



COUNTY OF LOS ANGELES
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TO: SUPERVISOR YVONNE BRATHWAITE BURKE, Chair
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FROM: LLOYD W. PELLMAN 
County Counsel

RE: People, et al. v. Arcadia, et al.
LASC Case No. BC 214798
Settlement Agreements

On May 8, 2003, your Board authorized our office to approve separate Memoranda of Understanding ("MOU's") with each of the four defendants in the firearms litigation that the trial court did not dismiss on summary judgment. Three of the defendants were firearms distributors, and one was a firearms dealer. You also authorized our office to negotiate final settlement agreements with each of these defendants consistent with the MOU's.

This is to advise you that we have reached final agreement with the four defendants and that they have each approved the terms. The substance of each agreement is described in the enclosed Attachment A.

As you may recall, pursuant to your Board's authorization of May 28, 2003, we appealed the summary judgment decision that dismissed the bulk of the industry defendants. That appeal is still pending.

If you have any questions regarding this matter, please contact me or Principal Deputy County Counsel Lawrence Hafetz at 974-1876.

LWP:LLH:cnz

Enclosure

c: David E. Janssen
Chief Administrative Officer

Violet Varona-Lukens, Executive Officer
Board of Supervisors

Attachment A

The Settlement Agreements

The County has entered into settlement agreements ("Agreements") with the following four defendants: (1) Southern Ohio Gun Distributors ("Southern Ohio"); (2) MKS Supply ("MKS"); (3) Ellett Brothers ("Ellett"); and (4) Andrews Sporting Goods. The first three are firearm distributors; the fourth is a firearm dealer.

The terms of the Agreements are set forth below. Under each Agreement, the defendant is bound by a Final Stipulated Judgment. Also, except for Ellett, each Agreement resolves the case for all purposes. If the County's current appeal prevails, Ellett would be subject to the appellate court's ruling.

I. Southern Ohio

The principal terms of the Agreement are that Southern Ohio will:

- A. Verify a dealer's state and local licenses before selling firearms to the dealer. This process will include obtaining copies of all licenses and contacting the California Department of Justice to confirm that the licenses are valid and have not expired;
- B. Stop selling firearms to so-called "kitchen-table dealers" in California. In other words, Southern Ohio will be permitted to sell firearms only to storefront dealers. In addition, for a period of three years, Southern Ohio will be prohibited from selling firearms to kitchen-table dealers in Arizona and Nevada;
- C. Take reasonable steps to investigate dealers that the County identifies as "high-risk," and consider discontinuing sales to those dealers;
- D. Conduct criminal background checks on its employees and not sell more than five firearms to any employee in any calendar year;
- E. Obtain a copy of a purchaser's California assault weapons permit before selling the purchaser an assault weapon. Also, Southern Ohio will be required to program its computer to preclude the completion of an order for an assault weapon in California without having in its possession a valid assault weapons permit for the purchaser;
- F. Include in its promotional materials for assault weapons a statement that such weapons are not available for sale in California without a proper permit;
- G. Include a warning label with firearms sold in California that describes the dangers of child access to firearms; and

H. Pay plaintiffs \$50,000 to help cover the costs of investigating and prosecuting the case against Southern Ohio.

Regarding enforcement, for a period of three years, Southern Ohio will meet with plaintiffs' representatives to discuss the implementation and compliance with the Agreement. The parties will also discuss other issues of common interest in an effort to reduce the flow of firearms to criminals, juveniles, and other unauthorized persons.

For purposes of these meetings, Southern Ohio will make the following information available to plaintiffs: (1) a list of all California, Arizona, and Nevada federal firearms licensees who have purchased a firearm and/or an assault weapon from Southern Ohio in the preceding year; and (2) copies of all promotional materials that Southern Ohio distributes to California advertising its products.

II. MKS

MKS agrees not to sell or ship firearms to any individual or entity in California. Also, for a period of three years, MKS will meet with plaintiffs' representatives to discuss issues related to the Agreement. Finally, MKS will pay plaintiffs \$10,000.

III. Ellett

The principal terms of the Agreement are that Ellett will:

A. Verify a dealer's state and local licenses before selling firearms to the dealer. This process will include contacting the California Department of Justice to confirm that the licenses are valid and have not expired;

B. Not sell firearms to "kitchen-table dealers" in California, Arizona, and Nevada for a period of five years;

C. Include in its promotional materials for assault weapons a statement that such weapons are not available for sale in California without a proper permit; and

D. Pay plaintiffs \$10,000.

Regarding enforcement, for a period of three years, Ellett will provide plaintiffs' representatives the following information: (1) a list of all California, Arizona, and Nevada federal firearms licensees who purchased a firearm from Ellett in the preceding year; and (2) copies of all promotional materials that Ellett distributes to California advertising its products.

IV. Andrews

Andrews has thirteen stores in Southern California. The Agreement covers all stores. For a period of three years, Andrews will:

- A. Not sell firearms at gun shows;
- B. Implement and maintain an inventory tracking system to account for every firearm in inventory and every firearm sold;
- C. Maintain a security plan to keep firearms locked at all times except when removing a firearm to show a customer. The plan will also prohibit customers and employees from handling ammunition and firearms at the same time;
- D. Not allow minors to handle ammunition or firearms without an adult present;
- E. Use a firearm sales safety checklist to be reviewed and signed by each customer. The checklist will contain, among other things, the firearm make, model, and serial number, and a statement that the customer has been shown the general function of the firearm and its safety devices and has been warned about the dangers of improper firearm use;
- F. Require employees to attend a training session at least annually covering various firearm topics, including firearm laws and regulations, and techniques to recognize straw sales. Also, Andrews will educate its employees on the "Don't Lie for the Other Guy" program, an industry program designed to help dealers identify and prevent straw sales; and
- G. Offer or provide state-approved firearm safety devices with every firearm sold.

Regarding enforcement, for a period of three years, Andrews will meet with plaintiffs' representatives to discuss the implementation and compliance with the Agreement. At the meeting, the parties will also discuss other issues of common interest to reduce the flow of firearms to unauthorized persons.