

118TH CONGRESS  
2D SESSION

# H. R. 7834

To improve the licensing requirements for the retail sale of firearms, and  
for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2024

Mr. FROST (for himself, Mr. NEGUSE, Mrs. RAMIREZ, and Ms. KELLY of Illinois) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To improve the licensing requirements for the retail sale  
of firearms, 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 “Prevent Illegal Gun  
5 Resales Act”.

6 **SEC. 2. INCREASED LICENSING FEES.**

7 Section 923 of title 18, United States Code, is  
8 amended—

9 (1) in subsection (a)—

10 (A) in paragraph (1)—

1 (i) in subparagraph (A), by striking  
2 “\$1,000” and inserting “\$2,000”;

3 (ii) in subparagraph (B), by striking  
4 “\$50” and inserting “\$2,000”; and

5 (iii) in subparagraph (C), by striking  
6 “\$10” and inserting “\$1,000”;

7 (B) in paragraph (2)—

8 (i) in subparagraph (A), by striking  
9 “\$1,000” and inserting “\$2,000”; and

10 (ii) in subparagraph (B), by striking  
11 “\$50” and inserting “\$2,000”; and

12 (C) in paragraph (3)—

13 (i) in subparagraph (A), by striking  
14 “\$1,000” and inserting “\$2,000”; and

15 (ii) in subparagraph (B)—

16 (I) by striking “\$200” and in-  
17 serting “\$400”; and

18 (II) by striking “\$90” and in-  
19 serting “\$180”; and

20 (2) in subsection (b), by striking “\$10” and in-  
21 serting “\$20”.

22 **SEC. 3. ANTI-TRAFFICKING PROCEDURES.**

23 (a) DEALER’S LICENSE APPLICATION REQUIRED TO  
24 SPECIFY BUSINESS PRACTICES TO PREVENT DIVERSIONS  
25 FROM LAWFUL COMMERCE.—Section 923(d)(1)(G) of

1 title 18, United States Code, is amended to read as fol-  
2 lows:

3           “(G) in the case of an application to be li-  
4 censed as a dealer—

5                   “(i) the applicant certifies that secure  
6 gun storage or safety devices will be avail-  
7 able at any place in which firearms are  
8 sold under the license to persons who are  
9 not licensees (subject to the exception that  
10 in any case in which a secure gun storage  
11 or safety device is temporarily unavailable  
12 because of theft, casualty loss, consumer  
13 sales, backorders from a manufacturer, or  
14 any other similar reason beyond the con-  
15 trol of the licensee, the dealer shall not be  
16 considered to be in violation of the require-  
17 ment under this subparagraph to make  
18 available such a device);

19                   “(ii) the applicant submits with the  
20 application a specification of the firearms  
21 business practices, policies, and procedures  
22 of the applicant; and

23                   “(iii) the Attorney General determines  
24 that the specification describes policies,

1 practices, and procedures comply with reg-  
2 ulations prescribed under section 926(d).”.

3 (b) REGULATIONS TO REQUIRE LICENSED DEALERS  
4 TO IMPLEMENT BUSINESS PRACTICES, POLICIES, AND  
5 PROCEDURES TO PREVENT BUSINESS INVENTORY FIRE-  
6 ARMS, AMMUNITION, AND ACCESSORIES FROM BEING DI-  
7 VERTED FROM LAWFUL COMMERCE, AND PREVENT BUSI-  
8 NESS INVENTORY FIREARMS FROM BEING TRANSFERRED  
9 TO A STRAW PURCHASER.—Section 926 of such title is  
10 amended by adding at the end the following:

11 “(d) The Attorney General shall prescribe regulations  
12 requiring licensed dealers to implement business practices,  
13 policies, and procedures sufficient to prevent firearms, am-  
14 munition, and accessories in the business inventory of a  
15 licensed dealer from being diverted from lawful commerce,  
16 and to prevent business inventory firearms of a licensed  
17 dealer from being transferred to a straw purchaser, and  
18 shall do so in consultation with government entities with  
19 expertise similar to that of the White House Office of Gun  
20 Prevention.”.

21 (c) PENALTIES FOR FAILURE TO IMPLEMENT BUSI-  
22 NESS PRACTICES, POLICIES, AND PROCEDURES SPECI-  
23 FIED IN APPROVED DEALER’S LICENSE APPLICATION.—  
24 Section 924 of such title is amended by adding at the end  
25 the following:

1 “(q) The Attorney General may impose a civil money  
2 penalty of not more than \$5,000 on, and may suspend  
3 the license issued under section 923 to, any person who  
4 is a licensed dealer who fails to comply with any practice,  
5 policy, or procedure specified in the application approved  
6 under section 923 of the person to become a licensed deal-  
7 er.”.

8 **SEC. 4. PREVENTING FIREARM TRAFFICKING.**

9 (a) DUTIES OF FIREARM LICENSEES.—Section  
10 923(g) of title 18, United States Code, is amended—

11 (1) in paragraph (1)(B)—

12 (A) by striking “or” at the end of clause

13 (ii); and

14 (B) by redesignating clause (iii) as clause

15 (iv) and inserting after clause (ii) the following:

16 “(iii) for ensuring compliance with the

17 regulations prescribed under section

18 926(d); or”;

19 (2) in paragraph (3)(B)—

20 (A) by inserting “a firearm involved in a

21 crime or” after “thereof regarding”;

22 (B) by striking “, and shall destroy each

23 such form and any record of the contents there-

24 of no more than 20 days after the date such

25 form is received” and inserting “and shall re-

1           tain each such form and any record of the con-  
2           tents of the form for 180 days after the date  
3           the form is received”; and

4                   (C) by striking the 2nd sentence; and

5           (3) by striking paragraph (7) and inserting the  
6           following:

7           “(7)(A) Each licensee shall respond immediately to,  
8           and in no event later than 24 hours after the receipt of,  
9           a request by the Attorney General for information con-  
10          tained in the records required to be kept by this chapter  
11          as may be required for determining the disposition of 1  
12          or more firearms in the course of a bona fide criminal  
13          investigation. The requested information shall be provided  
14          orally or in writing, as the Attorney General may require.  
15          The Attorney General shall implement a system whereby  
16          the licensee can positively identify and establish that an  
17          individual requesting information via telephone is em-  
18          ployed by and authorized by the agency to request the in-  
19          formation.

20          “(B) Each licensee shall, in the absence of unique  
21          and special circumstances and approved in writing by the  
22          Attorney General, maintain records of all such crime gun  
23          trace requests for firearms disposed of by the licensee  
24          within the preceding 3 years, with copies of the trans-  
25          action records for the firearms in the possession of the

1 licensee, if any, to review before the transfer of any fire-  
2 arm.

3       “(C) Each licensee shall review all records of crime  
4 gun trace requests before transferring any firearm, and  
5 report sales or other dispositions whenever the licensee  
6 sells or otherwise disposes of any firearm to an unlicensed  
7 person to whom a crime gun has been traced. The report  
8 shall be prepared on a form specified by the Attorney Gen-  
9 eral and forwarded to the office specified thereon and to  
10 the department of State police or State law enforcement  
11 agency of the State or local law enforcement agency of  
12 the local jurisdiction in which the sale or other disposition  
13 took place, not later than the close of business on the day  
14 that the licensee determines that the sale or other dispo-  
15 sition occurs.

16       “(D)(i) Each licensed dealer shall update the prac-  
17 tices, policies, and procedures referred to in section  
18 923(d)(1)(G)(ii) of the licensee, whenever—

19               “(I) the licensee reports to the Attorney Gen-  
20 eral 5 or more lost or stolen firearms in any period  
21 of 12 consecutive months; or

22               “(II) 5 or more firearms that were used in a  
23 crime under Federal, State, or local law within 3  
24 years after the last known retail sale of the firearm

1       are traced to the licensee within any such 12-month  
2       period.

3       “(ii) Each licensed dealer shall maintain physical  
4 records of costs incurred to implement and update the  
5 business practices, policies, and procedures, including the  
6 installation of audio and video surveillance of firearms  
7 transactions, and the implementation of an electronic  
8 record keeping system, or of physical security to prevent  
9 loss or theft of firearm inventory, and shall make the  
10 records available for inspection on the premises covered  
11 by the license until the licensee ceases to engage in the  
12 business of selling firearms.”.

13       (b) DUTIES OF THE ATTORNEY GENERAL.—The At-  
14 torney General shall—

15           (1) develop, draft, and distribute to persons li-  
16 censed under chapter 44 of title 18, United States  
17 Code, materials setting forth best business practices,  
18 policies, and procedures to prevent the diversion of  
19 firearms inventory from lawful commerce, and from  
20 time to time revise the materials as appropriate; and

21           (2) during the 3 fiscal years that first begin  
22 after the date of the enactment of this Act, prioritize  
23 for compliance inspections those firearms dealers  
24 that have not been inspected within the then pre-



1 ceding fiscal year with a high number of crime gun  
2 traces relative to other firearms dealers.

3 **SEC. 5. MENS REA REQUIREMENT FOR VIOLATIONS OF**  
4 **RULES APPLICABLE TO ONLY LICENSEES.**

5 Section 924(a)(1)(D) of title 18, United States Code,  
6 is amended by striking “willfully” and inserting “know-  
7 ingly”.

8 **SEC. 6. FIREARMS TRAFFICKING OFFENSE.**

9 (a) IN GENERAL.—Section 933 of title 18, United  
10 States Code, is amended to read as follows:

11 **“§ 933. Trafficking in firearms**

12 “(a) PROHIBITIONS.—

13 “(1) IN GENERAL.—It shall be unlawful for any  
14 person to—

15 “(A) ship, transport, transfer, cause to be  
16 transported, or otherwise dispose of 2 or more  
17 firearms to another person in or affecting inter-  
18 state or foreign commerce, if the person knows  
19 or has reasonable cause to believe that the use,  
20 carrying, or possession of a firearm by such  
21 other person would constitute a felony (as de-  
22 fined in section 932(a));

23 “(B) receive from another person 2 or  
24 more firearms in or affecting interstate or for-  
25 eign commerce, if the person knows or has rea-

1           sonable cause to believe that the receipt would  
2           constitute a felony; or

3           “(C) attempt or conspire to commit con-  
4           duct described in paragraph (1) or (2).

5           “(2) LICENSEES.—It shall be unlawful for any  
6           licensee to ship, transport, transfer, cause to be  
7           transported, or otherwise dispose of any firearm to  
8           another licensee if the licensee knows or has reason-  
9           able cause to believe that—

10           “(A) in the preceding year, 5 or more fire-  
11           arms that were used in a crime under Federal,  
12           State, or local law within 3 years after the last  
13           known retail sale of the firearms have been  
14           traced to such other licensee;

15           “(B) in the preceding year, to the knowl-  
16           edge of the licensee, such other licensee has  
17           since failed to implement or update business  
18           practices to prevent firearm trafficking or straw  
19           purchasing;

20           “(C) such other licensee lacks adequate se-  
21           curity to prevent loss or theft of firearms or  
22           ammunition from the inventory of such other li-  
23           censee; or

24           “(D) in the most recent inspection of such  
25           other licensee under this chapter, the Attorney

1           General has found 3 or more violations relating  
2           to failures to timely or accurately record infor-  
3           mation in firearm acquisition and disposition  
4           records.

5           “(b) AFFIRMATIVE DEFENSES.—It shall be an af-  
6 firmative defense to a charge of violating—

7           “(1) subsection (a)(1) of this section, that the  
8           licensee took all reasonable steps, including the im-  
9           plementation of and updates to business practices  
10          pursuant to subsection 923(g)(7)(D), to prevent the  
11          diversion of inventory firearms from lawful com-  
12          merce; and

13          “(2) subsection (a)(2) of this section, that the  
14          licensee took all reasonable steps to comply with  
15          subsection (a)(2) and failed to discover facts that  
16          would render disposition of firearms to a licensee  
17          unlawful under subsection (a)(2) only as the direct  
18          result of a violation of Federal law by the licensee.

19          “(c) PENALTIES.—

20          “(1) IN GENERAL.—Any person who violates  
21          subsection (a)(1) shall be fined under this title, im-  
22          prisoned for not more than 15 years, or both.

23          “(2) LICENSEES.—

24                  “(A) CIVIL PENALTIES.—Any licensee who  
25                  violates subsection (a)(2) shall, after notice and

1 opportunity for a hearing, disgorge all profits  
2 from the transfer of the firearms that are the  
3 subject of the violation, and the court may im-  
4 pose on the licensee a civil money penalty equal  
5 to the greater of—

6 “(i) \$10,000 for each firearm in-  
7 volved, or \$50,000 with respect to any  
8 such firearm that was subsequently used in  
9 a crime under Federal, State, or local law;  
10 or

11 “(ii) the total amount expended by the  
12 Attorney General in the preceding 3 fiscal  
13 years to trace firearms used in a crime  
14 under Federal, State, or local law, multi-  
15 plied by the percentage of the firearms  
16 traced to the licensee that were recovered  
17 during that period.

18 “(B) LICENSE SUSPENSION OR REVOCA-  
19 TION.—In addition to any penalty under sub-  
20 paragraph (A), the Attorney General may, after  
21 notice and opportunity for a hearing, suspend  
22 or revoke the license issued to the licensee  
23 under this chapter in the case of the first viola-  
24 tion of this section and, in the case of any sub-

1           sequent violation, shall immediately revoke the  
2           license.”.

3           (b) DIRECTIVE TO SENTENCING COMMISSION.—

4           (1) IN GENERAL.—Pursuant to its authority  
5           under section 994(p) of title 28, United States Code,  
6           the United States Sentencing Commission shall re-  
7           view and, if appropriate, amend the Federal sen-  
8           tencing guidelines and policy statements applicable  
9           to persons convicted of offenses under section 933 of  
10          title 18, United States Code (as added by subsection  
11          (a) of this section).

12          (2) REQUIREMENTS.—In carrying out this sec-  
13          tion, the Commission shall review the penalty struc-  
14          ture that the guidelines provide based on the number  
15          of firearms involved in the offense and determine  
16          whether any changes to the penalty structure are ap-  
17          propriate in order to reflect the intent of the Con-  
18          gress that the penalties reflect the gravity of the of-  
19          fense, the number of trafficked firearms purchased  
20          by or from the defendant, the extent of the knowl-  
21          edge of the defendant about the overall scheme to  
22          traffic firearms, the amount of money or nonmone-  
23          tary compensation provided to the defendant for the  
24          participation of the defendant, and the culpability of  
25          the defendant, including whether the defendant is a

1 licensed manufacturer, importer, or dealer and, as  
2 mitigating factors, whether the defendant is a rel-  
3 ative or current or former intimate partner of an-  
4 other individual involved in a conspiracy to traffic  
5 firearms, is a domestic violence survivor, or has been  
6 otherwise exploited by personal affection, fear of re-  
7 praisal, or economic need to commit an offense under  
8 section 933 of title 18, United States Code.

9 (c) DIRECTIVE TO ATF.—

10 (1) DUTY TO INVESTIGATE.—The Director of  
11 the Bureau of Alcohol, Tobacco, Firearms and Ex-  
12 plosives shall investigate the source of firearms traf-  
13 ficked in violation of section 923 or 933 of title 18,  
14 United States Code, and in particular, whether the  
15 source is engaged in the business of importing, man-  
16 ufacturing, or dealing in firearms in violation of sec-  
17 tion 922(a)(1) of such title, and refer prosecutions  
18 of the source to the Attorney General. The Director  
19 shall assess whether regulations, informal guidance,  
20 licensee resources regarding trafficking, and the con-  
21 duct of a firearms transferee would indicate, to a  
22 reasonable person, that the transferee may be vio-  
23 lating section 932 or 933 of such title, and revise  
24 and re-issue the materials developed under section  
25 4(b) of this Act, accordingly.

1           (2) GUN TRAFFICKING AWARENESS PRO-  
2           GRAM.—The Director shall establish a program, to  
3           be known as the “Gun Trafficking Awareness Pro-  
4           gram”, in which licensees under chapter 44 of title  
5           18, United States Code, who have transferred fire-  
6           arms to an individual who has violated section  
7           932(b) of such title, but who lack the mens rea to  
8           have committed a violation of section 933 of such  
9           title, may be enrolled for purposes of preventing fu-  
10          ture such violations. The program shall include, at  
11          a minimum—

12                   (A) electronic or in-person training of such  
13                   a licensee and all employees of the licensee who  
14                   are responsible for handling firearms to identify  
15                   signs of straw purchasing or gun trafficking;

16                   (B) the adoption by such a licensee of elec-  
17                   tronic record keeping and collation of records  
18                   relevant to trafficking, including crime gun  
19                   trace requests and multiple purchase reports;  
20                   and

21                   (C) a requirement that such a licensee who  
22                   operates retail premises from which firearms  
23                   are transferred maintain audio and video sur-  
24                   veillance of all areas of the premises; and

1 (D) inspections of such a licensee, as ap-  
2 propriate, and not more frequently than quar-  
3 terly, for a period of 1 year, to ensure compli-  
4 ance with such chapter.

5 (d) DIRECTIVE TO THE ATTORNEY GENERAL.—  
6 Within 2 years after the date of the enactment of this Act  
7 and annually thereafter, the Attorney General shall submit  
8 to the Committee on the Judiciary of the Senate and the  
9 Committee on the Judiciary of the House of Representa-  
10 tives a report containing the following information:

11 (1) For the preceding 12-month period—

12 (A) the number of investigations initiated  
13 for violations of section 933 of title 18, United  
14 States Code;

15 (B) the number of individuals, entities,  
16 and Federal firearm licensees charged crimi-  
17 nally or civilly for the violations;

18 (C) the number of individuals, entities, and  
19 Federal firearm licensees indicted for the viola-  
20 tions;

21 (D) the number of investigations referred  
22 to the Attorney General by the Bureau of Alco-  
23 hol, Tobacco, Firearms and Explosives that did  
24 not result in criminal or civil charges; and



1 (E) the number of licensees enrolled in,  
2 and the number of licenses determined to have  
3 successfully completed, the program established  
4 under subsection (c)(2).

5 (2) To the extent the information is available,  
6 the average length of the sentences of imprisonment  
7 and average and mean monetary fines imposed on  
8 persons convicted of violations of section 933 of title  
9 18, United States Code, during the preceding 12-  
10 month period.

11 (3) A narrative describing the trafficking  
12 schemes prosecuted in the preceding 12-month pe-  
13 riod, including the sources of firearms, the roles of  
14 various defendants in the scheme, the number of  
15 firearms trafficked, and a description of any traf-  
16 ficking practices or trends common among various  
17 firearm trafficking schemes.

18 **SEC. 7. ENHANCED REGULATION OF HIGH RISK DEALERS.**

19 Chapter 44 of title 18, United States Code, is amend-  
20 ed by adding at the end the following:

21 **“§ 935. Regulation of high risk dealers**

22 “(a) IN GENERAL.—On a determination by the At-  
23 torney General that a licensed dealer is a high risk dealer,  
24 the Attorney General shall—

1           “(1) require the dealer to permanently alter the  
2 business practices of the dealer or make physical im-  
3 provements to the firearms business premises of the  
4 dealer to reduce the diversion of firearms from the  
5 firearms inventory of the dealer, which requirements  
6 shall include requiring the dealer to—

7                   “(A) adopt electronic acquisition and dis-  
8 position record keeping;

9                   “(B) provide the National Tracing Center  
10 with electronic access to all records required to  
11 be kept under this chapter that are possessed  
12 by the dealer;

13                   “(C) make video and audio recordings of  
14 all firearms transactions, and maintain the re-  
15 cordings for 360 days; and

16                   “(D) retain for more than 360 days, any  
17 video or audio recording of a firearm trans-  
18 action that was the subject of a trace request;  
19 and

20           “(2) not less frequently than biennially, inspect  
21 or examine the inventory, records, and business  
22 premises of the dealer without reasonable cause or  
23 warrant.

24           “(b) CESSATION.—On application of a high risk deal-  
25 er, on a form prescribed by the Attorney General, and ap-

1 proval of the application by the Attorney General in writ-  
2 ing, the inspections of the dealer under subsection (a)(2)  
3 shall cease—

4 “(1) on certification by the Attorney General  
5 that the dealer—

6 “(A) has permanently altered the business  
7 practices of the dealer or made the physical im-  
8 provements required under subsection (a)(1);  
9 and

10 “(B) will maintain the practices and im-  
11 provements until otherwise notified by the At-  
12 torney General; and

13 “(2) if, on 2 separate and consecutive occasions  
14 at least 6 months apart, the Attorney General has  
15 inspected and examined the books and records of the  
16 dealer and, during that period, the dealer has not  
17 been notified of any violations of Federal, State, or  
18 local law.

19 “(c) NOTICE.—The Attorney General shall inform  
20 high risk dealers in writing of their obligations under this  
21 section.

22 “(d) DEFINITION.—The term ‘high risk dealer’  
23 means any dealer identified by the Attorney General as  
24 lacking sufficient policies, procedures, or controls to pre-  
25 vent the diversion from lawful commerce of firearms or

1 ammunition in the firearms business inventory of the deal-  
2 er or transferred by the dealer, and firearms possessed  
3 by the dealer that are to be destroyed, and, thus, necessi-  
4 tating enhanced regulation and enforcement including reg-  
5 ular inspection and examination of the inventory, records,  
6 and premises of the firearms business of the dealer. The  
7 Attorney General shall so identify such a dealer if—

8           “(1) the Attorney General has issued to the  
9 dealer a report of violation or warning letter;

10           “(2) the dealer has been the subject of a warn-  
11 ing conference with the Attorney General within the  
12 preceding 36 months; or

13           “(3) in the preceding 12 months, the dealer was  
14 the source of 2 or more firearms that were used in  
15 a crime under Federal, State, or local law within 36  
16 months after the last known retail sale of the fire-  
17 arm.”.

18 **SEC. 8. EFFECTIVE DATE.**

19 Sections 2 through 6 shall take effect on the date  
20 that is 180 days after the date of the enactment of this  
21 Act.

○