

**FEDERAL ELECTION COMMISSION**

Washington, D.C. 20463

January 5, 2023

VIA EMAIL

Saurav Ghosh, Esq.
Campaign Legal Center
1101 14th Street, NW, Suite 400
Washington, DC 20005
sghosh@campaignlegalcenter.org

RE: MUR 7889
SIG Sauer, et al.

Dear Mr. Ghosh:

The Federal Election Commission has considered the allegations contained in the above referenced complaint from the Campaign Legal Center dated March 17, 2021.

On January 11, 2022, the Commission found that there was reason to believe SIG SAUER, Inc. violated 52 U.S.C. § 30119(a)(1) and 11 C.F.R. § 115.2(a). On April 5, 2022, a conciliation agreement signed by SIG SAUER, Inc. was accepted by the Commission. Accordingly, the Commission closed the file in this matter as to SIG SAUER, Inc. on April 5, 2022.

The Commission was equally divided on whether to find reason to believe Gun Owners Action Fund violated the Federal Election Campaign Act of 1971. Accordingly, on December 15, 2022, the Commission closed the file in this matter. A Statement of Reasons providing a basis for the Commission's decision will follow.

The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. *See* 52 U.S.C. § 30109(a)(8).

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016), effective September 1, 2016. A copy of the agreement with SIG SAUER, Inc. and a copy of the Factual and Legal Analysis are enclosed for your information.

If you have any questions, please contact Jacob Tully, the attorney assigned to this matter, at (202) 694-1404.

Sincerely,

Mark Shonkwiler

Mark Shonkwiler
Assistant General Counsel

Enclosures
Conciliation Agreement
Factual and Legal Analysis

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	MUR 7889
SIG SAUER, Inc.)	
)	

CONCILIATION AGREEMENT

This matter was initiated by a complaint filed with the Federal Election Commission (the “Commission”). The Commission found reason to believe that SIG SAUER, Inc. (“Respondent” or “SIG SAUER”), violated 52 U.S.C. § 30119(a)(1) of the Federal Election Campaign Act of 1971, as amended (the “Act”), and 11 C.F.R. § 115.2(a) by making contributions while Respondent was a federal government contractor.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this Agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent is a firearms manufacturer incorporated in Delaware and based in New Hampshire. At the time relevant to this complaint, Respondent had been in continuous performance of a \$580 million federal government contract to provide service pistols to the U.S. Department of Defense.

2. On or around December 31, 2020, Respondent made a \$100,000 contribution to Gun Owners Action Fund, an independent expenditure-only political committee.

3. After being notified of the Complaint in this matter, Respondent requested and received a full refund of the \$100,000 contribution from Gun Owners Action Fund.

4. The Act and Commission regulations bar contributions to political committees by any person who enters into a contract with the United States or its departments or agencies for “furnishing any material, supplies, or equipment,” if payment on such contract “is to be made in whole or in part from funds appropriated by Congress.” 52 U.S.C. § 30119(a)(1); 11 C.F.R. § 115.2(a). Such contributions are barred for the period between (1) the earlier of commencement of negotiations or when requests for proposal are sent out, and (2) the later of the completion of performance on or termination of negotiations for the contract. 11 C.F.R. § 115.1(b).

5. These prohibitions apply to a federal contractor who makes contributions to any political party, political committee, federal candidate, or “any person for any political purpose or use.” 11 C.F.R. § 115.2(a).

V. Respondent violated 52 U.S.C. § 30119(a)(1) and 11 C.F.R. § 115.2(a) by making a \$100,000 contribution to Gun Owners Action Fund while Respondent was a federal contractor.

VI. Respondent will take the following actions:

1. Respondent will pay a civil penalty to the Commission in the amount of Nineteen-Thousand dollars (\$19,000), pursuant to 52 U.S.C. § 30109(a)(5)(A).

2. Respondent will cease and desist from violating 52 U.S.C. § 30119(a)(1) and 11 C.F.R. § 115.2(a).

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review

MUR 7889 (SIG SAUER, Inc.)
 Conciliation Agreement
 Page 3 of 3

compliance with this Agreement. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This Agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this Agreement becomes effective to comply with and implement the requirements contained in this Agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written Agreement shall be enforceable.

FOR THE COMMISSION:

Lisa J. Stevenson
 Acting General Counsel

BY: **Charles Kitcher** Digitally signed by Charles Kitcher
Date: 2022.04.18 13:21:45 -04'00'
 Charles Kitcher
 Associate General Counsel
 for Enforcement

4-18-22
 Date

FOR THE RESPONDENT:



 Melissa L. Laurenza, Esq.
 Counsel for Respondent

2/2/2022
 Date

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3
4 RESPONDENTS: SIG SAUER, Inc.

MUR 7889

5
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.