

American Knife & Tool Institute
Board of Regents and Advisory Board Meeting

Thursday, May 28, 2009...1 p.m.
Renaissance Waverly, Atlanta, GA

The Executive Committee meeting of the American Knife & Tool Institute on Thursday, May 28, 2009 was called to order at 1:10 p.m. by AKTI President Goldie Russell (A.G. Russell Knives). Regents present: CJ Buck (Buck Knives), A.G. Russell (A.G. Russell Knives), Jack Igarashi and Craig Green (Kershaw Knives) and Bill Raczkowski (Gerber). Regents absent: Les de Asis (Benchmade), Gil Hibben (Knifemakers' Guild). Advisory members present: Nick Trbovich (arrived 2:30 p.m.) and Bob Breton (Ontario/Queen), Rod and Peggy Bremer (Columbia River Knife & Tool), Morgan Taylor and Brian Boyd (Taylor Cutlery), Mike Manrose (Meyerco), Chris Keller (United). Others present: Attorney Dan Lawson, David Kowalski, AKTI Communications Coordinator, and Jan Billeb, AKTI Executive Director.

These minutes are formatted on a per-subject basis, not the chronological discussion.

AKTI President Goldie Russell welcomed everyone, gave an overview of the topics to be covered and all present were introduced.

Administrative – Jan Billeb, Executive Director

CJ Buck moved, Bill Raczkowski seconded to approve the minutes of the January 18, 2009 Executive Committee meeting. Motion carried unanimously.

Jan Billeb announced the next scheduled physical meeting would be held at the 2010 SHOT Show, Las Vegas, Nevada. The show dates are Tuesday through Friday January 19-22. It was agreed to hold the meeting Monday evening, January 18th at 6 p.m.

All present signed the Awareness Statement.

President Goldie Russell announced that discussion of the proposed whistleblower policy and bylaw revision would be postponed.

Jan Billeb reported that the IRS Form 990 for 2008 had been emailed to the Board of Regents for review and then filed. She distributed copies of the 2008 accountant's review to the members of the Board of Regents, noting that there had been no changes to the financial statements provided as of year-end 2008.

Current financials through May 14, 2009 (Attachment 1) were provided in advance by email. There being no additional questions, Bill Raczkowski moved, and Morgan Taylor seconded, to approve the financial reports. Motion carried unanimously.

Goldie Russell informed the group that she felt the Board of Regents should have more regular meetings, and that Jan Billeb is working on jobs descriptions for the officers to help with transitions.

The agenda for the annual meeting at 5 p.m. was briefly reviewed.

Membership – David Kowalski, Communications Coordinator

David Kowalski reviewed membership (Board of Regents-\$10,000/yr; Advisory -\$5,000/yr; Premier - \$2,000/yr) changes over the last two years including: Frost Cutlery joined at Premier level; Moteng changed from Advisory to Premier; Columbia River Knife & Tool had stepped up to Advisory level, Taylor Brands moved up from Premier to Advisory, W.R. Case remains at Premier; Browning had joined at Premier. Increasing membership has been slow but steady.

The Grassroots Supporter program is currently at 499 names. Kowalski explained the current knife member give-away for new and renewed members through December 31st. Kershaw was thanked for the donation of a one-of-a-kind Spec-Bump knife that would be given away in drawing at the end of 2009. It was noted that there should be at least two, if not more, giveaways per year. The last drawing particularly helped increase renewals.

AKTI participation at the Russell Knife Show and Knifemakers' Guild Show was discussed. Russell's donated booth space but estimated travel costs for David Kowalski to attend were just under \$1,000. Last year AKTI included a \$500 ad in the Knifemakers' Guild Show program. (It was later decided to not expend travel money for these two events but have AKTI materials available for distribution.)

Kowalski reported that AKTI currently sends quantities of newsletters to approximately 60 retailers to distribute to their customers. Average distribution per newsletter has been about 9,500.

Additional membership recruitment ideas were discussed. A. G. Russell stated everyone needs to push grassroots as hard as possible and as frequently as possible. Morgan Taylor suggested that a letter or page be developed of what AKTI is and has accomplished for members to distribute at shows. Goldie Russell commented that AKTI needs to take advantage of the successes achieved for growth and fundraising. David Kowalski will follow up with companies to encourage them to have employees, customers, and buyers sign up for the Grassroots Supporter program.

The question was raised about AKTI's relationship or connection with the NRA. CJ Buck stated that AKTI historically has not wanted to be perceived as an arm or affiliate of the NRA, but that he believes the NRA is very supportive of AKTI's efforts. He added that AKTI finally has a strong consumer story to tell with knife law successes in several states. AKTI has been proactive, not reactive. Dan Lawson reminded committee members that his law firm does considerable work for the NRA and his contacts, especially Chris Conte, have always expressed a willingness to help AKTI, if needed. No action taken on NRA discussion.

It was suggested that AKTI needs to clearly and concisely define what was accomplished in the Texas statute change where a law-abiding citizen carrying a folding knife with a bias toward closure will not be declared a criminal. It was further suggested that concise summaries of AKTI's successes be developed into a few paragraphs on each effort and made available to companies to add to their communications and catalogs.

After discussion of the need to get the message beyond knife manufacturers to distributors, suppliers and others, it was agreed to resurrect the Membership Committee. Bill Raczkowski (chair), Morgan Taylor and Chris Keller agreed to comprise the committee, develop recruitment ideas and report back with a plan in 30 days.

Education

David Kowalski presented an idea of a DVD about what to do if arrested as a potential membership premium or as something available on the website. The need to educate new corporate members about what AKTI has accomplished and the issues that affect the entire industry was discussed. Why others need to join needs to be developed in a unified message with "passion." Mike Manrose (chair), Rod Bremer and David Kowalski agreed to serve on a resurrected Education Committee. They will generate primarily ideas and provide a report in 30 days.

Publicity – David Kowalski, Communications Coordinator

David Kowalski reported that in addition to the newsletters published, he communicates on the four major forums and has a list of about 50 magazines for news releases. The need for a feature story about AKTI's Texas success was discussed and agreed that publications such as *Blade*, *Knife World*, *Tactical Knives*, *Knives Illustrated*, and gun magazines should be provided with information. Kowalski agreed to review the story and make a publicity plan in the next 30 days.

Legislative – David Kowalski, Communications Coordinator

TX – Mike Manrose and David Kowalski concurred that Mark Seale had been the right person to lead the Texas effort on behalf of AKTI as he understood the issues, policies and players. Kowalski noted that the strategy in Texas had been different than in previous states because Mark Seale had been allowed to more directly orchestrate the strategy, laying a lot of preliminary groundwork with direct lawmaker contact. Individual grassroots efforts were not solicited. Instead, company and AKTI letters in support were provided directly to Mark Seale who hand-delivered them to the appropriate lawmakers. Seale felt this would give lawmakers more flexibility in responding to constituents, as well as fashioning the legislation.

Since AKTI's bill H 4456 has passed the Senate, the next step is to finalize the legislative letter of intent to be included in the official record. David Kowalski will develop talking points for the letter to be written by Senator Deuell. Governor Perry may sign the bill, veto it, or take no action (in which case it becomes law in 30 days). Seale expects the Governor to sign the bill and will take advantage of a photo opportunity.

Kowalski noted that AKTI would need to talk in the future about: 1) what state do we attempt to change the knife law in next; 2) should AKTI maintain the Texas effort to get intent included in the law (next session is 2011).

U.S. Customs - Rod Bremer provided background information on the U.S. Customs' proposal to revoke four prior binding rulings from 2005 – 2008 that allowed Gerber, United and Columbia River Knife & Tool to legally bring assisted-opening knives into the U.S. His company was notified about the Customs' proposal by the international customs law firm Sandler, Travis & Rosenberg (ST&R) and Glad & Ferguson, P.C. They had assisted Columbia River Knife & Tool in 2000, along with Dan Lawson's firm, to fight Customs' confiscation of their inventory. Rod explained that this revocation would create a broad re-interpretation of what constitutes a switchblade. Customs is now the only federal agency that is actively interpreting/enforcing the federal switchblade act. Dan Lawson commented that this is an attempt to change the switchblade act without going through legislative channels.

Rod explained the process to fight the revocation. It's the attorney's opinion that the document U.S. Customs prepared is a "go-to-court" document and they are committed to make their decision stick. They have an agenda and they expect to win. Potential ramifications were discussed. Rod provided a timeframe from Matt Nakachi of Sandler, Travis & Rosenberg. 1) June 20th is the deadline to submit an objection; 2) requests to extend the deadline need to be submitted (CRKT will be submitting a request); 3) a 30-day extension may be possible, or perhaps 60 days; 4) Customs typically rules within 30 days; 5) compliance would be required in 90 days.

He presented Nakachi's suggested plan of attack: 1) request extension; 2) form coalition of industry; 3) prepare reasoned argument; 4) make concerted effort to request Congress block Customs; 5) if revocation goes through go forward with a test case; 6) request injunction to continue operation until resolved (highly unlikely to receive).

After discussion it was agreed to hold a teleconference call Friday, May 29, at 10 a.m. with Matt Nakachi of ST&R and invite all AKTI corporate members. Issues that will need to be discussed: 1) Does AKTI take on the fight? 2) If so, what should strategy(ies) be? 3) Who leads the charge?

Meeting suspended approximately 4:00 p.m.

Respectfully submitted,



Jan Billeb
AKTI Executive Director

**American Knife & Tool Institute
Board of Regents and Advisory Board Meeting**

Friday, May 29, 2009...10 a.m.
Renaissance Waverly, Atlanta, GA

The Executive Committee meeting of the American Knife & Tool Institute on Thursday, May 29, 2009 was reconvened at 10:05 p.m. by AKTI President Goldie Russell (A.G. Russell Knives). Regents present: CJ Buck (Buck Knives), Les de Asis (Benchmade), Goldie Russell (A.G. Russell Knives), Jack Igarashi and Craig Green (Kershaw Knives) and Bill Raczkowski (Gerber). Regent absent: Gil Hibben (Knifemakers' Guild). Advisory members present: Bob Breton (Ontario/Queen), Rod and Peggy Bremer (Columbia River Knife & Tool), Morgan Taylor and Brian Boyd (Taylor Cutlery), Mike Manrose (Meyerco), Spencer Frazer (SOG). Other AKTI members present: Rob Morrison (Benchmade), Chris Keller (United), John Stitt and Paul Tsujimoto (KaBar), Diane Carver (Browning), Attorney Dan Lawson, David Kowalski AKTI Communications Coordinator, and Jan Billeb, AKTI Executive Director and guest Doug Ritter (KnifeRights.org) invited by Les de Asis.

By phone: Matt Nakachi, Sandler, Travis & Rosenberg

AKTI President Goldie Russell welcomed everyone and thanked them for participating.

David Kowalski reviewed the U.S. Customs' proposal to revoke binding letters. He noted that the Customs definition of switchblade so broadly defined assisted openers that it was a prelude to ban all folding knives and essentially redefine the Federal Switchblade Act. He asked Matt Nakachi to address: 1) timeliness and procedure; 2) strategy; 3) estimated cost.

Matt Nakachi introduced that Sander, Travis & Rosenberg is a San Francisco branch of an import/export legal firm with 12 offices worldwide that focus on trade issues. He will provide firm information and biographies via email.

Matt explained that when U.S. Customs has had previous rulings there is a prescribed procedure to follow of: giving notice, allow comment (due within 30 days), analysis and final rule. There is a possibility of a short extension to the time allowed to comment, usually 30 days but generally no more than 60 days. (He has already inquired verbally into a possible extension.) Customs is supposed to read all comments received. If the final ruling is not favorable, a test case can be presented and will be tried at the Court of International Trade in New York City. If an appeal is filed, there is an expected minimum of six months until a court date is set.

According to Matt, the U.S. Customs group handling knives was formerly the Restricted Merchandise Team, but knives are now under the Intellectual Property Division. (U.S. Customs is under Homeland Security.) He believes the change in Customs' structure contributed to the review of the binding letters, along with a request from some unnamed company. A Supreme Court case involving Brand X granted federal agencies under the executive branch broad powers to interpret legislation. "Spring-assisted" and other mechanisms would all be subject to Customs' definitions.

The strategy Matt outlined included 1) requesting 30-day extension by AKTI (or coalition of companies); 2) individual companies with binding letters requesting extension; 3) forming a coalition to share legal expenses; 4) simultaneously developing reasonable arguments against revocation; 5) exploring a legislative solution; 6) getting Congressional influence to put pressure on U.S. Customs.

Matt's rough estimate of the cost to create a response in 30 days was \$100,000 with an additional potential cost of \$85,000 to \$300,000 if a case needed to be heard in the Court of International Trade.

Dan Lawson offered his firm to work with Matt Nakachi on research material for the response (as they had for Columbia River Knife & Tool in 2000). Both acknowledged it would combine resources and reduce Matt's estimate of his firm's costs. No estimate of fees from Dan's firm (Meyer, Darraugh, Buckler, Bebeneck & Eck) was discussed. Dan Lawson offered to file a request for extension on AKTI's behalf pro bono and agreed to have it complete by Thursday, June 4th or sooner. After further questions fielded by Matt, he was dismissed from the meeting.

Getting support from others groups, especially the NRA and contacting Congressional legislators was discussed. It was agreed that no contacts should be made yet to the NRA and that AKTI needed to have talking points and a strategy in place first. David Kowalski agreed to prepare talking points for companies to use to contact legislators, other companies and individuals. He will provide information to AKTI members and Doug Ritter of KnifeRights.org by the middle of next week.

Discussion followed regarding how to raise the money necessary to retain a legal representation to draft the response to U.S. Customs' proposal. The need for quick action was emphasized. The following companies agreed verbally to contribute money: A.G. Russell, Benchmade, Buck, Columbia River Knife & Tool, Gerber, KaBar, Kershaw, Meyerco, SOG, Taylor Brands, and United. Browning and Ontario/Queen will be checking with other corporate officers. Everyone was encouraged to spread the word and get other companies involved in making financial contributions, joining AKTI and getting involved in this effort.

It was agreed to hold an update telephone conference call on Friday, June 5, 2009 at 1 p.m. Central time.

AKTI President Goldie Russell declared the meeting adjourned at 11:15 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Jan Billeb". The signature is written in a cursive, flowing style.

Jan Billeb
AKTI Executive Director