Firearms Trafficking in Virginia: Federal Firearms Licensees' Policy Perspectives

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Firearms Trafficking in Virginia:
Federal Firearms Licensees’ Policy Perspectives

A thesis submitted in partial fulfillment of the requirement for the degree of Bachelor of Arts in Public Policy from The College of William and Mary

by

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Accepted for Honors

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Abstract

Gun policy is a complicated, polarizing issue in the United States. My study focuses on Federal Firearms Licensees’ opinions towards policies designed to address illegal firearms trafficking. I chose Virginia because its high rate of private firearms ownership, large number of Federal Firearms Licensees, or FFLs, and the state’s relatively lax gun regulations render firearms trafficking a relevant issue in the state. Virginia’s lack of regulation on private gun sales both prompts gun trafficking and economically impacts the state’s FFLs. Thus, Virginian FFLs’ opinions regarding potential gun laws are important because of their niche in the market. To collect my data, I surveyed 580 Virginian FFLs using an online gun brokers’ database. My questions focused on the FFLs’ perceptions of how these policies would impact their business. I hypothesized that FFLs may favor increased regulations on private sales of firearms to equalize the costs of production between them and private sellers and collectors. My results indicated that approximately a quarter of respondents perceived an economic incentive to favor greater regulation of private sales, including universal background checks. I discuss research design limitations, future research suggestions, and policy recommendations.
Acknowledgements

I would like to thank my advisor, Joel Schwartz, for his ready acceptance of my project and consistent encouragement—even when he was concerned for my safety in the field. Thank you as well to the members of the Public Policy department for their support and guidance. I also want to thank each and every one of the Federal Firearms Licensees that were open to speaking with me so candidly. Their willingness to engage with an overenthusiastic female college student in person, on the phone, and via email made this project possible. I sincerely thank them for their time and patience. Finally, I would like to thank my family and friends for putting up with my constant stream of opinions—you have unwittingly served as a critical sounding board in this process, reminding me that a reciprocal, constructive dialogue is the best way to learn.
Introduction

Gun policy, gun rights, and gun crime are enduring, intersecting, and controversial issues in the United States. Ideological fervor surrounds legal access to firearms with lawmakers and the public alike forming opinions on gun policies often without due consideration of empirical evidence. Furthermore, Americans uncontroversibly perceive their individual right to bear arms unlike the citizens of other nations. Gun owning Americans often believe that their right to bear arms, grounded in the Second Amendment, is as inalienable as their freedom of speech, freedom of religion, the right to vote, or the right to privacy, owning guns for protection, hunting, shooting, collecting, or for their jobs (Parker et al. 2017; McDonald 1995). A quarter of American gun owners believe that their guns are essential to their identity (Parker et al. 2017). It follows that the literature surrounding guns and gun policy in America is dense and varied, from economic models of gun markets to historical studies of American private gun ownership since the Revolutionary War.

This paper focuses on illegal firearms trafficking as a specific area of gun policy. I narrowed the scope of my research to Virginia because its high rate of private firearms ownership, large number of Federal Firearms Licensees, and comparatively few gun regulations make it an “easy case” as a source state for trafficked guns. The first purpose of my study analyzes Virginia’s Federal Firearms Licensees’ opinions of specific gun policies and laws associated with lower levels of firearms trafficking from states with those laws. I focused on the opinions of licensees since it appears that little research exists on these individuals’ perceptions of gun policies aimed at preventing gun diversion into illegal markets. Virginia’s lack of regulation on private gun sales both facilitates trafficking and
economically impacts the state’s licensed firearms sellers. Virginian FFLs’ opinions of anti-trafficking policies are important because these policies either impact them directly, like ATF auditing, or indirectly through market distortions generated by private gun sales. I asked how license holders believed that these policies would impact their sales, rather than how they felt normatively towards the proposals. I sought to uncover whether any of Virginia’s licensees perceived an economic incentive to favor greater regulation of private individuals. I hypothesized that some FFLs would favor greater restrictions on private sales of firearms in order to equalize their costs of doing business compared with the negligible costs that unlicensed private sellers face.

The fundamental structure of American government makes firearms trafficking an inevitable public policy concern. Our federal system, where individual states implement unique versions of gun policy, encourages buying, transferring, and selling guns across state lines. Multiple studies have found that the cost of owning a gun is rooted at least in part in the extent of gun regulations in a particular state, and that the differences in state gun laws prompt intrastate gun sales (Kanogh 2015; Kahane 2013; Koper and Reuter 1996). The foundation of American government—federalism spread over a large geographic area—creates incentives for the illegal trafficking of firearms across state lines. “Criminal ‘gun trafficking’ essentially entails the movement or diversion of firearms from legal to illegal markets,” (Krouse, 2017, 13). An illegal transfer occurs whenever anyone transfers a firearm between states without using a Federal Firearms Licensee to move the gun, with a few specific exceptions including bequests upon the owner’s death.¹ Figure 1

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¹“No person, other than a licensed importer, licensed manufacturer, licensed dealer, or licensed collector, shall transport into or receive in the State where the person resides (or
Merrill illustrates the different ways that guns can move from the legal to illegal markets. Traffickers can acquire guns from private purchases from friends and family, straw purchases, or theft. They then transfer those guns across state lines without a Federal Firearms License and sell them to prohibited individuals, such as criminals or under-age youth, in the secondary market, often with a large mark-up (Knight 2013). Furthermore, this secondary market for firearms is substantial, with one series of Bureau of Alcohol, Tobacco, and Firearms investigations reporting 84,000 trafficked weapons in a two-year period (Ibid.).

Figure 1: Firearm Movement from Legal to Illegal Markets

((ATF 2016)

A gun’s “Time-To-Crime” or “TTC” is a measure of the length of time between the gun’s initial sale by a licensed dealer and when law enforcement recover it at a crime. A

if a corporation or other business entity, where it maintains a place of business) any firearm purchased or otherwise obtained by such person outside that State.” CFR 478.29
short TTC is one indicator of trafficking and is positively associated with a state’s crime gun export rate (Mayors Against Illegal Guns 2010). When traffickers smuggle guns across state lines, there is a high probability that law enforcement will find these guns at crime scenes.\(^2\)Law enforcement traced thirty percent of crime guns in 2014 to a different source state from where the crime occurred (Everytown 2016). Furthermore, traffickers move firearms in a recognizable pattern based on state gun laws. Several researchers support the conclusion that criminals traffic firearms from states with fewer gun regulations to those with stronger ones (Webster, Vernick, McGinty, and Alcorn 2016; Kahane 2013; Kanogh 2013; Knight 2013; Cook and Braga 2001; Webster, Vernick, and Hepburn 2001). Of course, trafficking patterns also depend on other factors besides state gun laws, including the economic size of trading partners, geographic proximity of states, and the presence of gangs (Kahane 2013).

However, the link between reduced firearms trafficking and reduced gun violence remains mainly theoretical, with scholarly experts still unsure of the connection between the two (Webster, Vernick, McGinty, and Alcorn 2013). One of the most recent empirical studies directly connecting trafficking to gun violence comes from Johns Hopkins University in 2014. This study is notable for its linkage of Missouri’s 2007 repeal of its permit-to-purchase law for handguns, which included a universal background check requirement, to increased firearms trafficking and diversion of guns to criminals in Missouri along with a statewide 23% increase in firearm homicides (Webster, Crifasi, Vernick 2014). Thus, there is a general consensus among political scientists that firearms

\(^2\) Short TTC is not a perfect measure of trafficking, and prosecution is necessary to know whether a crime gun is actually a gun trafficked across state lines (Mayors Against Illegal Guns 2010).
travel from states with weaker gun laws to those with more restrictions, and at least some empirical evidence that trafficking is positively correlated with gun violence at a state level.

Both government and the courts must address the externalities inherent in American federalism, and there is a need for careful balancing between protecting individual rights and limiting the social costs that these rights engender. Josh Blackman poses this balancing act for private gun ownership as, “Is the right of B to be free from fear of harm greater than the exercise of A’s constitutional right to keep and bear arms?” (Blackman 2011, 960). While Blackman focuses on the role of the courts as a mediator between liberty and social costs, this is a public policy paper, so I will leave constitutional law aside and focus on the idea that “a primary concern of every government [is] a concern for the safety and indeed the lives of its citizens,” (United States v. Salerno 1987). That being said, the Pew Research Center reports that the American public has been divided on the social cost vs. individual right debate in recent years, with similar percentages of the population favoring protecting gun rights versus controlling gun ownership (Parker, et. al. 2017). I assume that the national government wants to minimize illegal firearms trafficking and the social costs that it produces and is willing to implement policies affecting either the supply or demand within firearms markets.

Illegal firearms trafficking becomes an externality when individuals commit crimes using trafficked weapons that they purchased or smuggled from another state with weaker regulations. Lee (2013) asserts that American federalism prompts policymakers to set jurisdictional gun regulations weaker than the socially efficient level, and that the externality can also cut in the opposite direction, when jurisdictions with stronger gun laws create cross-jurisdictional social benefits by preventing gun crimes in other jurisdictions.
“Gun policy in the United States reflects the costs associated with decentralization, namely cross-state externalities, and these externalities are particularly salient when there is significant diversity in gun regulations across states,” (Knight 2013, 200). I will thus draw on the empirical consensus that American federalism prompts firearms trafficking, and that this trafficking constitutes an externality in an economic sense when “trafficking patterns respond to differences in state-level gun regulations,” (Ibid, 201). Recent trafficking activity originating in Virginia suggests that this theoretical premise holds in that state.

Of course, one solution to the federalism gun policy dilemma would be lowering gun regulations uniformly across the fifty states. By equalizing the market price of firearms, there would be fewer incentives for interstate trafficking, and presumably identical guns would sell for similar prices in all states. This approach dovetails with the perception that criminals are not responsive to state gun laws. In fact, large majorities of the American public, both gun owners and non-owners, believes that criminals will find a way to commit crimes whether they have a gun or not (Parker et. al 2017). One FFL from DK Firearms professed this view, expressing his reluctance to place blame for trafficking incidents on Virginia’s gun laws:

“Like I said at the Chantilly gun show, it's already a crime to buy guns on VA with the intention to sell them in a State that has laws against these guns. However it is the responsibility of the state with the stricter laws to deal with the issue that they created. States like N.Y. have created a lucrative black market for illegal guns. Criminals will exploit these markets where ever they can. Look at prohibition, and the current war on drugs.”
The National Rifle Association, the most powerful interest group concerned with protecting citizens’ right to possess firearms, advocates for personal accountability by lawmakers in states where criminals use trafficked weapons. The NRA prefers stricter prosecution of criminals and enforcement of current laws, viewing new policies directed towards illegal trafficking with skepticism.

However, 86% of Americans also believe that the ease with which criminals obtain guns illegally contributes “a great deal or a fair amount to gun violence,” a much stronger consensus of opinion than that surrounding legal access to guns (Ibid, 56). Interstate trafficking is one way that criminals illegally acquire guns, so it follows that preventing access to trafficked weapons and punishing traffickers is a public policy concern. This paper hinges on the idea that both enforcement of current effective policies as well as advocating for new measures to deter illegal trafficking are necessary to prevent the external costs associated with trafficking.

ATF, Firearms Markets, and Firearms Trafficking

United States firearms markets are prolific and complex. U.S. Federal Firearms Licensees are individuals who possess permits to manufacture, buy, sell, and transfer firearms as their legal business. The Bureau of Alcohol, Tobacco, and Firearms, or ATF, a division of the United States Department of Justice is a federal government agency tasked with regulation and oversight of firearms licensees. ATF has had jurisdiction over American guns since 1952 (Berlow 2013). The agency’s trafficking branch, which “investigates individuals and or criminal organizations that utilize firearms in furtherance of illicit activity or supply firearms to prohibited individuals…”, is only one aspect of its regulatory responsibilities (ATF 2016). In 2015, the Bureau of Alcohol, Tobacco, and
Firearms processed 1,545,847 firearms (United States Department of Justice 2016). In 2014, ATF found that over 9 million new firearms were manufactured in the United States. This statistic includes destructive devices, machine guns, silencers, short barreled rifles, short barreled shotguns, and any other weapon. These FFL broadly include three types of individuals: a dealer, a manufacturer, or an importer of firearms (Bureau of Alcohol, Tobacco, and Firearms 2016). Dealers are classified in three types: Type 1 includes dealers in firearms other than destructive devices, Type 2 includes pawnbrokers in firearms other than destructive devices, and Type 9 includes dealers in destructive devices. Additionally, manufacturers may be Types 6, 7, or 10, and importers are classified in two categories based on what type of firearms and ammunition they deal with (ATF 2016). Figure 2 breaks down the various types of FFLs into their numerical classifications, from 1 through 11. The most relevant FFLs to this study are Types 1, 2 and 9.

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3 According to The Bureau of Alcohol Tobacco and Firearms 2016, the term “any other weapon means any weapon or device capable of being concealed on the person from which a shot can be discharged through the energy of an explosive, a pistol or revolver having a barrel with a smooth bore designed or redesigned to fire a fixed shotgun shell, weapons with combination shotgun and rifle barrels 12 inches or more, less than 18 inches in length, from which only a single discharge can be made from either barrel without manual reloading, and shall include any such weapon made readily restored to fire.”
FFLs are the only non-governmental individuals with the ability to move a firearm across state lines. They also have the ability to order firearms whole sale and in bulk from a manufacturer without undergoing a background check. As of December 11, 2017, ATF had registered 134,853 Federal Firearms Licensees, with the largest category of FFLs being Type 01, dealers, at 56,199 (ATF 2018). Each of these licensed dealers connects a firearm manufacturer or distributor with the public.

ATF is legally authorized to conduct one random inspection per year of each licensed business; however, anecdotal evidence from the FFLs I spoke with at gun shows suggests that businesses can operate for years without an ATF inspection. In 2015, ATF inspected only eleven percent of licensed business entities, a term that excludes collectors of curios and relics, the Type 3 FFL license, and about six percent of total Firearms Licensees (Berlow 2013). If ATF wants to audit an FFL’s place of business, the process
can take multiple days and the FFL has to close his or her business for the duration of the inspection. The oversight requirements for federally licensed dealers are intended to prevent theft or illegal trafficking. Although ATF has the ability to randomly inspect any licensee’s business, the agency is unable to inspect all or even most of each state’s Federal Firearms Licensees annually due to limited resources.

The scope of ATF’s regulatory jurisdiction is enormous, especially given the size of the agency. Political constraints impact the agency’s outcomes, manifesting themselves in ATF’s comparatively small budget and quantity of staff. Robert J. Spitzer, a political scientist from the State University of New York College at Cortland, suggests that ATF’s critics have shaped the agency into a “model” of inefficiency and inadequacy, “whose agents are ‘hamstrung’ by laws and rules that make it difficult or impossible to fulfill their mission,” (Berlow 2013). According to the agency’s own website, ATF’s budget was $1.26 billion in fiscal year 2016 (United States Department of Justice 2017). To put these numbers in perspective, the Trump Administration’s proposed budget for the entirety of the Department of Justice in fiscal year 2019 is $28 billion, with more funding allocated to U.S. attorneys, $2.1 billion, than the Bureau of Alcohol, Tobacco, and Firearms (Office of Management and Budget 2018).

The existence of secondary firearms markets renders ATF’s jurisdiction especially difficult. Wright and Rossi’s (2006) survey of about 2000 inmates incarcerated in U.S. prisons found that most firearms transactions are informal, occurring outside of official channels. Furthermore, not all illegal firearms sales involve prior organization or planning, but rather occur as “the result of unforeseen or serendipitous circumstances,” (Morselli 2012, 131). Gun thefts “undermine policies that attempt to staunch the flow of guns to the
black market through other trafficking channels,” and stolen guns often end up used in crimes (Everytown 2016, 18). Furthermore, supply side regulations to prevent illegal sales are less effective at preventing these types of informal transfers. Illegal sales can include under-age individuals or convicted criminals, both of whom are legally prohibited from buying a gun at a licensed business, purchasing weapons from friends and family or asking someone else to make a straw purchase for them (Webster, Daniel W., Vernick Jon S., McGinty, Emma E., and Ted Alcorn 2013; Koper and Reuter 1996; Wright and Rossi 1986).

A straw purchase occurs when someone purposefully purchases a gun for another person, who is prohibited from purchasing firearms himself or herself for a variety of reasons. A 2008 report by the Mayors Against Illegal Guns organization released several findings on traffickers and straw purchasing based on information from a variety of reports, studies, court documents, and other material, including court filings from over 1000 gun related prosecutions of alleged gun traffickers, straw purchasers, and others, and reports by ATF, the FBI, the Department of Justice, and the Center for Disease Control, gun industry material on trafficking and straw purchasing studies by experts. The report registered several key findings about U.S. firearms trafficking, including that traffickers target certain stores, some dealers sell to straw purchasers who have little knowledge of the firearms they buy, most straw purchases are done with traffickers in the store, and these straw purchasers typically buy multiple guns per visit. Finally, many stores recognize and reject potential straw purchases. The report suggests that employee training to identify straws would help prevent illegal sales (Mayors Against Illegal Guns 2008). However, most dealers exercise responsible sales practices, rejecting most prohibited customers.
Some lawmakers have attempted to more clearly define straw purchases and firearms trafficking in order to impose stricter federal penalties for these crimes. Specifically, Democratic members of Congress have sought stronger federal restrictions on firearms trafficking and straw purchases for years. Most recently, in the House of Representatives, Congressman Bobby Rush reintroduced a bill in February 2017 designed to codify straw purchases and firearms trafficking as federal criminal offenses, while Senator Patrick Leahy introduced a different version of the bill in May 2017 to the Senate (United States Congress 2017; Congressional Research Service 2018). The bill would add penalties of fines or imprisonment of up to fifteen years for selling to straw purchasers or individuals intending to commit federal crimes of drug trafficking or terrorism, among others. The proposed bill remains in the House Subcommittee on Crime, Terrorism, Homeland Security, and Investigations and the Senate Committee on the Judiciary.

The bottom line is that most Federal Firearms Licensees are in compliance with most federal regulations the majority of the time. According to Smart Gun Laws.org, 62 percent of FFLs that ATF inspected in 2011 were in compliance with federal gun laws. That being said, a small number of dealers are engaging in questionable or illegal sales practices, either intentionally or accidentally. Slightly over one percent of licensed gun dealers sell almost sixty percent of crime guns traced back to a dealer (Everytown 2016; Smart Gun Laws 2016).

The complexity of formal and informal firearms markets suggests that many approaches, including government regulation and oversight of dealers are needed to stop criminals from acquiring firearms. Furthermore, emerging empirical evidence rooted in ATF’s crime gun trace data supports this view (Braga et. al. 2012; Webster, Daniel W.,
Vernick Jon S., McGinty, Emma E., and Ted Alcorn, 2013). Crime gun trace data “link each firearm recovered by law enforcement that was used or suspected to have been used in crime to the location, time, and circumstances of its first legal sale,” and in aggregate “describe meaningful patterns in gun trafficking, with diverse applications for focusing enforcement and creating a more responsible firearm market,” (Everytown 2016, 30-31). 4 A 2012 study published in the Journal of Urban Health challenged skeptics of crime gun trace data by using new evidence to interpret illegal gun market dynamics, finding that on average, about a third of traced crime guns originate from other states. The study used data from surveys sent to special agents from ATF’s 23 field divisions, who were working on 2,608 ATF gun trafficking investigations made from 1999 to 2002. This analysis of ATF’s field operations noted three findings about criminal acquisition of firearms. First, there is no one way that criminals acquire firearms; rather the illegal market is fed by corrupt licensed dealers, unlicensed private sellers, straw purchasers, residential theft, and theft from an FFL. This suggests that the illegal firearms market is not dominated solely by large organized trafficking organizations. Secondly, new guns are recovered disproportionately at crime scenes, which means that there is “an important role for close-to-retail diversion of guns in arming criminals.” (Braga et. al. 2012, 791.). The authors present evidence for this strategy from interventions in illegal sales practices and subsequent reductions in new crime guns in Boston, Milwaukee, Detroit and Chicago as well as a regression model fit to ATF trace data where “crime guns are disproportionately concentrated among newer guns.” (Ibid, 787). In other words, improving FFLs’ sales practices and law enforcement

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4 Virginia enacted a law requiring law enforcement to trace crime guns in 2016 (Everytown 2016).
intervening at the initial place of sale can be effective at reducing criminal acquisition of guns.

However, there are definitely limits to using crime gun trace data as a source of trafficked firearms. Incomplete crime gun trace data means that “the true shape of the illegal market may be distorted or not apparent,” (Everytown 2016, 30). Complete and uniform trace data for the entire United States would not only silence skeptics of its efficacy, but also enable law enforcement to better understand and intervene in various secondary firearms markets. Braga et. al also suggest that enforcement agencies should look at a larger variety of potential indications of trafficking instead of only obliterated serial numbers, since crime guns come from such a large range of sources (2012).

**Firearms Trafficking and Virginia’s FFLs**

Virginia is an “easy case” for a state level study of firearms trafficking, since it is a net exporter of crime guns that traffickers purchase in Virginia and sell with high markups in states where firearm acquisition is more difficult (Mayors Against Illegal Guns 2010). Virginia exemplifies the aforementioned theoretical consensus for gun trafficking as a negative externality, where crime guns tend to move from states with weaker laws to those with stricter ones (Knight 2013). Furthermore, the state’s high rate of private firearm ownership makes Virginia even more appropriate for a study of opinions related to gun policy. Virginia is home to enthusiastic firearms owners, and the National Rifle Association headquarters is located in Fairfax, Virginia, giving the organization easy

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5 Law enforcement in Virginia are currently required under state law to “take all appropriate steps to identify and trace the history” of confiscated firearms in connection with criminal investigations and submit trace information to ATF’s tracing system (Code of Virginia 2017).
access to Washington, D.C. As of February 2016, Virginia was home to 281,356 registered firearms, a total behind only California and Texas (ATF 2017). Furthermore, as of December 2017, Virginia was home to 4,097 Federal Firearms Licensees, including dealers, pawn brokers, collectors, and manufacturers and importers of both ammunition and firearms or destructive devices (Ibid. 2018). Virginian Federal Firearms Licensees are part of a large gun market from a source state of crime guns, and as such, their opinions are relevant to the national discourse on firearms trafficking.

Illegal firearms trafficking is a salient issue in Virginia, with a major incident claiming headlines in Virginian newspapers in March 2017. The “Iron Pipeline” bust involved two dozen individuals, mostly from the Richmond area, purchasing over 200 weapons in Virginia with the intent of selling them in New York, bringing illegal trafficking into the public discourse once again in the state (Smith 2017). These traffickers purchased the guns using straw purchasers in retail locations and gun shows around the state (NRA 2017). Virginia also exported the ninth highest rate of crime guns per capita from 2010 to 2015 (Law Center To Prevent Gun Violence 2017). Virginia is a prime example of the empirical consensus that federalism prompts interstate trafficking in crime guns, in recognizable, consistent patterns. Figure 3 is drawn from a 2010 report by the Mayors Against Illegal Guns organization about interstate firearms trafficking. It juxtaposes states with the ten highest crime gun export rates on the left, including Virginia, next to the states with the ten lowest crime gun export rate on the right, along with various gun laws associated with reduced crime gun exportation.
Figure 3: State Gun Laws in Top 10 Crime Gun Exporter and Importer States

<table>
<thead>
<tr>
<th>State</th>
<th>State Law</th>
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</thead>
<tbody>
<tr>
<td>MS</td>
<td>Enables Incarceration for Straw Purchasers</td>
</tr>
<tr>
<td>WI</td>
<td>Enables Incarceration for Buyers who Falsify Purchase Information</td>
</tr>
<tr>
<td>KY</td>
<td>Enables Incarceration for Dealers who Violate Background Check Laws</td>
</tr>
<tr>
<td>AL</td>
<td>Requires Background Checks for all Handguns at Gun Shows</td>
</tr>
<tr>
<td>SC</td>
<td>Requires Purchase Permits for All Handgun Sales</td>
</tr>
<tr>
<td>VA</td>
<td>Allows Local Law Enforcement Discretion to Deny Concealed Carry Permits</td>
</tr>
<tr>
<td>IN</td>
<td>Prohibits Gun Possession by Any Violent Misdemeanants</td>
</tr>
<tr>
<td>NV</td>
<td>Requires Reporting Lost or Stolen Guns to Law Enforcement</td>
</tr>
<tr>
<td>GA</td>
<td>Allows Local Control of Firearms Regulations</td>
</tr>
<tr>
<td>HI</td>
<td>Allows State Inspection of Gun Dealers</td>
</tr>
</tbody>
</table>

(Mayors Against Illegal Guns 2010)

However, it is important to note that most illegal firearms trafficking, both interstate and transnationally, occurs in small batches rather than large shipments of firearms that criminals purchase and then distribute in bulk. The Small Arms Survey (March 2016) conducted a study of 159 prosecutions of international arms smugglers in United States courts, finding that, “Most arms trafficking is less flashy, less centralized, and even more difficult to stop,” (1). An earlier study found that “persons engaged in illegal gun sales appear to make quite modest numbers of transactions,” (Koper and Reuter 1996, 127). The same study described a few gun busts from twenty-five years ago that were eerily similar to the one that occurred in Virginia this past March.

The debate about how to actually reduce illegal firearms trafficking or simply the diversion of guns to criminals in general, is hotly contested. The legal and illegal firearms markets and the regulatory agencies tasked with regulating them contain a wide variety of actors, from the various types of FFLs to legal and illegal buyers, ATF special agents, and inevitably, the judicial system. There is a broad spectrum of opinions on how best to prevent illegal market actors from diverting guns from legal commerce. As mentioned
above, the leading gun rights interest group, the NRA, favors stronger prosecution of criminals, especially straw purchasers, as preferable to new regulatory laws, and lobbies vehemently against new regulations at the national level (NRA 2017). As I will discuss below, Virginia’s Federal Firearms Licensees have various opinions on how to prevent criminals from acquiring weapons—or the impossibility of preventing illegal access to firearms. Gun markets’ complexity necessitates a multiplicity of approaches, while understanding the empirical evidence behind specific gun policies aimed at preventing illegal diversion is critical.

**Potential Solutions to Firearms Trafficking**

A 2013 study by Webster, Alcorn, and McGinty, modeled the association between state gun laws and the per capita export rate of crime guns out of state, finding that discretionary permit-to-purchase laws were the most significant deterrent to interstate firearms trafficking. Their model, which used panel data from 1999-2012 to control for time invariant characteristics between states, also controlled for several key confounding variables, including the prevalence of gun ownership in a state, out of state population migration, and the number of people living near the border of states with strong gun laws. Notably, the authors also analyzed crime gun trace data in Missouri before and after the state repealed its permit to purchase law in 2007, one of the first studies to examine how changes in state gun laws may impact diversion of guns to criminals. They look at the sale-to-crime interval, a measure of time between retail sale and police recovery, often used to indicate firearm diversion to criminals. After the law’s repeal, the sale-to-crime interval decreased for Missouri’s crime guns above the national average, and the percentage of crime guns originating in Missouri increased from a mean of 55.6% to 70.8% by 2011,
while the proportion that originated from out of state gun dealers decreased from 44.4% to 29.2% that same year (Webster, Alcorn, and McGinty 2013). A shorter time-to-crime interval suggests that potential criminals bought guns more frequently from Missouri’s licensed businesses, and the lower proportion of out-of-state guns shows that they relied less on trafficking from other states after the policy change. One limitation to this analysis; however, is the researchers’ use of the U.S. average national homicide rate as the primary counterfactual to Missouri’s firearm homicide rate. There were likely outliers driving the average country rate.

This study is one of few using crime gun trace data from state law enforcement and ATF to suggest that a change in state gun laws can have a substantial impact on both the diversion of firearms to criminals and the proportion of crime guns imported from other states. However, their findings should be taken with caution, since crime gun trace data is incomplete at best. In a follow-up study, Webster, Crifasi, and Vernick (2014) note that the repeal of Missouri’s permit-to-purchase law was associated with a 23% increase in Missouri’s annual firearms homicide rate. He points out that increases in violent crimes were evenly dispersed across Missouri, that this increase differed from a declining national homicide rate, that there were no policies directed at non-firearm homicides at this time, and that the change occurred simultaneously with an increase in the number of crime guns imported from other states and short time-to-crime guns in Missouri (Webster and Wintemute 2015).

An earlier study by Webster, Vernick, and Bulzacchelli looked at 54 U.S. cities using data on state gun sales laws, a survey of law enforcement agencies practices of enforcing gun sales laws, and crime gun trace data to analyze the relationship between anti-
gun trafficking policies and trafficking indicators. Their results indicate that strong dealer oversight combined with regular compliance inspections is associated with statistically significant reduced levels of intrastate illegal gun trafficking (2009). Implementation of policies aimed at FFL accountability would likely necessitate an increase in ATF’s budget for auditing activities.

Regulations on private gun sales, including background checks and permit-to-purchase laws can be effective at deterring illegal trafficking. Restrictions on private sales, “if properly enforced, could reduce trafficking by holding the private seller criminally accountable for an unlawful sale,” (Vernick and Webster 2007, 78). Webster, Vernick, and Bulzacheelli (2009) also found that regulation of private handgun sales was associated with significantly lower levels of trafficking in cities. Permit-to-purchase requirements for handguns, such as Missouri’s pre-2007 law, are strongly associated with reduced firearms trafficking (Webster, Vernick, McGinty, and Alcorn 2013). These laws take various forms, and can include other private sales regulations, like background checks, as part of their implementation. Empirical evidence also supports universal background checks as an effective way to prevent diversion of guns into the illegal market. States without universal background check requirements export three times as many crime guns than states with mandatory background checks for all handgun sales, controlling for population (Everytown 2016).

Registries are another way that private firearms sales could be regulated and traffickers held accountable. Registries would enable law enforcement to hold private sellers accountable for illegal sales and identify traffickers more easily (Webster and Vernick 2007). These laws would reduce the barriers to action that the Bureau of Alcohol,
Tobacco, and Firearms and other law enforcement currently face from incomplete and insufficient record keeping systems in most states. States with handgun registries export fewer crime guns per capita than those without them (Webster, Vernick, McGinty, and Alcorn 2013). Registries would help enforce compliance with regulations on private sales as well as reduce trafficking by clarifying the chain of ownership that ATF would use to track firearms (Ibid). This would dramatically increase its efficiency as an agency without increasing government expenditures from having to hire more staff. With a database of firearms, ATF agents would no longer have to contact firearm importers or manufacturers and then dealers, who may or may not be able to find the identity of the initial purchaser of a gun later used to commit a crime. Currently, “the lack of computerized records system for gun sales means that a crime gun trace that might otherwise be accomplished in a matter of seconds can take up to two weeks,” as ATF’s undersized staff contact one of thousands of separate databases kept by individual FFLs (Berlow 2013). This approach could improve ATF’s efficiency without requiring an increase in the agency’s budget.

Mandating private firearm theft and loss reporting could also potentially prevent trafficking by helping ATF without placing additional costs on current Federal Firearms Licensees or the government. Proponents of reporting requirements, not currently mandated in Virginia, say that they would foster a sense of accountability and responsible citizenship among current firearms owners. Furthermore, required reporting of stolen or lost guns is associated with statistically significant lowered rates of crime gun exports (Webster, Vernick, McGinty, and Alcorn 2013). When a Virginia gun owner reports a stolen gun, law enforcement would then have a chance to intercept the thief and recover the gun before it appears in another state or locality. This type of policy is also attractive,
since personal accountability might appeal to a wider audience across the political spectrum.

The aforementioned policies affecting both buyers and sellers of firearms are empirically sound ways to reduce illegal firearms trafficking. However, that is not to say that all new gun laws and regulations are effective at curtailing illegal sales practices. There are many policy suggestions that simply would not be effective. One of the Virginian traffickers recently prosecuted in New York City boasted about the weakness of Virginia’s gun laws, namely that he could buy multiple handguns in a short period of time, which caused some state politicians to call for the reinstatement of the one handgun-per-month purchase law (NRA 2017). However, despite some studies to the contrary, the literature generally suggests time limitations on handgun purchase laws do not impact interstate trafficking (Webster, Vernick, Bulzacchelli 2009; Webster, Vernick, McGinty, and Alcorn 2013). Furthermore, strong regulations of licensed dealers alone or penalties for neglecting background checks or allowing straw purchases are also not effective at reducing trafficking (Webster, Vernick, McGinty, and Alcorn 2013). This might be due to the difficulty of enforcing penalties on dealers for poor business practices, especially in light of ATF’s limited resources and staff.

**Firearms Sales: FFLs vs. Unlicensed Individuals**

In Virginia, along with many other states, Federal Firearms Licensees face significantly greater regulations on the firearms sales that constitute their livelihood compared to private salesmen or collectors of firearms. FFLs, who must renew their licenses every three years and pay license fees each year, must maintain records of all business transactions at their place of business, which ATF can access at any time, as well
as post signs and distribute warnings about federal laws pertaining to handgun ownership. FFLs must also conduct background checks, and if they are manufacturers or importers, identify firearms by engraving them with unique serial numbers. Private sellers of firearms are not required to conduct background checks on buyers, nor are they mandated to keep records of their sales. That being said, a significant proportion of criminals acquire their firearms from private individuals, while a much smaller population buy guns initially from FFLs. Thus, while some criminals do buy from dealers, many more get their guns from friends, family, or other private sales.

FFLs and private sellers technically operate in the same market, but face drastically different costs of production. A person who wants to engage in the business of selling firearms must decide whether it is financially worthwhile to undergo all of the paperwork and regulations of acquiring and maintaining a license based on his or her business’s goals and mission. To muddy the waters further, there is actually no official definition of “private seller.” Since the 1986 Firearm Owners’ Protection Act, the definition of private sales has expanded, with exemptions for “collectors,” people conducting “occasional sales,” and individuals selling from a “personal collection” without limits on size (Berlow 2013). I have personally witnessed collectors and sellers without licenses display dozens of firearms for sale at gun shows, in a manner largely indistinguishable from licensed businesses. However, statistics about private sales of weapons do not differentiate between one-time transactions that occur between two individuals and private salesmen essentially operating as de facto dealers. Regardless, I will assume that market distortions exist, stemming from the higher costs that the government imposes on Federal Firearms Licensees for officially

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declaring their business. However, this market distortion theory only holds if at least some of the clientele of unlicensed collectors also buy purchase firearms from FFLs. I believe it is reasonable, since many private sellers regularly sell guns at the same gun shows that FFLs do.

The primary purpose of my study was to uncover Virginian Federal Firearms Licensees’ opinions of policies associated with reduced firearms trafficking in terms of what those policies would cost their businesses. I then wanted to determine whether any of Virginia’s FFLs perceived an economic incentive to favor greater regulation of private individuals. Supply side measures to reducing illegal firearms trafficking are premised on the idea that increasing “the transaction costs in illegal firearm markets” would “thereby reduce the prevalence of illegal gun possession by criminals…” (Braga et. al 2012). Evidence from a study of Chicago’s recent handgun ban found that criminals’ demand for firearms is elastic, as their demand for guns decreases with an increase in price (Webster and Wintemute 2015). Thus, these policies target a criminal demand for firearms and raise the cost of acquiring a gun, with the goal of thereby reducing illegal movements of firearms and, hopefully, subsequent violence. I chose the policies listed in my survey questions based on those associated with reduced illegal trafficking from studies such as Everytown, Mayors Against Illegal Guns, and the National Urban League 2016; Webster, Daniel W., Vernick Jon S., McGinty, Emma E., and Ted Alcorn 2013; and Webster, Vernick, and Bulzacchelli 2009.

Many gun policies, including many of those in my survey, target unlicensed sellers as the source of diversion of firearms to criminals. Private sellers have almost unlimited ability to buy and sell firearms without licenses, background checks, or other costs of doing
business. On the other hand, Federal Firearms Licensees legally must keep scrupulous paperwork detailing transactions, conduct checks, and in theory undergo regular oversight from the Bureau of Alcohol, Tobacco, and Firearms. Thus, I hypothesized that FFLs might favor greater restrictions on private sales of firearms in order to equalize their costs of doing business. The simple intuition behind my hypothesis stems from a basic understanding of economic principles: if the government is currently penalizing only licensees by increasing their barriers to entry and transaction costs, then there may be potential for Type 1 FFLs particularly to gain customers if unlicensed, private sellers are regulated more heavily. This idea hinges on whether FFLs perceive unlicensed sellers as competition operating with lower barriers to entry and business costs. I also asked FFLs to contact me if they had further suggestions or questions about my research and was met with a fairly large volume of feedback about which other practices might best combat illegal firearms trafficking in Virginia.

**Federal Firearms Licensee Questionnaire**

The questions that I asked the FFLs were focused on new policies and practices that favor greater regulation of firearms sellers both private and public; however, as I previously mentioned these policies are only a few of many potential ways to address firearms trafficking. The survey questions aligned with my hypothesis that Federal Firearms Licensees might favor greater regulations on private sales if they perceive private sellers as competition operating with lower barriers to entry and business costs. Additionally, some of the chosen questions also aligned with policies that were supported by previous research on illegal trafficking. Future research of FFL opinions could be taken in a variety
of directions, perhaps looking at how they view demand side policies for combatting firearms trafficking and other types of gun crime.

I began my research with a qualitative study of FFL opinions at two separate Virginia gun shows. I tested potential survey questions at the Nation’s Gun Show in Chantilly and the C & E Gun Show in Harrisonburg. By distributing a small number of surveys and talking to dealers at shows, I improved question wording and better understood my population of interest. After spending several hours talking with Virginian FFLs, I gained a much better understanding of who these people are, their perceptions of outsiders, and the complexity of gun markets. I gained first-hand experience of how firearms sales occur at Virginia’s gun shows and how firearms businesses operate on a day-to-day basis. I spoke with FFLs that sold handguns, semi-automatic guns, and imported firearms.

I leveraged feedback from FFLs and our conversations to improve the wording of my questions. I next administered a survey on June 26 and June 27, 2017, to a larger population of 580 current or former FFLs using a messaging system on GunBroker.com, an online database and marketplace for firearms and ammunition. A licensed dealer that I connected with at the Nation’s Gun Show recommended that I use GunBrokers.com as an easy means of contacting hundreds of potential participants, via the website’s comprehensive internal messaging system. I emailed a short explanation and the survey link to every FFL listed as a Virginia resident on GunBroker.com. The surveys were seven questions long and required that respondents answer each question before moving on to the next question. I used Qualtrics, an online survey generator and data analysis program, to generate the survey and analyze results. Participants had one week to finish the survey, at which point Qualtrics finalized responses.
Question 1 asked how mandatory background checks on private sales would impact FFL’s businesses. The second question on the survey asked the FFLs how their sales would be affected by a permit-to-purchase law on handguns. The third question asked how greater oversight by law enforcement would impact the business of respondents. The fourth question asked respondents how additional voluntary or required training of employees to recognize straw purchasers would affect their business. Question 5 asked FFLs how their business would fair if the government banned lower quality handguns. The sixth question asked how greater regulation of private firearms sellers and/or collectors would impact FFLs’ businesses. Survey questions 1-6 had answer choices listed on a five-point scale: Very Negatively, Somewhat Negatively, Neutral, Somewhat Positively, and Very Positively. The answer choices referred to the perceived economic impact of specific policies on a licensee’s business or sales. Thus, a response of Very Negatively indicated that the respondent believed that the policy in question would lower his or her sales or hurt his or her business significantly. The last question asked FFLs if their businesses would be affected if the state or federal governments took steps to reduce illegal firearms trafficking. Question 7 contained different response possibilities: Yes, No, I don’t know, and No Opinion, since it referred to the total quantity of guns sold by Virginia’s FFLs rather than total profit from sales.

My survey was a crude interval measure that was heavily subject to both selection and non-response bias. Clearly, I cannot generate inferences on the entire population of Virginia’s Federal Firearms Licensees from selecting the views of a few FFLs on the issue matter, and there is no way of knowing the strength of respondent beliefs on the responses alone. The survey also did not subdivide categories of FFLs by license type.
Results

A total of ninety-five individuals completed at least part of the Qualtrics survey, with eighty-four respondents finishing the full survey. The response rate was 16%. I analyzed the proportions of responses for each question and noted trends in response groupings. I expected to find a positive relationship between the question involving regulation of private firearms sellers and background checks for private sellers, but I did not know how strong the relationship would be. Additionally, I expected that the majority of FFLs would believe that their businesses would be negatively impacted by a ban on less expensive handguns and more oversight and inspections. Figure 4 summarizes trends in responses for the first six survey questions, with answer choices ranging from pale green, Very Positively, to dark green, Very Negatively. Question 7 responses are not included in Figure 4 because of its different set of answer choices and are located in the Appendix along with full results.

Figure 4: FFL Questionnaire Response Rates

![FFL Questionnaire Responses: Questions 1-6](image-url)
Not at All Response

Many respondents did not think that their businesses would be impacted by these policies. 62% of respondents did not think that additional mandatory or voluntary employee training to identify straw purchasers would impact their business. This may indicate that they already train employees how to recognize straws or that they do not believe that straw purchasers are a substantial proportion of customers—enough for training to impact overall sales in any way. Increased employee training to identify straw purchasers would be a low-cost way for FFLs to help law enforcement reduce trafficking. Presumably, FFLs could cultivate a sense of civic accountability in their organizational culture by training employees to reject straws, which could increase sales from customers who appreciate a business entity with responsible practices. FFL sales could be impacted positively with straw purchase training if customers favor businesses with responsible practices or negatively if the number of rejected potential straws outweighs the benefits to civic accountability.

These no impact results are particularly interesting, since many of the dealers at gun shows whom I spoke with indicated that they were approached by straw purchasers with some regularity. However, ATF leaves any specific training for employees to recognize straw purchases entirely at the discretion of the individual retailer, merely informing FFLs that they should “evaluate the purchaser,” according to one FFL whom I contacted. The same respondent indicated that the size of the store and degree of profit motive inherent in each individual sale are critical to whether an FFL might enable a straw purchase or not.
A similar percentage of respondents, 51%, did not think that additional oversight by ATF would impact their business. These FFLs may believe that they already receive sufficient oversight by ATF and that additional auditing would not impact them. On the other hand, they may believe that their business does not engage in any questionable sales practices, and thus that greater oversight would focus on other FFLs who may be violating regulations.

For the first question, regarding background checks on private sales, 43% of respondents answered Not at all. From an ideological perspective, these FFLs may favor limited government involvement in markets and believe in the ineffectivity of government intervention. They may also be skeptical of whether mandatory background checks for all private gun sales is actually feasible, which is certainly a valid policy critique. These Not At All respondents might also not perceive a connection between a policy that would only affect them indirectly. They also might believe that they have a different customer base than unlicensed sellers.

Approximately 40% of respondents answered Not at all to the fifth question, regarding a ban on cheaper handguns. Some FFLs simply do not sell low cost handguns at all, so the high no impact response rate is not surprising. This could also reflect response bias however, since the monetary value of a “low-cost, lower quality” handgun was not specified in the survey.

31% of respondents answered Not at All to Question 6, suggesting that greater regulation of private sellers would have no effect on their sales, perhaps reflecting beliefs in the ineffectiveness of government intervention in the secondary firearms market.
One survey participant pointed out the difficulties of regulating the private firearms market from the supply side,

“Shady or illegal gun owners, as always, will ignore the law and continue business as usual. Stopping legal guns will not stop this. (Analogy – Seattle put tax on guns and ammo to stop gun violence, instead – stores and jobs leave the city, illegal guns and ammo increase and gun violence is increased.) .......Tightening rules for the law abiding just add to the non-law-abiding... Chicago is another shining example of strong gun laws failing... criminals have and keep their guns.”

Ironically, this FFL’s reference to Seattle’s gun laws is a perfect example of how American federalism prompts legal gaps between municipalities and surrounding areas, which impacts illegal gun market activity. His Chicago reference appears relatively unfounded, as there is evidence that gun violence in Chicago actually declined with tighter supply side restrictions (Everytown 2016). Similar to this respondent, the FFLs that responded “Not at all” may believe that it would be impossible to regulate the private market and that thus their sales would not be impacted because nothing would change. This may indicate that some FFLs perceived the private sales and their own customers operating in different markets.

**Very Negative Response**

About 40% of respondents believed that greater regulation of private sellers would Somewhat Negatively or Very Negatively impact their businesses, which was Question 6, although only 14% perceived negative repercussions from mandatory background checks on private sales, Question 1. Unsurprisingly, 80% of respondents thought that a permit-to-purchase requirement for handgun sales would negatively impact their business. I expected
high percentages of these answer choices from respondents, since a permit to purchase law and a handgun ban would almost certainly lower sales for dealers who sell handguns primarily, while greater frequency of ATF inspections and oversight could result in a business closure for days and reduced sales. The 20% of FFLs who did not think that a permit-to-purchase law for handguns would hurt their businesses likely sell few or no handguns or did not understand the question.

**Positive Response**

Fully 42% of respondents thought that universal background checks would positively impact their business, while 30% thought universal background checks would benefit their business. These are not trivial numbers. Furthermore, responses to Questions 1 and 6 were related. The same dealers who believe that their business might benefit from background checks on private sales also feel that greater regulation of private sellers and collectors would benefit their business. This finding alone is not especially surprising—it just shows that the respondents understand the questions and are answering with a consistent line of reasoning—it is notable that twenty-three out of eighty-four respondents answered, “Somewhat Positively” to both questions. This lends at least tentative support to my hypothesis that some FFLs perceive an incentive to favor greater regulation of private sellers and collectors, barring any ideological reluctance to favor “gun control” type policies.

The last survey question asked whether or not FFLs would benefit if the government at the state or federal levels made concrete efforts to reduce illegal trafficking. The question asked FFLs whether they would sell fewer guns as a way to gauge how government interventions against trafficking would impact their sales. Presumably if an
FFL does not sell fewer guns when a new policy is initiated, then he or she will not be opposed to the policy and may actually support it. 57% of respondents felt that they would not sell fewer guns if the government took steps to reduce illegal trafficking. This could mean that they do not think that anti-trafficking policies would have an impact on their individual businesses. However, like several of the other questions, this response could also indicate skepticism of government ability to regulate the market in general. Around 31% of respondents were unsure of how government interventions to curtail gun trafficking would impact their business at all—a reasonable conclusion to make based on the complexity of legal and illegal firearms markets.

The most interesting and perhaps revelatory conclusion from the survey results is the sheer scope of opinions in this population. As someone who values diversity of thoughts, I am encouraged by the varied opinions and reasonableness with which many FFLs confront this public policy concern. The Federal Firearms Licensees emailed and called me for days following the release of the survey on Gun Brokers.com with their suggestions for how to fix inefficiencies in Virginia’s gun policy from their points of view. While many of these Federal Firearms Licensees have the same basic interests at heart—improving their business and selling guns to fellow Virginians—they certainly do not hold the same opinions about gun policy. Some of the respondents politely thanked me for my interest in their policy views, while others, understandably, informed me never to contact them again.

**Conclusions, Limitations, & Future Research Implications**

My research attempted to uncover the opinions of Federal Firearms Licensees, the individuals centrally responsible for operating legal gun markets on a daily basis, on
policies associated with reduced illegal firearms trafficking. Understanding FFL opinions on these policies is important because of their nexus in gun markets, and policies aimed at gun trafficking impact FFLs directly or indirectly by clearing market distortions. To do so, I conducted an online survey of 580 FFLs operating in Virginia, chosen for its high rate of private firearms ownership and consequently large number of FFLs. The survey asked FFLs opinions on how greater regulations of private sellers, bans on cheaper handguns, and greater oversight of their businesses by ATF would impact their sales. I hypothesized that some FFLs might favor greater regulation of private firearms sales as a way to equalize their cost of doing business with unlicensed individuals operating in the same markets. My survey results indicated that approximately a quarter of respondents perceived an economic incentive to favor greater regulation. Furthermore, as expected, respondents generally did not favor handgun bans, a handgun permit requirement, straw purchasing education, or greater oversight by ATF.

There are several limitations to this study and areas for future research. My survey was clearly victim to selection bias due to its online format and 16% response rate. Shih and Fan (2008) found that response rates to online surveys are 11% lower than mail surveys and that different populations respond to online surveys differently based on their comfort with Web technology. On the other hand, my 16% response rate is comparable to other surveys administered on online communities similar to GunBrokers.com. Petrovčič and Manfreda (2016)’s highest response rate for their survey of an online community was 12.8%, using an email invitation combined with a plea for help from an authority figure, and they note other similar surveys with even lower response rates (Zillmann et al. 2014; de Valck et al. 2007; and Koo & Skinner 2005). While it is comforting to know that other
survey research has nonresponse issues, that does not mean that my results are less skewed. I simply have no way of knowing whether the individuals that responded to the survey constitute a representative sample of the total population of FFLs in Virginia, and they likely differed in meaningful ways from the total population. The proportion of my sample who answered Somewhat Positively or Very Positively to Questions 1 and 6 was likely biased upwards.

Also, the database that I used to contact FFLs, GunBrokers.com, only contained contact information for the 580 FFLs in Virginia, some of which were no longer in business or whose licenses had expired. However, expired or retired FFLs are not expected to seriously alter the data of respondents, since most of those individuals most likely did not respond at all or responded indicating their ineligibility. My survey questions were also subject to response bias, since some FFLs may have answered questions solely based on ideology rather than from an economic perspective.

Exogenous factors certainly impacted my survey results, such as whether an FFL had ever been prosecuted for illegal sales practices previously. If a licensee had already been found guilty of illegal sales practices, he or she may have been reluctant to answer the survey questions honestly, especially to someone that he or she does not know or trust. The education level of respondents could also have skewed my results. Perhaps only more educated FFLs are aware of online databases like GunBrokers.com, and these licensees self-selected into my survey. More educated FFLs may possess numerous unobserved characteristics that could influence the answers they gave. Another way that differences in education could manifest themselves would be if respondents did not understand the question wording. This is an especially difficult factor to control for when surveys are
administered online, since respondents cannot ask clarifying questions to the survey administrator. I also should have specified what type of permit-to-purchase law I meant in the survey. There are multiple types of permit-to-purchase laws, whose requirements may go beyond simply buying a permit, some of which include mandatory background checks on unlicensed handgun sales, like Missouri’s former law, as well as record keeping requirements.

Future research should focus on the opinions of Federal Firearms Licensees from states with more, fewer, or simply different gun regulations compared to Virginia’s. It would be interesting to note similarities in economic and ideological beliefs of FFLs in other states, specifically those with a history of being source or destination states for firearms trafficking, and to subdivide FFL opinions by license type. Another promising line of research could be a longitudinal study comparing FFLs’ beliefs before and after new gun regulations, namely those impacting private sales, were passed.

By nature, survey research barely scratches the surface of the potentially endless questions that might be asked of respondents. In this particular study, I kept my survey brief in an effort to elicit more responses from a reluctant population—especially since respondents were contacted via email rather than face-to-face. If I could conduct the survey again, I would ask FFLs their opinion about instituting a mandatory theft or loss requirement for all firearm owners. As mentioned above, a mandatory reporting requirement can be effective at reducing diversion of firearms to the illegal market (Webster, Vernick, McGinty, and Alcorn 2013). I was able to ask a few FFLs what they thought about this strategy.

One FFL stated,
“I think anyone should report any stolen or missing firearm, just makes common sense to keep them out the hands of minors or criminal’s.”

Another respondent, answered the same question saying,

“I think anything that keeps track of stuff would be great, but again, without some sort of leverage, private parties will never self report. Unless there is something financial tied to it, or a penalty or perhaps even a reward system, I see it as mayhem.”

There is likely a wide range of FFL opinions on whether or not owners should be required to report lost or stolen guns. There is also a distinct need for more information and understanding of the particular ideology surrounding the Second Amendment and how it engenders spillover effects into questions aimed at economic impacts.

These surveys were intended to elicit responses about how certain gun policies might impact the sales of Virginia’s FFLs as well as how changes in the oversight and regulation of the private gun market, however hypothetical, might impact their businesses. Of course, that does not mean that respondents answered the questions without drawing on normative beliefs. Some respondents may have not approached these policies from an economic perspective because they believe that American citizens have the Second Amendment right to buy and sell guns without interference by the federal government. In other words, even if background checks for private sales may not have impacted or even benefitted an FFL’s business, he or she might still oppose government inference in firearms markets on its face.

Another possibility is that respondents did not believe that the government could ever effectively regulate private firearms sales, whether they believed it to be a violation of civil rights under the Second Amendment or not. Regardless, it is still fascinating that
approximately a quarter of respondents indicated that greater regulation of private sales would benefit their business. It is economically logical for Virginia’s FFLs to favor equalizing costs within the gun market through regulation of private sales, even if this belief contrasts with other deeply held ideological beliefs about citizens’ right to own private firearms.

The multiplicity of FFL opinions on how to prevent illegal firearms trafficking and reduce criminal access to guns mirrors the public debate about these policies. Furthermore, the complexity of firearms markets necessitates a variety of approaches to dealing with this issue. As mentioned previously, criminals can potentially acquire guns from friends and family, dealers, gun shows, or through theft. Requiring FFLs to report lost and stolen firearms, record their sales, conduct background checks, and respond to ATF crime gun traces are all useful policies, but on their own, they are insufficient to protecting society’s interests. The additional supply side policies that I mentioned in my survey might be useful in reducing trafficking of Virginia’s guns to places like Brooklyn, but they cannot stand alone. The court system must improve prosecution of straw purchasing and trafficking violations. Giving ATF more resources to monitor dealers would also ensure that they were engaging in the “good” business practices that most of the FFLs at the gun shows I talked to assured me they were. If Virginia’s Federal Firearms Licensees would benefit from certain regulations of private sales, then some of the most ardent supports of individual gun rights might actually support new private sales regulations.

Policy makers should take into consideration, first and foremost, the efficiency and effectiveness of all available policy options. If the legal and illegal firearms markets are complex, with various actors operating on both sides of the law, then there is room for a
wide variety of policies to interact cohesively and reduce gun crimes like illegal trafficking and the violence that they may precipitate. Amending the federal criminal code to include strict penalties for straw purchases and firearms trafficking is a logical first step for policy makers in this area. Prohibiting these actions would ideally deter potential traffickers and at the very least, enhance prosecution of individuals engaged in firearms trafficking and illegal purchases. There would also likely be political capital for politicians to support improved sentencing and prosecution from both sides of the ideological spectrum.

There should be additional research into the specific mechanisms at work in firearms markets across and within various states. It is widely acknowledged that “Differential access to illegal firearms markets suggests different methods for containing that market,” (Morselli 2012, 148). Knowing whether a firearms market is centered around specific sources or fed by a variety of private sellers would allow for more effective policies and practices by legislatures and law enforcement. Furthermore, policymakers should consider the potential support of FFLs for any regulation of private firearms sales, especially given the ideologically driven and divided nature of policies in our time. Policymakers must find support wherever they can, including seeking out the opinions of FFLs, the experts of their field, preferably before interest groups that have at most a third-party interest in the gun market. Researchers should focus on identifying potential coalitions and whether they would agree on common policies to address the negative externalities triggered by American federalism. Who knows, dealers might become the unlikely allies of gun control advocates as researchers glean further understanding about how economics and ideology intersect in the American firearms market. Ultimately, we should not be reluctant to experiment with new public policies to address pressing social
and economic issues. We must be proactive as a society at improving our gun policy, never settling for complacency when American lives are at stake.
Works Cited


Mayors Against Illegal Guns. 2010. Everytown Research *The Ten States with the Highest Export Rates & The Ten States with the Lowest Export Rates.* Everytown.


Appendix: Full Questionnaire Results

Q1 - How would it affect your business if background checks were required for all firearm purchases (i.e. required of private sellers and collectors as well as dealers)?

<table>
<thead>
<tr>
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<th>Answer</th>
<th>%</th>
<th>Count</th>
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<tr>
<td>1</td>
<td>Very Negatively</td>
<td>5%</td>
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<tr>
<td>2</td>
<td>Somewhat Negatively</td>
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<td>9</td>
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<td>3</td>
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<tr>
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<td></td>
<td>Total</td>
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Question 2 - How would it affect your sales if a permit was required to purchase a handgun in Virginia?

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<tr>
<td>5</td>
<td>Very Positively</td>
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<tr>
<td>Total</td>
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Q3 - How would greater oversight of sales by law enforcement (i.e. inspections, audits, undercover stings, etc.) impact your business?

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<th>Answer</th>
<th>%</th>
<th>Count</th>
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<td>4</td>
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<td>Very Positively</td>
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</tr>
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<td></td>
<td>Total</td>
<td>100%</td>
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Q4 - How much would additional voluntary or required training of employees to recognize straw purchasers impact your business?

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<th>Answer</th>
<th>%</th>
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<td>Very Negatively</td>
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<td>55</td>
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<td>4</td>
<td>Somewhat Positively</td>
<td>8%</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Very Positively</td>
<td>4%</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100%</td>
<td>89</td>
</tr>
</tbody>
</table>
Q5 - How much would a ban on low-cost, lower quality handguns impact your sales?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very Negatively</td>
<td>26%</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>Somewhat Negatively</td>
<td>28%</td>
<td>25</td>
</tr>
<tr>
<td>3</td>
<td>Not at all</td>
<td>41%</td>
<td>36</td>
</tr>
<tr>
<td>4</td>
<td>Somewhat Positively</td>
<td>3%</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Very Positively</td>
<td>1%</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100%</td>
<td>88</td>
</tr>
</tbody>
</table>
Q6 - How would greater regulation of private firearms sellers/collectors impact your business?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very Negatively</td>
<td>27%</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>Somewhat Negatively</td>
<td>12%</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Not at all</td>
<td>31%</td>
<td>26</td>
</tr>
<tr>
<td>4</td>
<td>Somewhat Positively</td>
<td>28%</td>
<td>23</td>
</tr>
<tr>
<td>5</td>
<td>Very Positively</td>
<td>2%</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100%</td>
<td>83</td>
</tr>
</tbody>
</table>
Q7 - Would Virginia's licensed dealers sell fewer guns if the state and federal governments took steps to reduce illegal trafficking of Virginian firearms to other states?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>6%</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>57%</td>
<td>48</td>
</tr>
<tr>
<td>3</td>
<td>I don't know</td>
<td>31%</td>
<td>26</td>
</tr>
<tr>
<td>4</td>
<td>No opinion</td>
<td>6%</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
<td>84</td>
</tr>
</tbody>
</table>
Cross Tabulation: Questions 1 and Question 6:

<table>
<thead>
<tr>
<th>How would greater regulation of private firearms sellers/collectors impact your business?</th>
<th>How would it affect your business if background checks were required for all firearm purchases?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Negatively</td>
<td>Somewhat Negatively</td>
</tr>
<tr>
<td>-----------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Very Negatively</td>
<td>4</td>
</tr>
<tr>
<td>Somewhat Negatively</td>
<td>1</td>
</tr>
<tr>
<td>Not at All</td>
<td>0</td>
</tr>
<tr>
<td>Somewhat Positively</td>
<td>0</td>
</tr>
<tr>
<td>Very Positively</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
</tr>
</tbody>
</table>

Chi Square: 26.59*  
Degrees of Freedom: 16  
P-value: 0.02

*Note: The Chi-Square approximation may be inaccurate - expected frequency less than 5.