



**COLORADO**  
**Department of Revenue**  
Specialized Business Group—  
Firearms Dealer Division

**FIREARMS DEALER DIVISION**

**DEPARTMENT OF REVENUE**

**COLORADO FIREARMS DEALER RULES**

**1 CCR 214-1**

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## PART 1 – GENERAL APPLICABILITY

### Rule 1-100. Computation of Time.

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401, 18-12-401.5(2)(b)(I), and 2-4-108, C.R.S. The purpose of this rule is to clarify and ensure the consistent application of time periods within these rules.

In computing a deadline under these rules based upon a period of days, the first day is excluded and the last day is included. If the last day of any period is a Saturday, Sunday, or State of Colorado holiday, the period is extended to include the next day which is not a Saturday, Sunday, or State of Colorado holiday.

### Rule 1-110. Applicability

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401, and 18-12-401.5(2)(b)(I), C.R.S. The purpose of this rule is to clarify who must apply for and obtain a State Permit.

- A. Federal Firearms Licenses Requiring a State Permit. These rules shall apply to:
1. A Federally Licensed Firearm Dealer as defined in 18-12-101(1), C.R.S., which includes the following types of Federal Firearms Licenses as they are commonly known: Type 01 (Dealers in Firearms other than destructive devices (including Gunsmiths)), and Type 02 (Pawnbroker in Firearms other than destructive devices); and
  2. Any other federal firearms licensee who, within the scope of the licensee's license, sells Firearms at retail to the public, including but not limited to, the following types of Federal Firearms Licenses as they are commonly known: Type 07 (Manufacturers of Firearms other than destructive devices), and Type 08 (Importers of Firearms other than destructive devices).
- B. Dealer Permit Required. A separate State Permit must be issued for:
1. Each Business Premises operated by each Dealer, and
  2. Each Federal Firearms License described in subparagraph (A) of this Rule, held by the Dealer.

### Rule 1-115. Definitions

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401, 18-12-401.5, 18-12-406, and 18-12-407, C.R.S. The purpose of this rule is to ensure consistent application and interpretation of common terms used throughout these rules.

- A. "Business Premises" means the location(s) identified in the Dealer's application for a State Permit where the Dealer stores, displays, sells, leases, loans, or otherwise transfers Firearms.
- B. "Dealer" has the same meaning as set forth in 18-12-401(1), C.R.S.
- C. "Department" has the same meaning as set forth in 18-12-401(2), C.R.S.
- D. "Division" means the Firearms Dealer Division of the Department.
- E. "Employee" means a natural person who, in the course of the person's duties, handles Firearms, processes the sale, loan, or transfer of Firearms, or otherwise has access to Firearms.
- F. "Executive Director" means the Executive Director of the Department of Revenue or its designee.



- G. “Federal Firearms License” has the same meaning as set forth in subsection 18-12-401(5), C.R.S.
- H. “Firearm” has the same meaning as set forth in subsection 18-12-101(1)(b.7), C.R.S.
- I. “Gunsmith” has the same meaning as set forth in subsection 18 U.S.C. section 921(a)(11)(B).
- J. “Knowingly” or “Willful” is when a person, with respect to a result of his, her, or their conduct, is aware that his, her, or their conduct is practically certain to cause the result.
- K. “Locking Device” has the same meaning as set forth in subsection 18-12-101(f.5), C.R.S.
- L. “Responsible Person” means any individual possessing, directly or indirectly, the power to direct or cause the direction of the management, policies, and practices of the business, Corporation, Partnership, or Association insofar as they pertain to Firearms.
- M. “State Permit” has the same meaning as set forth in 18-12-401(6), C.R.S.

**Rule 1-200. Petitions for Statement of Position and Declaratory Orders.**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, subsection 24-4-105(11), C.R.S. The purpose of this rule is to establish clear and comprehensive procedures and considerations required for a petition for a statement of position and/or a petition for a declaratory order.

- A. Statements of Position. Any person may petition the Division for a statement of position concerning the applicability of any provision of the Firearms Dealer Code or Firearms Dealer Rules to the petitioner. The petition must include the information set forth in paragraph (E)(1)-(E)(6) of this rule.
- B. Service of Petition for Statement of Position. A petition for a statement of position shall be served on the Division by mailing or emailing such petition to the Division at 1707 Cole Boulevard, Suite 300, Lakewood, Colorado, 80401, or at [dor\\_fdd@state.co.us](mailto:dor_fdd@state.co.us). Each petition for a statement of position shall contain a certification that the service requirements of this paragraph have been



met. The Division shall acknowledge receipt of a petition for a statement of position within five (5) days of receipt.

- C. Time to Respond. The Division shall promptly respond to a petition for a statement of position in writing within sixty (60) days after receiving such petition and set forth the position and the reasons therefore, or the grounds on which the Division declines to provide a statement of position, pursuant to section 24-4-105(11), C.R.S., and/or paragraph (G) of this rule. The Division response shall be sent by U.S. mail and email to the last known addresses shown by the records of the Division. If necessary, the Division may request that the petitioner extend the time for the Division to respond to a petition for a statement of position for an agreed upon period by contacting the person who filed the petition.
- D. Declaratory Orders. Any person who has petitioned the Division for a statement of position and who is dissatisfied with the statement of position may petition the Executive Director within sixty (60) days of the issuance of the statement of position for a declaratory order pursuant to section 24-4-105(11), C.R.S. The parties to any petition for a declaratory order pursuant to this rule shall be the petitioner and the Division.
- E. Requirements for a Petition for a Statement of Position or a Petition for Declaratory Order. Each petition for a statement of position or petition for a declaratory order shall set forth the following:
1. The name and address of the petitioner; whether the petitioner holds a State Permit pursuant to the Firearms Dealer Code and, if so, the type of State Permit, and the address of the Dealer's Business Premises.
  2. The statute, rule, or order to which the petition relates.
  3. A concise statement of all the facts necessary to show the nature of the controversy or the uncertainty as to the applicability to the petitioner of the statute, rule, or order to which the petition relates.
  4. A concise statement of the legal authorities, if any, and such other reasons upon which the petitioner relies.
  5. A concise statement of the statement of position or declaratory order sought by the petitioner.
  6. The statement of position previously issued if the petitioner is filing a petition for a declaratory order.
- F. Service of Petition for Declaratory Order. A petition for a declaratory order shall be served on the Executive Director by mailing such petition to the Executive Director at 1707 Cole Boulevard, Suite 350, Lakewood, Colorado 80401. On the same date the petition is served on the Executive Director, a copy of the petition shall also be served on the Division at 1707 Cole Boulevard, Suite 300, Lakewood, Colorado 80401, and by email to [dor\\_fdd@state.co.us](mailto:dor_fdd@state.co.us), and sent to legal counsel for the Division, addressed to the Revenue & Regulatory Law section of the Colorado Department of Law, at 1300 Broadway, 8<sup>th</sup> Floor, Denver, Colorado 80203. Each petition for a declaratory order shall contain a certification that the service requirements of this paragraph have been met.
- G. Acceptance. The Division will determine whether to entertain any petition for a statement of position. The Executive Director will determine whether to entertain any petition for a Declaratory Order. If either the Division or the Executive Director decides it will not entertain a petition, it shall promptly notify the petitioner in writing of the decision and the reasons for that decision. Any of the following grounds may be sufficient reason to refuse to entertain a petition:



1. For a petition for a declaratory order, the petitioner has failed to petition the Division for a statement of position, or if a statement of position has been issued, the petition for a declaratory order was filed with the Executive Director more than sixty (60) days after issuance of the statement of position.
  2. A ruling on the petition will not terminate the controversy nor remove uncertainties concerning the applicability to the petitioner of the statute, rule, or order in question.
  3. The petition involves a subject, question, or issue that is currently involved in a court action, an administrative action before the Executive Director, an ongoing investigation conducted by the Division, or a written complaint filed with the Executive Director or Division.
  4. The petition seeks a ruling on a moot or hypothetical question having no applicability to the petitioner.
  5. Petitioner has some other adequate legal remedy, other than an action for declaratory relief pursuant to Colo.R.Civ.P. 57, which will terminate the controversy or remove any uncertainty concerning the applicability of the statute, rule, or order.
  6. The petitioner failed to properly serve the petition pursuant to this rule
  7. The petitioner failed to include the information required in paragraph (E) of this rule.
  8. The Executive Director shall determine whether to accept a petition for a declaratory order and, if so, issue a scheduling order within sixty (60) days of the service of the petition for a declaratory order.
- H. Determination. If the Executive Director determines that it will entertain the petition for a declaratory order, it shall promptly so notify all parties involved, and the following procedure shall apply:
1. The Executive Director may expedite the hearing, where the interests of the petitioner will not be substantially prejudiced thereby, by ruling on the basis of the facts and legal authority presented in the petition, or by requesting the petitioner or the Division to submit additional evidence and legal argument in writing. Any such request for additional information shall be served on all parties.
  2. If the Executive Director determines that an evidentiary hearing or legal argument is necessary to a ruling on the petition, the Executive Director shall issue a Notice to Set to all parties, and on the date so set, a hearing shall be conducted in conformance with section 24-4-105, C.R.S.
  3. In ruling on a petition for a declaratory order, the Executive Director may take administrative notice of general, technical, or scientific facts within its knowledge, so long as the fact is specified in the record or is brought to the attention of the parties before the final decision and every party is afforded an opportunity to controvert the fact so noticed.
  4. Every declaratory order shall be promptly decided and issued in writing, specifying the basis in fact and law for the order.
  5. Any other interested person, as defined in subsection 24-4-102(6.2), C.R.S., may seek leave of the Executive Director to intervene in the proceeding, and such leave may be



granted if the Executive Director determines that such intervention will make unnecessary a separate petition for a declaratory order by the interested person.

6. A declaratory order shall constitute final agency action subject to judicial review pursuant to section 24-4-106, C.R.S.
- I. Record Retention and Reliability. Files of all requests, statements of position, and declaratory orders will be maintained and relied upon by the Division for a period of five (5) years unless the statement or position or declaratory order is superseded by a statutory or regulatory change, amended by the Division, or amended or reversed by the Executive Director. Except with respect to any material required by law to be kept confidential, such files shall be available for public inspection.

## **PART 2: STATE PERMIT APPLICATION AND STATE PERMIT REQUIREMENTS**

### **Rule 2-100. Application and Renewal Process and Requirements**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401 and 18-12-401.5, C.R.S. The purpose of this rule is to explain how a State Permit can be obtained by a Dealer and how a State Permit can be renewed.

- A. State Permit Application Eligibility Requirements. To be issued a State Permit, a Dealer for a Business Premises:
  1. Must hold a valid Federal Firearms License;
  2. Must not have had a license or permit to sell, lease, transfer, purchase, or possess a Firearm or ammunition from the federal government, any state, or a subdivision of any state, revoked, suspended, or denied for good cause within three (3) years before submitting an application; or
  3. Must not, in the three (3) years before submitting an application for a State Permit, have been convicted for a violation of:
    - a. Any provision of Article 12 of Title 18 of the Colorado Revised Statutes;
    - b. Any Colorado or any other state's law concerning the possession, purchase, or sale of Firearms; or
    - c. Any federal law concerning the possession or sale of Firearms.
  4. The phrase "denied for good cause," as used in subsection 18-12-401.5(3)(b), C.R.S., and subpart (A)(2) of this Rule, means that the denial of a license or permit by the federal government, any state, or a subdivision of any state was based upon:
    - a. Any disqualifying criminal conviction or status under applicable law or regulation;
    - b. Any violation of applicable law or regulation;
    - c. Any failure to satisfy or meet applicable requirements of applicable law or regulation;



- d. Any misleading or untruthful statement(s) on an application; or
  - e. The applicant's ineligibility to apply or prohibition on applying for a license or permit under applicable law or regulation.
5. A license or permit that was denied based upon the following grounds shall not be considered as having been denied for good cause:
- a. Denial of a license or permit was based solely upon missing or incomplete information on the application if the applicant later submitted and obtained approval of a corrected or new application;
  - b. Denial of a license or permit based solely upon the timing of the application if the applicant later submitted and obtained approval of a corrected or new application; or
  - c. Denial of a license or permit based solely upon the location of the Business Premises, if the applicant later submitted and obtained approval of a corrected or new application at a different location.

**B. Application Process**

1. An applicant for a State Permit must submit a completed application on forms provided by the Division. The application must include:
- a. The name of the applicant.
  - b. The gender of the applicant.
  - c. The race of the applicant.
  - d. Business Premises address.
    - (1) If the applicant operates their business from a residence, the list of the area(s) or room(s) within the residence where the applicant's business records are kept and the area(s) or room(s) where Firearms in the Dealer's business inventory are stored, displayed, sold, assigned, leased, loaned, transferred, consigned, or given away; or received as collateral or sold to repay a loan provided by the applicant (e.g., pawned Firearms).
  - e. Hours of business operation, or whether the business is operable by appointment only.
    - (1) If the business is available for Firearms sales by appointment only, the applicant must provide contact information for making an appointment.
  - f. The mailing address for the applicant.
  - g. The email address for the applicant.
  - h. Identification of all Responsible Persons of the applicant.
  - i. The type(s) of Federal Firearms License(s) held by the applicant.



- (1) A copy of the Federal Firearms License(s) shall be submitted with the application.
    - j. The Federal Firearms License number(s).
    - k. The Federal Firearms License issue date(s).
      - (1) If the Federal Firearms License is pending, the applicant must notify the Division when the Federal Firearms License is issued and provide a copy of the Federal Firearms License(s), number(s) and issue date(s).
    - l. The Federal Firearms License expiration date(s).
    - m. An affirmation that each Responsible Person meets the requirements of paragraphs (A)(2) and (A)(3) of this rule.
      - (1) Each Responsible Person shall be fingerprinted by an approved state vendor for purposes of a fingerprint-based criminal history record check, with the results to be provided to the Division.
        - (a) The Division shall post on its website the vendors approved by the state to perform fingerprinting.
    - n. The fee set forth in Rule 2-200; and
    - o. Any additional information required on the form.
  - 2. The applicant for a State Permit must notify the Division of any changes to the information provided for paragraphs (B)(1)(a) through (B)(1)(o) within thirty (30) days of the change.
  - 3. The applicant for a State Permit that submits a sufficient application on or before May 2, 2025, may continue business operations until the Division has acted on the application. A sufficient application means that:
    - a. The application on its face includes information necessary to show that the applicant is eligible for a State Permit;
    - b. The applicant provided a copy of the Federal Firearms License(s); and
    - c. The applicant paid the fee set forth in Rule 2-200.
  - 4. Subparagraph (B)(3) will repeal on June 30, 2026.
- C. State Permit Renewals**
- 1. Notification. The Division shall provide written notice to the State Permit holder at least ninety (90) days prior to its expiration.
    - a. Notice shall be emailed to the last known email address of the State Permit holder.





- b. If the email address is no longer valid, a notice shall be mailed to the last known mailing address provided by the State Permit holder.

## 2. Renewal Application

- a. A State Permit holder may apply to renew its State Permit no sooner than ninety (90) days prior expiration of the State Permit and the renewal application must be received by the Division no later than its expiration date.
- b. A renewal application shall not be accepted after the expiration of a State Permit.
- c. The State Permit holder must submit a timely and sufficient renewal application that includes:
  - (1) Name of the State Permit holder.
  - (2) An affirmation that the following information has not changed:
    - (a) Mailing address.
    - (b) Email address.
    - (c) Business Premises address.
    - (i) If the applicant operates their business from a residence, the list of the area(s) or room(s) within the residence where the applicant's business records are kept and the area(s) or room(s) where Firearms in the Dealer's business inventory are stored, displayed, sold, assigned, leased, loaned, transferred, consigned, or given away; or received as collateral or sold to repay a loan provided by the applicant (e.g., pawned Firearms).
    - (d) Hours of business operation, or whether the business is operated by appointment only.
      - (i) If the business is available by appointment only, the permit holder must provide contact information for scheduling an appointment.
    - (e) Responsible Person(s):
      - (i) Name(s)
      - (ii) Gender
      - (iii) Race; and
      - (iv) Meets the requirements of Rule 2-100(A)(2) and (A)(3).
  - (3) Responsible Person(s) shall be fingerprinted by an approved state vendor for purposes of a fingerprint-based criminal history record check, with the results to be provided to the Division.



- (4) The Division shall post on its website the vendors approved by the state to perform fingerprinting.
  - (5) The Federal Firearms License number(s).
    - (i) A copy of the Federal Firearms License(s) shall be submitted with the application.
  - (6) The Federal Firearms License issue date(s).
  - (7) The Federal Firearms License expiration date(s).
    - (i) If a Federal Firearms License(s) renewal application is pending, the Permit holder shall provide a copy of the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives' letter of authorization to continue business operations; and
    - (ii) Provide the Division with the new issue and expiration dates and a copy of the renewal license when it is issued.
  - (8) Any additional information required on the form.
  - (9) Payment of the fee set forth in Rule 2-200.
- 3. A Dealer that timely submits a sufficient renewal application may continue to conduct business as a Dealer at the location referenced in the application until the Division has acted on the renewal application. A sufficient application means that:
  - a. The application on its face includes information necessary to show that the applicant is eligible for a State Permit;
  - b. The applicant provided a copy of the Federal Firearms License(s); and
  - c. The applicant paid the fee set forth in Rule 2-200.

**D. Division Time to Act on an Application**

- 1. The Division shall act on an initial application or renewal application no later than sixty (60) days after the complete application is received. The Division will electronically notify the Dealer of the date the complete application is received.
  - a. The Division will not act upon an incomplete application.
  - b. For good cause, the Division may extend the deadline to act on an initial application for an additional sixty (60) days. Good cause to extend the deadline to act on an initial application includes unusual circumstances outside the control of the Division or any other reason that prevents or impairs the Division's ability to act on an initial application.
  - c. The Division may not extend the deadline to act on a renewal application.
  - d. If an applicant for a State Permit applies while their Federal Firearms License application is pending, but has not yet been issued, the Division may extend the time to act on the State Permit application by an additional fourteen (14) days



from the date that the applicant notifies the Division that the Federal Firearms License has issued.

- (1) An applicant must notify the Division by email at [dor\\_FDDLicensing@state.co.us](mailto:dor_FDDLicensing@state.co.us), using the subject line "Notification of Federal Firearms License Issuance."
- (2) The body of the email must list the applicant's name and the applicant must provide a copy of the Federal Firearms License(s) or,
- (3) The copy of the Federal Firearms License may be provided via the Division's online application system.

- E. Validity. A State Permit is valid for three (3) years from the date it was initially issued or renewed.
- F. Transferability. A State Permit is not transferable.
- G. Voluntary Surrender. A Dealer shall notify the Division, using forms provided by the Division, when the Dealer wants to surrender its State Permit voluntarily.
- H. Display Required. A State Permit issued in accordance with these Rules shall be conspicuously displayed and readily available for inspection at the Business Premises covered by the Permit.

#### **Rule 2-200. Fees.**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, subsections 18-12-401, 18-12-401.5(2)(b)(I), and 18-12-401.5(2)(c)(I), C.R.S. The purpose of this rule is to establish fees for the issuance or renewal of a State Permit.

- A. Fees
1. The applicant must pay a four-hundred-dollar (\$400.00) fee at the time an initial or renewal application is filed.

#### **Rule 2-300. Requirements for Employees.**

**Basis and Purpose.** The statutory authority of this rule includes, but is not limited to, subsections 18-12-401, and 18-12-407, C.R.S. The purpose of this rule is to describe requirements that must be met for Employees of a Dealer.

A. Dealer Requirements

1. Criminal History Record Check
  - a. A Dealer shall require all prospective Employees to submit to a fingerprint-based criminal history check.
  - b. Once every three (3) years, a Dealer shall require all current Employees to submit to a fingerprint-based criminal history record check.
  - c. A person employed by a Dealer on July 1, 2025, who submits fingerprints for a fingerprint-based criminal history record check before July 8, 2025, may continue employment prior to receiving the results of the background check.



- (1) This subparagraph (A)(1)(c) shall be repealed as of December 31, 2025.
  2. The Dealer shall provide notice to the Division of each Employee or prospective Employee undergoing a fingerprint-based criminal history record check, pursuant to subparagraph (A)(1) of this Rule, prior to the Employee undergoing the fingerprint-based criminal history record check.
    - a. If a fingerprint-based criminal history record check cannot be obtained for the Employee, the Division shall require additional information of the Dealer and the Employee to perform a name-based criminal history record check.
  3. The Dealer shall not accept a fingerprint-based criminal background check or, if necessary, a name-based criminal history check, pursuant to subparagraph (A)(1)(a) or (A)(2) of this rule, that has not been completed within seven (7) days before the prospective Employee's first day of work.
  4. The Dealer shall not, upon obtaining the criminal history record check required in (A)(1) or (A)(2) of this Rule, employ a person who, in the course of the person's duties, handles Firearms, processes the sale loan or transfer of Firearms, or otherwise has access to Firearms, who:
    - a. Has been convicted of an offense that prohibits the person from possessing a weapon pursuant to 18-12-108, C.R.S.;
    - b. Has been convicted of a misdemeanor offense described in section 24-33.5-424(3)(b.3), C.R.S., within five (5) years before the date of the person's employment application; or
    - c. Is prohibited from possessing a Firearm pursuant to 18 U.S.C. section 922(g).
  5. The Dealer shall maintain a copy of the notice provided by the Division pursuant to subparagraph (B) of this Rule for each Employee during the duration of their employment and make the notice available to the Division upon request.
- B. Criminal History Record Check Notification. The Division shall provide notice to the Dealer that each Employee or prospective Employee meets or does not meet the requirements of 18-12-407(1)(a)-(c), C.R.S., based on the criminal history check required in subparagraph (A)(1) or (A)(2) of this Rule.

## **Rule 2-400. Training Requirements**

**Basis and Purpose.** The statutory basis for this rule includes, but is not limited to, sections 18-12-401, 18-12-401.5(2)(b)(I), and 18-12-406, C.R.S. The purpose of this rule is to clarify the training requirements for Dealers, Responsible Person(s), and Employees.

- A. Online Training Required. Each Responsible Person and each Employee of a Dealer shall complete the online training or training course described in section 18-12-406(1)(a), C.R.S., and in accordance with this rule.
  1. Each Responsible Person of a Dealer shall complete the required training within thirty (30) days after the date a State Permit is issued to the Dealer and annually thereafter.



2. Each Employee of a Dealer:

- a. Shall complete the required training within thirty (30) days after the Employee's first day of work for the Dealer and annually thereafter.
- b. Shall, if employed by a Dealer on July 1, 2025, complete the required training no later than thirty (30) days after July 1, 2025, and annually thereafter.

(1) This subparagraph (2)(b) shall be repealed as of December 31, 2025.

3. A Dealer shall maintain for no less than three (3) years each certificate of completion issued to the Responsible Person(s) and Employee(s) of the Dealer pursuant to subparagraph (C) of this Rule and shall make all such records available to the Executive Director or the Executive Director's designee during an on-site inspection of the Dealer's Business Premises. Each such certificate may be stored in either physical or electronic form.

B. Required Training Subjects. The training required by this Rule must include instruction regarding the following subjects:

1. Federal and state laws governing the sale and transfer of Firearms and ammunition.
2. Recognizing and identifying straw purchasers and fraudulent activity.
3. Indicators that a person is attempting to purchase a Firearm illegally.
4. Recognizing and identifying indicators that an individual intends to use a Firearm for unlawful purposes.
5. Recognizing and identifying indicators that an individual intends to use a Firearm for self-harm.
6. Preventing theft or burglary of Firearms and ammunition.
7. Responding to any of the circumstances described in subparagraphs (1) through (6) of this subparagraph (B) of this Rule.
8. Effectively teaching consumers rules of Firearm safety, including the safe handling and storage of Firearms; and
9. Any other reasonable business practices that the Division determines will deter Firearm trafficking or the unlawful use of Firearms.

C. Examination Requirement and Certificate of Completion. Upon completing the training required pursuant to this Rule, a Responsible Person or an Employee of a Dealer shall complete the examination as required by section 18-12-406(1)(a), C.R.S. Any examination given in accordance with this subsection may allow for reasonable testing accommodations for individuals with disabilities. A Responsible Person or Employee of a Dealer who correctly answers no fewer than seventy percent (70%) of the questions shall receive a printable certificate of completion.

1. A certificate of completion issued in accordance with subparagraph (C) of this Rule is valid for one (1) year from the date the Responsible Person or Employee of a Dealer completes the training course and successfully passes the required examination.



2. A Responsible Person or Employee who fails to correctly answer at least seventy percent (70%) of the questions on the examination required pursuant to subparagraph (C) of this Rule may retake the examination following the initial examination attempt. If the Responsible Person or Employee fails to correctly answer at least seventy percent (70%) of the examination following a third (3<sup>rd</sup>) attempt to take the examination, the Responsible Person or Employee must repeat the training required pursuant to this Rule before any subsequent attempts to pass the examination required pursuant to subparagraph (C) of this Rule.
  - a. Any Responsible Person or Employee retaking the examination pursuant to this subparagraph (C)(2) shall be given a different version of the examination upon each retake.

#### **Rule 2-500. Secure Firearms Storage Requirements**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401, 18-12-401.5, 18-12-406(2), and 18-12-406(5), C.R.S. The purpose of this rule is to establish the requirements and applicable standards with respect to the secure storage of Firearms at the Dealer's Business Premises; in the inventory of the Dealer that are stored, displayed, can be sold, assigned, leased, loaned, transferred, consigned, or given away; or received as collateral or sold to repay a loan provided by the Dealer (e.g., pawned Firearms).

- A. Secure Storage Defined. A Dealer shall at all times secure each Firearm in the inventory of the Dealer at the Business Premises that is stored, displayed, can be sold, assigned, leased, loaned, transferred, consigned, or given away; or received as collateral or sold to repay a loan provided by the Dealer (e.g., pawned Firearms), in a manner that prevents unauthorized use of these Firearm(s) except when these Firearms are being shown to a customer, repaired, or otherwise worked on.
  1. A Dealer shall secure each Firearm described in subparagraph (A) of this Rule using at least one of the following methods:
    - a. Storing the Firearm in a locked, tamper-proof container.
    - b. Storing the Firearm in a locked metal safe or safe room.
    - c. Storing the Firearm in a locked display case, which may include the use of shatter-proof glass or shatter-resistant film.
    - d. Properly installing a Locking Device on the Firearm.
    - e. If the Firearm is a Personalized Firearm as defined in 18-12-101(1)(g.2), C.R.S., activating the safety characteristics of the Firearm.
    - f. A method as set forth in 18 U.S.C. 921(a)(34).
    - g. Any other secure storage methods reasonably designed to prevent unauthorized use of a Firearm, approved in advance by the Division in writing.
  2. No Firearm shall be considered securely stored if loaded with ammunition.
  3. In addition to the requirements of subparagraphs (A)(1) and (2) of this Rule, a Dealer shall also:



- a. Keep and maintain all locks and other security equipment in good working order;
- b. Ensure that any keys or other security measures, such as combination numbers, codes, passwords or electronic or biometric security systems, used in the securing of Firearms described in subparagraph (A) of this Rule at the Dealer's Business Premises are stored in a location that is accessible only to Responsible Persons and Employees; and
- c. Keep the Dealer's Business Premises securely locked and protected from unauthorized entry at all times outside normal business hours.

## **PART 3 – ENFORCEMENT**

### **Rule 3-100. Inspections**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, subsections 18-12-401.5(6), 18-12-401.5(7), 18-12-402, 18-12-406, 18-12-407, C.R.S. The purpose of this rule is to clarify that the administration of Article 12 of Title 18 permits inspections of a Dealer's Business Premises. This rule also clarifies the time, place, scope, records, and items subject to inspection, and the period of time such records must be maintained and provided upon request.

- A. Business Premises Inspections. The Business Premises of the Dealer, including the places where Firearms are stored, sold or transferred, shall be subject to inspection by the Division or Division investigators during any hour of business operation indicated on the Dealer's application or renewal application for the purpose of determining compliance with the Firearms Dealer Code or Firearms Dealer Rules.
  1. Dealers operating from a residence.
    - a. The Division may only conduct inspections in the area(s) or room(s) designated in the application where Firearms in the Dealer's business inventory are stored, displayed, sold, assigned, leased, loaned, consigned, or given away; or received as collateral or sold to repay a loan provided by the applicant (e.g., pawned Firearms).
    - b. If the State Permit holder is not available during business hours for the inspection, the Division shall leave documentation of the attempt to conduct the inspection.
      - (1) Documentation will provide a method for the State Permit holder to give the Division additional dates and times when the permittee will be available for inspection.
      - (2) The Division need not inform the State Permit holder when the inspection will occur.
  2. Dealers must allow inspection of the Business Premises of any locked area(s) or container(s) including, but not limited to, safes, filing cabinets, rooms, closets, or desks.
- B. Records. The Dealer shall allow records required by 18-12-402 and Rule 3-110 to be inspected by the Division or Division investigators during regular business operating hours. Firearms record books shall be open at all times to the inspection of any duly authorized peace officer.



- C. Notices. Dealers shall post the following information in a manner that is easily readable, and shall post all information in a conspicuous manner that is visible to the public at each location from which the Dealer transfers Firearms at retail:
1. Any State Permit issued in accordance with these rules.
  2. The notices required pursuant to section 18-12-401.5(7)(a) as it relates to:
    - (a) Section 18-12-111, C.R.S.
    - (a) Section 18-12-406, C.R.S., concerning locking devices.
    - (b) Section 18-12-504, C.R.S.; and
    - (c) Any Federal law or rule concerning the sale of firearms or firearm components for which the penalty includes potential revocation of the person's Federal Firearm License.
- D. Inspection Report. Following the inspection of the Business Premises, the Division or Division Investigator shall issue a detailed report of the findings of the inspection regardless of whether or not there is any alleged violation of law or rule.

### **Rule 3-110. Required Records and Retention.**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, subsections 18-12-402, 18-12-406(1)(c)(II), 18-12-111.5(7)(b), and 18-12-407(4), C.R.S. The purpose of this rule is to clarify that the administration of Article 12 of Title 18 requires Dealers to keep certain records related to the retail sale, rental, or exchange of pistols or revolvers as well as certain records related to Employee training.

- A. Firearms Inventory. Dealers must keep and maintain an inventory of all Firearms stored, displayed, or available for sale, lease, loan, assignment, transfer, consignment, to be given away, or received as collateral or sold to repay a loan provided by the Dealer (e.g., pawned Firearms).
1. Dealers shall maintain inventory records for the current and prior three (3) tax years.
  2. Inventory records shall be maintained in physical books with handwritten or typed notations or in an electronic format.
    - a. Inventory records in an electronic format must be maintained and provided for inspection in the format kept during the ordinary course of business (e.g., a searchable file must be provided in a searchable format to the Division).
- B. Firearms Business Transactions. The Dealer shall maintain records of any pistols or revolvers sold, rented, or exchanged at retail.
1. Each Dealer shall retain all books and records necessary to show fully the business transactions of the permittee for a period including the current and three (3) prior tax years.
  2. Transaction details shall be recorded at the time of the transaction.





3. Firearms Dealer Transaction Log. Dealers may record transaction information:
  - a. On a form provided by the Division; or
  - b. In an electronic system, provided that the system captures all the information on the form provided by the Division.
4. Dealers must record the following information related to the retail sale, rental, or exchange of each pistol or revolver:
  - a. Dealer Information:
    - (1) FFL Number.
    - (2) State Permit number.
    - (3) Legal business name.
    - (4) Doing business as name (if applicable).
    - (5) Business phone number.
    - (6) Business email address.
    - (7) Physical location address.
    - (8) Full name of Employee completing the transaction.
    - (9) Employee's State Firearms Dealer number.
  - b. Transaction and purchaser's information:
    - (1) Transaction date.
    - (2) Transaction type:
      - (i) Sale.
      - (ii) Rental.
      - (iii) Exchange.
    - (3) Purchaser's full legal name.
    - (4) Purchaser's physical residential address. (P.O. Boxes are not acceptable.)
    - (5) Purchaser's gender.
    - (6) Purchaser's race.
    - (7) Purchaser's date of birth and affirmation that purchaser is twenty-one (21) years of age or older.



(8) Purchaser's occupation.

c. Firearm Information:

(1) Firearm type:

(i) Pistol.

(ii) Revolver.

(2) Make.

(3) Model.

(4) Caliber/gauge, as applicable.

(5) Finish.

(6) Serial number.

C. Employment Information. The Dealer shall retain documentation related to the employment of individuals who are authorized to handle Firearms, process the sale, loan, or transfer of Firearms, or otherwise has access to Firearms on behalf of the Dealer for the entire term of employment for each Employee, including such documentation which states that a person may not engage in such activities pursuant to section 18-12-407, C.R.S.

1. Employment Eligibility Documentation:

a. Employee and Responsible Person employment eligibility check request.

b. Notification of employment eligibility approval.

c. Notification of inability to process employment eligibility request.

2. Training. The Dealer shall retain the Certificate of Completion for each Employee authorized to handle Firearms on behalf of the Dealer and each Responsible Person as required by Rule 2-400(C).

### **Rule 3-210. Disciplinary Actions and Hearings.**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401.5(2)(b), 18-12-401.5(10), 24-4-104, and 24-4-105, C.R.S. The purpose of this rule is to establish what entity conducts the administrative hearings for the Executive Director, the procedures governing administrative hearings, and other general hearings issues.

A. Initiation of Disciplinary Actions.

1. If the Executive Director, on its own initiative or based on a complaint, has reasonable cause to believe that a State Permit holder has violated the Firearms Dealer Code, the Firearms Dealer Rules, or any of the Executive Director's orders, the Executive Director shall issue and serve upon the State Permit holder an order to show cause as to why its



permit should not be suspended, revoked, restricted, fined, or subject to other disciplinary sanction.

2. The order to show cause shall identify the statute, rule, or order allegedly violated and the facts alleged to constitute the violation. The order shall also provide an advisement that the State Permit could be suspended, revoked, restricted, fined, or subject to other disciplinary sanctions should the charges contained in the notice be sustained upon final hearing.
3. A respondent that has been served with an order to show cause shall be entitled to a hearing regarding the matters addressed therein.

**B. Permit Denials.**

1. If the Executive Director denies an application, the Executive Director shall inform the applicant in writing of the reason(s) for the denial in a notice of denial, either personally served or mailed to the denied applicant at the last-known address as shown by the records of the Division. A notice of denial shall be deemed to have been received three (3) days after the date of mailing, if sent by mail.
2. A denied applicant that has been served with a notice of denial may request a hearing within sixty (60) days of the service of the notice of denial, as shown in the certificate of service attached thereto, by making a written request for a hearing to the Division. The request must be submitted by United States mail, by hand delivery, or by email to [dor\\_fdd@state.co.us](mailto:dor_fdd@state.co.us). The request must be sent to the mailing address of the Division's headquarters, as listed on the Division's website. Include "Attn: Hearing Request" in the mailing address. The written request for a hearing must be received by the Division within the time stated in the notice of denial. An untimely request for a hearing will not be considered.
3. A denied applicant that timely requests a hearing following the issuance of a notice of denial shall be served with a Notice of Grounds for Denial and shall be entitled to a hearing regarding the matters addressed therein.

**C. General Procedures – Administrative Hearings.**

1. Hearing Location. Hearings will generally be conducted by the Department of Revenue's Hearings Division. Hearings will be held virtually unless otherwise ordered by the hearing officer for good cause. If the hearing officer orders an in-person hearing, the hearing will be conducted at a location in the greater Denver metropolitan area to be determined by the hearing officer. Good cause for in-person hearings includes unusual circumstances where justice, judicial economy, and convenience of the parties would be served by holding a hearing in person.
2. Scope of Hearing Rules. This rule shall be construed to promote the just and efficient determination of all matters presented.
3. Right to Legal Counsel. Any denied applicant or respondent has a right to legal counsel throughout all processes described in rules associated with the denial of an application and disciplinary action. Such counsel shall be provided solely at the denied applicant's or respondent's expense. Unless a denied applicant or respondent is an entity that satisfies the exception in section 13-1-127(2), C.R.S., the denied applicant or respondent must be represented by an attorney admitted to practice law in the state of Colorado.



D. When a Responsive Pleading is Required.

1. A respondent shall file a written answer with the Hearings Division and the Division within thirty (30) days after the date of mailing of any order to show cause. The written answer shall comply with the requirements of Rule 8 of the Colorado Rules of Civil Procedure. If a respondent fails to file a required answer, the hearing officer, upon motion, may enter a default against that person pursuant to section 24-4-105(2)(b), C.R.S. For good cause shown, as described in this rule, the hearing officer may set aside the entry of default within ten (10) days after the date of such entry.
2. A denied applicant shall file a written answer with the Hearings Division and the Division within thirty (30) days after the date of mailing of any Notice of Grounds for Denial. The written answer shall comply with the requirements of Rule 8 of the Colorado Rules of Civil Procedure. If a denied applicant fails to file a required answer, the hearing officer, upon motion, may enter a default against that person pursuant to section 24-4-105(2)(b), C.R.S. For good cause shown, as described in this rule, the hearing officer may set aside the entry of default within ten (10) days after the date of such entry.

E. Hearing Notices.

1. Notice to Set. The Division shall send a notice to set a hearing to the denied applicant or respondent in writing by electronic mail or, if an electronic mail address is unknown, by first-class mail to the last mailing address of record.
2. Notice of Hearing. The Hearings Division shall notify the Division and denied applicant or respondent of the date, place, time, and nature of the hearing regarding denial of the State Permit application or whether discipline should be imposed against the respondent's State Permit at least thirty (30) days prior to the date of such hearing, unless otherwise agreed to by both parties. This notice shall be sent to the denied applicant or respondent in writing by first-class mail to the last mailing address of record. Hearings shall be scheduled and held as soon as is practicable.
  - a. If an order of summary suspension has been issued pursuant to section 24-4-104(4), C.R.S., the hearing on the order to show cause will be scheduled and held promptly.
  - b. Continuances may be granted for good cause shown, as described in this rule. A motion for a continuance must be timely.
  - c. Good Cause for Continuance. Good cause for a continuance may include, but is not limited to: death or incapacitation of a party or an attorney for a party; a court order staying proceedings or otherwise necessitating a continuance; entry or substitution of an attorney for a party a reasonable time prior to the hearing, if the entry or substitution reasonably requires a postponement of the hearing; a change in the parties or pleadings sufficiently significant to require a postponement; a showing that more time is clearly necessary to complete authorized discovery or other mandatory preparation for the hearing; or agreement of the parties to a settlement of the case which has been or will likely be approved by the final decision maker. Good cause for a continuance normally will not include the following: unavailability of counsel because of engagement in another judicial or administrative proceeding, unless the other proceeding was involuntarily set subsequent to the setting in the present case; unavailability of a necessary witness, if the witness's testimony can be taken by telephone or by deposition; or failure of an attorney or a party timely to prepare for the hearing.



F. Prehearing Matters Generally.

1. Prehearing Conferences Once a Hearing is Set. Prehearing conferences may be held at the discretion of the hearing officer upon request of any party, or upon the hearing officer's own motion. If a prehearing conference is held and a prehearing order is issued by the hearing officer, the prehearing order will control the course of the proceedings. Such prehearing conferences will be held virtually or by telephone, unless otherwise ordered by the hearing officer.
2. Depositions. Depositions are generally not allowed; however, a hearing officer has the discretion to allow a deposition if a party files a written motion and can show why such a deposition is necessary to prove its case. When a hearing officer grants a motion for a deposition, Colorado Rules of Civil Procedure 30 controls. Hearings will not be continued because a deposition is allowed unless (a) both parties stipulate to a continuance and the hearing officer grants the continuance, or (b) the hearing officer grants a continuance over the objection of any party in accordance with paragraphs (E)(2)(b) and (c) of this Rule.
3. Prehearing Statements Once a Hearing is Set. Prehearing statements are required, and unless otherwise ordered by the hearing officer, each party shall file with the hearing officer and serve on each party a prehearing statement no later than seven (7) calendar days prior to the hearing. Parties shall also exchange exhibits at that time. Parties shall exchange exhibits by the date on which prehearing statements are to be filed. Prehearing statements shall include the following information:
  - a. Witnesses. The name, mailing address, and telephone number of any witness whom the party may call at hearing, together with a detailed statement of the expected testimony.
  - b. Experts. The name, mailing address, and a brief summary of the qualifications of any expert witness a party may call at hearing, together with a statement that details the opinions to which each expert is expected to testify. These requirements may be satisfied by the incorporation of an expert's resume or report containing the required information.
  - c. Exhibits. A description of any physical or documentary evidence to be offered into evidence at the hearing. Exhibits should be identified as follows: Division using numbers and denied applicant or respondent using letters.
  - d. Stipulations. A list of all stipulations of fact or law reached.
4. Prehearing Statements Binding. The information provided in a party's prehearing statement shall be binding on that party throughout the course of the hearing unless modified to prevent manifest injustice. New witnesses or exhibits may be added only if:
  - a. the need to do so was not reasonably foreseeable at the time of filing of the prehearing statement;
  - b. it would not prejudice other parties; and
  - c. it would not necessitate a delay of the hearing.



5. Consequence of Not Filing a Prehearing Statement Once a Hearing is Set. If a party does not timely file a prehearing statement, the hearing officer may impose appropriate sanctions including, but not limited to, striking proposed witnesses and exhibits.

G. Conduct of Hearings.

1. The hearing officer shall cause all hearings to be electronically recorded.
2. The hearing officer may allow a hearing, or any portion of the hearing, to be conducted in real-time by telephone or other electronic means. If a party is appearing by telephone, the party must provide actual copies of the exhibits to be offered into evidence at the hearing to the hearing officer as required by the hearing officer. Electronic filings will be accepted at: [dor\\_regulatoryhearings@state.co.us](mailto:dor_regulatoryhearings@state.co.us).
3. The hearing officer shall administer oaths to all witnesses at hearing. The hearing officer may question any witness.
4. The hearing, including testimony and exhibits, shall be open to the public unless otherwise ordered by the hearing officer in accordance with a specific provision of law.
  - a. Reports and other information that would otherwise be confidential pursuant to a specific provision of law may be introduced as exhibits at hearing.
  - b. Any party may move the hearing officer to seal an exhibit or order other appropriate relief if necessary to safeguard the confidentiality of evidence.

5. Court Rules.

- a. To the extent practicable, the Colorado Rules of Evidence apply. Unless the context requires otherwise, whenever the word “court,” “judge,” or “jury” appears in the Colorado Rules of Evidence, such word shall be construed to mean a hearing officer. A hearing officer has discretion to consider evidence not admissible under such rules, including but not limited to hearsay evidence, pursuant to section 24-4-105(7), C.R.S.
- b. To the extent practicable, the Colorado Rules of Civil Procedure apply. However, Colorado Rules of Civil Procedure 16 and 26-37 do not apply, although parties are encouraged to voluntarily work together to resolve the case, simplify issues, and exchange information relevant to the case prior to a hearing. Unless the context otherwise requires, whenever the word “court” appears in a rule of civil procedure, that word shall be construed to mean a hearing officer.

6. Exhibits.

- a. All documentary exhibits must be paginated by the party offering the exhibit into evidence.
  - b. The Division shall use numbers to mark its exhibits.
  - c. The denied applicant or respondent shall use letters to mark its exhibits.
7. The hearing officer may proceed with the hearing or enter a default judgment if any party fails to appear at hearing after proper notice.



- H. Post Hearing. After considering all the evidence, the hearing officer shall determine whether the proponent of the order has proven its case by a preponderance of the evidence, and shall make written findings of evidentiary fact, ultimate conclusions of fact, conclusions or law, and a recommendation. These written findings shall constitute an initial decision subject to review by the Executive Director pursuant to the Colorado Administrative Procedure Act and this paragraph H.
1. Exception(s) Process. Any party may appeal an initial decision to the Executive Director pursuant to the Colorado Administrative Procedure Act by filing written exception(s) within thirty (30) days after the date of mailing of the initial decision to the denied applicant or respondent and the Division. The written exception(s) shall include a statement giving the basis and grounds for the exception(s). Any party who fails to properly file written exception(s) within the time provided in these rules shall be deemed to have waived the right to an appeal. A copy of the exception(s) shall be served on all parties. The address of the Executive Director is: Executive Director, 1707 Cole Boulevard, Suite 350, Lakewood, Colorado 80401.
  2. Designation of Record. Any party that seeks to reverse or modify the initial decision of the hearing officer shall file with the Executive Director, within twenty (20) days from the mailing of the initial decision, a designation of the relevant parts of the record and of the parts of the hearing transcript which shall be prepared, and advance the costs therefore. A copy of this designation shall be served on all parties. Within ten (10) days thereafter, any other party may also file a designation of additional parts of the transcript of the proceedings, which is to be included and advance the cost therefore. No transcript is required if the review is limited to a pure question of law. A copy of this designation of record shall be served on all parties.
  3. Deadline Modifications. The Executive Director may modify deadlines and procedures related to the filing of exception(s) to the initial decision upon motion by either party for good cause shown.
  4. No Oral Argument Allowed. Requests for oral argument will not be considered.
- I. No Ex Parte Communication. Ex-parte communication shall not be allowed at any point following the formal initiation of the hearing process. A party or counsel for a party shall not initiate any communication with a hearing officer or the Executive Director, or with conflicts counsel representing the hearing officer or Executive Director, pertaining to any pending matter unless all parties participate in the communication or unless prior consent of all other parties (and any pro se parties) has been obtained. Parties shall provide all other parties with copies of any pleading or other paper submitted to the hearing officer or the Executive Director in connection with a hearing or with the exception(s) process.
- J. Department Legal Representation. The Division shall be represented by the Colorado Department of Law.

### **Rule 3-230. Administrative Subpoenas.**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, sections 18-12-401.5(2)(b), 18-12-401.5(10), and 24-4-105, C.R.S. The purpose of this rule is to establish how all parties, including pro se parties, can obtain subpoenas during the administrative hearing process.



- A. Informal Exchange of Documents Encouraged. Parties are encouraged to exchange documents relevant to the notice of denial or order to show cause prior to requesting subpoenas. In addition, to the extent practicable, parties are encouraged to secure the voluntary presence of witnesses necessary for the hearing prior to requesting subpoenas.
- B. Hearing Officer May Issue Subpoenas.
1. A party or its counsel may request the hearing officer to issue subpoenas to secure the presence of witnesses or documents necessary for the hearing or a deposition, if one is allowed.
  2. Requests for subpoenas to be issued by the hearing officer must be emailed to the Hearings Division of the Department of Revenue at [dor\\_regulatoryhearings@state.co.us](mailto:dor_regulatoryhearings@state.co.us). Subpoena requests must include the return mailing address, and phone and facsimile numbers of the requesting party or its attorney.
  3. Requests for subpoenas to be issued by the hearing officer must be made on a "Request for Subpoena" form authorized and provided by the Hearings Division. A hearing officer shall not issue a subpoena unless the request contains the following information:
    - a. Name of denied applicant or respondent;
    - b. Permit or application number;
    - c. Case number;
    - d. Date of hearing;
    - e. Location of hearing, including information necessary to access virtual proceedings, or telephone number for telephone check-in;
    - f. Time of hearing;
    - g. Name of witness to be subpoenaed; and
    - h. Mailing address of witness (home or business).
  4. A request for a subpoena *duces tecum* must identify each document or category of documents to be produced.
  5. Requests for subpoenas shall be signed by the requesting party or its counsel.
- C. Service of Subpoenas.
1. Service of any subpoena is the duty of the party requesting the subpoena.
  2. All subpoenas must be served at least two (2) business days prior to the hearing.
- D. Subpoena Enforcement.
1. Any subpoenaed witness, entity, or custodian of documents may move to quash the subpoena with the hearing officer.





2. A hearing officer may quash a subpoena if he or she finds on the record that compliance would be unduly burdensome or impracticable, unreasonably expensive, or is unnecessary.

### **Rule 3-300. Penalties.**

**Basis and Purpose.** The statutory authority for this rule includes, but is not limited to, subsections 18-12-401, 18-12-401.5, 18-12-407, and 24-4-104, C.R.S. The purpose of this rule is to provide clarity regarding penalties for offenses, and the factors the Department will consider to determine penalties for a second or subsequent offense(s) when the Executive Director has discretion to choose from a range of penalties.

- A. Mandatory Revocation Pursuant to Subsection 18-12-401.5(8), C.R.S. The Executive Director shall revoke a State Permit if the Dealer:
  1. No longer holds a Federal Firearms License;
  2. Refuses to allow the Executive Director to conduct an on-site inspection;
  3. Refuses to permit an officer to inspect a record as required in section 18-12-402 C.R.S.; or
  4. Is convicted of any of the offenses described in subsection 18-12-401.5(8)(a)(IV).
- B. Penalties if a Dealer Knowingly Employs a Person in Violation of Section 18-12-407, C.R.S.
  1. For a first offense, the Executive Director shall issue a written warning to the Dealer that includes a description of the offense and the penalty for subsequent offenses.
  2. For a second or subsequent offense, the Executive Director shall revoke a Dealer's State Permit.
    - a. A Dealer who has had its State Permit revoked pursuant to paragraph (B)(2) of this Rule may apply for a new Permit no sooner than three (3) years after the revocation.
- C. Penalties for the Offenses Identified in Subsections 18-12-401.5(7) and 18-12-406, C.R.S.
  1. For a first offense, the Executive Director shall issue a written warning to the Dealer that includes a description of the offense and the possible penalties for subsequent offenses.
  2. For a second or subsequent offenses, the Executive Director shall impose one of the following penalties, to be determined in accordance with the factors set forth in subparagraph (C)(3) of this Rule:
    - a. Issue a written warning to the Dealer that includes a description of the offense and the penalty for subsequent offenses;
      - (1) Multiple warnings may be issued, when appropriate, at the discretion of the Department.
    - b. Suspend the Dealer's State Permit for a period to be determined by the Executive Director; or



c. Revoke the Dealer's State Permit.

- (1) A Dealer who has had a State Permit revoked pursuant to subparagraph (C)(2)(c) of this Rule may apply for a new State Permit no sooner than three (3) years after the revocation.

3. Factors to be Considered in Determining the Penalty for a Second or Subsequent Offense. The Executive Director shall consider the severity of an offense, the surrounding circumstances, and any aggravating and mitigating factors when exercising its discretion concerning which penalty to impose on a Dealer for a second or subsequent offense subject to subparagraph (C)(2) of this rule. The consideration of such factors may result in a more or less severe penalty within the range of permissible penalties set forth in subparagraph (C)(2) of this rule on a case-by-case basis, but the Executive Director retains discretion to assess penalties within the bounds of the law. These factors may include, but are not limited to:

a. Mitigating Factors:

- (1) The Dealer has a substantial history of compliance with the Firearms Dealer Code and Firearms Dealer Rules;
- (2) The offense was self-reported by an Employee at the direction of a Responsible Person or by the Responsible Person on behalf of the Dealer;
- (3) The Dealer, at the direction of a Responsible Person, took prompt and effective self-initiated action to correct the offense and to prevent future offenses of the same or similar type from occurring;
- (4) The offense did not demonstrably result in harm but resulted only in the potential for harm;
- (5) The offense was negligent, not Willful;
- (6) The offense is not part of a pattern or practice of violations by the Dealer;
- (7) The Dealer, through a Responsible Person, did not encourage others to participate in the same or similar violations;
- (8) The violation did not result in serious bodily injury or death;
- (9) The Dealer or Responsible Person was not involved in the violation and did not direct its Employees to commit the violation;
- (10) The Dealer has a substantive and applicable written policy describing the persons employed by the Dealer who, in the course of their duties, may not handle Firearms, process the sale, loan, or transfer of Firearms, or otherwise have access to Firearms, has documented that it has informed those persons on the written policy, and has established and imposed disciplinary sanctions for noncompliance with the written policy;
- (11) The Dealer did not substantially benefit, monetarily or otherwise, from committing the violation; or



- (12) The Dealer is in substantial compliance with all applicable federal laws and regulations.

b. Aggravating Factors:

- (1) The Dealer has a substantial history of non-compliance with the Firearms Dealer Code and the Firearms Dealer Rules;
- (2) The offense was discovered, and later substantiated, through investigation or as a result of a complaint, or multiple complaints.
- (3) The Dealer, at the direction of a Responsible Person, failed to take prompt and effective self-initiated action to correct the offense and to prevent future offenses of the same or similar type from occurring;
- (4) The offense demonstrably resulted in harm, not just the potential for harm;
- (5) The offense was Willful, not negligent;
- (6) The offense is part of a pattern or practice of violations;
- (7) The Dealer, through a Responsible Person, encouraged others to participate in the same, or similar offenses;
- (8) The offense resulted in serious bodily injury or death;
- (9) The Dealer or Responsible Person was involved in the offense, or directed its Employee(s) to engage in the offense; or
- (10) The Dealer substantially benefited, monetarily or otherwise, from committing the offense.

- D. Summary Suspension. Nothing in this rule shall prohibit or prevent the Executive Director from summarily suspending a Dealer's State Permit if the potential penalty for the offense includes suspension or revocation and the Executive Director makes the findings required by section 24-4-104(4)(a), C.R.S.
- E. Responsibility for Acts of Others. A Dealer may be held responsible for actions and omissions of its Responsible Person(s) and any other person the Dealer employs, contracts with, hires, or otherwise retains, including but not limited to, an Employee, agent, or independent contractor, to perform any act or conduct on the Dealer's behalf or for the Dealer's benefit.