

**FEDERAL ELECTION COMMISSION**

Washington, D.C. 20463

January 18, 2022

VIA EMAIL

Melissa L. Laurenza, Esq.
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2001 K Street, NW
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RE: MUR 7889
SIG SAUER, Inc.

Dear Ms. Laurenza:

On March 22, 2021, the Federal Election Commission (“Commission”) notified your client, SIG SAUER, Inc., of a complaint alleging that your client violated the Federal Election Campaign Act of 1971, as amended (the “Act”), and provided your client with a copy of the complaint. After reviewing the allegations contained in the Complaint and your client’s Response, the Commission, on January 11, 2022, found reason to believe that SIG SAUER, Inc. violated 52 U.S.C. § 30119(a)(1) and 11 C.F.R. § 115.2(a) by making a prohibited government contractor contribution. The Factual and Legal Analysis, which formed the basis for the Commission’s finding, is enclosed for your information.

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Pre-probable cause conciliation is not mandated by the Act or the Commission’s regulations, but is a voluntary step in the enforcement process that the Commission is offering to your client as a way to resolve this matter at an early stage and without the need for briefing the issue of whether or not the Commission should find probable cause to believe that your client violated the law.

Please note that your client has a legal obligation to preserve all documents, records and materials relating to this matter until such time as they are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

If your client is interested in engaging in pre-probable cause conciliation, please contact Ray Wolcott, the attorney assigned to this matter, at (202) 694-1302 or rwolcott@fec.gov, within seven days of receipt of this letter. During conciliation, your client may submit any factual or legal materials that they believe are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within sixty days. See 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Conversely, if your client is not interested in pre-probable cause conciliation, the Commission may conduct formal discovery in this matter or proceed to the next step in the enforcement process. Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

Pre-probable cause conciliation, extensions of time, and other enforcement procedures and options are discussed more comprehensively in the Commission's "Guidebook for Complainants and Respondents on the FEC Enforcement Process," which is available on the Commission's website at <http://www.fec.gov/respondent.guide.pdf>.

Please be advised that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.

This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public. For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act.

We look forward to your response.

On behalf of the Commission,



Allen Dickerson
Chairman

Enclosures
Factual & Legal Analysis

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

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4 RESPONDENTS: SIG SAUER, Inc.

MUR 7889

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6 **I. INTRODUCTION**

7 The Complaint alleges that SIG SAUER, Inc. (“SIG”), a firearms manufacturer that
8 contracts with the U.S. Department of Defense and Department of Homeland Security, violated
9 the federal contractor prohibition of the Federal Election Campaign Act of 1971, as amended
10 (the “Act”), by making a \$100,000 contribution to Gun Owners Action Fund (“GOAF”), an
11 independent expenditure-only political committee (“IEOPC”).

12 SIG does not contest the violation, acknowledging that it was a federal contractor and
13 made the contribution to GOAF. However, SIG argues it was unaware when it made the
14 contribution that government contractors are prohibited from contributing to IEOPCs and that,
15 after being notified of the complaint, it requested and received a refund from GOAF. SIG asserts
16 that it would not have made the contribution if it knew it were illegal.

17 As explained below, the Commission finds reason to believe that SIG made a prohibited
18 contribution to GOAF in violation of 52 U.S.C. § 30119(a)(1) and 11 C.F.R. § 115.2(a).

1 **II. FACTUAL BACKGROUND**

2 SIG is a firearms manufacturer incorporated in Delaware and based in New Hampshire.¹

3 At the time relevant to this complaint, SIG had been in continuous performance of a \$580
4 million federal government contract to supply the U.S. Army with a new service pistol.²

5 GOAF is an IEOPC that registered with the Commission on December 10, 2020.³ SIG
6 contributed \$100,000 to GOAF on December 31, 2020.⁴ SIG indicates that its \$100,000
7 contribution was made in response to a solicitation email from GOAF and that it was unaware
8 that federal government contractors were prohibited from making contributions.⁵ SIG states that
9 after it received notification of the Complaint, it requested and received a refund of the
10 contribution and “implemented additional compliance procedures to ensure that it does not
11 inadvertently violate the government contractor prohibitions in the future.”⁶ SIG requests that
12 the Commission dismiss the allegations or, alternatively “request[s] the opportunity to enter into
13 pre-probable cause conciliation to expeditiously resolve this matter.”⁷

¹ Del. Dep’t of State Division of Corps. Business Entity Search, <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for “SIG SAUER”); New Hampshire Dep’t of State Business Name Search, <https://quickstart.sos.nh.gov/online/BusinessInquire/TradeNameInformation?businessID=134211> (listing SIG’s primary place of business as Newington, DE).

² Contracts for Jan. 19, 2017, U.S. Dep’t of Def., <https://www.defense.gov/Newsroom/Contracts/Contract/Article/1054538> (last visited Oct. 8, 2021).

³ GOAF Statement of Org. (Dec. 10, 2020).

⁴ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00764522&min_date=12%2F10%2F2020&max_date=08%2F19%2F2021 (last visited, Nov. 15, 2021) (reflecting receipts from GOAF including \$100,000 from SIG)

⁵ SIG Resp. at 1-2

⁶ *Id.* at 2; GOAF, 2021 July Quarterly Report at 9 (July 30, 2021) (reporting the refund).

⁷ Compl. at 2.

1 **III. LEGAL ANALYSIS**

2 Under the Act, a federal contractor may not make contributions to political committees.⁸
3 Specifically, the Act prohibits “any person . . . [w]ho enters into any contract with the United
4 States . . . for the rendition of personal services or furnishing any material, supplies, or
5 equipment to the United States or any department or agency thereof” from making a contribution
6 “if payment for the performance of such contract . . . is to be made in whole or in part from funds
7 appropriated by the Congress.”⁹ These prohibitions begin to run at the beginning of negotiations
8 or when proposal requests are sent out, whichever occurs first, and end upon the completion of
9 performance of the contract or the termination of negotiations, whichever occurs last.¹⁰ These
10 prohibitions apply to contributions to any political party, political committee, federal candidate,
11 or “any person for any political purpose or use.”¹¹

12 SIG acknowledges that it was a federal contractor at the time that it made the \$100,000
13 contribution to GOAF and admits making the prohibited contribution. Therefore, the
14 Commission finds reason to believe that SIG violated 52 U.S.C. § 30119(a)(1) and 11 C.F.R.
15 § 115.2(a).

⁸ 52 U.S.C. § 30119(a); 11 C.F.R. § 115.2.

⁹ 52 U.S.C. § 30119(a)(1); *see also* 11 C.F.R. part 115.

¹⁰ 52 U.S.C. § 30119(a)(1); 11 C.F.R. § 115.1(b).

¹¹ 52 U.S.C. § 30119(a)(1); 11 C.F.R. § 115.2.