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# Transcript of Interview With Guido K.

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JASON: On the line, I have Guido Kimball and he's been kind enough to join us today to give information about getting your FFL and running a gun business and, Guido, I appreciate you joining us.

GUIDO: Glad to be here.

JASON: So, before I start just kind of shooting questions at you, can you give out your contact information? Website, phone numbers, anything you'd like to give out so people can get ahold of you?

GUIDO: Certainly. My name, again, is Guido Kimball and I am the owner and the director of training here at Paladin Lead Delivery Systems. Our website is just our name: Paladin (P-A-L-A-D-I-N) Lead (L-E-A-D) Delivery Systems, plural there. Dot com. So our phone number is 720-864-0223 and you can find us on Facebook, too, at Facebook.com/paladinLDS.

JASON: Perfect. Good deal and I'm going to have you give that out at the end, too, but I want to jump into things and give everybody as much information as possible.

GUIDO: Sure.

JASON: So, Guido, first question is: what type of FFL do you have?

GUIDO: So, we currently have a Type 1 FFL which is a dealer in Title 1 firearms, other than destructive devices. So, that Title 1 is everything except NFA weapons. So, that's all your rifles, pistols, shotguns, and... Other than destructive devices means we can't sell grenade launchers. But, we also have our Class 3, special occupational tax, or SOT, which allows us to also be a dealer in NFA Title 2 firearms. That's all your short-barreled rifles, suppressors, pre-1986 machine guns, and we're thinking about actually getting our Type 7, which is a manufacturer's license so that we can make some of our own things, too.

JASON: Okay, good deal. So, you're well versed in this. Are you a storefront or are you a home-based FFL?

GUIDO: So, in the most technical sense, we are a home-based FFL though we do have a nice business office that used to be our dining room that my wife was kind enough to let me take over, and in there we've got it set up nice. We've got a cabinet; we've got a couple magazine racks and shelves for some of the other things that we sell along with a nice place for people to sit down and do their background checks and stuff, so we run our FFL sales, I like to think of it as a pro-shop. Like you'd have in a bowling alley

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or something because it's in addition to our technical and survival training courses that we offer. Eventually, we even plan to move up to a standalone commercial storefront and that would be in conjunction with getting some land to build a designated training area for all our courses.

JASON: Good deal. Okay. So, big plans. So, since you're a home-based FFL, we talked before we started recording about many of the myths and fears of people. Did you have any issues at all with your zoning or homeowners' association or anything getting your FFL?

GUIDO: We didn't here. We live in a pretty small town and it really wasn't a big issue. I was worried that it might be, but our city was happy to grant us a business license and our HOA actually has rules that allow home-based businesses as long as they meet certain requirements. Basically, as long as you're not trying to run a full-up storefront or have lots of, you know, traffic or anything like that. But, you know, a couple customers a week or something hasn't caused us any issues, and so, we've been fortunate.

JASON: Good deal. And let's go right into wholesalers. So, obviously, you've got to get guns to be able to re-sell them and make money. What wholesalers do you use when you're purchasing guns?

GUIDO: That's a good question because when we first started, I just jumped into it and I didn't know either and it has been kind of a learning process to figure out because some of them allow you to not have a storefront and purchase from them and other ones, they want, you know, pictures. You have to have a full-up brick and mortar store. One of the best ones is Davidson's. The customer service there is top-notch and their website is really useful for ordering. If you're a little bit tech savvy and you like to order over the internet instead of having to pick up the phone, Davidson's is great. They also offer Gun Genie which lets people on the outside world find you, compare prices with other dealers nearby and order guns that'll just ship right in and then they come and, they've paid a deposit already when they bought it and so they just pay the remainder when they come to pick it up. We also used RSR Group. What initially got us going with them is that they have NFA stuff, so you can get suppressors and short-barreled rifles and things through them. They also... You have a full complement of regular firearms, the Title 1 stuff, as well as a wealth of tactical gear. They're a full-line 511 dealer and, you know, Black Hawk, a lot of the big names, so you can get gear and things to supplement as well. We also use Lipsey's that just got into NFA as well. Sport South. We started using them because they carry SIG and a lot of the other companies don't carry SIG, so we needed somewhere to get SIG stuff, basically, but they do have a good selection, and then, we also have a

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handful of other dealer accounts with like OMB Guns, Yankee Hill Machine for suppressors, straight; Stag Arms. We had an account with Bud's Wholesale, although, here in Colorado, they've been doing something weird where Bud's won't ship any gun that ever came with a 15 round magazine or more to Colorado after our new awesome laws got passed and so, I think that's not a really good thing. You know, they're basically not... Because I could take the magazine out but still sell someone a firearm, but they won't let it happen. And then, we have a few other accounts. You know, getting direct accounts with companies isn't too difficult for some of the other smaller manufacturers and stuff.

JASON: So, in addition to firearms, we all know that accessories really help make the money, are there certain accessories that you sell that you've found really work well for you?

GUIDO: Yes. So... Yeah, for people that don't know a lot about retail, they might be surprised to find out that the guns are the smallest profit margins. Like, we typically only charge \$25 or \$35 over cost on most of the guns, but you can do a lot of good things with those accessories. Of course, I said...mentioned before, we are a training company so we...While they're waiting for their background check...

JASON: Yes. Absolutely.

GUIDO: ...to talk to them about the courses we offer, the courses offered by, you know, fellow friend instructors and things. We also sell convenience and impulse items such as cleaning solvents, first aid kits, Magpul grips and furniture. Then, we also get a chance to sell a little bit of items and gear that compliment both shooters that come to us and students of our courses such as plate carriers, body armor, survival kits, mag pouches, things like that.

JASON: Okay. Good deal. So, let's jump into the marketing aspect because, of course, marketing is critical. That's how you let people know about your business. So, can you tell me a little bit about some of the things you do so you can attract customers so you can sell them guns and accessories.

GUIDO: Yeah, a lot of our marketing goes hand-in-hand with our courses, so, you know, captive audience one way and the other way. So, two directions. So, if people are in our classes, you know, we get a chance to talk to them about the guns and things that we can offer them and we can help them find guns that they want. Also, we have a nice website and on that website, we have a shopping cart system so people can purchase things right on our website. I, as far as creating marketing, in the sense, I write

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blog posts on our website and I just like to answer questions that people ask me while they're here in our courses. So, a lot of times, the simplest questions have gained the biggest responses. One of our most popular articles to date that gets the most traffic from Google is whether or not ammo expires, interestingly enough. But, we also have a Facebook page. Again, that's Facebook.com/PaladinLDS. And, we post all our courses and anytime I make a blog post to our website, I post it there as well. And then, I also like to, as I read interesting articles and things on third-party sites, I try to post one interesting article a day to our Facebook page. Then, we also try to get as much coverage online as we can, so we've got LinkedIn pages, Yelp, we're in the Google local business director and on Google maps. We've got accounts at GunBroker and GunsAmerica, and I mentioned Gun Genie. We also go to a few gun shows per year to sell things, market our courses, talk to people. Get a lot of face-to-face action there. We also like to assist other instructors and things when they need help with their courses or they need another NRA certified instructor to meet student instructor ratios, that helps us, you know, just get more face time with people. We'll also go exhibit at local festivals and events and little, you know, town, Fourth of July festivals and whatnot when possible, but then, really over time—it takes a while to build up, but word of mouth is really the greatest asset. I mean, now that we've been doing this for a handful of years, you know, we're starting to get customers that refer customers that refer customers. So, if you're doing a good job and giving good customer service and people enjoy their time they spend with you while they're waiting for their background check, then they recommend their friends. "Hey, I know a guy that can help you out and get your gun transferred in or find what you need."

JASON: So, you just gave us a ton of good information on how to attract customers. Let's talk a little bit more in depth about gun shows because I know a lot of people have questions about that. So, is there anything that you've found that sells better at gun shows or any tricks of the trade for making gun shows work?

GUIDO: Honestly, I'm not a gun show wizard and from my point of view, it seems like it's a total Russian roulette. Sometimes we go and, I don't know if it's the... where the weekend that the gun show lies on in relation to other things that are going on in the community and in peoples' lives or what, but some of them are really busy and you know, we get tons of, you know, great time to talk to customers and sell at the gun shows and then, other times they seem like everybody just passes you by. But, being there and having a couple interesting items that are more difficult to get is always a good idea. You know, you go there and you show up and you've got an FN SCAR, a KSG shotgun or something, you're going to get a lot of

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people that stop by your table and I find that if you can get a couple people to stop by your table and you can keep them talking and...not that I'm trying to trick them into talking, but, if you can keep them there and people are interested in what you're doing, other people see that and then, I don't know whether it just barricades them in the aisle as they're trying to get by and then they stop and talk to you, too, or if they see that other people are talking, there must be something interesting going on over there and they stop by, so I just try to keep people talking about interesting stuff and I like to talk, so it's not a big problem and we usually do pretty well.

JASON: Well, and you just made the million-dollar point, which I want to emphasize to those listening, that you've got to stand out. You've got to have something neat and different at your table because most people at gun shows when they're setting up their booths, all the booths are the exact same. There's nothing unique about them. There's no reason to stop, but if you're putting exciting guns or unique holsters or whatever it is, and you're right, they're going to stop you, you're going to talk to them and then, it's much easier to sell them other products.

GUIDO: Absolutely. And, I do try to take that as far as I can. Like, we actually, I found that Lowes had this inexpensive, \$50-60 scrolling LED sign and it can run off 12-volt batteries. So, we run it off a little... one of those car jumpstart kits and, you know, so we've got a little scrolling LED sign. I built a... I got a nice banner for the front of our table, so it does help a lot to stand out and look interesting and have interesting products there. Because if you can catch their eye and get a couple people to stay, it really helps quite a bit.

JASON: Yeah, absolutely. Now, you also mentioned GunBroker. How much, you know, effort or work do you put into GunBroker? How many guns do you sell and can you tell us a little bit about that?

GUIDO: I actually can't. We don't do a whole lot with GunBroker, but we do have...I don't sell more than 1 or 2 guns a year, maybe, on GunBroker, so we're not in that aspect, but we're listed there, so...

JASON: Okay.

GUIDO: ...when people buy on GunBroker, they can find your FFL and have it transferred in. That's our primary thing there. We haven't really got going with the auctions yet.

JASON: And, how is your transfer business? Is that pretty much word of mouth

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and do you try and get a lot of transfers coming in?

GUIDO: The transfers... that's something we've seen continuously picking up over time and there's a lot of dealers around, especially, more established, bigger brick and mortar dealers and they don't want to have anything to do with transfers, which can actually work out well for you because transfers are a pretty easy way to make a few bucks. We charge \$20 per firearm for transfers and then, here in Colorado, we have a \$10 background check fee that's mandated by our awesome state government. So...

(laughter)

GUIDO: You know, people like to shop on line and they'll do the transfer and it, you know, it ends up being about an hour of your work and you can get that \$20 pretty easy and then, once again, then they're a captive audience, too. The odd thing about the transfers that I find is, we don't charge a lot for our firearms, like I said, so that we can stay competitive with the online prices, but people seem to love the way the pricing looks online, even if it costs them more. I like to tell our customers, "I could have got this for you for, you know, \$10-15 less because by the time you bought it, paid to ship it, if that was necessary on the site you used, paid for the, you know, \$30 total in transfer fees and all that, I would have given it to you at a lower price straight through us, so you can just come back to us next time if you want." Either way. It doesn't make a lot of difference to me. It doesn't hurt my feelings if they want to order online and some of my best customers are just serial online orderers. But, we do get a lot of them and it continues more and more. Because, I think total, we do about 150 guns a year or so, and I would bet that half of those are transfers.

JASON: Well, the beauty of transfers, as you mentioned, too, is that you've got that audience. It builds a relationship, so, like you said, you can tell them, "Hey, I can get you this for a better price or, excuse me, same price," and they come to you next time.

GUIDO: Exactly.

JASON: So, you've told us a ton of great information. You mentioned at the very beginning how you had your Class 3. I'd like to go into a little bit about that just because so many people are curious about it.

GUIDO: Mmm hmm.

JASON: So, first, can you tell us a little bit about the Class 3 and then, the process you went for applying and getting one?

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GUIDO: Okay, so interestingly enough, getting your Class 3, which is actually, you're essentially just paying a tax, this special occupational tax and for a home business... well, for any FFL that makes less than \$500,000 a year total, it's \$500 a year and it's incredibly simple. So, while the process of getting your FFL is about as difficult as getting a passport. You've got to fill out a paper, send a check, put some pictures on it. The process of getting your Class 3 SOT is like paying your phone bill. You pretty much just fill out this little paper, send it in with a check. There's nothing else and then, it comes back in the mail a couple months later. That's it. You're a Class 3. You can now do NFA transfers to get all the good stuff.

JASON: Okay. So, tell us what you mostly sell. Is it silencers, you know, suppressors, whatever you want to call it, and, I know you mentioned some of the wholesalers earlier, but if you can mention those again and just kind of tell us, again, all about the products that most people are buying when they're buying a Class 3 product.

GUIDO: Alright. Our Class 3 sales are almost exclusively suppressors, yes. And, that's silencers, those words are interchangeable. I spent a lot of time in the military and you dare not call it a silencer. So, that's... that's the majority of it. We've had a few short barrel rifle transfers. We've done a few other things, but it's almost all suppressors and I just read a statistic the other day that the number of suppressors that civilians own has doubled like in the last 10 years, or just a few years, so essentially, the market for those is picking up at some extremely fast, possibly exponential rate. And the easier it gets, the easier it gets, if that makes any sense, so it's only going to continue to be a neat market and we're starting to see the distributors getting into it a little bit. Like I said, we use RSR Group for most of our Class 3 purchases. Then, we also use Lipsey's. They just started selling Class 3 stuff like six months ago and then, we also have some direct dealer accounts with the other companies like Yankee Hill and AAC and stuff like that, to get more. It takes about 2 months for a dealer to dealer transfer and then it's... right now, it's about 8-9, months to get it from you to the customer. But, the cool thing about being a small, home-based FFL is that while you have the suppressor and you're waiting 9 months to transfer it to a customer, the company owns it, so you can... You can take that customer with the range with it. You can, you know, let them see it, play with it. It's a lot easier for them to come to you and, you know, check it out or ask questions about it than it is for them to go into a bigger gun shop that doesn't have the time to spend with them and really help them out.

JASON: Now, can you lead us kind of through the process of a customer buying a



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silencer because I know a lot of people listening are going to say, “Hey, if I’m going to sell this, you know, what happens? John Doe comes to me and says, ‘Hey, Guido, I want to buy a silencer.’ “ How does that process go? What paperwork do they have to fill out and so on.

GUIDO: Sure. If you already have it in stock...Well, let’s say that you don’t have it in stock. So, they come and they want something essentially special ordered, then you’re just going to go, like to RSR Group, you go on their website. “Oh, yeah, they’ve got it in stock.” Order one and they already have our Class 3 SOT on file. So, we just wait two months and then it comes in. Once we get it, then we can start the paperwork for the customer. It’s pretty simple. It’s nothing...It’s... Like I said, I compare it to a passport application, basically. It’s just a couple page form that they fill out their information and attach some pictures and stuff and then, we send it off with a check to the FBI and, basically, wait 8-9 months. Now, technically speaking, the seller is paying the \$200 fee on that transfer, though it’s customary to basically pass that along to the customer. So, the customer gives you the \$200, then you pay the \$200 to the FBI and it’s worth noting, too, that dealer to dealer transfers are free. So, you can have as many of them in stock as you want and you haven’t paid anything to get them in except your \$500 a year that you’re keeping to maintain the license and it’s mostly a waiting game, but it’s really not any more difficult than a... Sorry. I’m having a blank there.

JASON: Oh, that’s okay.

GUIDO: Not any more difficult than a passport application.

JASON: Now, guns, we know, have smaller markups and you really make the money in accessories. How are the markups on silencers?

GUIDO: They’re some of the best, really. You can... Because it’s so difficult, it’s ... Like I talked about that a normal FFL transfer fee, we charge \$20 bucks plus the \$10 Colorado background check fee. It’s not uncommon for other dealers around here to charge \$75-150 for that process because it is more of your time and keeping up on it and things and the suppressors, you can typically mark them up like 20-25%. You know, something that costs dealer priced... there seems to be a much wider margin on them. So, they’ll put something that costs \$400 and they’ll make the MSRP on that like \$650 or something. So, there’s like a \$250 gap. Now, you’re probably not going to charge MSRP, but you can charge, you know, \$550 and that’s \$150 bucks plus any other fees you want to add on there, for a suppressor.

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JASON: Mmm hmm. So, you've given us a ton of awesome information today, especially for those interested in getting their Class 3. Is there anything or, you know, any question that I left out that you'd like to mention before we end here, just about somebody who's thinking about getting their FFL?

GUIDO: So, I already talked about how it's actually really easy to do. So, my first thing would be like, "Don't listen to anybody. People have all these crazy theories about how difficult it is and how home-based businesses aren't allowed to have them and how the ATF, like, kicks in your door and checks out all your papers all the time and so much of it is just myth. So, go read the laws; read the forms yourself and you'll see how easy it really is and if you have trouble understanding something, get a lawyer to help you and tell you, you know, what the reality of it is. Don't rely on, even other dealers. I get so many other dealers that tell me things or want to do some transaction some way that's completely wrong, which means that the word's not even really getting to them. As far as the owning your own business and, you know, having your home-based FFL side of it, I think it's really important to make sure that you do it as professionally and nice as you can. Have a nice space in your home for the customers to come in and sit and, you know, have it cleaned out and nothing else is in there. You know, spend a little money to get a nice logo made. Get some nice business cards made. It really helps you set yourself ahead when many of your competitors, you know, they've got some like "@aol.com" or "@gmail.com" email address and some weird business cards that they printed up on their printer. And then, just understand that you're committing to something where you're going to have people in your house for an hour or so, several times a week, depending on how much business you're doing and, you know, you need to commit to that and be happy about it and, if you enjoy talking to people, though, like...You can...You can really help them out and that's sort of the most fun about it is that people come and you can help them find the guns they want; help order the things they need. If you offer courses or training, you can...you can give them those options, too, and it's all about helping out the customers.

JASON: Good deal. Well, hey, I appreciate it Guido. Everybody listening got a ton of great information for regular, you know, getting their Type 1 or Type 7, whatever FFL they're going to get and then, of course, if they want to get their Class 3. So, can you give out your contact information one more time for anybody that would like to get ahold of you?

GUIDO: Sure. Again, my name is Guido Kimball. I am the owner and director of training here at Paladin Lead Delivery Systems. So, that's P-A-L-A-D-I-N Lead, L-E-A-D Delivery Systems. One has an "s" on the end. Dot com. PaladinLeadDeliverySystems.com. Our phone number is 720-864-0223.

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And, you can find us on Facebook at [Facebook.com/PaladinLDS](https://www.facebook.com/PaladinLDS).

JASON: Excellent. Well, that you so much again, Guido. I appreciate it.

GUIDO: Alright, thank you very much, Jason.