

118TH CONGRESS
2D SESSION

H. R. 7042

To reform the Bureau of Alcohol, Tobacco, Firearms, and Explosives.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2024

Mr. MANN (for himself, Mr. DAVIDSON, Mr. EZELL, Mr. ELLZEY, Mr. GROTHMAN, Mr. MORAN, Mr. ROUZER, Mr. TIFFANY, Mr. WALBERG, Mr. JACKSON of Texas, Mr. MCCORMICK, Mr. ALFORD, Mr. DUNCAN, Mr. LAMALFA, Mr. CLYDE, Mrs. MILLER of Illinois, and Mr. BURCHETT) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To reform the Bureau of Alcohol, Tobacco, Firearms, and
Explosives.

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 “Reining in Federal
5 Licensing Enforcement Act of 2024” or the “RIFLE Act
6 of 2024”.

1 **SEC. 2. GRADUATED PENALTIES FOR CIVIL VIOLATIONS BY**
2 **FEDERAL FIREARMS LICENSEES.**

3 Section 923 of title 18, United States Code, is
4 amended by striking subsections (e) and (f) and inserting
5 the following:

6 “(e)(1)(A) If the Attorney General determines that
7 a licensee under this section has violated this chapter—

8 “(i) in the case of a violation that is not
9 willful, the Attorney General shall notify the li-
10 censee of the violation and work with the li-
11 censee to rectify the violation within a commer-
12 cially reasonable time frame; or

13 “(ii) in the case of a willful violation, if the
14 Attorney General, after working with the li-
15 censee to rectify the violation within a commer-
16 cially reasonable time frame, finds that a lesser
17 action (such as a warning, warning letter, or
18 warning conference) is not likely to lead to fu-
19 ture compliance, and the Attorney General
20 seeks revocation of the license in an administra-
21 tive action, the Attorney General may—

22 “(I) if the licensee has no history of
23 noncompliance with this chapter, suspend
24 the license for not more than 30 days or
25 such lesser period as would apply on com-

1 pliance with such conditions as are speci-
2 fied by the Attorney General; or

3 “(II) in any other case, revoke the li-
4 cense.

5 “(B) In applying subparagraph (A), the Attorney
6 General shall presume that the violation is not willful, ab-
7 sent clear and convincing evidence to the contrary.

8 “(C) For purposes of subparagraph (A):

9 “(i) A violation of this chapter with respect to
10 2 or more firearms during a single transaction shall
11 be considered a single violation.

12 “(ii) A violation of this chapter with respect to
13 any category of record keeping requirements, even if
14 involving multiple instances, shall be considered a
15 single violation.

16 “(D) The Attorney General may not commence an
17 enforcement action under subparagraph (A) with respect
18 to a violation, after the 3-year period that begins with—

19 “(i) the date the violation occurred; or

20 “(ii) if the licensee intentionally obstructed dis-
21 covery of the violation, the date the violation is dis-
22 covered.

23 “(E) The Attorney General may not commence an en-
24 forcement action under subparagraph (A) with respect to
25 a violation without first notifying the licensee of the rea-

1 sons for the contemplated action and affording the licensee
2 an opportunity to demonstrate or achieve compliance with
3 this chapter and to submit facts, arguments, or proposals
4 of adjustment.

5 “(2)(A)(i) Not less than 60 days before the effective
6 date of any penalty imposed on a licensee by reason of
7 a determination made under paragraph (1), the Attorney
8 General shall send the licensee a written notice by certified
9 return receipt mail—

10 “(I) of the determination, and the grounds
11 on which the determination was made;

12 “(II) that sets forth the facts on which the
13 Attorney General relied as a basis for the deter-
14 mination, including the facts pertaining to any
15 determination of willfulness;

16 “(III) of the nature of the penalty; and

17 “(IV) that the licensee may, within 60
18 days after receipt of the notice, request in writ-
19 ing a hearing to review the determination.

20 “(ii) Within 5 calendar days after serving the written
21 notice on the licensee, the Attorney General, shall give
22 written notice to the licensee of the date the written notice
23 was so served and provide the licensee with proof of the
24 service.

1 “(B) A hearing to review a determination made under
2 paragraph (1) with respect to a licensee shall not be held
3 unless the licensee or an agent of the licensee requests
4 such a hearing within 60 days after receiving the written
5 notice required by subparagraph (A), and if held, shall be
6 open to the public

7 “(C) On timely receipt from the licensee of a request
8 for such a review, the Attorney General shall stay the im-
9 position of any penalty under paragraph (1), pending reso-
10 lution of the hearing, unless, in the case of a license rev-
11 ocation, the Attorney General establishes, at a hearing be-
12 fore an administrative law judge, by clear and convincing
13 evidence, that the licensee committed the violation willfully
14 and that the continued operation by the licensee of the
15 business involved poses an immediate and grave threat to
16 public safety.

17 “(3)(A) Within not fewer than 60 days after timely
18 receipt from a licensee or an agent of the licensee of a
19 written request for a hearing to review a determination
20 made under paragraph (1) (or at such later time as is
21 agreed to by the Attorney General and the licensee), an
22 administrative law judge shall hold an evidentiary hearing,
23 at a location convenient to the licensee, to review the de-
24 termination, except that, if the licensee moves for leave
25 to take the deposition of any witness identified by the At-

1 torney General or any officer or employee of the Depart-
2 ment of Justice who was involved in the inspection or ex-
3 amination, or any prior inspection or examination on
4 which the Attorney General relies, the administrative law
5 judge shall grant the motion and adjust the hearing date
6 accordingly.

7 “(B) Not less than 30 days before the hearing, the
8 Attorney General shall deliver to the licensee—

9 “(i) a document identifying each person whom
10 the Attorney General intends to call as a witness
11 during the hearing and a summary of the proposed
12 sworn testimony of the witness;

13 “(ii) a copy of each document, in unredacted
14 form, that will be introduced by the Attorney Gen-
15 eral as evidence at the hearing;

16 “(iii) copies of all documents on which the de-
17 termination is based;

18 “(iv) a complete copy of the file of the licensee
19 maintained by the Attorney General; and

20 “(v) a sworn statement from the Attorney Gen-
21 eral as to whether or not there is a pending criminal
22 investigation by the Attorney General of the licensee,
23 which statement shall be supplemented or amended
24 by the Attorney General if a criminal investigation
25 is initiated before the conclusion of the hearing.

1 “(C)(i) Within 120 days after the hearing, the admin-
2 istrative law judge shall issue a written decision setting
3 forth findings of fact and conclusions of law, and a deci-
4 sion as to whether to affirm, modify, or reverse the deter-
5 mination.

6 “(ii) The findings of fact and conclusions of law and
7 decision of the administrative law judge shall be—

8 “(I) de novo and not predicated on a presump-
9 tion that the determination of the Attorney General
10 was correct; and

11 “(II) based on a clear and convincing standard
12 of proof, which shall be borne by the Attorney Gen-
13 eral.

14 “(iii) The administrative law judge shall not make a
15 determination to revoke a license unless the administrative
16 law judge finds, by clear and convincing evidence, that—

17 “(I) the Attorney General notified the licensee
18 in writing of all reasons for the contemplated action
19 of the Attorney General;

20 “(II) the Attorney General afforded the licensee
21 a commercially reasonable opportunity to dem-
22 onstrate or achieve compliance with this chapter;
23 and

1 “(III) the licensee has not complied, and is un-
2 likely to be able to achieve compliance, with this
3 chapter.

4 “(iv) The Attorney General shall provide to the li-
5 censee a complete copy of the hearing transcript, including
6 exhibits, within 60 days after the date of the hearing.

7 “(D) On request of the licensee, the Attorney General
8 shall stay the effective date of any penalty, suspension,
9 or revocation until there is a final, unreviewable judgment
10 with respect to the determination of the administrative law
11 judge, unless, in the case of a license revocation, the Attor-
12 ney General establishes, at a hearing before an adminis-
13 trative law judge, by clear and convincing evidence, that
14 the licensee committed the violation willfully and that the
15 continued operation by the licensee of the business in-
16 volved poses an immediate and grave threat to public safe-
17 ty.

18 “(E) An action of an administrative law judge under
19 this subsection shall be considered final agency action for
20 all purposes, and may be reviewed only as provided in sub-
21 section (f).

22 “(4) This subsection shall not be interpreted to affect
23 the authority of the Attorney General under section
24 922(t)(5), except that the provisions of section 922(t)(5)
25 regarding notice and opportunity for a hearing shall be

1 subject to the procedural and evidentiary requirements
2 provided in this subsection.

3 “(f)(1) Within 60 days after a party receives a notice
4 issued under subsection (d) of a decision to deny a license,
5 or a notice issued under subsection (e)(3)(C) of a deter-
6 mination to suspend or revoke a license, the party may
7 file a petition with the United States district court for the
8 district in which the party resides or has a principal place
9 of business for a de novo trial of the determination.

10 “(2) In a proceeding conducted under this subsection,
11 the court shall, on application of a party, consider any evi-
12 dence submitted by the parties to the proceeding whether
13 or not the evidence was considered at the hearing held
14 under subsection (d) or (e)(3).

15 “(3)(A) If the court decides that the determination
16 was not authorized by law, the court shall order the Attor-
17 ney General to take such action as may be necessary to
18 comply with the judgment of the court.

19 “(B) The court shall not make a determination to
20 revoke a license unless the court finds, by clear and con-
21 vincing evidence, that—

22 “(i) the Attorney General notified the licensee
23 in writing of all reasons for the contemplated action
24 of the Attorney General;

1 “(ii) the Attorney General afforded the licensee
2 a commercially reasonable opportunity to dem-
3 onstrate or achieve compliance with this chapter;
4 and

5 “(iii) the licensee has not complied, and is un-
6 likely to be able to comply, with this chapter.

7 “(4) If criminal proceedings are instituted against an
8 applicant for a license under this chapter or a licensee al-
9 leging a violation of this chapter, and the applicant or li-
10 censee, as the case may be, is acquitted of the charges,
11 or the proceedings are terminated, other than on motion
12 of the Government before trial on the charges, the Attor-
13 ney General shall be absolutely barred from denying a li-
14 cense under this chapter, or suspending or revoking a li-
15 cense granted under this chapter, if the action would be
16 based in whole or in part on the facts which form the basis
17 of the criminal charges.

18 “(5) The Attorney General may not institute a pro-
19 ceeding to suspend or revoke a license granted under this
20 chapter, more than 1 year after the filing of the indict-
21 ment or information.

22 “(6) The Attorney General may not institute a pro-
23 ceeding to suspend or revoke a license granted under this
24 chapter, based on a violation that is finally determined to
25 have occurred with respect to a different license.”.

1 **SEC. 3. CONSIDERATION OF FEDERAL FIREARMS LICENSE**
2 **APPLICATIONS.**

3 Section 923(d) of title 18, United States Code, is
4 amended by striking paragraph (2) and inserting the fol-
5 lowing:

6 “(2) The Attorney General shall make a preliminary
7 determination as to whether to approve or deny an appli-
8 cation submitted under subsection (a) or (b). If the pre-
9 liminary determination is to deny the application, the At-
10 torney General shall notify the applicant in writing of the
11 preliminary determination and the reasons for the prelimi-
12 nary determination, and shall afford the applicant an op-
13 portunity to supplement the application with additional in-
14 formation and to request a hearing on the application. If
15 the applicant, in a timely manner, requests such a hearing,
16 the Attorney General shall hold the hearing at a location
17 convenient to the applicant, and shall notify the applicant
18 in writing of the time and place of the hearing.

19 “(3) The Attorney General may not deny an applica-
20 tion for a license based on—

21 “(A) any prior violation of this chapter by the
22 applicant, if more than 5 years have elapsed since
23 the date a license previously issued to the applicant
24 under this chapter was terminated, unless the Attor-
25 ney General finds that the applicant is a person de-
26 scribed in section 922(g);

1 “(A) had actual knowledge of a clearly estab-
2 lished legal duty;

3 “(B) understood the obligation imposed by the
4 legal duty; and

5 “(C) engaged in the conduct knowingly and in
6 deliberate disregard of the legal duty.

7 “(6) Evidence that a person has received a document
8 or other communication containing information about a
9 requirement imposed by or under this chapter and evi-
10 dence that the person has signed an acknowledgment that
11 the person understands the legal obligations of the person
12 under this chapter shall not be admissible as part of the
13 determination of the Attorney General, in an administra-
14 tive law hearing or in a court of law, to prove actual
15 knowledge and shall not be admissible as evidence to es-
16 tablish a willful violation of this chapter.

17 “(7) Evidence that a person has substantial experi-
18 ence as a licensee, or has in other instances successfully
19 complied with this chapter, shall not be admissible as part
20 of the determination of the Attorney General, in an admin-
21 istrative law hearing or in a court of law, to prove actual
22 knowledge and shall not be admissible as evidence to es-
23 tablished a willful violation of this chapter.

1 “(8) In determining under this subsection whether
2 conduct of a licensee was willful, the entire historical ad-
3 ministrative record of the licensee shall be considered.”.

4 **SEC. 5. RECONSIDERATION OF APPLICATIONS FROM**
5 **FORMER LICENSEES WHOSE LICENSES WERE**
6 **REVOKED, IN LIGHT OF NEW RULES PER-**
7 **TAINING TO WILLFULLNESS.**

8 The Attorney General shall reconsider each applica-
9 tion for a license under chapter 44 of title 18, United
10 States Code, that is submitted by an individual whose li-
11 cense under such chapter was revoked or whose applica-
12 tion for a license was denied before the date of the enact-
13 ment of this Act, and that was disposed of on or before
14 such date of enactment, and, in doing so, the Attorney
15 General shall apply the amendments made by section 4
16 of this Act.

17 **SEC. 6. ESTABLISHMENT OF FORMAL INSPECTION, EXAM-**
18 **INATION, AND INVESTIGATIVE STANDARDS.**

19 (a) IN GENERAL.—The Attorney General shall estab-
20 lish written standards for how the Bureau of Alcohol, To-
21 bacco, Firearms, and Explosives is to—

22 (1) conduct inspections, examinations, or inves-
23 tigation of a possible violation of chapter 40 or 44
24 of title 18, United States Code; and

1 **SEC. 8. LIQUIDATION OF INVENTORY IN FEDERAL FIRE-**
2 **ARMS LICENSE EXPIRATION, SURRENDER, OR**
3 **REVOCAION CASES.**

4 Section 923 of title 18, United States Code, is
5 amended by adding at the end the following:

6 “(m)(1) Except as provided in paragraph (2), an en-
7 tity whose license issued under this chapter is expired, sur-
8 rendered, or revoked shall be afforded 90 days from the
9 effective date of the expiration, surrender, or revocation
10 (not counting any period in which an appeal of such a
11 revocation is pending) to liquidate the firearms business
12 inventory of the entity, which time may be extended on
13 a showing of reasonable cause. During the 90-day period
14 (including any extension of the period), the license in-
15 volved shall continue to be considered valid, notwith-
16 standing the expiration, surrender, or revocation, and the
17 Attorney General shall issue letters of authorization to the
18 entity on which licensees under this chapter and commer-
19 cial third parties may rely. At any time before the expira-
20 tion of the disposition period, the entity may transfer any
21 remaining firearms from the firearms business inventory
22 of the entity to the entity or, if more than 1 person holds
23 an interest in the entity, to the interest holders, at which
24 point the firearms are deemed to be a personal collection
25 of the entity or interest holders, as the case may be.

1 “(2) Paragraph (1) shall not apply with respect to
2 a person if a United States district court for the judicial
3 district in which the person resides or in which the prin-
4 cipal place of business of the person subject to the license
5 is located finds, by clear and convincing evidence, that the
6 continued operation by the person of the firearms business
7 involved poses an immediate and grave threat to public
8 safety, in which case the person may transfer all firearms
9 from the firearms business inventory of the person to the
10 personal collection of the person or to another licensee for
11 consignment or other liquidation at the direction of the
12 person.”.

13 **SEC. 9. OPPORTUNITY TO CURE VIOLATIONS AFTER ACQUI-**
14 **SITION OF FIREARMS BUSINESS.**

15 Section 923 of title 18, United States Code, is further
16 amended by adding at the end the following:

17 “(n) If the Attorney General is made aware that a
18 business licensed under this chapter has been transferred
19 to a surviving spouse or child of the licensee, to an execu-
20 tor, administrator, or other legal representative of a de-
21 ceased or incompetent licensee, to a receiver or trustee in
22 bankruptcy, to an assignee for benefit of creditors, or to
23 an entity holding a security interest in an item as collat-
24 eral pursuant to Article 9 of the Uniform Commercial
25 Code (U.C.C. § 9–102(a)(73)), and, before the transfer,

1 or on the first inspection or examination by the Attorney
2 General of the records of the licensee after the transfer,
3 the licensee is found to be operating the business in viola-
4 tion of this chapter, the Attorney General—

5 “(1) shall notify the transferee of the violation
6 by the transferor; and

7 “(2) shall not presume that the transferee is
8 committing the violation.”.

9 **SEC. 10. STANDARDS FOR CRIMINAL VIOLATIONS OF REC-**
10 **ORDKEEPING REQUIREMENTS.**

11 Section 922(m) of title 18, United States Code, is
12 amended—

13 (1) by striking “any false entry” and inserting
14 “a materially false entry”;

15 (2) by striking “appropriate entry” and insert-
16 ing “a materially significant entry”; and

17 (3) by striking “properly maintain” and insert-
18 ing “retain custody of”.

○