111TH CONGRESS 1ST SESSION S.941

To reform the Bureau of Alcohol, Tobacco, Firearms, and Explosives, modernize firearms laws and regulations, protect the community from criminals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

April 30, 2009

Mr. CRAPO (for himself and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

- To reform the Bureau of Alcohol, Tobacco, Firearms, and Explosives, modernize firearms laws and regulations, protect the community from criminals, 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,

3 SECTION 1. SHORT TITLE.

- 4 This Act may be cited as the "Bureau of Alcohol,
- 5 Tobacco, Firearms, and Explosives Reform and Firearms

6 Modernization Act of 2009".

7 SEC. 2. TABLE OF CONTENTS.

8 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—BUREAU OF ALCOHOL, TOBACCO, FIREARMS, AND EXPLOSIVES MODERNIZATION AND REFORM

- Sec. 101. Graduated penalties for civil violations by Federal firearms licensees.
- Sec. 102. Consideration of Federal firearms license applications.
- Sec. 103. Definition of willfully.
- Sec. 104. Establishment of formal inspection, examination, and investigative guidelines.
- Sec. 105. Liquidation of inventory in Federal firearms license expiration, surrender, or revocation cases.
- Sec. 106. Opportunity to cure violations after acquisition of firearms business.

Sec. 107. Standards for criminal violations of recordkeeping requirements.

Sec. 108. Effective date.

TITLE II—FIREARMS CORRECTIONS AND IMPROVEMENTS

- Sec. 201. Correction of nonsubstantive error in age limit provision.
- Sec. 202. Possession of machineguns for industry testing, training, and film production.
- Sec. 203. Elimination of obsolete language added by the Brady Handgun Violence Prevention Act.
- Sec. 204. Elimination of written permission requirement for supervised handgun use.
- Sec. 205. Modification of procedures for sharing of multiple handgun sales reports.
- Sec. 206. Ban on electronic retrieval of inactive licensee information.
- Sec. 207. Barrel and receiver importation.
- Sec. 208. Clarifications relating to manufacturing of firearms.

1 TITLE I—BUREAU OF ALCOHOL,

TOBACCO, FIREARMS, AND EXPLOSIVES MODERNIZA TION AND REFORM

5 SEC. 101. GRADUATED PENALTIES FOR CIVIL VIOLATIONS

6

BY FEDERAL FIREARMS LICENSEES.

7 (a) IN GENERAL.—Section 923 of title 18, United

8 States Code, is amended by striking subsections (e) and

- 9 (f) and inserting the following:
- 10 "(e)(1)(A) If the Attorney General determines that
 11 a licensee under this section has willfully violated any pro-

1	vision of this chapter or any regulation prescribed under
2	this chapter, the Attorney General may—
3	"(i) if the violation is of a minor nature—
4	"(I) for a first such violation, issue a writ-
5	ten warning to the licensee; and
6	"(II) for a second or subsequent such vio-
7	lation—
8	"(aa) impose on the licensee a civil
9	money penalty of not more than \$500 for
10	each such violation, with no interest to ac-
11	crue on the amount of such a penalty, ex-
12	cept that the total amount of penalties im-
13	posed on a licensee under this subclause—
14	"(AA) for violations arising from
15	a single inspection or examination
16	shall not exceed \$2,500; and
17	"(BB) for a single calendar year
18	shall not exceed \$5,000; or
19	"(bb) suspend the license for not more
20	than 30 days, and specify the cir-
21	cumstances under which the suspension is
22	to be terminated, if, in the period for
23	which the license is in effect, there have
24	been at least 2 prior occasions on which

	-
1	the licensee has been determined to have
2	violated this chapter; or
3	"(ii) if the violation is of a serious nature—
4	"(I) impose on the licensee a civil money
5	penalty of not more than \$1,500 for each such
6	violation, with no interest to accrue on the
7	amount of such a penalty, except that the total
8	amount of penalties imposed on a licensee
9	under this subclause—
10	"(aa) for a violation arising from a
11	single inspection or examination shall not
12	exceed \$7,500; and
13	"(bb) for a single calendar year shall
14	not to exceed \$15,000;
15	"(II) suspend the license for not more than
16	90 days, and specify the circumstances under
17	which the suspension is to be terminated;
18	"(III) revoke the license; or
19	"(IV) take the actions described in sub-
20	clauses (I) and (II), or subclauses (I) and (III).
21	"(B)(i)(I) In determining the amount of a civil money
22	penalty to impose under subparagraph (A) on a licensee,
23	the nature and severity of the violation involved, the size
24	of the firearms business operated by the licensee, and the
25	prior record of the licensee shall be considered.

4

1 "(II) On request of the licensee, the Attorney General 2 may consider the ability of the licensee to pay a civil 3 money penalty, and may allow the licensee to submit docu-4 ments and information to establish the ability of the li-5 censee to pay. The Attorney General shall not make part of any public record any document or information so sub-6 7 mitted, and shall return to the licensee any such document 8 or information.

9 "(III) The total amount of penalties imposed on a 10 licensee under subparagraph (A) with respect to violations 11 of a minor nature and of a serious nature arising from 12 a single inspection or examination shall not exceed \$7,500, 13 and the total of all such penalties for a single calendar 14 year shall not exceed \$15,000.

"(ii) For purposes of subparagraph (A), violation of
a provision of this chapter with respect to 2 or more firearms during a single transaction shall be considered a single violation of the provision.

"(iii) The Attorney General may defer, or suspend,
in whole or in part, the imposition of a civil money penalty
on a licensee whose license is suspended under this paragraph.

23 "(C) For purposes of subparagraph (A):

24 "(i) A violation of this chapter shall be consid25 ered to be of a serious nature if the violation—

"(I) results in or could have resulted in the
transfer of a firearm or ammunition to a person
prohibited from possessing or receiving the fire-
arm or ammunition under this chapter or under
State or local law;
"(II) obstructs or could have obstructed
a bona fide criminal investigation or prosecu-
tion, or an inspection or examination under this
chapter; or
"(III) prevents or could have prevented a
licensee from complying with subsection $(a)(7)$,
(a)(8), (b)(1), (b)(3), (b)(4), (j), (k), (o), or (p)
of section 922, subsection $(g)(7)$ of this section,
or subsection (b) or (h) of section 924.
"(ii) A violation of this chapter shall be consid-
ered to be of a minor nature if the violation is not
of a serious nature.
"(D) The Attorney General may not commence an
enforcement action under subparagraph (A) with respect
to a violation, after the 5-year period that begins with—
"(i) the date the violation occurred; or
"(ii) if the licensee intentionally obstructed dis-
covery of the violation, the date the violation is dis-
covered.

6

"(2)(A) Not less than 30 days before the effective
 date of any penalty imposed on a licensee by reason of
 a determination made under paragraph (1), the Attorney
 General shall send the licensee a written notice—

5 "(i) of the determination, and the grounds on6 which the determination was made;

7 "(ii) of the nature of the penalty; and

8 "(iii) that the licensee may, within 30 days
9 after receipt of the notice, request a hearing to re10 view the determination.

11 "(B) A hearing to review a determination made under 12 paragraph (1) with respect to a licensee shall not be held 13 unless the licensee requests such a hearing within 30 days 14 after receiving the notice of the determination sent pursu-15 ant to subparagraph (A) of this paragraph.

16 "(C) On timely receipt from the licensee of a request for a review described in subparagraph (B), the Attorney 17 18 General shall stay the imposition under paragraph (1) of 19 any penalty involved, pending resolution of the review, unless, in the case of a suspension or revocation of a licensee, 20 21 the Attorney General establishes, at a hearing before an 22 administrative law judge, by clear and convincing evi-23 dence, that the continued operation by the licensee of the 24 business poses an immediate and grave threat to public safety. 25

"(3)(A) Within 90 days after timely receipt from a
 licensee of a request to review a determination made under
 paragraph (1) (or at such later time as is agreed to by
 the Attorney General and the licensee), an administrative
 law judge shall hold a hearing, at a location convenient
 to the licensee, to review the determination.

7 "(B) Not less than 30 days before a hearing de8 scribed in subparagraph (A), the Attorney General shall
9 deliver to the licensee—

"(i) a document identifying each person whom
the Attorney General intends to call as a witness
during the hearing;

13 "(ii) a copy of each document which will be in-14 troduced as evidence at the hearing; and

15 "(iii) copies of all documents on which the de-16 termination is based.

"(C) Within 90 days after a hearing described in subparagraph (A), the administrative law judge shall issue a
written decision setting forth findings of fact and conclusions of law, and a decision as to whether to affirm, modify, or reverse the determination.

"(D) On request of the licensee, the Attorney General
shall stay the effective date of any penalty, suspension,
or revocation until there has been a final, nonreviewable
judgment with respect to the determination involved, un-

less, in the case of a suspension or revocation of a licensee,
 the Attorney General establishes, at a hearing before an
 administrative law judge, by clear and convincing evi dence, that the continued operation by the licensee of the
 business poses an immediate and grave threat to public
 safety.

7 "(E) The action of an administrative law judge under
8 this subsection shall be considered final agency action for
9 all purposes, and may be reviewed only as provided in sub10 section (f).

"(4) This subsection shall not be interpreted to affect
the authority of the Attorney General under section
922(t)(5).

"(f)(1) Within 60 days after a party receives a notice 14 15 issued under subsection (d)(3) of a decision to deny a license, or a notice issued under subsection (e)(3)(C) of a 16 17 determination to impose a civil money penalty or to suspend or revoke a license, the party may file a petition with 18 the United States district court for the district in which 19 the party resides or has a principal place of business for 20 a de novo review of the decision or determination. 21

"(2) In a proceeding conducted under this subsection,
the court shall, on application of a party, consider any evidence submitted by the parties to the proceeding whether

or not the evidence was considered at the hearing held
 under subsection (d)(3) or (e)(3).

3 "(3) If the court determines that the licensee did not
4 willfully violate 1 or more provisions of this chapter or
5 1 or more regulations prescribed under this chapter, the
6 court shall—

7 "(A) vacate the revocation, suspension, or fine,
8 and remand the matter to the Attorney General for
9 further consideration; and

"(B) award to the licensee a reasonable attorney's fee with respect to any part of the decision or
determination on which the licensee prevails.

13 "(4) If criminal proceedings are instituted against a licensee alleging any violation of this chapter or of a regu-14 15 lation prescribed under this chapter, and the licensee is acquitted of the charges, or the proceedings are termi-16 17 nated, other than upon motion of the Government before trial on the charges, the Attorney General shall be abso-18 lutely barred from denying a license under this chapter, 19 suspending or revoking a license granted under this chap-20ter, or imposing a civil money penalty under subsection 21 22 (e), if the action would be based in whole or in part on 23 the facts which form the basis of the criminal charges. 24 The Attorney General may not institute a proceeding to 25 suspend or revoke a license granted under this chapter,

or to impose a civil money penalty under subsection (e),
 more than 1 year after the filing of the indictment or in formation.".

4 (b) CONFORMING AMENDMENT TO PROCEDURE AP5 PLICABLE TO DENIAL OF APPLICATION FOR LICENSE.—
6 Section 923(d) of title 18, United States Code, is amended
7 by adding at the end the following:

8 "(3) If the Attorney General denies an application 9 for a license, an administrative law judge of the Depart-10 ment of Justice shall, on request by the aggrieved party, promptly hold a hearing to review the denial, at a location 11 12 convenient to the aggrieved party. If, after the hearing, 13 the administrative law judge decides not to reverse the denial, the administrative law judge shall give notice of the 14 15 final denial decision to the aggrieved party.".

16SEC. 102. CONSIDERATION OF FEDERAL FIREARMS LI-17CENSE APPLICATIONS.

(a) IN GENERAL.—Section 923(d) of title 18, United
States Code, as amended by section 101(b) of this Act,
is amended—

(1) by redesignating paragraphs (2) and (3) as
paragraphs (3) and (4), respectively; and

23 (2) by inserting after paragraph (1) the fol-24 lowing:

1 "(2) The Attorney General shall make a preliminary 2 determination as to whether to approve or deny an appli-3 cation submitted under subsection (a) or (b). If the pre-4 liminary determination is to deny the application, the At-5 torney General shall notify the applicant in writing of the preliminary determination and the reasons for the prelimi-6 7 nary determination, and shall afford the applicant an op-8 portunity to supplement the application with additional in-9 formation and to request a hearing on the application. If 10 the applicant, in a timely manner, requests such a hearing, the Attorney General shall hold the hearing at a location 11 12 convenient to the applicant, and shall notify the applicant 13 in writing of the time and place of the hearing.".

(b) CONFORMING AMENDMENT.—Section 923(f) of
title 18, United States Code, as amended by section
101(a) of this Act, is amended by striking "(d)(3)" each
place it appears and inserting "(d)(4)".

18 SEC. 103. DEFINITION OF WILLFULLY.

Section 923(e) of title 18, United States Code, as
amended by section 101(a) of this Act, is amended by adding at the end the following:

"(5) For purposes of this subsection, the term 'willfully' means, with respect to conduct of a person, that the
person knew of a legal duty, and engaged in the conduct
knowingly and in intentional disregard of the duty.".

1 SEC. 104. ESTABLISHMENT OF FORMAL INSPECTION, EXAM-

INATION, AND INVESTIGATIVE GUIDELINES.

2

3 (a) IN GENERAL.—The Attorney General shall estab4 lish guidelines for how the Bureau of Alcohol, Tobacco,
5 Firearms, and Explosives is to conduct inspections, exami6 nations, or investigations of possible violations of chapters
7 40 and 44 of title 18, United States Code.

8 (b) PERSONNEL MATTERS.—In no case shall the 9 amount of fines imposed on licensees under chapter 40 10 or 44 of title 18, United States Code, or the number of 11 warnings issued, or suspensions or revocations of licenses 12 under such chapters, be considered in the retention, pro-13 motion, or transfer of any officer, agent, or employee of 14 the Bureau of Alcohol, Tobacco, Firearms, and Explosives.

15 SEC. 105. LIQUIDATION OF INVENTORY IN FEDERAL FIRE-

16 ARMS LICENSE EXPIRATION, SURRENDER, OR 17 REVOCATION CASES.

18 Section 923 of title 18, United States Code, is19 amended by adding at the end the following:

"(m)(1) Except as provided in paragraph (2), a person whose license issued under this chapter is expired, surrendered, or revoked shall be afforded 60 days from the
effective date of the expiration, surrender, or revocation
to liquidate the firearms inventory of the person, which
time may be extended upon a showing of reasonable cause.
During such 60-day period (including any extension of the

period), the license involved shall continue to be considered
 valid.

3 "(2) Paragraph (1) shall not apply with respect to 4 a person if a United States district court for the judicial 5 district in which the person resides or in which the prin-6 cipal place of business of the person subject to the license 7 is located finds, by clear and convincing evidence, that the 8 continued operation by the person of the business poses 9 an immediate and grave threat to public safety.".

10SEC. 106. OPPORTUNITY TO CURE VIOLATIONS AFTER AC-11QUISITION OF FIREARMS BUSINESS.

Section 923 of title 18, United States Code, as
amended by section 106 of this Act, is amended by adding
at the end the following:

15 "(n) If the Attorney General is made aware that a business licensed under this chapter has transferred to a 16 17 surviving spouse or child of the licensee, to an executor, 18 administrator, or other legal representative of a deceased 19 licensee, or to a receiver or trustee in bankruptcy, or an 20assignee for benefit of creditors, and, before the transfer, 21 or on the first inspection or examination by the Attorney 22 General of the records of the licensee after the transfer, 23 the licensee is found to be operating the business in viola-24 tion of this chapter, the Attorney General—

1	((1) shall notify the transferee of the violation
2	by the transferor; and
3	"(2) shall not presume that the transferee is
4	committing the violation.".
5	SEC. 107. STANDARDS FOR CRIMINAL VIOLATIONS OF REC-
6	ORDKEEPING REQUIREMENTS.
7	Section 922(m) of title 18, United States Code, is
8	amended—
9	(1) by striking "any false entry" and inserting
10	"a materially false entry";
11	(2) by striking "appropriate entry" and insert-
12	ing "a materially significant entry"; and
13	(3) by striking "properly maintain" and insert-
14	ing "retain custody of".
15	SEC. 108. EFFECTIVE DATE.
16	This title and the amendments made by this title
17	shall take effect 180 days after the date of enactment of
18	this Act.
19	TITLE II-FIREARMS CORREC-
20	TIONS AND IMPROVEMENTS
21	SEC. 201. CORRECTION OF NONSUBSTANTIVE ERROR IN
22	AGE LIMIT PROVISION.
23	Section 922(b)(1) of title 18, United States Code, is
24	amended to read as follows:

1	"(1) any firearm or ammunition to any indi-
2	vidual who the licensee knows or has reasonable
3	cause to believe has not attained 18 years of age,
4	and, if the firearm is other than a shotgun or rifle,
5	or the ammunition is for a firearm other than a
6	shotgun or rifle, to any individual who the licensee
7	knows or has reasonable cause to believe has not at-
8	tained 21 years of age;".
9	SEC. 202. POSSESSION OF MACHINEGUNS FOR INDUSTRY
10	TESTING, TRAINING, AND FILM PRODUCTION.
11	(a) Post-1986 Machineguns for Testing, Re-
12	SEARCH AND DEVELOPMENT.—Section 922(0)(2) of title
13	18, United States Code, is amended—
14	(1) in subparagraph (A), by striking "or" at
15	the end;
16	(2) by redesignating subparagraph (B) as sub-
17	paragraph (E); and
18	(3) by inserting after subparagraph (A) the fol-
19	lowing:
20	"(B) a transfer to, or possession by, a licensed
21	manufacturer or licensed importer solely for testing,
22	research, design, or development of ammunition or a
23	
	firearm;
24	firearm; "(C) a possession by a licensed manufacturer or

1	sons to whom a machinegun, manufactured or im-
2	ported by the licensee, may be transferred as de-
3	scribed in subparagraph (A);
4	"(D) a transfer to or possession by a licensed
5	manufacturer, licensed importer, or licensed dealer
6	for a professional theatrical purpose if the licensee—
7	"(i) is registered under section 5802 of the
8	National Firearms Act;
9	"(ii) holds a valid permit or license under
10	State law to engage in business as a theatrical
11	firearms dealer or equivalent statutory designa-
12	tion;
13	"(iii) derives not less than 80 percent of
14	income from the firearms business from the use
15	of firearms by professional motion picture or
16	television productions that are distributed to or
17	produced for a national or international audi-
18	ence;
19	"(iv) before possessing a machinegun
20	under this subparagraph, provides the Attorney
21	General with documentation that—
22	"(I) the licensee meets the require-
23	ments of clauses (i) through (iii); and
24	"(II) the transfer or possession, as
25	the case may be, is for such purpose; and

1	"(v) establishes that the number of ma-
2	chineguns sought by the licensee is reasonable
3	for the film, production, or performance for
4	which the machineguns are requested; or".
5	(b) Importation of Machineguns.—Section
6	925(d) of title 18, United States Code, is amended—
7	(1) in paragraph (3), by striking "or" at the
8	$\mathrm{end};$
9	(2) in paragraph (4), by striking the period and
10	inserting a semicolon; and
11	(3) by inserting after paragraph (4) the fol-
12	lowing:
13	"(5) is imported or brought in for a purpose de-
14	scribed in section $922(0)(2)$; or
15	"(6) is a machinegun being imported or
16	brought in for a purpose described in section
17	922(o)(2)(D).".
18	(c) Importation Under the National Firearms
19	Act.—Section 5844 of the National Firearms Act $(26$
20	U.S.C. 5844) is amended—
21	(1) in paragraph (2), by striking "or" at the
22	end; and
23	(2) by inserting after paragraph (3) the fol-
24	lowing:

1	"(4) a machinegun being imported or brought
2	in by a registered importer or registered manufac-
3	turer for the purpose of training persons who ac-
4	quire machineguns pursuant to paragraph (1) that
5	were manufactured or imported by the registrant; or
6	"(5) a machinegun being imported or brought
7	in for a purpose described in section $922(0)(2)(D)$ of
8	title 18, United States Code;".
9	(d) PROFESSIONAL THEATRICAL PURPOSE DE-
10	FINED.—Section 921(a) of title 18, United States Code,
11	is amended by adding at the end the following:
12	"(36) The term 'professional theatrical purpose'
13	means the use of firearms in a motion picture or television
14	production which is expected to be produced, distributed,
15	marketed, or shown by a member of a nationally recog-
16	nized professional trade association related primarily to
17	motion picture and television production, as determined
18	by the Attorney General.".
19	(e) EFFECTIVE DATE.—The amendments made by

20 this section shall take effect 180 days after the date of21 enactment of this Act.

1	SEC. 203. ELIMINATION OF OBSOLETE LANGUAGE ADDED
2	BY THE BRADY HANDGUN VIOLENCE PRE-
3	VENTION ACT.
4	Section 922 of title 18, United States Code, is
5	amended—
6	(1) by striking subsection (s); and
7	(2) in subsection $(t)(1)$, by striking "Begin-
8	ning" and all that follows through "a licensed" and
9	inserting "A licensed".
10	SEC. 204. ELIMINATION OF WRITTEN PERMISSION RE-
11	QUIREMENT FOR SUPERVISED HANDGUN
12	USE.
13	Section 922(x)(3)(A) of title 18, United States Code,
14	is amended—
15	(1) in clause (ii), by striking subclause (II) and
16	inserting the following:
17	"(II) with respect to ranching or
18	farming activities, target practice, hunting,
19	or a course of instruction in the safe and
20	lawful use of a handgun, as described in
21	clause (i), a juvenile may possess and use
22	a handgun or ammunition without the
23	prior written consent, if the parent or legal
24	guardian is present at all times and the ju-
25	venile acts at the direction of a parent,
26	legal guardian, or other adult who is not

1	weakilited her Federal State on level lever
1	prohibited by Federal, State, or local law
2	from possessing a firearm;"; and
3	(2) in clause (iii), by inserting "except as pro-
4	vided in clause (ii)(II)," after "(iii)".
5	SEC. 205. MODIFICATION OF PROCEDURES FOR SHARING
6	OF MULTIPLE HANDGUN SALES REPORTS.
7	Section 923(g)(3)(A) of title 18, United States Code,
8	is amended—
9	(1) by striking "and to the department of State
10	police" and all that follows through "took place";
11	and
12	(2) by adding at the end the following: "On re-
13	quest by a State or local law enforcement agency of
14	the jurisdiction in which the sale or other disposition
15	took place, the Attorney General may provide the re-
16	port to the agency, unless the agency failed to make
17	the certification required by subparagraph (B) for
18	the most recent 6-month period for which the certifi-
19	cation is so required.".
20	SEC. 206. BAN ON ELECTRONIC RETRIEVAL OF INACTIVE
21	LICENSEE INFORMATION.
22	Subsection 923(g)(4) of title 18, United States Code,
23	is amended by adding at the end the following: "The At-
24	torney General shall not electronically retrieve information

gathered pursuant to this paragraph by name or by any
 personal identification code.".

3 SEC. 207. BARREL AND RECEIVER IMPORTATION.

4 (a) IN GENERAL.—Section 925(e) of title 18, United
5 States Code, is amended—

6 (1) in paragraph (1), by striking ", and" and
7 inserting a period;

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

9 "(3) All frames or receivers of rifles, or barrels
10 for firearms other than handguns, if the importation
11 is for repair or replacement purposes.".

(b) GOVERNMENTAL IMPORTS.—Section 925(a)(1) of
title 18, United States Code, is amended by inserting ",
barrel," after "or importation of any firearm".

15 SEC. 208. CLARIFICATIONS RELATING TO MANUFACTURING
16 OF FIREARMS.

(a) CLARIFICATION OF DEFINITION OF MANUFACTURING.—Section 921(a)(10) of title 18, United States
Code, is amended by adding at the end the following: "The
term 'manufacturing' shall not include repairing firearms,
making or fitting special barrels, stocks, trigger mechanisms, or other parts to firearms, or engraving or otherwise altering the appearance of firearms.".

24 (b) CLARIFICATION OF DEFINITION OF DEALER.—
25 Section 921(a)(11)(B) of title 18, United States Code, is

amended by striking "or trigger mechanisms to firearms"
 and inserting "trigger mechanisms, or other parts to fire arms, or engraving or otherwise altering the appearance
 of firearms".