



Firearm Retailer Code of Conduct Act of 2021

The Problem: The epidemic of gun violence is pervasive and disproportionately impacts communities of color. One of the greatest contributors is wide access to trafficked firearms. Guns do not simply appear in these communities—firearms are often sold by licensed gun dealers that are funneled into the illegal market. Straw purchasing, where a buyer purchases a gun on behalf of another, is the most common starting point of trafficked firearms. These guns are moved through trafficking supply chains or directly to individuals who are otherwise prohibited from purchasing them. The implications of the availability of trafficked firearms in communities of color must not be discounted.

The Solution: Federally licensed firearm dealers and their employees are the first line of defense in preventing guns from falling into the criminal market. Federal laws are needed to clearly define the role of gun dealers and their employees and assist them in identifying fraudulent or potentially unlawful firearms purchases. Moreover, gun dealers and their employees need to be held responsible for knowing or suspecting transfers of firearms to fraudulent, unlawful, or dangerous persons and reporting suspected unlawful transfers to the proper authorities.

The Firearm Retailer Code of Conduct Act establishes basic business practices and certification requirements for gun dealers and their employees that are intended to curb the diversion of firearms into the illegal market.

This legislation takes common-sense action to:

- Require gun dealers and their employees to undergo training every two years to identify fraudulent or potentially unlawful firearms purchases;
- Instructs gun dealers and their employees to refuse the sale of firearms to straw purchasers, gun traffickers, intoxicated persons, or those at risk of harming themselves or others;
- Mandates the posting of notices indicating the signs of fraudulent or potentially unlawful firearms purchases and displaying contact information to report suspected illegal transactions at all points of sale; and
- Requires that federally licensed firearms dealers maintain business and liability insurance throughout the life of the business.