

**COMMON-SENSE PROPOSAL: PREVENTING GUN DEALERS WHOSE LICENSES HAVE BEEN
REVOKED FROM CONTINUING TO SELL THEIR INVENTORY**

❑ **WHAT IS THE FIRE SALE LOOPHOLE?** Even after ATF revokes a gun dealer’s license for chronic non-compliance with federal law, it has allowed dealers to sell their remaining guns without recordkeeping or background checks – by transferring hundreds of guns from their “business inventory” into their “personal collections.”

- Current law requires dealers who sell from their business inventory to run background checks under the Brady Law and to keep records of sales so the gun can be traced.
- These requirements also apply to some sales from dealers’ personal collections:
 - If a licensed dealer transfers a gun from his business inventory to his personal collection and then sells it within a year; or
 - If a licensee sells a gun out of his personal collection “for the purpose of willfully evading the restrictions placed upon licensees.”
 - In these cases, “such firearm shall be deemed part of such licensee’s business inventory” under 18 U.S.C. § 923(c).
- These requirements no longer apply, however, once ATF has revoked someone’s license, because they are no longer a licensed dealer.

❑ **EXAMPLES OF THE FIRE SALE LOOPHOLE:**

- **Example 1: Valley Gun Shop** - In 2005 federal officials revoked the license of Valley Gun Shop in Parkville, MD. Reports indicate the dealer was permitted to sell his inventory as a “private” seller.
 - Valley Gun had 483 suspicious crime gun traces between 1996 and 2000, tying it for 37th among the 120 worst dealers in the country.
 - In the process of revoking Valley Gun’s license, ATF documented serious violations:
 - ATF identified 900 violations of federal law by Valley Gun.
 - One ATF inspection showed that Valley Guns could not account for a quarter of its inventory, which made all those guns untraceable by law enforcement.
 - Despite this long and well-established record of violating federal law, DOJ and ATF allowed the owner to sell off the store’s remaining inventory – over 700 guns – without doing background checks, even after its license had been revoked.
- **Example 2: Jim’s Guns and Whatever** - ATF allowed this store in Dayton, OH to sell guns, even after it had revoked the owner’s license and without background checks.
 - ATF found the owner violating numerous federal laws, including:
 - Deliberately falsifying his federally required inventory records;
 - Failing to send in reports of multiple handgun sales, a key sign of trafficking.
 - ATF let the owner keep selling guns through April 2007, even though they had informed him of his license revocation in January.
 - ATF specifically told the owner, however, that his entire inventory, over 900 guns, became part of a “personal collection” which he could sell.
 - He sold them from what had been his store, under his old business name, just as he had done when he held a license, but without background checks.

❑ **SOLUTION:** Pass legislation to close the fire sale loophole.

- **H.R. 6664**, which was introduced by Rep. Mark Kirk in the 110th Congress, stops gun dealers who lose their licenses from selling their remaining inventory without conducting background checks.