

[~116H7977]

[DISCUSSION DRAFT]117TH CONGRESS
1ST SESSION**H. R.** _____

To require federally licensed firearms manufacturers, importers, and dealers and their employees to undergo annual training to be eligible to sell a firearm, to require a notice to be posted at retail firearms locations that describes the signs of unlawful firearms purchases, to require such licensees to maintain physical security elements to prevent theft and a minimum level of business liability insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CROW introduced the following bill; which was referred to the Committee
on _____

A BILL

To require federally licensed firearms manufacturers, importers, and dealers and their employees to undergo annual training to be eligible to sell a firearm, to require a notice to be posted at retail firearms locations that describes the signs of unlawful firearms purchases, to require such licensees to maintain physical security elements to prevent theft and a minimum level of business liability insurance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Firearms Retailer
3 Code of Conduct Act of 2021”.

4 **SEC. 2. CODE OF CONDUCT FOR FIREARMS MANUFACTUR-**
5 **ERS, IMPORTERS, AND DEALERS.**

6 (a) IN GENERAL.—Section 923 of title 18, United
7 States Code, is amended by adding at the end the fol-
8 lowing:

9 “(m)(1)(A) The Attorney General shall annually
10 make available to each licensed importer, licensed manu-
11 facturer, and licensed dealer, and each employee of such
12 a licensee who is authorized to engage in the transfer of
13 firearms or ammunition in the course of the firearms busi-
14 ness to unlicensed persons, a training course in the con-
15 duct of firearm transfers.

16 “(B) The training course shall describe Federal law
17 governing firearms transfers, and cover, at a minimum,
18 the following matters:

19 “(i) How to recognize and identify straw pur-
20 chasers and fraudulent activity.

21 “(ii) The indicators that a person is attempting
22 to purchase a firearm illegally.

23 “(iii) How to recognize and identify indicators
24 that an individual intends to use a firearm for un-
25 lawful purposes.

1 “(iv) How to recognize and identify indicators
2 that an individual intends to use a firearm for self-
3 harm.

4 “(v) How to prevent theft or burglary of fire-
5 arms and ammunition.

6 “(vi) How to respond in the circumstances de-
7 scribed in clauses (i) through (v), and the applicable
8 reporting requirements.

9 “(vii) Other reasonable business practices that
10 the Attorney General determines will deter gun traf-
11 ficking, or deter the provision of a firearm to those
12 who indicate an intent to use a firearm for unlawful
13 purposes or for self-harm.

14 “(C) The training course shall include an examina-
15 tion with not less than 20 questions derived from the
16 course materials and intended to confirm that a course
17 participant has learned the information covered by the
18 course. To receive certification of completion of the course,
19 a participant must answer at least 70 percent of the exam-
20 ination questions correctly.

21 “(D) Not less frequently than annually, the Attorney
22 General, in consultation with the Assistant Attorney Gen-
23 eral for the Civil Rights Division, shall review the training
24 course materials, and revise them as necessary.

1 “(E) On successful completion of the training course
2 by a participant—

3 “(i) the participant shall attest to his or her
4 participation in the course;

5 “(ii) the participant shall attest to his or her
6 receipt of the course materials;

7 “(iii) if the participant is not a licensed manu-
8 facture, licensed importer, or licensed dealer, the
9 participant has submitted to the national instant
10 criminal background check system established under
11 section 103 of the Brady Handgun Violence Preven-
12 tion Act sufficient information to enable the system
13 to determine whether the participant is prohibited by
14 subsection (g) or (n) of section 922 or State law
15 from receiving a firearm; and

16 “(iv) if the system has determined that the par-
17 ticipant is not so prohibited, the Attorney General
18 shall immediately issue to the participant, through
19 United States mail or electronic means, a certificate
20 which indicates successful completion of the training
21 course and includes a unique certification number,
22 both of which shall expire 2 years after issuance un-
23 less renewed.

24 “(F) The Attorney General shall—

1 “(i) create and maintain a database which iden-
2 tifies each individual to whom such a certificate is
3 issued, the date the certificate is issued, the date the
4 certificate expires, and the unique certification num-
5 ber on the certificate;

6 “(ii) make readily available to persons licensed
7 under this chapter and Federal, State, and local law
8 enforcement authorities, on request, the certification
9 status of current or potential employees;

10 “(iii) on a monthly basis, provide to the Bureau
11 of Alcohol, Tobacco, Firearms and Explosives a com-
12 plete list of the certificates issued under subpara-
13 graph (E) that have expired or been renewed since
14 the most recent prior provision of information, if
15 any, to the system under this clause.

16 “(G) Each licensee referred to in subparagraph (A)
17 shall keep—

18 “(i) a copy of any certificate issued to the li-
19 censee under subparagraph (E); and

20 “(ii) a copy of any such certificate issued to any
21 employee of the licensee, throughout the duration of
22 employment.

23 “(H) Beginning 545 days after the date of the enact-
24 ment of this subsection, it shall be unlawful for such a
25 licensee or an employee of such a licensee to transfer a

1 firearm or ammunition in the course of firearms business,
2 unless the licensee or employee, as the case may be, has
3 been issued a certificate under this paragraph which has
4 not expired.

5 “(2) In the course of firearms business with a person
6 who is not such a licensee, such a licensee—

7 “(A) shall not transfer a firearm to an indi-
8 vidual if the licensee or an employee of the licensee
9 knows or has reasonable cause to know that the in-
10 dividual is a straw purchaser or a gun trafficker;

11 “(B) shall not transfer a firearm or ammuni-
12 tion to an individual if the licensee or an employee
13 of the licensee knows or has reasonable cause to
14 know that the individual is intoxicated;

15 “(C) shall not transfer a firearm or ammunition
16 to an individual if the licensee or an employee of the
17 licensee knows or has reasonable cause to know that
18 the individual will attempt to harm the individual or
19 others with the firearm or ammunition;

20 “(D) shall not transfer a firearm to an indi-
21 vidual not paying in United States currency, unless
22 the identity of the individual matches the name on
23 the payment method used by the individual; and

24 “(E) immediately notify the Bureau of Alcohol,
25 Tobacco, Firearms and Explosives and local law en-

1 enforcement authorities if the licensee or an employee
2 of the licensee knows or has reasonable cause to
3 know that the individual has engaged or attempted
4 to engage in a straw purchase or gun trafficking.

5 “(3)(A) The Attorney General shall make available
6 to each licensee referred to in paragraph (1)(A) written
7 protocols which—

8 “(i) outline the indicators of straw purchasing
9 and gun trafficking, including the presence of a pro-
10 spective firearm transferee who—

11 “(I) is accompanied by 1 or more individ-
12 uals;

13 “(II) is communicating with other individ-
14 uals by telephone or other means;

15 “(III) is buying multiple firearms;

16 “(IV) has been the subject of a crime gun
17 trace;

18 “(V) has purchased a firearm in the pre-
19 ceding 30 days; or

20 “(VI) otherwise indicates that a firearm is
21 being obtained for another person;

22 “(ii) instruct licensees and their employees to
23 attempt to ascertain whether a prospective firearm
24 transferee is lawfully purchasing a firearm, including
25 by asking questions of the prospective firearm trans-

1 feree (including whether he or she intends to trans-
2 fer the firearm to another person); and

3 “(iii) inform licensees and their employees
4 about how to report a suspected fraudulent firearm
5 purchase to the Bureau of Alcohol, Tobacco, Fire-
6 arms and Explosives.

7 “(B) Beginning 545 days after the date of the enact-
8 ment of this subsection, each such licensee shall—

9 “(i) obtain the written protocols described in
10 subparagraph (A); and

11 “(ii) during all business hours, display the writ-
12 ten protocols at each point of sale in the firearms
13 business of the licensee, in a manner that is clearly
14 visible to employees of the business.

15 “(4) Beginning 545 days after the date of the enact-
16 ment of this subsection, each licensee referred to in para-
17 graph (1)(A) of this subsection shall maintain general
18 business and liability insurance as described in subsection
19 (d)(1)(F)(iv) during each day of a calendar month, unless
20 the licensee has certified to the Attorney General, on the
21 1st day of that month, that the licensee—

22 “(A) did not transfer more than 20 firearms in
23 the 12-month period that precedes the date of the
24 certification; and

1 “(B) expects to transfer not more than 20 fire-
2 arms in the 12-month period that begins with that
3 date.

4 “(5)(A) Beginning on the date that is 24 months
5 after the date of the enactment of this subsection, each
6 licensee referred to in paragraph (1)(A) of this subsection
7 shall, when the premises covered by the license is not open
8 for business except as provided for in subsection (j), secure
9 each firearm in the business inventory of the licensee by
10 means of devices or storage containers that are designed
11 to deny unauthorized access to, and theft of, firearms.

12 “(B) Each device or storage container shall be se-
13 cured by a combination lock, key lock, or lock based on
14 biometric information which, once locked, is incapable of
15 being opened without the combination, key, or biometric
16 information, respectively.”.

17 (b) DEADLINE FOR DEVELOPMENT OF FIREARM
18 TRANSFER TRAINING COURSE.—Within 180 days after
19 the date of the enactment of this Act, the Attorney Gen-
20 eral, in consultation with the Assistant Attorney General
21 for the Civil Rights Division, shall develop the training
22 course provided for in section 923(m)(1) of title 18,
23 United States Code.

24 (c) DEADLINE FOR DEVELOPMENT OF WRITTEN
25 BUSINESS PROTOCOLS FOR FIREARMS SALES.—Within

1 180 days after the date of the enactment of this Act, the
2 Attorney General shall, in consultation with the Assistant
3 Attorney General for the Civil Rights Division—

4 (1) develop the written protocols provided for in
5 section 923(m)(3) of title 18, United States Code;
6 and

7 (2) not less frequently than annually, review the
8 protocols, and revise them as necessary.

9 (d) BUSINESS LIABILITY INSURANCE CERTIFICATION
10 REQUIRED IN APPLICATION FOR FIREARMS LICENSE.—
11 Section 923(d)(1)(F) of title 18, United States Code, is
12 amended—

13 (1) by striking “and” at the end of clause
14 (ii)(II); and

15 (2) by adding at the end the following:

16 “(iv) the applicant has applied for, and will
17 not conduct the business before the applicant
18 has received, a general business and liability in-
19 surance policy from an insurance company li-
20 censed to do business in the State in which the
21 licensed premises is located, which provides cov-
22 erage for damages for the negligent or unlawful
23 transfer of a firearm in an amount of at least
24 \$1,000,000, unless the applicant certifies in the
25 application that the applicant expects to trans-

1 fer to persons not licensed under this chapter
2 not more than 20 firearms per year; and”.

3 (e) VALIDATION OF LICENSEE AND EMPLOYEE CER-
4 TIFICATIONS.—Section 922(t)(1) of such title is amend-
5 ed—

6 (1) by striking “and” at the end of subpara-
7 graph (B)(ii);

8 (2) by striking the period at the end of sub-
9 paragraph (C) and inserting “; and”; and

10 (3) by adding at the end the following:

11 “(D) a unique certification number has been
12 issued to the transferor under section
13 923(m)(1)(E)(iv) and has not expired, and the
14 transferor has validated that number with the sys-
15 tem.”.

16 **SEC. 3. DEFINITIONS.**

17 Section 921(a) of title 18, United States Code, is
18 amended by adding at the end the following:

19 “(36) The term ‘straw purchase’ means the purchase
20 of a firearm by an individual who conceals, or intends to
21 conceal, from any entity that the purchase is being made
22 on behalf of a third party who is identified or not yet iden-
23 tified. The term shall not include a bona fide gift to a
24 person who is not prohibited by law from possessing or
25 receiving a firearm. For purposes of the preceding sen-

1 tence, a gift to a person is not a bona fide gift if the per-
2 son has offered or given the purchaser a service or thing
3 of value to acquire the firearm for the person.

4 “(37) The term ‘straw purchaser’ means a person en-
5 gaged in a straw purchase.

6 “(38) The term ‘gun trafficking’ means the knowing
7 acquisition, transfer, or attempted acquisition or transfer
8 of a firearm for purposes of unlawful commerce by a li-
9 censed or unlicensed person.”.

10 **SEC. 4. PENALTIES.**

11 Section 924 of title 18, United States Code, is
12 amended by adding at the end the following:

13 “(q)(1) With respect to each violation of subpara-
14 graph (A), (B), or (C) of section 923(m)(2), a person shall
15 be fined under this title, imprisoned not more than 18
16 months, or both.

17 “(2) With respect to each violation of section
18 923(m)(2)(D), a person shall be fined not more than
19 \$2,500, imprisoned not more than 1 year, or both.

20 “(3) With respect to each violation of paragraph
21 (1)(G) or (3)(B) of section 923(m), and with respect to
22 each violation or related series of violations of section
23 923(m)(5)(A) that occurs on the same date, a licenced im-
24 porter, licensed manufacturer, or licensed dealer shall be
25 fined not more than \$500.

1 “(4)(A) With respect to each violation of paragraph
2 (1)(H) or (2)(E) of section 923(m), the Attorney General
3 shall, after notice and opportunity for hearing—

4 “(i) suspend for not more than 6 months, or re-
5 voke, the license under which the firearms transfer
6 involved was conducted; or

7 “(ii) subject the licensee to a civil penalty of not
8 more than \$2,500.

9 “(B) With respect to each violation of section
10 923(m)(4) the Attorney General shall, after notice and op-
11 portunity for hearing—

12 “(i) suspend for not more than 6 months, or re-
13 voke, the license under which the firearms transfer
14 involved was conducted; or

15 “(ii) subject the licensee to a civil penalty of not
16 more than \$10,000.”.

17 **SEC. 5. EFFECTIVE DATE.**

18 The amendments made by this Act shall take effect
19 90 days after the date of the enactment of this Act.