

119TH CONGRESS  
2D SESSION

# H. R. 7135

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2026

Mr. FROST introduced the following bill; which was referred to the Committee  
on the Judiciary

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## A BILL

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

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Prevent Illegal Gun  
5       Resales Act”.

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

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

9               (1) in subsection (a)—

10               (A) in paragraph (1)—

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

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

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

7 (B) in paragraph (2)—

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

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

12 (C) in paragraph (3)—

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

15 (ii) in subparagraph (B)—

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

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

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

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

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

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

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

5 “(i) the applicant certifies that secure gun  
6 storage or safety devices will be available at any  
7 place in which firearms are sold under the li-  
8 cense to persons who are not licensees (subject  
9 to the exception that in any case in which a se-  
10 cure gun storage or safety device is temporarily  
11 unavailable because of theft, casualty loss, con-  
12 sumer sales, backorders from a manufacturer,  
13 or any other similar reason beyond the control  
14 of the licensee, the dealer shall not be consid-  
15 ered to be in violation of the requirement under  
16 this subparagraph to make available such a de-  
17 vice);

18 “(ii) the applicant submits with the appli-  
19 cation a specification of the firearms business  
20 practices, policies, and procedures of the appli-  
21 cant; and

22 “(iii) the Attorney General determines that  
23 the specification describes policies, practices,  
24 and procedures comply with regulations pre-  
25 scribed under section 926(d).”.

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

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

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

24       “(q) The Attorney General may impose a civil money  
25 penalty of not more than \$5,000 on, and may suspend

1 the license issued under section 923 to, any person who  
 2 is a licensed dealer who fails to comply with any practice,  
 3 policy, or procedure specified in the application approved  
 4 under section 923 of the person to become a licensed deal-  
 5 er.”.

6 **SEC. 4. PREVENTING FIREARM TRAFFICKING.**

7 (a) DUTIES OF FIREARM LICENSEES.—Section  
 8 923(g) of title 18, United States Code, is amended—

9 (1) in paragraph (1)(B)—

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

11 (ii); and

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

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

14 “(iii) for ensuring compliance with the regula-  
 15 tions prescribed under section 926(d); or”;

16 (2) in paragraph (3)(B)—

17 (A) by inserting “a firearm involved in a  
 18 crime or” after “thereof regarding”;

19 (B) by striking “, and shall destroy each  
 20 such form and any record of the contents there-  
 21 of no more than 20 days from the date such  
 22 form is received” and inserting “and shall re-  
 23 tain each such form and any record of the con-  
 24 tents of the form for 180 days after the date  
 25 the form is received”; and

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

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

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

17 “(B) Each licensee shall, in the absence of unique  
18 and special circumstances and approved in writing by the  
19 Attorney General, maintain records of all such crime gun  
20 trace requests for firearms disposed of by the licensee  
21 within the preceding 3 years, with copies of the trans-  
22 action records for the firearms in the possession of the  
23 licensee, if any, to review before the transfer of any fire-  
24 arm.

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

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

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

20               “(II) 5 or more firearms that were used in a  
21 crime under Federal, State, or local law within 3  
22 years after the last known retail sale of the firearm  
23 are traced to the licensee within any such 12-month  
24 period.

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

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

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

19           (2) during the 3 fiscal years that first begin  
20 after the date of the enactment of this Act, prioritize  
21 for compliance inspections those firearms dealers  
22 that have not been inspected within the then pre-  
23 ceding fiscal year with a high number of crime gun  
24 traces relative to other firearms dealers.

1 **SEC. 5. MENS REA REQUIREMENT FOR VIOLATIONS OF**  
2 **RULES APPLICABLE TO ONLY LICENSEES.**

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

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

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

9 **“§ 933. Trafficking in firearms**

10 **“(a) PROHIBITIONS.—**

11 **“(1) IN GENERAL.—**It shall be unlawful for any  
12 person to—

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

21 **“(B)** receive from another person 2 or  
22 more firearms in or affecting interstate or for-  
23 eign commerce, if the person knows or has rea-  
24 sonable cause to believe that the receipt would  
25 constitute a felony; or

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

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

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

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

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

22          “(D) in the most recent inspection of such  
23          other licensee under this chapter, the Attorney  
24          General has found 3 or more violations relating  
25          to failures to timely or accurately record infor-

1           mation in firearm acquisition and disposition  
2           records.

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

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

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

17          “(c) PENALTIES.—

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

21          “(2) LICENSEES.—

22                 “(A) CIVIL PENALTIES.—Any licensee who  
23                 violates subsection (a)(2) shall, after notice and  
24                 opportunity for a hearing, disgorge all profits  
25                 from the transfer of the firearms that are the

1 subject of the violation, and the court may im-  
2 pose on the licensee a civil money penalty equal  
3 to the greater of—

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

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

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

25 (b) DIRECTIVE TO SENTENCING COMMISSION.—

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

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

1 other individual involved in a conspiracy to traffic  
2 firearms, is a domestic violence survivor, or has been  
3 otherwise exploited by personal affection, fear of re-  
4 prisal, or economic need to commit an offense under  
5 section 933 of title 18, United States Code.

6 (c) DIRECTIVE TO ATF.—

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

23 (2) GUN TRAFFICKING AWARENESS PRO-  
24 GRAM.—The Director shall establish a program, to  
25 be known as the “Gun Trafficking Awareness Pro-

1       gram”, in which licensees under chapter 44 of title  
2       18, United States Code, who have transferred fire-  
3       arms to an individual who has violated section  
4       932(b) of such title, but who lack the mens rea to  
5       have committed a violation of section 933 of such  
6       title, may be enrolled for purposes of preventing fu-  
7       ture such violations. The program shall include, at  
8       a minimum—

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

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

17             (C) a requirement that such a licensee who  
18              operates retail premises from which firearms  
19              are transferred maintain audio and video sur-  
20              veillance of all areas of the premises; and

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

1 (d) DIRECTIVE TO THE ATTORNEY GENERAL.—

2 Within 2 years after the date of the enactment of this Act  
3 and annually thereafter, the Attorney General shall submit  
4 to the Committee on the Judiciary of the Senate and the  
5 Committee on the Judiciary of the House of Representa-  
6 tives a report containing the following information:

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

8 (A) the number of investigations initiated  
9 for violations of section 933 of title 18, United  
10 States Code;

11 (B) the number of individuals, entities,  
12 and Federal firearm licensees charged crimi-  
13 nally or civilly for the violations;

14 (C) the number of individuals, entities, and  
15 Federal firearm licensees indicted for the viola-  
16 tions;

17 (D) the number of investigations referred  
18 to the Attorney General by the Bureau of Alco-  
19 hol, Tobacco, Firearms and Explosives that did  
20 not result in criminal or civil charges; and

21 (E) the number of licensees enrolled in,  
22 and the number of licenses determined to have  
23 successfully completed, the program established  
24 under subsection (c)(2).

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

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

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

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

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

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

21                 “(1) require the dealer to permanently alter the  
22          business practices of the dealer or make physical im-  
23          provements to the firearms business premises of the  
24          dealer to reduce the diversion of firearms from the

1 firearms inventory of the dealer, which requirements  
2 shall include requiring the dealer to—

3 “(A) adopt electronic acquisition and dis-  
4 position record keeping;

5 “(B) provide the National Tracing Center  
6 with electronic access to all records required to  
7 be kept under this chapter that are possessed  
8 by the dealer;

9 “(C) make video and audio recordings of  
10 all firearms transactions, and maintain the re-  
11 cordings for 360 days; and

12 “(D) retain for more than 360 days, any  
13 video or audio recording of a firearm trans-  
14 action that was the subject of a trace request;  
15 and

16 “(2) not less frequently than biennially, inspect  
17 or examine the inventory, records, and business  
18 premises of the dealer without reasonable cause or  
19 warrant.

20 “(b) CESSATION.—On application of a high risk deal-  
21 er, on a form prescribed by the Attorney General, and ap-  
22 proval of the application by the Attorney General in writ-  
23 ing, the inspections of the dealer under subsection (a)(2)  
24 shall cease—

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

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

7                   “(B) will maintain the practices and im-  
8                   provements until otherwise notified by the At-  
9                   torney General; and

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

16           “(c) NOTICE.—The Attorney General shall inform  
17           high risk dealers in writing of their obligations under this  
18           section.

19           “(d) DEFINITION.—The term ‘high risk dealer’  
20           means any dealer identified by the Attorney General as  
21           lacking sufficient policies, procedures, or controls to pre-  
22           vent the diversion from lawful commerce of firearms or  
23           ammunition in the firearms business inventory of the deal-  
24           er or transferred by the dealer, and firearms possessed  
25           by the dealer that are to be destroyed, and, thus, necessi-

1 tating enhanced regulation and enforcement including reg-  
2 ular inspection and examination of the inventory, records,  
3 and premises of the firearms business of the dealer. The  
4 Attorney General shall so identify such a dealer if—

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

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

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

15 **SEC. 8. EFFECTIVE DATE.**

16 Sections 2 through 6 shall take effect on the date  
17 that is 180 days after the date of the enactment of this  
18 Act.

○