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December 23, 2019



Reformation® RS7™



Reformation® RS11™

Press Release: ATF Open Letter regarding the Franklin Armory® Reformation® Firearm.

To all our Distributors, Dealers, and Customers:

Thursday morning we received the news that the Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF") had published an open letter regarding the Franklin Armory® Reformation® branded product line. For those that might not be aware, the Reformation® branded product line is a line of firearms produced by Franklin Armory® that implements our patented straight cut lands and grooves design. As a result of this patented design, the Reformation® branded products are not deemed rifles because the barrel does not have rifling. In a lengthy classification letter from ATF dated November 13, 2018, Reformation® was declared a short barreled shotgun under the Gun Control Act of 1968 ("GCA"), but **NOT a National Firearms Act ("NFA") short barreled shotgun**. The Open Letter published by ATF last Thursday does not change this classification, but rather reaffirms their November 13, 2018, classification. As discussed below, the Open Letter does, however, address the transfer and interstate transportation requirements for Reformation® firearms.

It is important to note that, while absent from the Open Letter, ATF assured Franklin Armory® counsel as well as myself that consumers and licensees are not in jeopardy for the transfers and activities related to 18 U.S.C. 922(a)(4) and (b)(4) that occurred prior to the publication of the Open Letter.

The Open Letter issued yesterday by the ATF is the culmination of years of working with the ATF towards a classification of the Reformation® and clarification of the transfer and transport standards. Beginning in July of 2017, Franklin Armory® introduced the ATF to the patented straight cut lands and grooves design of the Reformation® branded product line and began the ATF classification process for these firearms. During the proceeding 15 months, Franklin Armory® and the ATF communicated their positions and differences relating to the classification of the Reformation® models in writing and in person, which culminated in the issuance of an 11 page (!) letter from the ATF on November 13, 2018.

In their November 13, 2018, letter, the ATF classified the Reformation® as a non-NFA short-barrel shotgun that is regulated under the GCA. Unlike the December 19, 2019 Open Letter, the November 13, 2018, letter is void of any reference to 18 U.S.C § 922(a)(4) or 18 U.S.C. § 922(b)(4) – cautioning only against additional state and local laws:

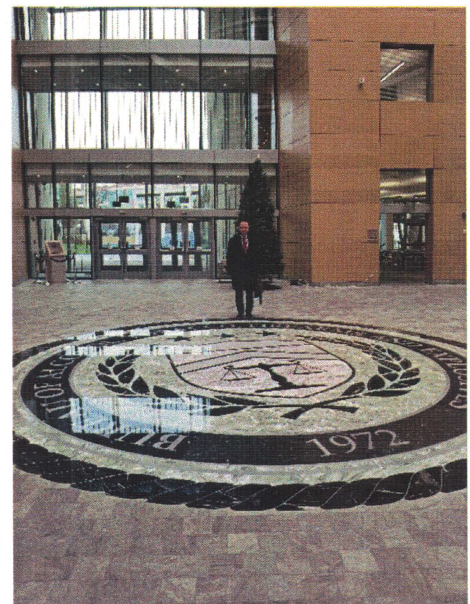
"Those who would give up Essential Liberty to purchase a little Temporary Safety deserve neither Liberty nor Safety"
- Benjamin Franklin

“In addition, in order to ensure lawful conduct, FTISB strongly recommends that you inquire with the appropriate authorities in any State in which the manufacture, transfer or possession of firearms meeting the above description occur in order to ensure that any firearm defined above will not violate any State laws or local ordinances.”

On November 8, 2019, Franklin Armory® received notification from the ATF stating their intentions to temporarily halt the transfer to consumers and interstate transportation of the Reformation® branded products pending the development of new ATF procedures and forms that address GCA only variety of short-barrel shotguns.

As a result of this communication, Franklin Armory® and its counsel met with representatives of the ATF at their headquarters to discuss the impact that these newly proposed forms and regulations would have on their customer base as well as the legal difficulties such forms and regulations present for the agency, including 18 U.S.C. 926, which states in part:

No such rule or regulation prescribed after the date of the enactment of the Firearms Owners' Protection Act may require that records required to be maintained under this chapter or any portion of the contents of such records, be recorded at or transferred to a facility owned, managed, or controlled by the United States or any State or any political subdivision thereof, nor that any system of registration of firearms, firearms owners, or firearms transactions or dispositions be established. Nothing in this section expands or restricts the Secretary's authority to inquire into the disposition of any firearm in the course of a criminal investigation.



In addition, Franklin Armory® presented alternatives options that, we believe, better address the classification of the Reformation® branded products and negate the need for new forms and procedures.

Nevertheless, on December 19, 2019, the ATF communicated their intent to proceed with the temporary restrictions against the sale of complete Franklin Armory® Reformation® branded products pending the development and implementation of new regulations and forms.

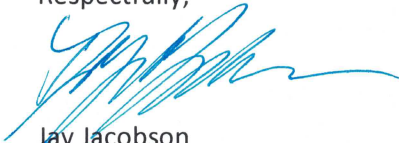
At this time, Franklin Armory® and their counsel are working with the ATF to determine the scope and time-frame for the development and implementation of such forms and regulations, and will continue to work with ATF to bring the Reformation® products to our customers as soon as reasonably possible.

During this interim period, we wish to provide support and the highest level of customer service to our distributors, dealers, and consumers. As such:

- Any dealers or distributors with Reformation® firearms are welcome to return them for a refund or credit. Please call our customer service line for an RMA.
- Any dealers that purchased their Reformation® firearm from a distributor may send the firearm back to us, but we will need to credit the distributor and the distributor will then credit the dealer. Please call our customer service line for an RMA.
- Consumers that possess our firearm are legally allowed to retain them. Neither of the sections referenced in the open letter today prevent ownership of a Reformation® firearm.
- While we are waiting for ATF to develop the new forms and promulgate new regulations, we will continue to sell our Reformation® barreled upper receivers. Consumers are still allowed to use our upper receivers to build out their own Reformation® firearms since doing so does not constitute a dealer to consumer transfer.

In closing, Franklin Armory® is committed to working with the ATF to bring the complete Reformation® firearms back to the market, paving the way for new technologies, and to providing our customers with quality firearms and unsurpassed customer service.

Respectfully,



Jay Jacobson
President
Franklin Armory