

116TH CONGRESS
2D SESSION

H. R. 7977

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 a minimum level of business liability insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 7, 2020

Ms. MUCARSEL-POWELL (for herself, Ms. KELLY of Illinois, Mr. DEUTCH, Mr. CICILLINE, Mr. LANGEVIN, Mr. SWALWELL of California, and Mr. CROW) introduced the following bill; which was referred to the Committee on the Judiciary

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 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 2020”.

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 shall review the training course materials, and re-
23 vise them as necessary.

24 “(E) On successful completion of the training course
25 by a participant—

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

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

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

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

22 “(F) The Attorney General shall—

23 “(i) create and maintain a database which iden-
24 tifies each individual to whom such a certificate is
25 issued, the date the certificate is issued, the date the

1 certificate expires, and the unique certification num-
2 ber on the certificate;

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

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

13 “(G) Each licensee referred to in subparagraph (A)
14 shall keep—

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

17 “(ii) a copy of any such certificate issued to any
18 employee of the licensee, throughout the duration of
19 employment.

20 “(H) Beginning 545 days after the date of the enact-
21 ment of this subsection, it shall be unlawful for such a
22 licensee or an employee of such a licensee to transfer a
23 firearm or ammunition, unless the licensee or employee,
24 as the case may be, has been issued a certificate under
25 this paragraph which has not expired.

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

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

7 “(B) shall not transfer a firearm or ammuni-
8 tion to an individual if the licensee or an employee
9 of the licensee knows or has reasonable cause to
10 know that the individual is intoxicated;

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

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

20 “(E) immediately notify the Bureau of Alcohol,
21 Tobacco, Firearms and Explosives and local law en-
22 forcement authorities if the licensee or an employee
23 of the licensee knows or has reasonable cause to
24 know that the individual has engaged or attempted
25 to engage in a straw purchase or gun trafficking.

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

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

7 “(I) is accompanied by 1 or more individ-
8 uals;

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

11 “(III) is buying multiple firearms;

12 “(IV) has been the subject of a crime gun
13 trace;

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

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

18 “(ii) instruct employees to attempt to ascertain
19 whether a prospective firearm transferee is lawfully
20 purchasing a firearm, including by asking questions
21 of the prospective firearm transferee (including
22 whether he or she intends to transfer the firearm to
23 another person); and

1 “(iii) inform employees about how to report a
2 suspected fraudulent firearm purchase to the Bu-
3 reau of Alcohol, Tobacco, Firearms and Explosives.

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

6 “(i) obtain the written protocols described in
7 subparagraph (A); and

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

12 “(4) Each licensee referred to in paragraph (1)(A)
13 of this subsection shall maintain general business and li-
14 ability insurance as described in subsection (d)(1)(F)(iv)
15 during each day of a calendar month, unless the licensee
16 has certified to the Attorney General, on the 1st day of
17 that month, that the licensee—

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

21 “(B) expects to transfer not more than 20 fire-
22 arms in the 12-month period that begins with that
23 date.”.

24 (b) DEADLINE FOR DEVELOPMENT OF FIREARM
25 TRANSFER TRAINING COURSE.—Within 180 days after

1 the date of the enactment of this Act, the Attorney Gen-
2 eral shall develop the training course provided for in sec-
3 tion 923(m)(1) of title 18, United States Code.

4 (c) DEADLINE FOR DEVELOPMENT OF WRITTEN
5 BUSINESS PROTOCOLS FOR FIREARMS SALES.—Within
6 180 days after the date of the enactment of this Act, the
7 Attorney General shall develop the written protocols pro-
8 vided for in section 923(m)(3) of title 18, United States
9 Code.

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

14 (1) by striking “and” at the end of clause

15 (ii)(II); and

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

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

1 application that the applicant expects to trans-
2 fer to persons not licensed under this chapter
3 not more than 20 firearms per year; and”.

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

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

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

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

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

17 **SEC. 3. DEFINITIONS.**

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

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

1 firearm. For purposes of the preceding sentence, a gift to
2 a person is not a bona fide gift if the person has offered
3 or given the purchaser a service or thing of value to ac-
4 quire the firearm for the person.

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

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

11 **SEC. 4. PENALTIES.**

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

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

18 “(2) With respect to each violation of section
19 923(m)(2)(D), a person shall be fined not more than
20 \$2,500, imprisoned not more than 1 year, or both.

21 “(3) With respect to each violation of paragraph
22 (1)(G) or (3)(B) of section 923(m), a licensed importer,
23 licensed manufacturer or licensed dealer shall be fined not
24 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.

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