

American Knife & Tool Institute

Board of Regents Meeting

September 28-29, 2010

Holiday Inn Express, Denver, CO

The meeting of the Board of Regents (BOR) of the American Knife & Tool Institute on Tuesday, September 28, 2010 was called to order at 3:05 p.m. by AKTI President Goldie Russell (A.G. Russell Knives). Regents present: CJ Buck (Buck Knives), Les de Asis (Benchmade), AKTI Vice President Bill Raczkowski (Gerber), Rod Bremer (CRKT), Mike Manrose (Meyerco), Craig Green (Kershaw), and Clint Kadel (United). Regents absent: Gil Hibben (Knifemakers Guild)-proxy to Goldie Russell. Others: Peggy Bremer (CRKT), Thomas Welk (Kershaw), Dan Lawson, Legal Contributing Counsel, and AKTI Executive Director Jan Billeb.

The meeting was recessed at 6:10 p.m. and resumed at 8:30 a.m. on Wednesday, September 29, 2010. These minutes are formatted on a per-subject basis, not the chronological discussion.

New York City Situation

The following updates regarding the confiscation of knives from retailers in New York City were shared: Goldie Russell reported that Knife Center will not ship into New York State except kitchen knives and expressed concern that other retailers might take the same drastic, probably unnecessary, position. A. G. Russell Knives is not mailing catalogs into New York City.

Rod Bremer stated that Eastern Mountain Sports has taken all assisted opening knives out of inventory in the entire state of New York, William Henry dealers had stopped ordering, and Amazon was not shipping any one-hand opening knives into New York.

Clint Kadel indicated that BudK continues to ship wholesale and retail into New York.

Jan Billeb reported on communication with the internet retailer Blade HQ that they: 1) have not had further contact with the Manhattan DA's office; 2) believe their situation has been resolved because of the push back they exerted; 3) do not believe there will be a second wave attacking internet retailers; and 4) will be notifying Knife Rights that they are not willing to be a defendant in a test case.

Dan Lawson expressed the opinion that a second phase of attacks was not likely to happen, that Home Depot had been specifically targeted for a Husky knife previously ruled not a gravity knife in Irizarry v U.S., reported in AKTI's newsletter Volume 10 Issue 1 2008, and Home Depot alone paid more in "contributions" to the New York City "education fund" than the amount listed in the press releases. Dan believes the possibility exists that the DA's office was trying to challenge the Irizarry decision by Federal District Court Judge Weinstein.

On a conference call that included Advisory members Morgan Taylor (Taylor Brands), Jon Belniak (SOG), and Nick Trbovich (Ontario/Queen), Jason Landmark and Kevin Keegan (Gerber) reported on a meeting they had September 2nd with the Manhattan DA's office including Dan Rather, Mike Kitsas, Adam Kaufmann and two other staff members. After a cordial, productive meeting, Jason Landmark feels comfortable that the Manhattan DA is not out to attack knife owners or any particular knifemaker and, based on what the DA's office told them, Gerber will lift its ban on shipping into New York City.

The DA's position was that with 3,000 people per year arrested for possession of illegal knives and approximately half of them unaware the knives were illegal because they had been purchased through a legitimate retail business, that their efforts were aimed at stopping illegal knives from being sold. Further, that they were enforcing the statute and that it was clear in meaning. They said they were NOT

using a test of holding the blade as that was not how knives are designed to open; they were not familiar with assisted opening knives; used a testing standard that a reasonable person (such as a petite female in the field without any experience opening a knife) could open a suspect knife. They indicated that if an individual was believed to have loosened a knife to make it open by gravity then they would prosecute them. But, if in the normal making of a knife, the screw could be tightened it would not be considered illegal.

The DA's office expressed that they do not want to mislead the industry of what they are pursuing as illegal and would be open for more meetings with the knife industry members.

Kevin Keegan asked the DA for a list of the confiscated knives, but Dan Lawson noted that this was not something they were required to provide and not likely to do. No manufacturer has received any notification that their knives were confiscated, but several were represented in the photos in the press releases. Questions were raised whether those knives pictured were in fact the actual confiscated knives or merely available knives for visual impact.

Kevin Keegan believes the DA's office would be open to a definition change. It is his opinion that the DA's office will continue their efforts in retail stores, but does not expect further expansion or a major second wave. The DA's office expressed concern about the misinformation about the situation on blogs and internet sites, so obviously they have monitored it.

Goldie Russell thanked Jason Landmark and Kevin Keegan for providing the information and the conference call was disconnected.

New York State Legislation Solution and Related Issues

During discussion on effecting a legislative change in New York State, Dan Lawson reminded everyone that New York City has its own gravity knife and blade length provisions, and as a Home Rule City can enact stricter laws than the state.

Dan Lawson reported that New York State lobbyist Tom King, used frequently by the NRA, will talk to Dan again mid-November after the elections about the strategy for New York. In the meantime, the New York Legislative Committee of: CJ Buck (chair), Nick Trbovich, Les de Asis, Dan Lawson, Jan Billeb, and Goldie Russell will work on ideas for fundraising to finance the effort. CJ Buck reported on several ally contacts he made at the Congressional Sportsmen's Foundation's annual dinner in Washington, D.C.

Concerns about the likelihood of the Manhattan DA's tactics spreading were discussed. Several BOR expressed the opinion that it was not very likely to spread beyond New York City or into any other state because of: 1) the wording of the New York statute is not duplicated in any other state; 2) the New York City psyche; and 3) New York City is the only area with a history of frequent arrests.

Les de Asis noted that the situation is affecting business and asked if there could be any civil remedy in federal court for destroying the ability to sell products. He asked Jan Billeb to research if it was standard practice for a trade association to be able to file suit on behalf of an industry.

Les de Asis raised the question of AKTI's approach of knives as tools versus knives as weapons. Dan Lawson noted that the recent Supreme Court decisions of Heller and McDonald allow for a better weapons argument now, but what has not been solidified is how strong the right is to bear arms. Even though the right exists the government can create reasonable controls.

The question was posed if AKTI should consider an audience with the DA's office. Dan Lawson did not recommend that approach at this time. Discussion followed on an approach for enlisting the support of

the New York City DA's offices for clarification of law revisions and concerns of whether Knife Rights' law suits approach might clash with AKTI's efforts for a legislative change. Craig Green expressed concern about members potentially splitting resources considering companies' limited available funds. Goldie Russell stated that, as a small industry with limited funds, the organization needs to decide how to fund legislative projects prior to committing to lobbyists and related expenses.

Goldie Russell presented a proposed joint AKTI and Knife Rights alert, provided by Doug Ritter, designed to be sent out by companies to their retailers by email and also within invoices to alert retailers of the situation and to ask them to contact Knife Rights if they were targeted.

Clint Kadel moved that AKTI NOT do a joint alert with Knife Rights at this time. The motion was seconded by Craig Green and carried unanimously. It was agreed that each company will make individual decisions if and what they might send to their retailers. It was agreed that Goldie Russell, as president of AKTI, would communicate this decision to Doug Ritter, Executive Director of Knife Rights.

It was reaffirmed that AKTI intends to move forward to make changes to the New York State knife law. It was agreed that once we have decided how to proceed, we will build a budget based on the cost of the lobbyist and other expenses. If the budget has not already been approved, it will be discussed and approved at the AKTI meeting at the SHOT Show in January 2011. After the budget is built, we will decide how we are going to fund the budget, including asking for pledges. Jan Billeb will record those pledges in detail including the company name, person making the pledge, amount of pledge, and how and when the pledge will be paid. Jan will send a notice of pledged funds due, with a follow up two weeks later if the pledge has not been funded. Jan will provide a full pledge report to the Executive Committee at the beginning of every month. If the pledging company has not funded the amount as pledged 30 days after the first request, the Executive Committee will determine what action should be taken.

AKTI Approved Standard Knife Definitions – Dan Lawson

A copy of the AKTI Approved Standard Knife Definition was provided, marked with Dan Lawson's suggested changes to the gravity knife discussion and inclusion of information about the recent Supreme Court rulings.

Dan suggested that once the definition were revised and approved that it would be good to get them posted on Wikipedia. He noted that it would need to be monitored due to the nature of Wikipedia.

Dan agreed to revise the draft, putting the definition first followed by any additional explanation, and provide a new draft to the Board of Regents by November 1st. The objective is to get the document approved so it can be printed in time for the SHOT Show in January.

Administrative – Jan Billeb, Executive Director

Meeting Minutes: Bill Raczkowski moved and Les de Asis seconded to approve the joint Board of Regents and Advisory Members meeting minutes of June 3, 2010. Motion carried unanimously.

Future Meetings: It was confirmed the SHOT Show joint meeting of the Board of Regents and Advisory members will be held Monday, January 17, 2010 at 6 p.m. and A. G. Russell will arrange a meeting room again.

AKTI Whistleblower Policy: CJ Buck moved to approve the proposed Whistleblower Policy (Attachment 1). Rod Bremer seconded the motion. Motion carried unanimously.

Review of Contracts:

StateNet Contract - Craig Green moved to approve the two-year contract with StateNet at \$787.50 per month (Attachment 2). CJ Buck seconded the motion and it carried unanimously.

Independent Contractor Agreement with Jan Billeb – A draft of an updated agreement with Jan Billeb was provided for future discussion and the addition of a job description and performance evaluation plan.

Officers & Directors' Liability Insurance Policy – A copy of the insurance company's letter and listing of coverage was provided along with information about laws regarding volunteers' liability.

Financial - Bill Raczowski

Accountant's Review: Copies of the AKTI 2009 Financial Review by McGladrey were distributed.

Current Financial Reports: Financial reports as of August 31, 2010 were provided by email

U.S. Customs Profit and Loss Report: Goldie Russell reiterated that the current contributions and expenses for the 2009 U.S. Customs' effort nets a loss of \$21,848. All legislative efforts by AKTI to date have been paid for out of the general fund primarily from membership dues.

Board Policy for Funding Legislative or Legal Initiatives

CJ Buck moved, Rod Bremer seconded, that any AKTI legislative efforts be budgeted in advance and primarily funded through contributions. It was agreed, that as a matter of policy, every effort will be made by the Board of Regents to fund all Legislative and Legal Initiatives through contributions. However, should any shortfall occur, that shortfall will be made up from the general fund. It was agreed that AKTI will track membership dues and will track contributions by Initiative. Any funds from contributions made for a specific Initiative will be held to help fund the next Initiative. Motion carried unanimously.

It was discussed that as members work on getting contributions a spreadsheet be maintained by Jan Billeb including who pledged, how much, timetable for payments, and who received the pledge to aid in follow through.

Fundraising Idea: A fundraising proposal from Northern Knives of Anchorage, AK was discussed and approved. Mike Manrose agreed to forward to Jan Billeb a standard royalty agreement with suggestions for AKTI's use. It was agreed that the Executive Committee will approve the final agreement with Northern Knives.

Luggage Tags: Goldie Russell reported that the Executive Committee approved a price of \$2.50 each to corporate members purchasing 50 or more luggage tags. A. G. Russell is selling the tags as catalog space permits and has sold approximately 100 so far. AKTI luggage tags retail for \$3.95 each or 3 for \$9.95 and are also for sale on AKTI's website.

Promotion – Jan Billeb

Website Update: Jan Billeb reported that the redesigned website is almost complete. Interfacing with StateNet has taken more time than expected. In approximately two weeks members will be mailed passwords and a press release about the new website features will be done.

Report on Promotion Activities: A written report of what Jan Billeb had accomplished with promotion since the April Board meeting was provided (Attachment 3). A copy of all future press releases will be emailed to each BOR asking them to forward to their public relations department for use and distribution.

The need to publish a newsletter soon was discussed, along with AKTI's purpose for a newsletter to connect with members and prospective members through retailer distribution. Jan Billeb will get a quote on an 8 page newsletter in 3-color versus 4-color. It was suggested that a page be developed of recommendations on how retailers could use the newsletter.

It was agreed that for the present AKTI publish two newsletters per year; one after SHOT and one after Blade.

A possible outline of columns and topics discussed:

- Introduce Board Members – perhaps over 2 issues

- President's Comments – or column from a board member

- On the Legislative Front – AKTI's most recent legislative efforts or issues people should be aware of

- State of the Industry – Industry Watch – What's the Buzz?

 - Collaborations – what they are, how they work, examples

 - Long term value trend versus disposable, low cost

 - Types of steel – possible ongoing contributor column (suggested potential writers included: Mike Black, Paul Bose, Phil Wilson, D' Holder)

 - Definitions – cover one per issue

 - What's going on in the custom field? (Goldie Russell will ask Gil Hibben who might be a possible contributor.)

 - Consumer concerns – safety, care, selection, etc.

SHOT Show: Jan Billeb asked for direction on objectives for use of her time at the SHOT Show, commenting that it was difficult to find prospective members willing to take valuable time away from customers to discuss membership. It was agreed that Jan would work on a plan by November 1st to target the media at the SHOT Show, focusing on the revised AKTI Approved Standard Definition and the New York effort. Companies are to get feedback from marketing departments about best way for AKTI to host a media event either in a separate room, in a company's booth, with or without food, etc.

Jan was directed to track the value of complimentary ads in publications for possible memberships for publishers.

Thomas Welk asked if AKTI had ever considered using a celebrity in ads and at shows, suggesting former NFL player Randy White who he offered to approach. CJ Buck offered to contact Sarah Palin.

State of the Sporting Knife Industry Report

It was agreed that the function and purpose of having a current State of the Sporting Knife Industry Report is for statistical information to use for legislative purposes. A secondary objective may be to have a picture of industry trends.

Bill Raczowski moved that AKTI conduct a new survey every three years and that it be conducted by a third party firm. Peggy Bremer seconded the motion. Motion carried unanimously.

Suggestions of data to gather included: number of employees, gross revenue, number of knives produced and number of knives per category. It was agreed that we need to collect information by state instead of just east and west part of the U. S.

Goldie Russell and Jan Billeb were directed to develop the questions, send them to the Board and then get an estimate of costs to conduct the survey by email and website from McGladrey.

Membership Committee - Bill Raczowski, chair, CJ Buck, Clint Kadel

BOR were reminded to indicate their AKTI membership on their websites, and in catalogs and other publications. Mike Manrose shared that Meyerco has a one half page ad in their catalog for AKTI and information on every package of knives.

It was agreed to focus on Rep groups as prospective members with a goal to have Rep groups signed up at the \$1,000 annual membership level by SHOT Show.

The Membership Committee will develop a one-page recruitment document and send to the Board for approval by October 15th. Rep groups should be also be informed that contributions will be solicited for special legislative efforts.

A BOR conference call will be scheduled in November for follow-up and reports.

Bill Raczkowski will get Membership Committee input on the prospective members list he and Goldie have worked on. The Excel spreadsheet will be posted in the Board only section of the website and used for tracking contacts. The Membership Committee will prioritize prospects and set goals.

Education Committee - Mike Manrose, chair; Rod Bremer, Morgan Taylor

Mike Manrose reported that Troney Troler will allow AKTI to use any of the materials or presentation that he developed, requesting only that he be credited as the author.

He explained the process he went through of searching out how to get information to law enforcement about knife law changes, noting that people believe they are getting the message out through the state Attorney General's office. The question was raised of how to get information directly to police officer organizations.

Mike discussed the frustrations of a recent Texas case where the prosecuting attorney was not interested in hearing about the Texas change passed in 2009. There appears to be no other charges in the case other than possession of an illegal knife by a young man carrying a Kershaw Chive.

Expert Witness/Attorney Referral

Bill Raczkowski offered a form for expert witnesses to complete for a process to add them to AKTI's resource list to be provided to attorney or defendants. He will make suggested revisions for the Executive Committee's review. Recommendations of possible expert witnesses will be solicited from AKTI member companies.

The need to expand AKTI's list of knife knowledgeable attorneys willing to help defendants was discussed. It was noted that it would be good to develop an attorney list with input from corporate members who have used attorneys in different states, and possibly aim to have one potential referral in each state. Dan Lawson noted that attorneys from other states have very little standing in discussions with prosecutors.

Craig Green moved to adjourn. The motion was seconded by Mike Manrose. Meeting adjourned at 3:40 p.m.

Respectfully submitted,

Jan Billeb
AKTI Executive Director

American Knife & Tool Institute, Inc.

Whistleblower Policy

General

The American Knife & Tool Institute, Inc. Code of Ethics and Conduct (“Code”) requires board members, officers, and staff/employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As staff/employees and representatives of the Association, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all board members, officers and staff/employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

No Retaliation

No regent, officer or staff/employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. A staff/ employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of their contract or employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Association prior to seeking resolution outside the Association.

Reporting Violations

The Code addresses the Association’s open door policy and suggests that representatives or employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the association president in the best position to address an area of concern. However, if you are not comfortable speaking with the association president or you are not satisfied with your association president’s response, you are encouraged to speak with someone on the Board of Regents or anyone in management whom you are comfortable in approaching. Members of the Board of Regents are required to report suspected violations of the Code of Conduct to the Association’s Compliance Officer (current Vice President), who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Association’s open door policy, individuals should contact the Association’s Compliance Officer directly.

Compliance Officer

The Association’s Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the Board of Regents and is required to report to the audit committee at least annually on

compliance activity. The Organization's Compliance Officer is the chair of the audit committee.

Accounting and Auditing Matters

The audit committee of the Board of Regents shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

This Whistle Blower Policy has been approved by the Board of Regents this 29th day of September, 2010.

Attachment 2 – StateNet contract – in Board Documents

Attachment 3 –

Report on promotion activities – since April 2010 meeting

Jan Billeb

- | | <u>Cost</u> |
|---|-------------|
| <ul style="list-style-type: none">• Designed AKTI brochure – had 5,000 printed. | \$959 |
| <p>Distributed quantities to: all Regents, Ed Wormser for Chicago Knife Show, Dan Piergallini for Florida knife shows, D’Holder for knife shows, a NY retailer, and the National Knife Museum.</p> <p>Have available on the website as PDF and to order quantities to distribute.</p> | |
| <ul style="list-style-type: none">• Redesigned AKTI complimentary ads for publications and distributed to: Knife World, Blade Magazine, Knives Illustrated and Harris Publications.• Starting contributing column in the Knifemakers’ Guild’s newsletter (first topic New York City)• Arranged to provide articles each issue of <i>The Big Show Journal</i>, have written two so far (first article New York City situation, second issue updated about New York and explained information AKTI has available as resources such as definitions and measuring protocol).• Developed press release distribution list with assistance from company marketing personnel• Distributed press releases to major publications, online newsletters and PR Web. Board of Regents expanded to include CRKT & United Blade Show meeting spotlights legislative successes – Texas and Customs CJ Buck speaker about the AKTI at OWAA convention NY City situation Release | \$1300 |
| <ul style="list-style-type: none">• Placed ad in Knifemakers’ Guild show program | \$100 |
| <ul style="list-style-type: none">• Blade Magazine online web page (one year) | \$150 |
| <ul style="list-style-type: none">• Emailed Grassroots list about:
KS bill signed by governor
NH bill passed
Spotlight on legislative successes – Texas and Customs
Series of notices to attend Blade Show or visit booth
NY City situation | |

- Registered on forums (bladeforum, knifeforum, knifedogs, knifeshowcase, knifetalkonline)
Posted notice regarding New York

Plan for next 6 months:

- Press releases
Website features
Perhaps revised knife definition
Possibly update on New York
Drawing for SOG knife at SHOT Show
- Grassroots mailings - minimum one per month.
Above release topics, plus next knife available for drawing, laws tracking on StateNet.
- Revise complimentary ads and resend; contact additional publications about printing.
Will check with company PR/Marketing contacts for assistance.
- Continue working with website designer on ideas of how to effectively monitor forums, answer questions, research idea of possible intern to be responsible for forum interaction.
- Finish social media plan with website designer. Already have Facebook page started during Customs' issue, A.G. started Facebook AKTI cause page. Evaluating doing Twitter.
- **Need to publish newsletter, distribute to members and retailers.

Possible newsletter topics this issue:

- 1) Associations News - Article from AKTI president or regent
- 2) Legislative Update - Recap of New York situation
- 3) Consumer Topic – How to research knife laws from AKTI's website
- 4) Save Our Knives – How retailers can help spread the word about AKTI
- 5) Industry News – ?
- 6) Knife Knowledge – Bias Toward Closure Article – Dan Lawson