



THE
GUN STORE
EXCEPTION

How payment processors
could impact gun crime.

GUNS
DOWN
AMERICA

EXECUTIVE SUMMARY

The establishment of a merchant category code (MCC) for gun and ammunition stores in 2022 was a watershed moment for the gun violence prevention movement. Previously, gun and ammunition merchants were uniquely exempt from the classification system created by the payments industry to exchange transaction information. By bringing gun and ammunition retailers into the payment system formally, banks that provide services to firearm merchants and payment options to consumers can begin to detect fraud and suspicious activity accurately and report it to law enforcement for investigative follow-up and intervention.

Naturally, the National Rifle Association (NRA) and National Shooting Sports Foundation (NSSF) object to the commonsense notion that alerting law enforcement about fraudulent or potentially illegal gun purchases could save lives. The NRA and NSSF stood behind the political backlash against the code and supported legislation in nearly 20 states to block banks and credit card companies from using it. This legislation makes explicit the gun industry's existing exceptions that put lives in danger and puts banks in those states at risk of noncompliance with federal bank examiner expectations regarding high-risk merchants.

Guns Down America's new research shows that credit card abuse fuels gun crime and details how financial institutions and credit card companies can stop gun violence before it happens. The gun industry should not be exempt from the same standards and processes as any other sector of our economy – exempting them from classification will only lead to more gun injury and death.

Key Policy Recommendations:

- **Federal legislation is needed to resolve the conflict between state laws that penalize use of the gun and ammunition store MCC and federal banking regulatory and examination expectations for its use.** The Federal Deposit Insurance Corporation (FDIC) and Office of the Comptroller of the Currency (OCC) are responsible for maintaining the safety and soundness of the banking system. Both independent regulators have very clear expectations that merchant category codes are an essential element for controlling risk from high-risk merchants like gun retailers. Considering regulatory uncertainty from state bills that penalize use of the gun store code, the US Congress should pass legislation to resolve conflicting state laws and federal banking expectations so that banks can come into compliance without penalty from state regulators.
- **Payment networks must make the code available for use and operationalized in states where it is not banned.** Florida, Idaho, Mississippi, Montana, North Dakota, Texas, and West Virginia have enacted laws that severely penalize use of the gun store merchant category code, and at least 9 more states are considering similar legislation. These laws force banks to fail to meet the examination expectations of the FDIC and OCC. As long as the payment networks delay making the gun store code available, they are creating risk of

noncompliance in states that neither have a ban nor an affirmative requirement to use it, as in California. Operating under the lawfulness standard which payment networks adhere to means the gun store code must be available for use and operationalized in the states where it is not explicitly banned.

- **The gun store merchant category code could help prevent fraudulent credit card purchases associated with straw purchases and gun trafficking.** Guns Down America identified 9 criminal prosecutions where the defendant used stolen information or someone else's payment method to buy guns in violation of the law. In some cases, the fraudulently purchased guns were traced to shooting incidents. If the gun store code was in place, credit card companies could have already developed algorithms to detect whether a gun store purchase is likely to be fraudulent based on transaction patterns. This would help stop criminal credit card abuse of the payment system and inhibit gun crime. At a minimum, card networks should require firearm retailers to verify identification and ensure the buyer's name matches the card user's name before accepting payment. These are just two ways the payment system can help stop gun crime before it happens.
- **The Financial Crimes Enforcement Network should convene banks, payment networks, and stakeholders to develop industry-wide, rules-based transaction monitoring systems that could save lives.** Rules-based transaction monitoring systems are critical to meeting requirements of the Bank Secrecy Act reporting system. Banks have created rules-based transaction monitoring systems to meet this expectation that can be adapted to detect and report potential active mass shooters planning mass casualty events. If a system for collecting and flagging suspicious gun and ammunition sales had been in place over the past 15 years, law enforcement officials would have had the opportunity to potentially intervene and prevent multiple mass shootings.
- **Payment networks must ensure that online ghost gun retailers are classified under the merchant category code for gun and ammunition stores.** In 2023, California required payment networks to make the gun store merchant category code available by July 2024, and operational by May of 2025. The law defines eligible merchants as those whose highest sales value is, or is expected to be, from the combined sale of firearms, firearms accessories, or ammunition, as stated by the business to its merchant acquirer. Most ghost gun sales occur online, and by default involve electronic payment. Payment networks should be explicit that ghost gun retailers fall within the definition of the California law and must be classified under the gun store merchant category code if it is licensed to do business in states where the gun store code is required.

BACKGROUND

Merchant Category Codes (MCCs) are four-digit numbers that identify the primary purpose of a business.¹ The codes are maintained by the International Organization for Standardization (ISO), and they are consistent with data standards maintained by major payment networks such as Visa, Mastercard, American Express, and Discover. The ISO sets the standard MCCs and provides the description of the goods or services included under each code, but payment networks assign the MCCs to retailers during their application process. American Express, Discover, MasterCard and Visa require Merchant Category Codes in all transactions.

MCCs hold critical information that is used by the five different parties involved in an electronic transaction.

- **Cardholders.** Cardholders use a credit or debit card from their issuing bank to make a purchase. MCCs are used to track spending categories and determine their eligibility for certain kinds of consumer rewards.
- **Merchants.** Merchants sell goods and services. MCCs are assigned based on the merchant's primary business activity.²
- **Merchant acquirers.** Merchant acquirers are banks that provide merchants with a point of sale system and send the payment to the merchant. These banks assign the appropriate MCC to each merchant and use them to measure and assess the risks of transactions with those merchants.³
- **Payment networks.** The payment network transmits transaction data between the merchant acquirer and the issuing bank. They use MCCs to determine what interchange fees they should charge specific merchants.^{4 5}
- **Issuing banks.** The issuing bank extends credit to the consumer or issues a debit card drawn on the customer's checking account. It authorizes payment for merchant transactions and collects money from the consumer. They use MCCs to assess the relative risk of specific transactions.⁶

The gun and ammunition store code allows banks and credit card companies to develop rules-based transaction monitoring systems without drastically altering their internal systems for coding and processing transactions. The gun store MCC simply integrates with existing financial

¹ Federal Deposit Insurance Corporation, "Credit Card Activities Manual: Glossary," accessed [February 6, 2024](#).

² Ibid.

³ "What is a merchant category code?", eMerchantPay, accessed [September 23, 2020](#).

⁴ Mastercard, Quick Reference Booklet, Merchant Edition, [November 15, 2018](#).

⁵ Visa Merchant Data Standards Manual, Visa Supplemental Requirements, October [2019](#).

⁶ "What is a merchant category code?", eMerchantPay, accessed [September 23, 2020](#).

infrastructure to provide additional information on sales made by gun and ammunition retailers, without limiting or further regulating gun sales. After implementation, the gun store code would allow banks and credit card companies to both effectively evaluate the inherent risks in gun sales made through their networks and support community-based efforts to prevent gun violence.

Law enforcement officials seeking to identify individuals who are potentially stockpiling weapons could also benefit from this new information. In the aftermath of the 2012 mass shooting in Aurora, Colorado, which killed 12 people and injured an additional 70 people, District Attorney George Brauchler stated, "Do I wish someone from law enforcement had been able to go to [the shooter's] door and knock on his door and figure out a way to talk their way into it or to freak him out?... Yeah, absolutely."⁷

This kind of cooperation and information sharing between retail outlets and law enforcement is routine and encouraged across the Federal government in related public safety contexts. The FBI⁸, FEMA⁹, the Bureau of Alcohol, Tobacco, Firearms and Explosives¹⁰, and the Department of Homeland Security¹¹ all have training, pamphlets, and promotional videos emphasizing the importance of "retail security awareness," which the FBI defines as "maintaining awareness in retail stores and reporting suspicious activity to the appropriate authorities."¹² In addition, financial regulations such as the Right to Financial Privacy Act specifically exempt banks from their obligation to protect private financial information they provide that is relevant to a possible violation of the law.

The information collected via the new MCC could feed directly into the existing "tripwire" system that the FBI has used for more than 30 years to track the sale of materials that are commonly used to build bombs.¹³ It would ensure that gun retailers did not bear the full responsibility for ensuring retail security awareness; under the new system, payment networks like Visa and Mastercard, and merchant banks would also bear some responsibility for providing law enforcement with information about the number and frequency of gun purchases by individuals that is not captured by point of sale background checks.

⁷ Andrew Ross Sorkin, "How Banks Unwittingly Finance Mass Shootings," The New York Times/ DealBook, [December 24, 2018](#).

⁸ Federal Bureau of Investigation. "Suspicious Sales: Retail Security Awareness." Accessed September 24, 2020. <https://www.fbi.gov/video-repository/suspicious-sales-retail-security-awareness.mp4/view>

⁹ Federal Emergency Management Agency, Emergency Management Institute. "IS-912: Retail Security Awareness: Understanding the Hidden Hazards." Accessed September 24, 2020. <https://training.fema.gov/is/courseoverview.aspx?code=IS-912>

¹⁰ Bureau of Alcohol, Tobacco, Firearms, and Explosives. "America's Security Begins with You." Accessed September 24, 2020. <https://www.atf.gov/resource-center/docs/americas-security-begins-you-brochurepdf/download>

¹¹ Department of Homeland Security. "DHS Retail Sector Suspicious Activity Reporting Video." Accessed September 24, 2020. <https://publicintelligence.net/dhs-retail-sector-suspicious-activity-reporting-video/>

¹² Federal Bureau of Investigation. "Suspicious Sales: Retail Security Awareness." Accessed September 24, 2020. <https://www.fbi.gov/video-repository/suspicious-sales-retail-security-awareness.mp4/view>

¹³ Devlin Barrett. "Tripwires Can Spot Would Be Bombers." The Wall Street Journal. [April 15, 2013](#).

CREDIT CARD FRAUD PERPETUATES GUN VIOLENCE

Fraudulent firearm transactions are associated with straw purchases and gun trafficking.

Deterring fraud in the retailing of firearms could help stop gun violence before it happens. Our review of media archives and court records from 2019 to 2023 uncovered 9 cases where individuals were prosecuted for using stolen information or another’s identity to buy guns in violation of laws against straw purchases and to further gun trafficking enterprises.

CREDIT CARD FRAUD PAID FOR GUN VIOLENCE

YEAR	CASE	ISSUE	FACTS
2019	USA v. Dixon, et al	Three Columbus men sentenced for purchasing guns using stolen credit cards and personal information.	“A victim of identity fraud contacted Shooters of Columbus on April 3, 2017 to question to unauthorized charges made on their credit card while Dixon was inside picking up another illegally purchased gun.” ¹⁴
2020	USA v. Massey Jr., et al	Four Cleveland-area men were accused of using stolen credit card information to buy guns.	“...Massey had trouble getting guns through legal channels because of pending felony cases in Cuyahoga and Portage counties, so he had Dixon make the purchases.” ¹⁵
2020	USA v. Robertson, et al	Warren Vernell Robertson, III, a gun trafficker, and his accomplices were sentenced for purchasing firearms online using nearly a dozen fictitious names and email addresses to be sold on the streets.	“Robertson also purchased firearms online using nearly a dozen fictitious names and email addresses. Robertson then sold the firearms in Baltimore.” ¹⁶
2021	USA v. Williams, et al	Chauncey Williams, Michael Chahoua, and Antonio Jackson were indicted for allegedly using stolen credit card information to purchase firearms from online retailers.	“Defendants ... used stolen credit card information to purchase firearms from online retailers and enlisted seven straw purchasers to retrieve the firearms in-person from a local federal firearms licensee in exchange for compensation.” ¹⁷

¹⁴ Sam Sachs, “Shooters of Columbus Scammers sentenced in online gun purchase scheme,” WRBL, [November 6, 2019](#).

¹⁵ Eric Heisig, “Four Cleveland-area men used stolen credit cards to buy guns, feds say,” Cleveland.com, [January 6, 2020](#).

¹⁶ US Attorney’s Office, Northern District of Georgia, “Gunrunner and his accomplices sentenced for trafficking more than 100 firearms from Georgia to Maryland,” Department of Justice, [March 12, 2021](#).

¹⁷ US Attorney’s Office, Eastern District of Michigan, 10 People Indicted In Scheme To “Straw Purchase” Firearms, Department of Justice, [September 28, 2021](#).

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YEAR	CASE	ISSUE	FACTS
2021	<u>USA v. Boykin and Barnes</u>	Elijah Isaiah Boykin and Elijah Keashon Barnes were indicted for unlawfully obtaining and trafficking dozens of firearms later used in crimes totalling over \$17,000.	"On each occasion, Boykin signed paperwork stating that he was the actual purchaser of the guns but paid using a credit card belonging to co-defendant Elijah Keashon Barnes." ¹⁸
2022	<u>USA v. Brown, Jackson</u>	Jonathan-Michael Brown and Jalen Kenyatta-Malik Jackson pleaded guilty to illegally purchasing and reselling guns.	"It is alleged that Brown acquired firearms by posing as another person and using the driver's license of that person and credit card account numbers of other victims to purchase the weapons for resale...further ... Brown recruited Jackson to make false statements to gun dealers when he acquired multiple firearms using credit card numbers assigned to other victims to purchase those weapons to resell to others." ¹⁹
2022	<u>USA v. Oxner</u>	Oxner did not disclose that he was purchasing the weapon for a close relative and provided a false home address on required forms. Weapon used in DC homicide days later.	"Security camera footage and receipts from the store... show Oxner buying the firearm and using his relative's debit card to make the purchase." ²⁰
2023	<u>Cliffie Thompson</u>	Cliffie Thompson pleaded guilty to producing and possessing ghost guns and ghost gun parts, and ammunition."	"Thompson also possessed approximately 36 blank forged credit cards that contained the personal identifying information of others." ²¹
2023	<u>USA v. Jones</u>	Zephaniah Jones pleaded guilty to leading firearms conspiracy with guns purchased online with stolen credit cards.	Jones and his associates would purchase firearms online from FFLs with stolen credit cards." ²²

¹⁸ US Attorney's Office, Northern District of Georgia, "Active-duty Sailor and his former Navy colleague are charged with conspiring to traffic guns from Georgia to New Jersey", [August 31, 2021](#).

¹⁹ US Attorney's Office, "Two Flint Men Charged With Fraudulently Purchasing Firearms From Licensed Gun Dealers In Two States To Resell To Others For Profit," Department of Justice, [June 10, 2022](#).

²⁰ US Attorney's Office, "Winchester Man Arrested for Making Straw Purchase of Firearm Used in Homicide," Department of Justice, [July 21, 2022](#).

²¹ District Attorney, New York County, "D.A. Bragg Announces Guilty Plea of Cliffie Thompson For Operating Ghost Gun Factory," Press Release, [November 16, 2023](#).

²² Information contained in linked indictment.

GUN STORE MCC PENALTIES CREATE RISK FOR BANKS

State laws against the gun and ammunition store merchant category code force banks to fail in meeting the examination expectations of federal banking regulators. Florida, Idaho, Mississippi, Montana, North Dakota, Texas, and West Virginia have enacted laws that severely penalize use of the gun store merchant category code, and 9 more states are considering similar legislation. These laws force banks to fail in meeting the examination expectations of the Federal Deposit Insurance Corporation (FDIC) and Office of the Comptroller of the Currency (OCC), which together are charged with regulating the banking system for safety and soundness.

- **The Federal Deposit Insurance Corporation** bank examination procedures spell out expectations for merchant banks' practices related to high risk merchants like gun and ammunition stores. According to the FDIC's Risk Management Examination Manual for Credit Card Activities, "Appropriate procedures and risk controls for high-risk merchants generally include: ... compliance with bankcard regulations regarding registration of certain high-risk merchants and assigning proper merchant category codes to merchants."²³
- The same is true for banks regulated by the **Office of the Comptroller of the Currency**. The OCC's expectation for risk management and controls for merchant banks says that "The underwriting policy should require a background check of the merchant to support the validity of the business, creditworthiness of the merchant, and sales history. The bank's underwriting standards should require, at a minimum... adequate understanding of the merchant's business to ensure that it is classified under the merchant category code."²⁴

State laws that prohibit and penalize use of the gun and ammunition store merchant category code limit the banking system's ability to manage risk from firearms retailers. There are almost 80,000²⁵ gun and ammunition stores in the United States with an estimated market size of \$18.5 billion in 2023.²⁶ The firearms retail market creates risk for banks because of the prevalence of chargebacks ("a charge that is returned to a payment card after a customer successfully disputes an item on their account statement or transactions report").²⁷ Specialized payment processors that serve gun retailers say the prevalence of chargebacks is because of the try-after-you-buy nature of online sales, relatively high cost of firearms, and fraud.²⁸

For retailers, excessive chargebacks can lead to financial losses, higher fees, and the inability to accept credit card payments.²⁹ For banks, chargebacks for any reason create credit risk when

²³ Federal Deposit Insurance Corporation, "Risk Management Examination Manual for Credit Card Activities, Chapter XIX," page 172, accessed [February 6, 2024](#).

²⁴ Office of the Comptroller of the Currency, Comptroller's Handbook: Safety and Soundness, Merchant Processing," page 23, accessed [February 6, 2024](#).

²⁵ Everytown for Gun Safety, "Inside the Gun Shop: Firearms Dealers and their Impact," [July 6, 2023](#).

²⁶ IBIS World, "Gun and Ammunition Stores," accessed [February 6, 2024](#).

²⁷ "What Is a Chargeback? Definition, How to Dispute, and Example," Investopedia, [December 15, 2023](#).

²⁸ CB-Alert, "Firearms Chargeback Prevention 101, accessed [February 6, 2024](#).

²⁹ Stripe, "What are chargebacks," accessed [February 6, 2024](#).

merchants fail to pay legitimate chargebacks. According to the Federal Deposit Insurance Corporation, "In that case, the acquiring bank is obligated to honor the charge-back and pay the issuing bank which could result in significant loss to the acquiring bank [...] Acquiring banks control credit risk by using sound merchant approval processes and closely monitoring merchant activities."³⁰ For gun retailers, this includes using the merchant category code for gun and ammunition stores.

RULES-BASED TRANSACTION MONITORING COULD SAVE LIVES

The gun store merchant category code can be used in rules-based transaction monitoring systems to detect potential active shooters planning mass casualty events. According to the Federal Financial Institutions Examination Council, "Suspicious activity reporting forms the cornerstone of the Bank Secrecy Act (BSA) reporting system. It is critical to the United States' ability to utilize financial information to combat terrorism, terrorist financing, money laundering, and other financial crimes."³¹ According to Oracle, "The workhorses of transaction monitoring have been rules-based systems, commonly referred to as scenarios. Scenarios are essentially simple if-else statements that trigger an alert if a specified combination of conditions are met... Financial institutions can choose to deploy a few scenarios or up to several dozen depending on the size and risk profile of the institution. They may also deploy new scenarios in response to new products that the institution brings to market."³²

Banks have created rules-based transaction monitoring systems to meet this expectation that can be adapted to detect and report potential active mass shooters planning mass casualty events. This is an example of a methodology to detect a possible active shooter before a mass casualty event³³:

- During a 60-day lookback period:
 - Bank customer transacts at 5 or more distinct gun merchants (MCC);
 - Aggregate purchase transactions total \$2,500 or more from gun merchants (MCC);
 - Number of transactions at gun stores are more than 50% of total transactions (MCC);
 - Aggregate purchase amount is more than 50 percent of purchases by the customer.

This scenario describes an individual trying to hide their rapidly intensifying interest in firearms by shopping at multiple gun stores and mirrors the Pulse Nightclub shooter's buying pattern just before he killed 49 people and wounded 53 more in Orlando, Florida on June 12, 2016.

³⁰ Federal Deposit Insurance Corporation, "Risk Management Examination Manual for Credit Card Activities, Chapter XIX," page 167, accessed [February 6, 2024](#).

³¹ Federal Financial Institutions Examination Council, "Assessing Compliance with BSA Regulatory Requirements: Suspicious Activity Reporting - Overview," accessed [February 6, 2024](#).

³² Oracle, "Evaluating and Improving Transaction Monitoring Systems - A Better Way," [July 2023](#).

³³ Congress of the United States, House of Representatives, Committee on the Judiciary, Letter to Mr. Noah Bishoff, [January 17, 2024](#).

If a system for collecting and flagging suspicious gun and ammunition sales had been in place over the past 15 years, law enforcement officials would have had the opportunity to potentially intervene and prevent multiple mass shootings. A review of mass shootings involving the payment system returned 8 clear cases where the shooter used electronic payment to purchase weapons used in the incident.

- **Casas Adobes, Arizona (2011)** James Loughner used a Chase Visa to buy a Glock handgun at Sportsman's Warehouse in Tucson, Arizona³⁴. Loughner killed six people and injured 14 more, including Representative Gabrielle Giffords, in a shooting on January 8, 2011.³⁵
- **Aurora, Colorado (2012)** James Holmes used a MasterCard issued by USAA to purchase \$11,000 worth of weapons and military gear in the six-week period between May 22, 2012 and July 6, 2012. According to an article in the New York Times, "He bought two tear-gas grenades, a gas mask and filter, a .40-caliber Glock handgun, a 12-gauge shotgun, a .223-caliber AR-15, a 100-round drum magazine, two 40-round magazines, a laser sight, a bulletproof vest, 5,000 rounds of ammunition, two sets of handcuffs and 'road stars' meant to slice through car tires."³⁶ Holmes made these purchases online and in person, including at Gander Mountain Gun Store and Bass Pro Shops.³⁷ All of the guns he used were purchased in the six-week period between May 22, 2012 and July 6, 2012. Holmes killed 12 people and injured dozens more in a mass shooting at a movie theater in Aurora, Colorado.³⁸
- **San Bernardino, California (2015)** Shooter Syed Farook got a \$28,500 loan from an online lender before the shooting that took 14 lives.³⁹ Authorities believed that the loan to Farook helped him acquire guns and ammunition used in the shooting.⁴⁰ Farook and his wife Tashfeen Malik bought guns at Annie's Get Your Gun Store in Corona, California.⁴¹
- **Orlando, Florida (2016)** Omar Mateen used credit cards from Mastercard, American Express, and Visa to purchase almost \$20,000 worth of guns and ammunition. According to an article in The New York Times, "Twelve days before the shooting, he began a \$26,532 buying spree: a Sig Sauer MCX .223-caliber rifle, a Glock 17 9-millimeter semiautomatic pistol, several large magazines, thousands of rounds of ammunition and a \$7,500 ring for his wife that he bought on a jewelry store card. His average spending before that, on his

³⁴ Susanna Kim, "Glock 19: How did Unemployed Jared Loughner Buy Popular, Expensive Pistol?", ABC News, [January 10, 2011](#).

³⁵ Andrew Ross Sorkin, "How Banks Unwittingly Finance Mass Shootings," The New York Times/ DealBook, [December 24, 2018](#).

³⁶ Andrew Ross Sorkin, "How Banks Unwittingly Finance Mass Shootings," The New York Times/DealBook, [December 24, 2018](#).

³⁷ Michelle Castillo, "Colo. Shooter purchased guns legally from 3 different stores," CBS News, [July 5, 2016](#).

³⁸ Dan Elliott and Sadie Gurman, "Remembering the Aurora theater shooting victims," Coloradoan, [July 16, 2015](#).

³⁹ Mark Hosenball, "FBI looking into \$28,500 deposit in California shooters' account: source," Reuters, [December 8, 2012](#).

⁴⁰ Richard Serrano, James Koren, Richard Winton, Corina Knoll, "Online loan may have helped couple fund their terror arsenal in San Bernardino attack," Los Angeles Times, [December 8, 2015](#).

⁴¹ Larry Buchanan, Josh Keller, Richard Opper Jr., and Daniel Victor, "How They Got Their Guns," The New York Times, [February 16, 2018](#).

only card, was \$1,500 a month.⁴² Mateen bought the rifle and handgun guns legally at the St. Lucie Shooting Center one week before the attack.⁴³ Mateen killed 49 people and injured 50 more during the Pulse Nightclub Shooting.⁴⁴

- **Las Vegas, Nevada (2017)** Stephen Paddock spent \$95,000 on firearms and firearm related transactions in the year prior to the Las Vegas Shooting. Paddock bought 33 guns in the year between October 16, 2016 and September 17, 2017. These purchases occurred at eight gun stores in California and Nevada.⁴⁵
- **Dayton, Ohio (2019)** Connor Betts, the gunman who killed nine people in Dayton, Ohio, purchased a firearm from an online retailer in Texas. Betts bought the gun used in the Dayton shooting from a Texas retailer and picked it up at a local gun dealer. Betts' friend, Ethan Kollie, bought body armor, the upper receiver of the AR-15, and the 100 round drum magazine for Betts.⁴⁶
- **Santa Fe, New Mexico (2020)** The gunman in the Santa Fe High School shooting purchased 100 rounds of ammunition on a website that accepted payment in prepaid American Express gift cards and never verified his age.⁴⁷
- **Farmington, New Mexico (2023)** The father of a shooter who killed three elderly women in NM was said to have purchased the firearm with a Visa credit card in December 2022. "In an email to Payments Dive, Shanice Gonzales, public information officer for the Farmington Police Department, confirmed the Visa transaction belonged to the shooter's father, but said the department has yet to identify the owner of the debit card used in the transaction."⁴⁸

⁴² Andrew Ross Sorkin, "How Banks Unwittingly Finance Mass Shootings," The New York Times/DealBook, [December 24, 2018](#).

⁴³ Charlotte Alter, "Orlando Shooter Bought Gun Legally, Store Owner Says," Time, [June 13, 2016](#).

⁴⁴ Hannah Bloch, Rebecca Hersher, Camila Domonoske, Merrit Kennedy, Colin Dwyer, "They were so beautiful": Remembering Those Murdered in Orlando," NPR, [June 13, 2016](#).

⁴⁵ Andrew Ross Sorkin, "How Banks Unwittingly Finance Mass Shootings," The New York Times/DealBook, [December 24, 2018](#).

⁴⁶ "Feds announce charges against Connor Betts's friend for lying on firearms forms," WKRC, [August 12, 2019](#).

⁴⁷ Everytown for Gun Safety, "17-Year-Old Who Carried Out Mass Shooting at Santa Fe High School Illegally Bought Ammunition on Website That Never Verified His Age, Lawsuit Alleges," Press Release, [March 5, 2020](#).

⁴⁸ Debbie Carolson, "Credit card used to buy AR-15 rifle in New Mexico shooting," Payments Dive, [June 26, 2023](#).

ONLINE GHOST GUN RETAILERS ARE GUN & AMMUNITION STORES

Payment networks must ensure that online ghost gun retailers are classified under the merchant category code for gun and ammunition stores. A 2023 California law requires that payment networks make the gun store merchant category code available by July 2024 and operational by May 2025. The law defines eligible merchants as those whose highest sales value is, or is expected to be, from the combined sale of firearms, firearms accessories, or ammunition, as stated by the business to its merchant acquirer. Most ghost gun sales occur online, and by default involve electronic payment. Payment networks should be explicit that ghost gun retailers fall within the definition of the California law and must be classified under the gun store merchant category code if it is licensed to do business in states where the gun store code is required.

YEAR	CASE	ISSUE	FACTS
2020	USA v. Perry	Member of Boogaloo Movement arrested for being a felon in possession of a firearm.	Perry used his credit card to purchase gun parts in his girlfriend's name.
2021	USA v. Cuney	Purchasing firearms parts from online retailers to assemble ghost guns, some of which was paid for using another person's credit card.	Jonathan Cuney, a member of the Proud Boys who was previously convicted of unlawful gun trafficking, admitted to purchasing firearm parts from several dozen online retailers to assemble ghost guns.
2021	USA v. Doyduk	Doyduk used credit cards and other forms of payment to purchase firearms parts from suppliers in the United States.	Samet Doyduk pleaded guilty to conspiring to smuggle \$200,000 worth of firearms parts out of the United States.
2021	USA v. Montano and Castelluccio	Unlawfully selling ghost guns built from parts ordered online.	"Montano admitted that between August and October 2019, he, along with Michael Castelluccio, conspired to build and sell firearms from component parts ordered online."
2022	USA v. Dannon and Dannon	Online purchase of ghost guns using prepaid cards.	Moyad and Mahde Dannon allegedly manufactured ghost guns from parts purchased online with the intent to send the firearms overseas to ISIS.

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YEAR	CASE	ISSUE	FACTS
2022	USA v. Price	Illegally manufacturing fully automatic firearms from parts ordered online.	"Price negotiated with an undercover officer to sell fully automatic M-16 style machine guns that he made from gun parts he bought online. The evidence showed Price was in the business of purchasing the gun parts to construct an M-16 style rifle then used his own machinery and templates to make the rifles fully automatic machine guns."
2022	Rene Loyola	Illegal purchasing and possessing ghost gun arsenal	"Rene Loyola Shipped High-Capacity Magazines to Pennsylvania in Attempt to Circumvent New York's Strict Gun Laws... illegally purchasing and possessing a \$20,000 arsenal of ghost gun parts, including more than 30 frames and receivers, nearly 300 high-capacity magazines, and related gear from online retailers."
2023	Karon Coley	18-year-old ghost gun manufacturer running an operation out of a daycare from parts bought online.	NY-1: "Police...started investigating a group of people who were buying ghost guns online, as well as materials to make 3D firearms."
2023	USA v. Loftus	Defendant acquired weapons parts online.	Loftus...was able to acquire weapons parts online; printed at least 55 devices that convert Glock pistols into hand-held machine guns. ⁴⁹

⁴⁹ Defne Karabatur, "Man whose arrest near L.A. high school led to discovery of weapons arsenal gets 2-year sentence," Los Angeles Times, [January 5, 2024](#).



Guns Down America saves lives by changing American businesses on the forefront of the gun violence epidemic. That means dramatically fewer guns produced each year, enhanced oversight of the firearms industry, and more corporate advocacy for gun violence prevention. Guns Down America specializes in investigations that have the power to move markets and policy makers, media and industry accountability, and assertive messaging that spurs action across the movement.

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