

American Knife & Tool Institute
Special Board of Regents Meeting
Friday June 5, 2009 2:20 p.m. Central
General Teleconference

An AKTI conference call was called at 1 p.m. CDT prior to a special Board of Regents meeting. The purpose of the call was to provide a review and overview of the U.S. Customs situation to AKTI members and any other entities committed to financial support of the effort.

Participants on the call included:

AKTI Board of Regents: AKTI President Goldie Russell (A.G. Russell Knives), CJ Buck (Buck Knives), A.G. Russell (A.G. Russell Knives), Jack Igarashi and Craig Green (Kershaw Knives) and AKTI Vice President Bill Raczkowski and Jason Landmark (Gerber), Les de Asis (Benchmade), Gil Hibben (Knifemakers' Guild), Rod Bremer (Columbia River Knife & Tool).

AKTI Advisory Members: Nick Trbovich (Ontario/Queen), Morgan Taylor and Brian Boyd (Taylor Brands), Mike Manrose (Meyerco), Spencer Frazer and Scott Sherwood (SOG).

AKTI Premier Members: Jeff Daniel (Frost), Herb Friedman (Swiss Army), Chris Keller, Howard Fox, Clint Kadel, Rodney Hunter (United/BudK).

Other Committed Companies: John Belniak and Michael Cornell (MCC Capital); Gary Fadden (Al Mar Knives); John Anthon (Timberline); David Bloch (Outdoor Edge).

Others Present: Attorney Dan Lawson, David Kowalski, AKTI Communications Coordinator, and Jan Billeb, AKTI Executive Director. Others: Rob Morrison, Greg Mooney (Benchmade); Mike Jones (Brunton), Tom Genereaux, Kevin Keegan (Gerber); John McGrory, Atty (Kershaw), Fred Keller (SOG); and Matt Nakachi, Sandler, Travis & Rosenberg, P.A.

The meeting followed the outline of the inserted Updated Agenda points (in italics below).

Purpose: *Review and overview of the U.S. Customs situation. Basic plan of action.*

1) Brief Background and Timetable

May 22, 2009 - U.S. Customs issued 19 CFR Part 177) (available www.akti.org) proposed ruling to ban the importation of all assisted opening knives (revoke specific "Binding Rulings" previously granted).

May 28 - AKTI Executive Committee meetings - discussion of ramifications for entire knife industry and all knife owners - need for AKTI to drive effort to stop.

May 29 - AKTI conference call with Matt Nakachi, Sandler, Travis & Rosenberg (law firm assisted CRKT with Customs seizure in 2000) re: timetable and U.S. Customs process. Preliminary estimate legal fees to request extension and begin objection response.

Informing industry leaders of the severity of the issue; asking for verbal commitments of financial support; develop support documentation (AKTI Customs Talking Points & AKTI Knife User Data - forwarded June 3 by email)

June 3 - AKTI submitted request for extension of June 21st deadline to respond to Customs. (Drafted by Dan Lawson, Meyer, Darraugh, Buckler, Bebeneck & Eck - pro bono; AKTI's legal representative to the Board of Regents).

June 21 - *Deadline to respond to the Revocation of the Binding Letter.*

ACTION NEEDED: *Requests for extension to June 21st deadline should be submitted by all companies immediately. Any AKTI member company or company contributing to our opposition can request copy of AKTI's extension request as a model for their own letter (David Kowalski communications@akti.org).*

We all need to contact our congressional delegations early next week to ask them to put pressure on Customs. AKTI will have suggested language for members and contributors no later than Monday.

Matt Nakachi added that the U.S Customs point person, Andrew Langreich, Intellectual Property and Restricted Merchandise Branch, is not inclined to grant an extension without having comments to review first. Further, that the timetable is in Customs' hand and we don't know how long it will take them to issue

a ruling. There is 90 days after the ruling until it goes into effect. Questions were raised if litigation could be started now.

2) Financial commitments from AKTI members and others

The initial response has been good. We need firm commitments before retaining law firm(s). Please mail your pledged amounts right away.

ACTION NEEDED: *Please contact David Kowalski (715-209-7389 communications@akti.org) immediately regarding your financial contribution. Your contribution amount will be confidential. Send contributions to: AKTT, 22 Vista View Ln, Cody, WY 82414.*

David Kowalski reported that verbal pledges (which are confidential) had been received to be confident to retain legal counsel.

3) AKTI's relationship with other organizations (NRA, NSSF, Knife Rights.org and others)

The Board of Regents will be discussing who should speak as AKTI's official spokesperson(s) to other groups that may be able to assist in our efforts in some way.

ACTION NEEDED: *Email David Kowalski (communications@akti.org) or Jan Billeb (akti@akti.org) with contact information for any groups you have influence with and who you feel could help with this issue. Please do not contact them on behalf of AKTI. We will ask for your help to follow-up as needed with appropriate plans of action.*

Dan Lawson explained Chris Conte is unofficially the knife person at the NRA. When news was forwarded to the NRA, he believed through Mr. Ritter, it was forwarded to Chris Conte, attorney with the NRA Institute for Legal Action. Dan Lawson provided Conte with copies of documents involved. Conte indicated that people in the firearms industry have been experiencing similar problems with U.S. Customs. Conte believes the NRA would want to take a stand on this position not only because their members use knives but because there are implications of additional ramifications legally. Conte has received favorable response internally and will learn on Monday if the NRA will act. If the NRA does weigh in, they can credibly raise the right-to-bear-arms issue that AKTI may be uncomfortable doing. Lawson believes the NRA's position would mesh with AKTI's position.

4) AKTI legal representation and coordination with individual company's legal counsel

Will discuss legal steps taken so far and those planned. Efforts to maximize communication and coordination with various legal teams involved. Shared information and strategy planning is important to success. The Board of Regents will be deciding on the firm AKTI will use officially and will make every effort to be efficient with contributors' funds. We need appropriate contact information for legal counsel that may represent individual companies.

AKTI will develop a legal team coordination plan.

John McGrory (counsel to Kershaw) agreed that all counsels' efforts should be coordinated and he would discuss a joint defense agreement. Morgan Taylor indicated his attorney would also be involved. Mike Jones suggested a legal oversight committee be formed.

5) AKTI's position as point organization for the industry

We promise to represent the entire industry and all knife users as we have since 1998. We have successfully won every effort so far (CA, FL, SC, AR, TX). We have proven to be concerned for the benefit of all, confidential with your company information, and conscientious in our efforts to present a united, responsible organization.

6) Plan of Action

Several ideas have been discussed already and need to be expanded.

1. *Encourage companies and others to request extension (sample letters provided)*

2. *Get the word out (talking points and data provided) (AKTI will target industry companies, unions, associates and trade groups, hobbyist groups and individuals who should be concerned that their knives will be taken from them or they will become de facto criminals.*
3. *Simultaneously prepare detailed legal response to U.S. Customs so we are prepared if extension not granted*
4. *Explore strategy of injunctions and lawsuits*
5. *Contact your Congressional representatives to put pressure on Customs (AKTI will prepare a model letter to support talking points and offer suggestions on how to ask for a face-to-face meeting.) Past experience tells us your federal representatives will have a huge impact on how seriously and how fast Customs assesses our opposition.*
6. *Consider legislative solution.*

John McGrory questioned that since the supposed revocation focuses on statutory interpretation that perhaps the main focus should be that as a matter of law and that U.S. Customs has interpreted the law incorrectly. Matt Nakachi explained U.S. Customs' view is that their mandate is to enforce the law. He believes that the additional arguments of 2nd Amendment and economic issues would definitely be influential to lawmakers.

Nick Trbovich asked if an Advance Ruling could be sought. Matt Nakachi replied a Judgment might be possible, but unlikely.

It was noted that the plan of action needs to include that the industry is clearly concerned and that the proposed revocation does potentially impact a lot of people.

Meeting closed approximately 2:00 p.m. CDT.

AKTI Board of Regents Meeting

AKTI President Goldie Russell (A.G. Russell Knives) called to order the Board of Regents meeting of the American Knife & Tool Institute at 2:15 p.m. CDT, Friday June 5, 2009. Other Regents present: CJ Buck (Buck Knives), Les de Asis (Benchmark), Jack Igarashi (Kershaw Knives) and Bill Raczkowski (Gerber). Regent absent: Gil Hibben (Knifemakers Guild). Others present: David Kowalski, AKTI Communications Coordinator, and Jan Billeb, AKTI Executive Director.

Action

Les de Asis moved that AKTI take the lead for the industry in the effort to fight U.S. Custom proposal. Rod Bremer seconded. Motion carried unanimously.

Discussion followed. Rod Bremer reported that the original \$100,000 estimate from Sandler, Travis & Rosenberg was for Nakachi's firm doing all the legwork, preparing response, and legislative representation would be covered in that estimate as well. Kevin Keegan forwarded a broad proposal from Tom Keating with a budget in the range of \$50,000-60,000. David Kowalski noted Matt Nakachi has about a two-week start on the response to Customs. Dan Lawson has already started on the case law and David Kowalski reported that Lawson estimated fees would be \$6,000-7,000 for his part.

Rod Bremer moved that AKTI retain Sandler, Travis & Roseburg and Matt Nakachi to be the point legal counsel to conclude the process of requesting rescinding of the proposal and to help organize the efforts of other parties that will be participating with their own legal counsel. Estimate of legal expenses capped at \$80,000. Motion seconded by CJ Buck. Vote by roll call. Motion carried unanimously.

Legal oversight

It was agreed that legal coordination would naturally fall on Matt Nakachi. Goldie Russell appointed a Legal Oversight Communication Committee comprised of: Jan Billeb, David Kowalski, Les de Asis, Goldie Russell, CJ Buck, and Tom Genereaux.

After discussion it was agreed the committee role is to: Make sure there is input from other members, and to actively reach out to all interested members to get it. Allow plenty of time for others to respond. Make sure counsels are consulted on strategy and keep things moving forward. This is a guidance and communication role, all substantive decisions will be made at the Regent level.

AKTI spokesperson(s) to other organizations

It was agreed that Dan Lawson communicate with NRA on behalf of AKTI.

Gil Hibben moved that David Kowalski and Jan Billeb represent AKTI as spokespersons to all other outside organizations; seconded by Goldie Russell. Motion carried unanimously.

Plan of Action

CJ Buck noted the importance of having the website with all of the information needed for people to act. David Kowalski reported that *Knife World* is going to beat the drum to individuals with a publication to be out about Thursday and the plan is to have information on the website before then.

CJ Buck questioned what specific points or advice was needed to give legislators appropriate information. Jason Landmark commented that consistency in what we communicate is the key and coordination is crucial. There may be logical progression in how it is done.

It was agreed that the newly formed committee would have a fact-finding conference call with Nicole Bivens Collison, President, Trade Negotiations and Legislative Affairs, of Sandler, Travis & Rosenberg on Tuesday, June 9.

Les de Asis moved to adjourn, seconded by Gil Hibben. President Goldie Russell called the meeting adjourned approximately 2:20 pm.

Respectfully submitted,

Jan Billeb
AKTI Executive Director