

FINANCIAL DISCRIMINATION AGAINST THE FIREARM INDUSTRY

The National Shooting Sports Foundation condemns financial industry discrimination against the law-abiding and highly regulated businesses in the firearm and ammunition industry. NSSF supports federal legislation to discourage such practices including S. 821, the Freedom Financing Act, introduced by Senators Kevin Cramer (R-N.D.) and John Kennedy (R-La.) and H.R. 2079, sponsored by Rep. Roger Williams (R-Texas). These measures would prevent financial institutions from accessing taxpayer-subsidized government programs when they are at the same time denying banking services to lawful and compliant industries. These bills would prohibit access to the Federal Reserve Discount Window Lending Programs, Federal Deposit Insurance Company and Automated Clearing House Network to any financial institution with

U.S. Sen. Kevin Cramer (R-N.D.), along with Sen. John Kennedy (R-La.), introduced the NSSF®-supported Freedom Financing Act S. 821, which would prevent financial institutions from accessing taxpayer-subsidized federal programs which allow them to survive and prosper when they are at the same time denying banking services to lawful industries.

NSSF also applauds Rep. Roger Williams (R-Texas) for introducing the House companion bill, H.R. 2079.

- Firearm and ammunition manufacturers, distributors and retailers are devoted to supporting programs that promote the safe, legal and healthy use of their products.
- Efforts by mega banks, credit card processors and other financial institutions to bankrupt or financially cripple our industry should be condemned.
- NSSF supports legislation such as the Freedom Financing Act S. 821 and H.R. 2079, which would work to end the discriminatory lending practices of major banking institutions that seek to circumvent the legislative process and set social policy from the boardroom.

over \$10 billion in assets, credit card processor and other financial institution which discriminates against the manufacturer and retailer of firearms, ammunition and shooting sports equipment.

BACKGROUND

During the Obama Administration, a pattern of financial discrimination against federally licensed firearm retailers began to emerge. An initiative under the former administration, called Operation Chokepoint, formalized the discrimination in the form of an effort by the Federal Deposit Insurance Corporation (FDIC) and Department of Justice (DOJ) to stop financial institutions from offering services to some regulated industries in an attempt to choke off banking services. The FDIC categorized federally licensed firearm retailers and other companies in the firearm and ammunition industry – some of the most heavily regulated businesses in the country - as risky businesses without any evidence or justification.

Due to this deliberate action on the part of the prior administration, some banks have ended relationships with legal and legitimate companies solely based on social and political views. While the FDIC had indicated it will take steps to end this indiscriminate targeting of the firearm industry, and the Justice Department has admitted the initiative was inappropriate and claims it has been terminated, there is no evidence that the resulting pattern of discrimination has ended.

CURRENT CHALLENGES

Unfortunately, while the initiative is no longer in place under President Trump, the financial institutions continue to discriminate against FFLs and systemically attempt to pick and choose the types of legal products they will tolerate their customers manufacturing and selling to law-abiding Americans.

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According to a NSSF survey of its members, individuals engaged in the business of manufacturing and dealing in firearms and ammunition products have experienced being refused goods and services by financial institutions simply because they were engaged in the lawful commerce of firearms and ammunition. This discrimination and refusal to provide goods and services results in higher costs of doing business and increased prices for consumers when exercising their Second Amendment Rights. Our members report facing discrimination from internet search engines, payment processors, social media companies, insurance companies and other service providers not covered by the FDIC.

While the firearm industry respects the right of financial institutions and other service providers to make business decisions based on objective criteria, it is unacceptable to discriminate against businesses simply because they are engaged in the lawful commerce of firearms, a heavily-regulated activity protected by the Second Amendment.

The challenges faced by the industry are far from anecdotal examples of discrimination against single business customers. The initiative to financially discriminate has become privatized and stands as a main goal of antigun groups. One gun control group, Guns Down America, even has a campaign called “Is Your Bank Loaded?”. This shame campaign scores and ranks banks based on their financial involvement with the firearm industry and spells out how a bank can “improve” their score with the antigun group. GDA irrationally calls for banks

to divest from the gun industry, invest in antigun programs, and publicly report details of firearm sales.ⁱ

Gun control advocacy groups are increasingly seeking to skirt the legislative process and federal policy makers all together and curtail the Second Amendment right of Americans through Wall Street. Under pressure from these lobbying entities, investment firms are increasingly examining the legitimate trade practices of firearm and ammunition companies, forcing these companies to defend their heavily regulated products and procedures, and even divesting industry stocks to appease the gun control lobby, at the risk of not acting in the best interests of their paying clients.

Institutional investors, such as pension funds, are generally obligated to act according to the principle of fiduciary duty. In other words, they are required to act solely in the interest of their beneficiaries. Instead, they are increasingly falling victim to external manipulation by those whose only goal is to bankrupt the industry and end the Second Amendment.

Shareholders have every right and responsibility to know and understand how their assets are invested. However, the process has been hijacked by activists forcing companies such as American Outdoor Brands, Dick’s Sporting Goods, and Sturm Ruger to report on their actions taken to improve firearm safety and mitigate criminal activity. Pension funds such as California’s Teacher Retirement System, New York City Retirement Systems, and Rhode Island Public Pension Fund are under fire as well for making logical investments

in solid, law-abiding companies. Shareholders stand to lose from allowing activists to play politics with their assets.

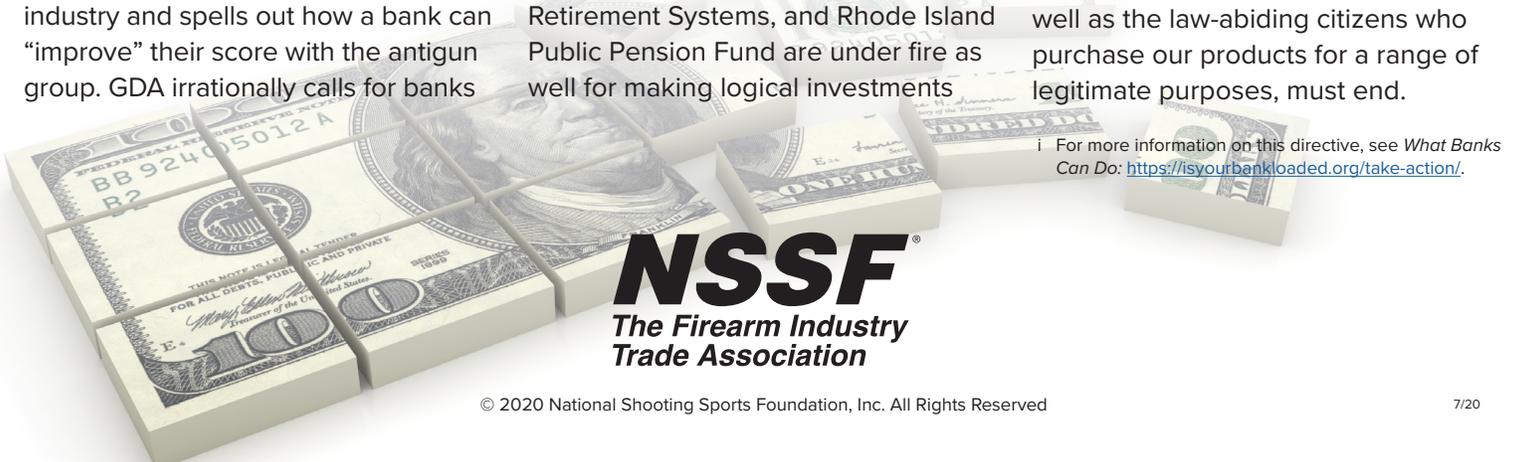
INDUSTRY ACTIONS

While no one wants to see firearms misused by criminals, firearm and ammunition manufacturers, distributors and retailers are devoted to supporting programs that promote the safe, legal and healthy use of their products.

For example, the NSSF coordinates with law enforcement to keep firearms out of the hands of criminals and unauthorized individuals through industry-funded initiatives such as Don’t Lie for the Other Guy and Project ChildSafe. NSSF has also led the way to encourage states and federal agencies to submit all prohibiting mental health records to the FBI’s National Instant Criminal Background Check System (NICS). As two-thirds of gun-related fatalities are suicides, NSSF also partners with the American Foundation for Suicide Prevention and Department of Veterans Affairs to build and implement public education resources for firearm retailers, shooting ranges and the firearm-owning community about suicide prevention and firearms.

None of these facts are shared with financial institutions by activists seeking to restrain legitimate businesses selling products that are safely used every day for self-protection, hunting and the shooting sports. The unfounded financial discrimination against those in the firearm and ammunition industry, as well as the law-abiding citizens who purchase our products for a range of legitimate purposes, must end.

ⁱ For more information on this directive, see *What Banks Can Do*: <https://isyourbankloaded.org/take-action/>.



NSSF
The Firearm Industry
Trade Association