes(?)
SIGARMS	P230	1	N	Double action autoloading pistol	N	Y	Y	NE	
SIGARMS	Marshall	1		Single action revolver	N	Y	NE	NA	Mfg b y Hawes(?)

SIG	38H	1			N	N	NE	NE	
Browning	Hi Power	121	Y	Single action autoloading pistol	Y	Y	Y	Y	LCI - INSPECTION PORT IN SLIDE
Browning	BDA 380	30	Y	Double action autoloading pistol	N	Y	Y	NE	
Browning	Buckmark	15	Y	Single action autoloading pistol	N	Y	Y	NE	
Browning	Citori	14	Y	Over & Under Shotgun	N	Y	NE	NE	
Browning	Challenger	7	N	Single action autoloading pistol	N	Y	NE	NE	
Browning	BAR	3		Autoloading Rifle	N	Y	NE	NE	
Browning	BDM	3	Y	Double action autoloading pistol	N	Y	Y	NE	
Browning	BPS	3	Y	Slide action shotgun	N	Y	NE	NE	
Browning	B2000	3	Y	Autoloading shotgun	N	Y	NE	NE	
Browning	Light 12	3	Y	Autoloading shotgun	N	Y	NE	NE	
Browning	BL22	3	Y	Lever action rifle	N	Y	NE	NE	
Browning	B80	3	N	Autoloading shotgun	N	Y	NE	NE	
Browning	Auto 5	2		Autoloading shotgun	N	Y	NE	NE	
Browning	78	2	U	Falling block act. Single Shot Rifle	N	Y	NE	NE	
Browning	1885	1	Y	Falling block act. Single Shot Rifle	N	Y	NE	NE	
Browning	A5	1		Autoloading shotgun	N	Y	NE	NE	
Browning	A500	1	N	Autoloading shotgun	N	Y	NE	NE	
Browning	Sweet 16	1	N	Slide action shotgun	N	Y	NE	NE	
Browning	12	1	N	Slide action shotgun	N	Y	NE	NE	
Browning	B92	1	N	Lever action rifle	N	Y	NE	NE	

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
Browning	81BLR	1	N	Lever action Rifle	N	Y	NE	NE	
Bryco	59	209	N	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Bryco	38	116	Y	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Bryco	48	100	N	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Bryco	J22	53	Y	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Bryco	**9**	44	Y	Striker Fire autoloading pistol	N	N	NE	Y	equipped with LCI
Bryco	58	42	N	Striker Fire autoloading pistol	N	N	NE	NE	mfg 1993-95
Bryco	J25	39	N	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Davis	P380	652	U	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Davis	P32	189	U	Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Davis	D22	54	U	Break action 2 barrel pistol	Y	Y	NE	NE	
Davis	D32	46	U	Break action 2 barrel pistol	Y	Y	NE	NE	
Davis	D38	35	U	Break action 2 barrel pistol	N	Y	NE	NE	
Davis	D25	16	U	Break action 2 barrel pistol	N	Y	NE	NE	
Davis	DM22	17	U	Break action 2 barrel pistol	N	Y	NE	NE	

Davis	LB9	2	U	Break action 2 barrel pistol	N	Y	NE	NE	
Davis	DL89	1		UNIDENTIFIED	N	N	NE	NE	
GLOCK	17	245		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	19	215		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	21	228		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	23	96		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	22	94		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	27	48		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	26	44		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	30	35		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	20	18		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	29	4		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	33	4		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	31	2		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	24	2		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	32	2		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM
GLOCK	35	2		Striker Fire autoloading pistol	N	Y	Y	NE	Compatible w/ Glock grip ILM

MFG	MODEL	# CA Traces	Current Prod?	DESCRIPTION	Example on Hand	Familiar with	ILM Compat.	LCI Compat.	Comments
NAA	NAA22	172	Y	22 Cal Single Action revolver	N	Y	NE	NA	N. American Arms
NAA	Mini Master Tgt	1	Y	22 Cal Single Action revolver	N	Y	NE	NA	N. American Arms
Intratec	TECDC9	75		Autoloading pistol	N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	TEC9	138		Autoloading pistol	N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	TEC22	63		Autoloading pistol	N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	AB10	39			N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	CAT9	18			N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	PROTEC25	9			N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	CAT45	6			N	N	NE	NE	Mfg: Navegar/Intratec
Intratec	TEC38	3			N	N	NE	NE	Mfg: Navegar/Intratec
Phoenix	RAVEN	247		Striker Fire autoloading pistol	N	Y	Y	Y	same design as Raven MP25
Phoenix	HP22	66		Single action autoloading pistol	N	Y	Y	Y	
Phoenix	HP25	4		Single action autoloading pistol	Y	Y	Y	Y	Example with ILM & LCI on hand
H&K	USP40	17	Y	Double action autoloading pistol	N	Y	NE	NE	
H&K	USP9	17	Y	Double action autoloading pistol	N	Y	NE	NE	
H&K	USP45	12	Y	Double action autoloading pistol	N	Y	NE	NE	
H&K	HK91	10	N	Autoloading Rifle	N	Y	NE	NE	
H&K	P7M13	10	N	Striker Fire autoloading pistol	N	Y	NE	NE	Squeeze cocked

H&K	HK4	6	N	Double action autoloading pistol	N	N	NE	NE	
H&K	HK94	5	N	Autoloading rifle	N	N	NE	NE	
H&K	P9S	5	N	Double action autoloading pistol	N	N	NE	NE	
H&K	VP70Z	4	N	Striker Fire autoloading pistol	N	N	NE	NE	
H&K	SP89	4	N	Autoloading pistol	N	N	NE	NE	
H&K	HK93	3	N	Autoloading Rifle	N	Y	NE	NE	
H&K	P7M8	2	Y	Striker Fire autoloading pistol	N	Y	NE	NE	Squeeze cocked
H&K	MARK 23	1	Y	Double action autoloading pistol					
H&K	300	1	N	Autoloading rifle	N	N	NE	NE	
H&K	USC45	1	Y	Autoloading carbine	N	N	NE	NE	
Hi-Point	C	99	Y	Single(Striker?) action Autoloading pistol	N	N	NE	NE	
Hi-Point	CF	36	Y	Single(Striker?) action Autoloading pistol	N	N	NE	NE	
Hi-Point	995	5	Y	Autoloading carbine	N	N	NE	NE	
Intl Armament	Va. Dragoon	7			N	N	NE	NE	Interarms Industries
Accu-Tek	AT380	9	U	Single action autoloading pistol	N	N	NE	NE	
	HC380	4	U	Single action autoloading pistol	N	N	NE	NE	

EXHIBIT 14

GERALD A. NUNZIATO
4761 Mt. Zion Road
Frederick, Maryland 21703
301-473-8655

1999 to Present
Vice President, Crime Gun Solutions LLC, Frederick, Maryland

1991-1999
Special Agent in Charge of the National Tracing Center, Landover, Maryland and Falling Waters, West Virginia

- Established the National Tracing Center into an international operation for firearms trafficking analysis
- Enhanced the firearms tracing system database which enable the National Tracing Center to increase productivity from 50,000 trace requests per year to over 180,000 per year without an increase in staff or budget and reduced the processing time from 45 days to 5 days
- Designed and developed the first computer program that analyzed crime-gun information to identify sources of illegal firearms traffickers
- Developed and taught a course in the use of firearms tracing to impact on illegal firearms trafficking to law enforcement officers national and worldwide
- Prepared and managed an annual budget of $15,000,000
- Developed an automated microfilming program which eliminated a backlog of 28,000,000 documents in 18 months and saved the Bureau over $20,000,000
- Reviewed all background investigations for secret clearances of all contracted employees and investigated any discrepancies noted in the investigation
- Received three Vice-President Hammer awards for the development of the firearm trafficking software, use of technology in firearms investigations, and efficiency in Government
- Received the Secretary of the Treasury Award for superior performance in the area of management-employee relationships

1990-1991
Program Manager Firearms Interdiction, Washington, DC

- Designed and developed the Bureau's first national computer program to track significant firearms trafficking investigations
- Designed, developed and wrote the first computer program to monitor the history of American marketed firearms seized in foreign countries
- Designed, developed and wrote the Bureau's first computer program that identified the secondary market of illegally trafficked firearms

1985-1990
Senior Tactical Operations Officer, Bureau of Alcohol, Tobacco and Firearms Rockville, Maryland

- Acquired, tested and maintained the Bureau's electronic surveillance equipment
- Implemented training course for new special agents on the use of electronic surveillance equipment
- Received numerous awards for managing the budget and expanding the use of covert equipment by field agents.

Exhibit 14

1970-1985

Special Agent, Bureau of Alcohol, Tobacco and Firearms

- Served in the Bureau's offices in Detroit, Youngstown, Ohio; Miami, and Cleveland
- Specialized in illegal firearms trafficking and stolen firearms investigations
- Received numerous awards from the Bureau and local police agencies for stemming illegal firearms trafficking

Education

Youngstown State University Youngstown, Ohio
B.A., Law Enforcement Administration 1970

DECLARATION OF SERVICE VIA JUSTICELINK

In re Firearm Case
No. JCCP 4095

(*People, et al. v. Arcadia Machine & Tool, Inc., et al.*)
San Francisco Superior Court No. 303753
Los Angeles Superior Court No. BC210894
Los Angeles Superior Court No. BC214794

I, Kathy Scoville, declare:

1. That I am and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interested in the within action; that my business address is 401 B Street, Suite 1700, San Diego, California 92101.

2. That on February 3, 2003, I served NOTICE OF LODGMENT TO PLAINTIFFS' OPPOSITION TO MANUFACTURERS' MOTION FOR SUMMARY JUDGMENT by JusticeLink Electronic filing on all persons appearing on the Service List.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 3rd day of February, 2003, at San Diego, California.

/s/ *Kathy Scoville*
Kathy Scoville