



Firearm Manufacturer & Seller Gun Safety Codes of Conduct: An Opportunity for Financial Institutions

At a time when all Americans are asking what they can do to reduce gun violence, financial institutions doing business with the sellers and makers of firearms have an opportunity to promote a culture of safety that is consistent with their existing business practices. Similar to current “know your customer” requirements, financial institutions wishing to lend their support to the growing gun violence prevention movement can require codes of conduct of their firearm industry customers – whether gun dealers or manufacturers – to ensure those customers are engaged in practices that improve public safety.

Below we offer suggested principles that can be incorporated into dealer and manufacturer codes of conduct, along with examples of specific policies and procedures that would help firearm industry customers to reduce gun violence.

Gun Dealer Principles:

Lenders, banks, credit card companies, and payment processors have the ability to require their gun dealer clients to engage in business practices that put public safety first and that they take reasonable steps to prevent firearms from falling into the wrong hands.

- **Prevent Sales to Prohibited Individuals & Other Suspect Transactions**
- **Detect & Prevent Straw Purchasing**
- **Prevent Theft**
- **Reduce Lethality of Shootings**
- **Hire and Train Responsible Employees**
- **Assist Law Enforcement**
- **Promote Public Safety & Maintain Public Accountability**

Gun Manufacturer Principles:

Financial institutions that engage in business with gun manufacturers similarly have an opportunity to ensure their clients are not unnecessarily fueling gun violence, that they are taking affirmative steps to improve gun safety, and that they use their business leverage to promote responsible dealer conduct. These institutions could insist manufacturers commit to:

- **Sell Only to Responsible Dealers and Distributors**
- **Develop Safer Guns**
- **Reduce Gun Trafficking & Help Law Enforcement Solve Crimes**
- **Engage in Public Education**
- **Reduce Lethality of Shootings**

The below codes of conduct set forth examples of policies that both dealers and manufacturers can implement to effectuate the above principles. These examples are neither exhaustive nor “all-or-nothing.” But for those financial institutions concerned with the problem of gun violence in America, these codes of conduct offer simple, practical options they can adopt within their existing compliance framework to do their part in making the country safer.

Proposed Code of Conduct Policies for Licensed Gun Dealers

Prevent Sales to Prohibited Individuals & Other Suspect Transactions

For example:

- Do not sell firearms until a background check is complete and the purchaser approved, even if the three-day, statutory “default proceed” period has passed
- Do not sell firearms or ammunition to individuals who appear intoxicated or under the influence of drugs, or emotionally disturbed or unstable
- Do not sell firearms or ammunition when dealer is aware of information suggesting the purchaser may pose a danger to himself/herself or others
- Do not sell at gun shows unless the gun show requires all sellers to conduct background checks on prospective purchasers
- Offer background checks for unlicensed dealers engaged in private gun sales
- Do not sell firearms and ammunition outside of reasonable business hours

Detect & Prevent Straw Purchasing

For example:

- Observe purchasers and ask questions to determine whether they are purchasing for someone else
- Prohibit employees from assisting customers in completing forms or answering questions related to the transaction
- Use surveillance video to record all firearms transactions
- Deny sales to suspicious individuals and report to law enforcement (*e.g.*, when one individual selects a firearm while another completes the purchase)

Prevent Theft

For example:

- Store firearms safely, either in locked containers or with a locking device such as a rod or cable
- Use adequate locks, lighting, surveillance cameras and alarm systems
- Create and maintain an electronic record of the make, model, caliber or gauge, and serial number of all firearms in inventory and perform periodic inventory checks

Reduce Lethality of Shootings

For example:

- Discontinue sale of detachable and fixed ammunition magazines with a capacity of more than 10 rounds (“High Capacity Magazines”)
- Discontinue sale of bump stocks and other conversion devices that enable semiautomatic guns to approximate automatic fire

Hire and Train Responsible Employees

For example:

- Conduct background checks on all potential employees before hiring
- Maintain record of which employees effectuate which sales; review record against ATF trace requests
- Limit access to firearms and ammunition to those employees who are approved and trained to sell them
- Terminate any employee who assists in a straw purchase or other illegal transaction
- Require all employees selling firearms to receive training that covers compliance with this Code of Conduct

Assist Law Enforcement

For example:

- Immediately notify law enforcement:
 - of suspected attempted straw purchasers
 - when an employee is suspected of involvement in a straw purchasing transaction or theft
 - when an individual fails a background check
 - when the dealer refuses to sell a firearm or ammunition to a purchaser for any other reason
 - of any firearm theft or loss
 - of any individual who attempts to purchase a firearm or ammunition after having previously purchased a firearm that was traced to a crime
- Create and maintain an electronic record of the purchaser of each firearm
- Maintain and preserve surveillance video of all firearm sales

Promote Public Safety & Maintain Public Accountability

For example:

- Do not sell firearms or ammunition to individuals under 21 years of age
- Post visible signs and provide handouts reminding purchasers:
 - to safely store firearms, including when left in automobiles
 - to report lost or stolen firearms to law enforcement
 - that straw purchasing is illegal
 - of the risks associated with firearm ownership
 - of the importance and availability of practical training courses
- Prepare an annual public report covering:
 - safety practices
 - the number of ATF violations in the year
 - the total number of crime guns traced to the store in the year

Proposed Code of Conduct Policies for Firearms Manufacturers

Sell Only to Responsible Dealers and Distributors

For example:

- Require Dealers/Distributors to Agree to a Gun Safety Code of Conduct (see above)
- Suspend contracts with distributors/dealers that violate the Code of Conduct

Develop Safer Guns

For example:

- Commit to developing/prototyping handguns or semi-automatic rifles with
 - authorized-use technology
 - load indicators and magazine disconnectors
 - child-proof trigger-resistance/firing mechanism specifications
 - drop-proof trigger-resistance/firing mechanism specifications

Reduce Gun Trafficking & Help Law Enforcement Solve Crimes

For example:

- Commit to equipping/manufacturing all handguns and semi-automatic rifles with
 - microstamping or similar ballistics technology that can assist law enforcement in efforts to trace crime guns
 - tamper-proof serial numbers / serial number identifiers that are visible only with the aid of an infrared detector or other device
 - tracking sensors to allow the authorized user to find the location of a firearm, like the “find my phone” feature on many smartphones
- Coordinate with federal law enforcement to track and compare dealer performance, and identify dealers with high rates of crime guns or poor audit records
- Discontinue or suspend sales to Dealers/Distributors that sell a disproportionate number of firearms that are traced to crime scenes within three years after sale

Engage in Public Education

For example:

- Dedicate funds to advertising and social media campaigns that inform the public about:
 - the need for safe storage and the risks associated with child firearm access
 - the importance of reporting lost or stolen guns to law enforcement
 - the utility of participating in hands-on training before purchasing a firearm
 - the dangers and penalties associated with straw purchasing
 - access to mental health services for gun owners in distress, as well as temporary relinquishment options and applicable red flag laws

Reduce Lethality of Shootings

For example:

- Commit to cease manufacturing for retail sale
 - semi-automatic firearms that can accept High Capacity Magazines
 - semi-automatic rifles that are capable of firing centerfire ammunition
 - High Capacity Magazines