

American Knife & Tool Institute
Executive Committee Meeting (BOR & Advisory)

June 15, 2006

Tyndall Room, Renaissance Waverly Hotel, Atlanta, GA

The Executive Committee meeting of the American Knife and Tool Institute on Thursday, June 15, 2006 was called to order at 1:10 p.m. EDT by AKTI President Mike Jones (Gerber). Regents present: Les de Asis (Benchmade), Jack Igarashi and Jeff Goddard (Kershaw), A. G. Russell and Goldie Russell (A.G. Russell Knives), Tom Arrowsmith, (W.R. Case), Eugene Shadley (Knifemakers Guild). Advisory members present: Jim Hamilton (United). Others present: Jan Billeb, Executive Director; David Kowalski, Communications Coordinator; John Andrea (Gerber), Jim Warick (Gerber). Regents absent: CJ Buck (Buck Knives), AKTI Vice President David Hall (United).

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

Administrative – Jan Billeb, Executive Director

Minutes: Gene Shadley moved, Les de Asis seconded to approve the minutes of the February 12, 2006 Executive Committee meeting. Passed unanimously.

Future Meetings: The next scheduled meeting will be January 14, 2007 (last day of SHOT) from 2:30 p.m. to 4:30 p.m. in Orlando. Conference calls to be scheduled as needed. Conference call scheduled Monday July 17, 2006 at 1 p.m. Eastern; topic: TSA.

Anti-Trust Agreements: Those present signed the standard AKTI Anti-Trust Agreement.

Website: Billeb noted that those companies not listed in red on the printed website page did not yet have a cooperative link with the AKTI website. She encouraged companies to have their website personnel contact her for details.

Conflict of Interest Policy: Billeb explained that the accounting firm is now required to ask if AKTI has a conflict of interest policy during their annual review. She distributed a sample policy via email from the Internal Revenue Service's website and asked that committee members review it, or ask their attorneys to review it, for future discussion on (1) whether or not AKTI should adopt a conflict of interest policy; and (2) if so, any revisions or suggestions regarding the sample provided.

Financial: Copies of the completed financial review for 2005 from McGladrey & Pullen were distributed. Billeb reported that the accounting firm had made no recommendations for any changes in procedures. She reviewed the profit and loss statement dated May 31, 2006 and emailed with the agenda, noting that there were no significant changes in expenses, except travel was increased due to show attendance at the Eugene Knife Show. The current checking account balance is \$28,418.18 and the current money market balance is \$153,937.44. Billeb had discussed with Mike Jones and Jim Hamilton, representing Vice President David Hall, whether the funds in the money market should be invested in a different vehicle to increase return. They felt that for now it would be best to keep these funds as liquid as possible. The question was raised what percentage of return the money market currently gets. Billeb will check on it and make recommendations at July 17 conference call.

Membership - David Kowalski, Communications Coordinator

Corporate Memberships: David Kowalski reported that dollar-wise membership revenue was up a bit. Discussion with Leatherman and AlMar continues. He has received contacts from at least two former members in last two months and encouraged them coming back into AKTI. Kowalski noted that Billeb would now be invoicing corporate members on a schedule prior to anniversary date.

Ambassador Memberships: Billeb reported adding the option on renewal notices to renew for more than one year and that initial results had been good. Historically AKTI has not aggressively pursued individual members since the initial use of box inserts several years ago because of the cost. Kowalski noted that customers seem to expect to get something for joining because most organizations offer premiums for memberships. He suggested a premium for a three-year membership and provided an example of a baseball cap for consideration. General consensus was that hat concept was good but needed additional work to be certain hat was really attractive to potential members. Preference was expressed for using hats made in the United States.

Dealer Recruitment Plan: Discussion followed regarding recruiting dealer memberships. De Asis moved to abandon the AKTI dollars program, Jones seconded. Carried unanimously.

AKTI Newsletter for Retailers - Kowalski presented an alternative program to use the AKTI newsletter as a handout provided by retailers and distributors for their customers. He successfully used this concept in the pet industry several years ago, allowing independent retailers to pre-order and purchase newsletters filled with quality information. They also had option to have them personalized. Knife retailers have a need to be knowledgeable in order to compete with places like Wal-Mart that have low prices but salespeople have minimal ability to answer questions or provide instruction. Becoming a source of useful knife consumer information would benefit retailers and distributors and potentially increase AKTI membership. Kowalski suggested that we have a need to re-do "My First Knife" and the "Knife Law" pamphlets. Multiple topics in these brochures could be used for future newsletter subjects, i.e. knife safety, knife sharpening, choosing kitchen knives, searching for knife laws, etc.

Retailers using these newsletters would benefit by being viewed as a source of reliable information. Billeb noted that the supply of "My First Knife" would be gone after the Blade Show and that previously it had been discussed to not reprint the "Knife Law Pamphlet" but instead provide the information as a pdf file on the website. Arrowsmith observed that AKTI should be concerned with knife education and AKTI updates as important goals that should have higher priority than simply making money on the proposed retailer newsletter. It was generally agreed that incremental printing costs would be minimal for copies beyond the 1,000 currently printed.

Kowalski reported discussions with Dan Delavan and Rachel Schindler of NICA that the organization was restructuring in 2006. Ms. Schindler has expressed positive interest in supporting the newsletter concept. It was suggested the newsletters could also be offered to reps to distribute to knife stores, gun stores, and outdoor recreation stores. We could also send them to manufacturers to forward to their dealers. It was suggested newsletters be coded to track source. Further suggestions were made that the retailer could distribute on location, mail to customers, provide to local newspapers for possible articles, or use for in-store seminars.

Legislative – David Kowalski

NY - David Kowalski reported that there are New York retailers who have still not received knives back or even inventory of confiscated knives from cases going back two years. One retailer recently revealed that after he was "busted," he is now only selling multi-purpose tools. Kowalski has received three contacts from NY attorneys recently who are representing separate individual defendants arrested by NY police under the gravity knife statute.

NH - Evan Nappen indicated to Kowalski that they feel now that the way to get desired legislation passed to remove typical laundry list of banned knives as possession offense done is to write and introduce their own bill (as AKTI finally did successfully in Florida three years ago). Kowalski will have a part in the presentation at Blade seminar on what Nappen has learned from the process. Kowalski has told Nappen that AKTI is available to be a resource and would like to be involved in the wording of model language that, if successfully adopted by New Hampshire, could be a precedent for other states.

Selling Knives to Minors - Kowalski followed up on earlier request from Mike Jones about laws related to selling knives to minors in each state. He developed the information and included other statute information beyond the subject of sales to minors. The final copy was provided to the committee. Kowalski included a lot of disclaimer information, additionally noting that not included are opinions from attorneys general, administrative rulings or case law. Updating it regularly will be a challenge but it should help us fulfill our mission to be a source of knife information, especially for retailers. We will make it available on the website. The summary does makes it clear that knife laws are a mess in terms of consistency from state to state. Definitions for various categories of knives are virtually non-existent, and the entire project points out that there is a real need for AKTI's further involvement on model legislation and recommended statutory language.

Model Legislation - Discussion followed on New Hampshire as a good state to start with model legislation that AKTI supports. Broadly, AKTI has always focused on laws that provide punishment for misuse of knives and criminal assaults with knives. We have opposed laws that penalize otherwise law-abiding citizens for possession of certain types of knives. Kowalski has encouraged Dan Lawson to go beyond the definitions document already created and adopted to the next level of draft bills, statutory language and model legislation generally. Lawson has done some

reworking on the law pamphlet but we will have him re-direct his efforts. A.G. Russell suggested that once model legislation is agreed on, that AKTI start introductions with smaller states like New Hampshire, Mississippi, Alabama and then move on to others. A committee consisting of Les de Asis, Tom Arrowsmith, Mike Jones, Jeff Goddard, Dan Lawson and David Kowalski was formed to start crafting legislation with the idea to present to New Hampshire. Kowalski will check the NH legislative schedule. A projected draft completion date of January 1st was agreed to allow for approval at the SHOT Show meeting. An update on the timeline will be provided at the July 17 conference call.

Public Relations – David Kowalski

Wall Street Journal - A legitimate *Wall Street Journal* writer contacted some of the member companies regarding possible story originally positioned as focusing on factory collaborations with custom knifemakers; however, it was obvious main focus would be on domestic sales of “tactical” knives. David Kowalski discussed AKTI definitions to counteract the writer’s stated position that “everyone knows” what a “tactical” knife is. Kowalski explained that there is no specific definition for several knife terms used in statutes, such as bowie, dirk and dagger and that, therefore, even lawmakers and law enforcement understanding them is entirely subjective. He cautioned the writer that information based on speculation on knife sales by the privately held companies in our industry (all of them) would not be defensible. Kowalski’s hope is that the writer will report the story with accurate quotes and an objective position. Kowalski does not believe the story has appeared in *WSJ* yet. Writer also interviewed Arrowsmith from Case, as well as non-members such as Ernie Emerson of Emerson Knives.

Baltimore Sun - Kowalski reported he was also contacted by a writer from the *Baltimore Sun* on a follow-up story from 2005 when she wrote about the future of independent knife retailers. This story was to focus on Chesapeake Knife & Tool going out of business. Kowalski was questioned if this was the beginning of a trend of retailers going out of business but he indicated that the Chesapeake story was not necessarily indicative of wide industry trends.

Kowalski noted that, in general, he is getting more contacts from people who see AKTI as a resource on knife subjects.

Ads - Marketing - AKTI had been working on a new ad program, which has had limited success in reaching the knife public because we have been at the mercy of gratis distribution through knife magazines. The proposed newsletter program should give us more direct control of both the content and extent of delivery of the AKTI message. We are also taking a fresh look at AKTI’s overall positioning statement. Our current message has focused on asking for support because the member may have a knife problem some day in the future.

Eugene Show - Kowalski represented AKTI at the Eugene (Oregon) Knife Show and said it was a good example of the challenge of turning our presence into memberships (show did not generate one new membership). Most positive result of show, in addition to meeting with corporate prospects, was meeting with Tom Buffenbarger, the president of the International Association of Machinists and Aerospace Workers (IAMAW), a current AKTI member. He was very complimentary about AKTI and the tone of our newsletters; also offered to help in any way he can with Washington, D.C. contacts.

New Business

TSA Access - Tom Arrowsmith reported that the original list TSA had recommended in August 2005 included small pocketknives being allowed back on airplanes. Then 30 days later, after AKTI sent an official letter supporting that proposal, it was withdrawn. He has discussed this with CJ Buck and they believe that petitioning that knives be allowed back on airlines is an issue that would encourage membership. The fact that the TSA director proposed that last year indicates that the effort would not be an impossible task. Discussion followed on what length of blade to encourage being allowed.

A.G. Russell encouraged that AKTI should try to get back what originally was allowed with blades of 4" length being permitted as carry-on. Goldie Russell noted that people are still trying to carry knives on airlines. Les de Asis suggested that perhaps Oregon area manufacturers discuss with their legislators the possibility of getting assistance with TSA based on the fact that knife production, sales and carry are ultimately economic issues for many companies and states. The airline attendants’ union reportedly influenced the 2005 negative TSA decision due to concern for their safety. Ways to approach the TSA were discussed. Arrowsmith noted that AKTI should develop an agreed-upon position, learn what the correct process is to contact the TSA, and then have a coordinated effort to make that happen.

Kowalski will do some research on lobbyists and also find out who provides the congressional oversight on TSA and how to best approach them. Jones suggested that ultimately a delegation of prominent AKTI members could meet with TSA. Kowalski will have an update for the July 17 conference call that will also deal with model legislation.

AKTI Marketing Objectives - Mike Jones expanded on thoughts about AKTI's overall objectives. Does our current message resonate with people? Should we make some sort of broad appeal or some sort of Internet "viral" approach that speaks more to the concept of American values? He recounted conversation with Dan Lawson when Jones asked why did you get involved in AKTI? Are you a knife guy? Lawson's response was, "Not particularly, I'm just an American concerned about my rights." Discussion followed that AKTI needs to promote the basic values of people using knives as tools and to make the message more universal. Jones asked, "How do we position AKTI more strongly and what words do we use?"

De Asis explained their company's (Benchmade's) position with lawmakers and government officials describes them as - employers, manufacturers, providers of education and job skills, employers of veterans who offer opportunities for skills development. They are also a valued military vendor, and a significant income generator for their community and state. He suggested members start talking to their legislators and positioning themselves in similar ways. Jobs and skilled training have broader appeal to lawmakers than issues of knife rights.

Kowalski will begin working with Dan Lawson to draft a broader and updated positioning statement for AKTI, as well as initiating contacts with the advertising community for possible input.

Arrowsmith suggested we need could enhance the credibility of AKTI if we had economic data for the industry we could present; i.e., the knife industry represents X number of firms, X number of employees, X number of dollars of domestic product. He believes a position supported by economic data would have more impact with TSA and others. Kowalski will try to discreetly gather numbers to use. Jobs are an important issue; there is an economic impact when regulatory decisions such as banning knives on board airplanes are made. Gene Shadley noted that the Knifemakers Guild could be used to disseminate information and have possible assistance in contacting people. A.G. Russell noted that everyone has three points of federal contact: a congressman and two legislators.

July 17 Conference Call - A conference call for the Executive Committee was scheduled for July 17th - 1 p.m. Eastern; 10:00 Pacific, to review a draft of a new AKTI position statement, as well as update our efforts to contact TSA.

Jeff Goddard noted that everyone needs to educate airline customers that they can carry a knife on airlines in their checked baggage. Many consumers still do not know the law and try to bring knives on board; others wrongly believe they cannot have them in checked baggage. Kowalski will address that subject in an upcoming newsletter for distribution, as well as issue a press release that will also post on the website.

Assisted-opener Cases - Jeff Goddard asked that members continue to forward assisted-opening opinions to David Kowalski for collection and reporting as legal precedents.

Les de Asis moved to adjourn, seconded by Tom Arrowsmith. Meeting adjourned 3:10 p.m.

Respectfully submitted,


Jan Billeb
AKTI Executive Director