

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Gun Owners Action Fund and Nancy H.)	
Watkins in her official capacity as)	MURs 7889 and 8011
treasurer)	
)	
Daniel Defense, LLC)	
)	

SECOND GENERAL COUNSEL’S REPORT

I. INTRODUCTION

These matters involve two prohibited \$100,000 contributions by federal government contractors SIG SAUER, Inc. (“SIG”) and Daniel Defense LLC (“Daniel Defense”) to Gun Owners Action Fund (“GOAF”), an independent expenditure-only political committee (“IEOPC”), in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”). While GOAF states that the Complaints do not contain sufficient information to establish that it knowingly solicited federal government contractors, SIG and Daniel Defense both state that their contributions were made in reliance on direct solicitations from GOAF and the available information shows that the individuals who made those direct solicitations on behalf of GOAF — GOAF founder Chris Cox in the case of Daniel Defense and Marty and Cindy Daniel of Daniel Defense in the case of SIG — had longstanding professional connections with each company such that they apparently knew that both Daniel Defense and SIG were government contractors.

Specifically, the Complaint in MUR 7889 alleges that SIG, a firearms manufacturer that contracts with the U.S. Department of Defense and Department of Homeland Security, violated

the federal contractor prohibition of the Act by making a \$100,000 contribution to GOAF.¹ On January 14, 2022, the Commission found reason to believe that SIG violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a) and authorized pre-probable cause conciliation with SIG.² On April 7, 2022, the Commission accepted a negotiated conciliation agreement, wherein SIG agreed to pay a \$19,000 civil penalty, and closed the file in MUR 7889 as to SIG.³

Prior to receiving the Complaint in MUR 8011, in the normal course of evaluating the Complaint in MUR 7889, the Office of General Counsel (“OGC”) reviewed GOAF’s disclosure reports for the relevant period of time, which disclosed Daniel Defense’s \$100,000 contribution to GOAF, and advised the Commission that it intended to notify Daniel Defense, which also is a federal government contractor, as an additional respondent in MUR 7889.⁴ Following the Commission’s consideration of the MUR 7889 First General Counsel’s Report (“FGCR”), OGC notified Daniel Defense, which submitted a Response.⁵ The subsequent Complaint in MUR 8011 cites the same \$100,000 contribution from Daniel Defense to GOAF and alleges that Daniel Defense made a prohibited government contractor contribution.⁶ Daniel Defense was notified of the Complaint in MUR 8011 and submitted a Response.⁷

¹ MUR 7889 Compl. ¶ 1 (Mar. 17, 2021).

² Cert. ¶ 2.a-b, MUR 7889 (Jan. 14, 2022).

³ Cert. ¶¶ 1-2, MUR 7889 (Apr. 7, 2022); Conciliation Agreement ¶ VI.1, MUR 7889 (Apr. 18, 2022).

⁴ First Gen. Counsel’s Rpt. (“First GCR”) at 13-14.

⁵ Daniel Defense Notif. Ltr., MUR 7889 (Feb. 16, 2022); MUR 7889 Daniel Defense Resp. (Apr. 8, 2022). Daniel Defense notified the Commission that delivery of the notification letter was delayed and that it did not receive the letter until March 10, 2022.

⁶ MUR 8011 Compl. at 1 (June 9, 2022).

⁷ Daniel Defense Notif. Ltr., MUR 8011 (June 14, 2022); MUR 8011 Daniel Defense Resp. (June 23, 2022).

In both of its Responses, Daniel Defense acknowledges the company's status as a government contractor and states that it has requested and received a refund of its \$100,000 contribution from GOAF.⁸ Daniel Defense argues it was the first time it had been solicited for a federal contribution and that it "in good faith, relied upon the expertise of [GOAF] with respect to [its eligibility to make a contribution under] federal campaign finance law."⁹ Because Daniel Defense acknowledges that it is a government contractor and that it made a \$100,000 contribution to GOAF, we recommend that the Commission find reason to believe that Daniel Defense violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a) and authorize pre-probable cause conciliation with Daniel Defense.

GOAF was also notified as a Respondent in both matters because both Complaints raise questions as to whether GOAF knowingly solicited the cited contributions.¹⁰ Although GOAF's Responses in both MURs argued that the record contains no information showing that it was aware of the government contractor status of SIG and Daniel Defense,¹¹ the Responses submitted by SIG and Daniel Defense indicate that each contractor was solicited directly by individuals acting on behalf of GOAF who had comprehensive knowledge of the firearms industry and each company's status as federal contractors.¹² The Responses filed by Daniel Defense indicates that

⁸ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

⁹ MUR 7889 Daniel Defense Resp. at 3; MUR 8011 Daniel Defense Resp. at 3.

¹⁰ The First GCR in MUR 7889 recommended that the Commission find reason to believe that GOAF violated 52 U.S.C. § 30119(a)(2) and 11 C.F.R. § 115.2(c) by knowingly soliciting prohibited federal contractor contributions and open an investigation. The Commission took no action at that time on the recommendations as to GOAF, whose response argued that there was no information in the record which indicated it was aware of SIG's status as a government contractor.

¹¹ MUR 7889 GOAF Resp. at 2 (Apr. 23, 2021); MUR 8011 GOAF Resp. at 2 (June 28, 2022).

¹² MUR 7889 SIG Resp., Attach. A (email from Marty and Cindy Daniel to SIG soliciting a contribution to GOAF).

GOAF founder Chris Cox — a former National Rifle Association (“NRA”) lobbyist with a comprehensive knowledge of the firearms industry who appears to have had a decade-long professional relationship with Daniel Defense — directly solicited Daniel Defense for the contribution on behalf of GOAF.¹³ The Response filed by SIG in MUR 7889 included a solicitation email on behalf of GOAF from Marty and Cindy Daniel — owners of a direct competitor to SIG with common government customers.¹⁴ As discussed below, both the content of that email and information in Daniel Defense’s Responses indicate that the Daniels were acting as GOAF’s agents when they sent the solicitation. Accordingly, we recommend that the Commission find reason to believe that GOAF violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(c) by knowingly soliciting contributions from government contractors and authorize an investigation.

II. FACTUAL BACKGROUND

A. Respondents

GOAF is an IEOPC that registered with the Commission on December 10, 2020.¹⁵ It was founded by Cox, who worked for the NRA for 25 years and led its lobbying and political efforts until resigning in June 2019.¹⁶ From December 11, 2021, to February 22, 2021, GOAF received

¹³ MUR 7889 Daniel Defense Resp. at 2 (stating that Cox directly solicited a contribution from Daniel Defense); MUR 8011 Daniel Defense Resp. at 2 (same); First GCR at 5 (discussing Cox’s role as GOAF founder and principal); *infra* notes 34-36 (discussing Cox’s longstanding professional relationship with Daniel Defense).

¹⁴ MUR 7889 SIG Resp., Attach. A.

¹⁵ GOAF Statement of Org. (Dec. 10, 2020).

¹⁶ David M. Drucker, *New Gun Rights Group Led by Ex-NRA Strategist Chris Cox Enters Georgia Runoffs*, WASH. EXAMINER (Dec. 11, 2020), <https://www.washingtonexaminer.com/news/campaigns/gun-rights-ex-nra-strategist-enters-georgia-runoffs>; Scott Bland, *Former NRA Lobbyist Chris Cox Launches New Consulting Firm*, POLITICO (July 11, 2019), <https://www.politico.com/story/2019/07/11/chris-cox-consulting-firm-1581639>.

a total of nine contributions, from six different sources, totaling \$2,212,765.¹⁷ Of the six contributors, two were government contractors: SIG contributed \$100,000 on December 31, 2020, and Daniel Defense contributed \$100,000 on January 6, 2021. Between December 11, 2020, and January 5, 2021, GOAF was active in the Georgia Senate runoff elections, reporting \$1,951,302 in independent expenditures supporting and opposing candidates in the two Georgia runoffs.¹⁸ Since January 6, 2021, GOAF has made no independent expenditures, has raised no money, and its only disbursements have been for marketing, accounting services, and contribution refunds to SIG and Daniel Defense.¹⁹

Daniel Defense, a firearms manufacturer, is a privately-held limited liability company (“LLC”) located in Georgia, founded by Marty Daniel, the co-owner and current Chief Executive Officer (“CEO”); and his wife, Cindy Daniel, is a co-owner and the company’s Chief Operating Officer (“COO”).²⁰ Daniel Defense acknowledges that it was a government contractor at the time it made the contribution at issue and that its status as such “could easily be obtained by . . . a simple Google search.”²¹ Daniel Defense also states that its “engage[ment] in defense

¹⁷ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00764522&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 27, 2022) (last visited Oct. 27, 2022) (reflecting receipts from GOAF including \$1,950,000 in contributions from registered IEOPC ESAFUND, \$100,000 from SIG, \$100,00 from Daniel Defense, \$50,000 from Brownells, Inc., \$10,000 from Luth-AR, LLC, and \$2765 from Ring Unlimited).

¹⁸ *FEC Independent Expenditures: Filtered Results*, FEC.GOV, https://www.fec.gov/data/independent-expenditures/?committee_id=C00764522&data_type=processed&q_spender=C00764522&is_notice=false&most_recent=true&min_date=01%2F01%2F2019&max_date=10%2F27%2F2022 (last visited Oct. 27, 2022) (showing GOAF’s independent expenditures in 2020-2022).

¹⁹ *Id.*; *supra* note 17; *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00764522&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 27, 2022) (showing GOAF’s disbursements in 2020-2022).

²⁰ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2; Daniel Defense LinkedIn Profile Page, <https://www.linkedin.com/company/daniel-defense-inc> (“Daniel Defense is a family-owned and privately held firearms manufacturer located in Black Creek, Georgia. Founded in 2001 by President/CEO Marty Daniel”); Cindy Daniel LinkedIn Profile Page, <https://www.linkedin.com/in/cindy-daniel-07439027>.

²¹ MUR 7889 Daniel Defense Resp. at 2; MUR 8011 Daniel Defense Resp. at 2.

contracting and procurement . . . should be obvious from its very name.”²² The company’s federal contracts include supplying firearms to the U.S. Department of Defense and U.S. Department of Homeland Security, and its website states that it has been in continuous performance of at least one federal contract since 2005.²³

SIG, a firearms manufacturer incorporated in Delaware and based in New Hampshire,²⁴ is the fourth largest manufacturer of firearms in the U.S. and has been a prominent government contractor since 1989.²⁵ Among its more recent contracts with the federal government at the time of the alleged violations were a well-publicized \$580 million contract awarded in January 2017 to supply the U.S. Army with a new service pistol²⁶ and a \$77 million contract awarded in

²² MUR 7889 Daniel Defense Resp. at 2; MUR 8011 Daniel Defense Resp. at 2.

²³ Daniel Defense Frequently Asked Questions, <https://danieldefense.com/faq> (“Daniel Defense is the sole source provider of RIS II Rail Systems for US Special Operations Command. This is an [] Indefinite Delivery, Indefinite Quantity[] contract that was awarded in 2005. To date, Daniel Defense has delivered approximately 30,000 units to [U.S. Special Operations Command]”); Daniel Defense Federal Contract Funding Since Inception in 2003, GovTribe.com, <https://govtribe.com/vendors/daniel-defense-inc-dot-3e3e2>.

²⁴ 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). We note that a Complaint has been received alleging, *inter alia*, that SIG is “foreign gun manufacturer” and thus prohibited from making contributions pursuant to 52 U.S.C. § 30121(a)(1)(A) and 11 C.F.R. § 110.20(b). Compl. at 4, MUR 7914 (NRA, *et al.*) (alleging that SIG and other firearms manufacturers alleged to be controlled by foreign nationals made prohibited contributions to IEOPCs associated with the National Rifle Association) (open matter). This Report does not analyze this issue because it is not alleged in the Complaint and we are aware of no information indicating that any foreign national or foreign principal was involved in the \$100,000 contribution at issue here.

²⁵ U.S. System for Award Management, <https://sam.gov/reports/awards/adhoc> (ad hoc Award/IDV Information Report search for contracts awarded to vendors named, or doing business as “SIGARMS” and “SIG SAUER Inc” between Jan. 1, 1989 and Oct. 19, 2021); Jonathan Weiss, *After 31 Years, Some Navy Special Operators are Saying Goodbye to Their Favorite Sidearm*, BUSINESS INSIDER (Mar. 16, 2020), <https://www.businessinsider.com/navy-special-warfare-combatant-craft-crew-sig-sauer-p228-2020-3>; SIG SAUER P226, sigsauer.com, <https://www.sigsauer.com/firearms/pistols/p226.html> (“The iconic P226 served alongside the U.S. Navy SEALs for decades and has seen action around the globe.”).

²⁶ 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); Matthew Cox and Hope Hodge Seck, *Army Picks Sig Sauer’s P320 Handgun to Replace M9 Service Pistol*, FOX NEWS (JAN. 20, 2017), <https://www.foxnews.com/tech/army-picks-sig-sauers-p320-handgun-to-replace-m9-service-pistol>; Jonathan Haltwanger, *U.S. Army Has a Brand-New Handgun, and It’s ‘Far More Lethal’*, NEWSWEEK (NOV. 30, 2017), <https://www.newsweek.com/us-army-has-brand-new-handgun-and-its-far-more-lethal-726918>; Mark A. Keefe, IV, *Keefe Report: SIG Sauer Wins U.S. Army XM17*

November 2020 to supply the U.S Army with rifle scopes.²⁷ At the time of the alleged violations, SIG was also one of the three companies chosen to submit final prototypes for testing as part of the selection process for the U.S. Army's Next Generation Squad Weapon, a contract it ultimately secured that is estimated to be worth more than \$1.5 billion.²⁸

B. Cox's Solicitation of Daniel Defense on Behalf of GOAF

Daniel Defense acknowledges both making the \$100,000 contribution to GOAF and its concurrent status as a government contractor as defined by the Act and Commission regulations.²⁹ Daniel Defense asserts, however, that this was the first time it had been solicited by a federal political committee, that it was unaware that federal contractors were prohibited from making contributions, and that it relied on a "good faith expectation that [GOAF] was aware of any and all federal restriction as to the source of contributions it was soliciting."³⁰ After being notified in these matters, Daniel Defense requested and received a refund from GOAF.³¹

Modular Handgun System (MHS) Contract, NRA AMERICAN RIFLEMAN (Jan. 19, 2017), <https://www.americanrifleman.org/content/the-keefe-report-sig-sauer-wins-u-s-army-xm17-modular-handgun-system-mhs-contract/>; Lily Hay Newman, *The Army's First New Pistol in 35 Years Features A Modular Design*, WIRED (Jan. 24, 2017), <https://www.wired.com/2017/01/us-army-sig-sauer-p320>.

²⁷ Ed Adamczyk, *Sig Sauer Inc. Announces \$77M Army Contract for M4 Rifle Scopes*, DEFENSE NEWS (Nov. 11, 2020), <https://www.upi.com/Defense-News/2020/11/11/Sig-Sauer-Inc-announces-77M-Army-contract-for-M4-rifle-scopes/9581605126130>.

²⁸ Next Generation Squad Weapons, U.S. Army Acquisition Support Center, <https://asc.army.mil/web/portfolio-item/fws-cs-2> (last visited Oct. 8, 2021); Lou Whiteman, *Here Are the Guns That Will Battle to Be the Army's Next Squad Weapon*, MOTLEY FOOL (Oct. 20, 2019), <https://www.fool.com/investing/2019/10/20/here-are-the-guns-that-will-battle-to-be-the-armys.aspx>; U.S. Army Public Affairs, *Army Awards Next Generation Squad Weapon Contract*, Army.mil, https://www.army.mil/article/255827/army_awards_next_generation_squad_weapon_contract (April 19, 2022).

²⁹ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

³⁰ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

³¹ MUR 7889 Daniel Defense Resp. at 2, 4; MUR 8011 Daniel Defense Resp. at 2, 4; GOAF 2022 July Quarterly Report at 6 (filed July 15, 2022) (reporting a \$100,000 contribution refund to Daniel Defense).

1 In its Responses, Daniel Defense states that prior to its January 6, 2021 contribution, “at
 2 the time of the solicitation,” Cox — GOAF’s founder and principal — had direct conversations
 3 with Marty Daniel about “the needs of the then newly-created IEOPC” and about “how [Daniel
 4 Defense] could be helpful to the IEOPC.”³² The company asserts that despite the fact that its
 5 “status as a government contractor can be readily ascertained through an elementary Google
 6 search” and is “specifically established by Daniel [Defense] on its website,” neither Cox nor
 7 other GOAF representatives made “any inquiry of Daniel [Defense] as to its status as a
 8 government contractor and the obvious implications that could follow from that fact.”³³

9 Marty and Cindy Daniel, in their roles as CEO and COO of Daniel Defense, appear to
 10 have had a prior, longstanding professional relationship with Cox when he was employed by the
 11 NRA.³⁴ Cox appears to have had substantial, direct contacts with Daniel Defense — and
 12 specifically with Marty and Cindy Daniel in their roles as CEO and COO — in the course of his
 13 work for the NRA prior to his resignation in June 2019. For example, in 2016, Cox personally
 14 presented Marty and Cindy Daniel with the NRA’s National Corporate Partner Flag at NRA
 15 headquarters in recognition of Daniel Defense’s support of the NRA.³⁵ Cox also attended and
 16 made remarks on behalf of the NRA at the 2018 ribbon-cutting ceremony for Daniel Defense’s

³² MUR 7889 Daniel Defense Resp at 2; MUR 8011 Daniel Defense Resp. at 2; FGCR at 5 (discussing Cox’s role as GOAF founder and principal).

³³ MUR 7889 Daniel Defense Resp. at 1; MUR 8011 Daniel Defense Resp. at 1.

³⁴ NRA press releases and official NRA blog posts, during the period in which Cox was its Chief Political Strategist, describe Daniel Defense as being “amongst the foremost supporters of the NRA over the past decade” and has “contribut[ed] to and work[ed] closely with the [the NRA] to spearhead fundraising efforts.” Jason J. Brown, *Firearms, Freedom and Family: The Values That Drive Daniel Defense*, NRA Blog, NATIONAL RIFLE ASSOCIATION (Feb. 24, 2017) <https://www.nrablog.com/articles/2017/2/firearms-freedom-and-family-the-values-that-drive-daniel-defense>; Kristina Krawchuk, *Friends of NRA Honors Daniel Defense Partnership*, NRA Blog, NATIONAL RIFLE ASSOCIATION (Dec. 6, 2016) <https://www.nrablog.com/articles/2016/12/friends-of-nra-honors-daniel-defense-partnership>; Press Release, National Rifle Association, National Rifle Association announces Daniel Defense as Friends of NRA 2019 Exclusive Guardian Sponsor (Jan. 25, 2019);

³⁵ Krawchuk, *supra* note 34.

1 manufacturing center in Georgia, where it produces firearms in its role as a government
 2 contractor.³⁶

3 C. Marty and Cindy Daniel's Solicitation of SIG on Behalf of GOAF

4 On December 29, 2020, Marty and Cindy Daniel sent an email solicitation to SIG and
 5 other unknown recipients, identifying GOAF as a "SuperPAC created to support candidates and
 6 officials who will protect and promote the 2nd Amendment" and explaining that its "mission is
 7 to help re-elect Senators David Perdue and Kelley Loeffler in the Georgia Senate Runoffs."³⁷

8 The solicitation email also stated that "GOAF is led by a team of seasoned professionals
 9 including the National Rifle Association's former Chief Political Strategist, Chris Cox."³⁸ The
 10 solicitation email was sent from "Cindy Daniel" with carbon copy to "Cindy Daniel" and "Marty
 11 Daniel," and closed with a signature block that reads "Thank you, Marty Daniel," but the version
 12 SIG attached to its Response redacts all of the email addresses, so it is not clear if the email was
 13 sent from or copied to the Daniels' personal accounts, official Daniel Defense accounts, or from
 14 accounts associated with GOAF.³⁹ Similarly, the line below Marty Daniel's name in the
 15 signature block is redacted; presumably obscuring either a title or his contact information.⁴⁰

³⁶ Evan Brune, *Daniel Defense Opens New Headquarters*, NRA SHOOTING ILLUSTRATED (May 18, 2018), <https://www.shootingillustrated.com/content/daniel-defense-opens-new-headquarters> (identifying Cox as the Executive Director of the NRA-ILA and quoting a portion of remarks he made at the event).

³⁷ MUR 7889 SIG Resp., Attach. A. The email solicitation is written in the first person plural in reference to the authors and GOAF, indicating that Marty and Cindy Daniel may have been working with or on behalf of GOAF when they sent the solicitation to SIG. *Id.* (using the pronouns "we," "us," and "our" throughout to refer to Marty Daniel, Cindy Daniel, and GOAF).

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

1 **III. LEGAL ANALYSIS**

2 **A. The Commission Should Find Reason to Believe that Daniel Defense Violated** 3 **52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a) by Making a Prohibited** 4 **Contribution to GOAF**

5 Under the Act, a federal contractor may not make contributions to political committees.⁴¹

6 Specifically, the Act prohibits “any person . . . [w]ho enters into any contract with the United
 7 States . . . for the rendition of personal services or furnishing any material, supplies, or
 8 equipment to the United States or any department or agency thereof” from making a contribution
 9 “if payment for the performance of such contract . . . is to be made in whole or in part from funds
 10 appropriated by the Congress.”⁴² These prohibitions begin to run at the beginning of
 11 negotiations or when proposal requests are sent out, whichever occurs first, and end upon the
 12 completion of performance of the contract or the termination of negotiations, whichever occurs
 13 last.⁴³ These prohibitions apply to contributions to any political party, political committee,
 14 federal candidate, or “any person for any political purpose or use.”⁴⁴

15 Daniel Defense acknowledges that it was a federal contractor at the time that it made the
 16 \$100,000 contribution to GOAF and admits making the prohibited contribution.⁴⁵ Daniel
 17 Defense argues that the Commission should nonetheless dismiss because it was unfamiliar with
 18 the Act, was unaware of the federal contractor probation when it made the contribution, made the
 19 contribution in reliance on a belief that GOAF would not be soliciting from prohibited sources,

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

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

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

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

⁴⁵ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

1 and has requested and received a refund.⁴⁶ Daniel Defense also states that it had no corrupt
 2 intent when it made the contributions and argues against further enforcement action on the
 3 grounds that a contribution to an IEOPC does not raise the issues of “quid-pro-quo for some
 4 form of favorable treatment” by government officials that the federal contractor ban is meant to
 5 guard against.⁴⁷ However, as in past cases where Respondents advanced this argument in
 6 support of dismissal, Daniel Defense’s argument is unpersuasive, and the Commission has
 7 repeatedly confirmed that the Act’s federal contractor ban extends to IEOPCs.⁴⁸

8 Therefore, we recommend that the Commission find reason to believe that Daniel
 9 Defense violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a).

10 **B. The Commission Should Find Reason to Believe that GOAF Violated**
 11 **52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(c) by Knowingly Soliciting a**
 12 **Contribution from a Government Contractor**

13 The Act prohibits any person from knowingly soliciting a contribution from a federal
 14 contractor.⁴⁹ The federal contractor provision does not define “knowingly.” However, the
 15 foreign national prohibition defines the term knowingly to mean: (1) having actual knowledge
 16 that the source of the funds is prohibited; (2) being aware of facts that would lead reasonable
 17 person to conclude that there is a substantial probability that the source of the funds is prohibited;
 18 (3) being aware of facts that would lead a reasonable person to inquire whether the source of the

⁴⁶ MUR 7889 Daniel Defense Resp. at 2-4; MUR 8011 Daniel Defense Resp. at 2-4.

⁴⁷ MUR 7889 Daniel Defense Resp. at 3-4; MUR 8011 Daniel Defense Resp. at 3-4.

⁴⁸ *E.g.*, F&LA at 11-12, MUR 7886 (Astellas Pharma US, Inc., *et al.*) (finding reason to believe that a federal contractor made a prohibited contribution to an IEOPC); F&LA at 1, MUR 7568 (Alpha Marine Services Holdings, LLC) (same).

⁴⁹ 52 U.S.C. § 30119(a)(2); 11 C.F.R. § 115.2(c). The term “person” includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but does not include the Federal Government or any authority of the Federal Government. 52 U.S.C. § 30101(11)

1 funds was prohibited.⁵⁰ The federal contractor provision also does not define “to solicit,” but the
 2 soft money provision states that it means: “to ask, request, recommend, ask, request, or
 3 recommend, explicitly or implicitly, that another person make a contribution, donation, transfer
 4 of funds, or otherwise provide anything of value.”⁵¹

5 1. GOAF Solicited a Contribution from Daniel Defense Despite Apparently
 6 Knowing its Status as a Government Contractor

7 Daniel Defense states that it was “directly solicited by [GOAF]” to make a contribution,
 8 and that “at the time of the solicitation,” Cox had direct conversations with Marty Daniel about
 9 “the needs of the then newly-created IEOPC” and about “how [Daniel Defense] could be helpful
 10 to the IEOPC.”⁵² These statements indicate that Cox personally solicited the Daniel Defense
 11 contribution.

12 The available information shows that Cox made this solicitation despite Daniel Defense’s
 13 self-described, well-known, easily-ascertainable status as a government contractor, and also
 14 despite a pre-existing, decade-long, close professional relationship with the company of a nature
 15 that makes it highly unlikely he did not know Daniel Defense was a federal contractor. At the
 16 very least in light of the nature and duration of Cox’s prior professional relationship with Daniel
 17 Defense during his time at the NRA — including delivering remarks on behalf of the NRA at the
 18 2018 ribbon-cutting of the company’s current manufacturing facility — Cox would have been
 19 aware that Daniel Defense *had been* a government contractor, a fact that would have led a
 20 reasonable person to inquire as to its current contractor status. The available information,

⁵⁰ 11 C.F.R. § 110.20(a)(4)(i).

⁵¹ *Id.* § 300.2(m).

⁵² MUR 7889 Daniel Defense Resp at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

therefore, supports a reasonable inference that GOAF knowingly solicited a prohibited contribution from Daniel Defense.

2. GOAF Solicited a Contribution to from SIG Despite Apparently Knowing its Status as a Government Contractor

The available information shows that Marty and Cindy Daniel, acting on behalf of GOAF, solicited SIG for a contribution and, as owners of a direct competitor to SIG with federal agency customers in common, it is likely that Marty and Cindy Daniel knew SIG was a government contractor when they made the solicitation.⁵³ Further, as discussed below, both the solicitation email itself and information in Daniel Defense's Response strongly suggests that they made this solicitation as agents of GOAF after having direct conversations with Cox about how they could "help" the IEOPC.

Attached to SIG's Response in MUR 7889 is a copy of an email from Marty and Cindy Daniel soliciting contributions to GOAF.⁵⁴ As discussed in the FGCR, the content of that email indicates that Marty and Cindy Daniel were writing on behalf of GOAF and strongly suggests they "[had] actual authority, either express or implied . . . to solicit, receive, direct, transfer, or spend funds in connection with any election"⁵⁵ on behalf of the IEOPC.⁵⁶ First, the email is

⁵³ See FGCR at 9-11 (arguing that the facts support a reasonable inference that the Daniels knew or should have inquired as to whether SIG was a federal contractor).

⁵⁴ MUR 7889 SIG Resp., Attach. A.

⁵⁵ 11 C.F.R. § 300.2(b)(ii) (defining "agent" in the context of candidates and authorized committees). Agency is the fiduciary relationship that arises when one person (a "principal") manifests assent to another person (an "agent") that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act. RESTATEMENT (THIRD) OF AGENCY § 1.01 (Am. Law Inst. 2006). An agent acts with actual authority when, at the time of taking action that has legal consequences for the principal, the agent reasonably believes, in accordance with the principal's manifestations to the agent, that the principal wishes the agent so to act. *Id.* § 2.01. A principal is liable for the acts of its agents committed within the scope of their employment. *Id.* §§ 2.4, 7.07 (Am. Law Inst. 2006); Factual & Legal Analysis at 8, MUR 6465 (Fiesta Bowl, *et al.*).

⁵⁶ FGCR at 10-11 (discussing indicia of the agency relationship within the email).

1 written in the first person plural, referring to the Daniels and GOAF, collectively, as “we,”
2 discussed how they planned to use the solicited contributions, and specifically directed recipients
3 to “let us know if you have any questions or need further details” about GOAF’s mission or its
4 plan to make expenditures to influence the Georgia runoff elections.⁵⁷ Second, the email states
5 “[t]hanks for your interest in the Gun Owners Action Fund and our current work in Georgia,”
6 implying that the senders had access to a GOAF email list of people and organizations who had
7 expressed interest in receiving additional information.⁵⁸ Lastly, GOAF appears to have given
8 them the organization’s banking information, which the Daniels provided potential contributors
9 along with specific instructions on how to make contributions.⁵⁹

10 Further indicia of this agency relationship comes from Daniel Defense’s Responses.
11 According to the Responses, Cox, on behalf of GOAF, personally requested additional “help”
12 during his conversation with Marty Daniel soliciting Daniel Defense. Specifically, Daniel
13 Defense asserts that Marty Daniel had direct conversations with Cox about “the needs of the then
14 newly-created IEOPC” and about “how [Daniel Defense] could be helpful to the IEOPC.”⁶⁰ It is
15 plausible that the Daniels provided “help” in the form of agreeing to solicit contributions from
16 others on behalf of GOAF; and that to enable this help, Cox and GOAF provided the Daniels
17 with some or all of the text, attachments, and messaging used in the email; the IEOPC’s banking
18 information; and potentially a mailing list. The exact timing of the conversation between Cox
19 and Marty Daniel regarding the help GOAF needed is unclear. However, at this stage, it is

⁵⁷ SIG Resp., Attach A.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ MUR 7889 Daniel Defense Resp. at 2; MUR 8011 Daniel Defense Resp. at 2.

1 plausible to infer that Cox requested that Marty and Cindy Daniel solicit contributions on behalf
2 of the IEOPC.

3 The available information, therefore, supports a reasonable inference that GOAF, through
4 Marty and Cindy Daniel as its agents, knowingly solicited a prohibited contribution from SIG
5 and possible other recipients of the Daniels' solicitation email.

6 * * *

7 Because the available information indicates that GOAF, through Cox, Marty Daniel, and
8 Cindy Daniel as its agents, solicited contributions from Daniel Defense and SIG, entities GOAF
9 knew or should have known were government contractors, we recommend that the Commission
10 find reason to believe that GOAF violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(c) by
11 knowingly soliciting contributions from government contractors.

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1 **V. INVESTIGATION**

2 The investigation would seek to obtain facts to conclusively determine whether or not
3 GOAF, through its principals, employees, or agents, knew that SIG and Daniel Defense were
4 government contractors when it solicited the contributions, were aware of facts that would lead
5 reasonable person to conclude that there was a substantial probability that they were government
6 contractors, or were aware of facts that would lead a reasonable person to inquire whether they
7 were government contractors. The investigation would narrowly focus on establishing whether
8 Cox or other individuals at GOAF determined what entities would be solicited for contributions;
9 obtaining additional information about communications between GOAF and SIG/Daniel
10 Defense, including the specific timing and content of Cox's direct discussions with Marty
11 Daniel; determining the scope of Marty and Cindy Daniel's agency; and conclusively
12 determining what Marty Daniel, Cindy Daniel, Cox, and any other GOAF representatives
13 involved in identifying potential contributors or making the direct solicitations knew about SIG
14 and Daniel Defense's status as contractors at the time of the solicitations. Although we intend to
15 pursue voluntary cooperation from Respondents, we recommend that the Commission authorize
16 the use of compulsory process for use as necessary in the investigation.

VI. RECOMMENDATIONS

1. Find reason to believe that Daniel Defense, LLC violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a) by making a prohibited government contractor contribution;
2. Find reason to believe that Gun Owners Action Fund and Nancy H. Watkins, in her official capacity as treasurer violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(c) by knowingly soliciting prohibited contributions from government contractors;
3. Authorize pre-probable cause conciliation with Daniel Defense, LLC;
4. Authorize the use of compulsory process;
5. Approve the attached Factual and Legal Analyses;
6. Approve the attached proposed Conciliation Agreement; and

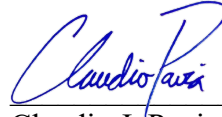
7. Approve the appropriate letters.

Lisa J. Stevenson
Acting General Counsel


Charles Kitcher
Associate General Counsel for Enforcement

November 28, 2022


Date



Claudio J. Pavia
Deputy Associate General Counsel for
Enforcement



Mark Shonkwiler
Assistant General Counsel



Ray Wolcott
Attorney

Attachments

1. Factual and Legal Analysis for Daniel Defense
2. Factual and Legal Analysis for GOAF

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Daniel Defense LLC

MURs 7889 & 8011

I. INTRODUCTION

These matters involve allegations that Daniel Defense LLC (“Daniel Defense”), a firearms manufacturer that contracts with the federal government, violated the federal contractor prohibition of the Federal Election Campaign Act of 1971, as amended (the “Act”), by making a \$100,000 contribution to Gun Owners Action Fund (“GOAF”), an independent expenditure-only political committee (“IEOPC”).

In Responses filed in both of these matters, Daniel Defense acknowledges both making the contribution and the company’s status as a government contractor, and states that it has requested and received a refund of its \$100,000 contribution from GOAF.¹ Daniel Defense argues it was the first time it had been solicited for a federal contribution and that it “in good faith, relied upon the expertise of [GOAF] with respect to [its eligibility to make a contribution under] federal campaign finance law.”² Because Daniel Defense acknowledges that it is a government contractor and that it made a \$100,000 contribution to GOAF, and presents no information which would vitiate liability in this matter, the Commission finds reason to believe that Daniel Defense violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a).

II. FACTUAL BACKGROUND

Daniel Defense, a firearms manufacturer, is a privately-held limited liability company (“LLC”) located in Georgia, founded by Marty Daniel, the co-owner and current Chief Executive

¹ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

² MUR 7889 Daniel Defense Resp. at 3; MUR 8011 Daniel Defense Resp. at 3.

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Officer (“CEO”); and his wife, Cindy Daniel, is a co-owner and the company’s Chief Operating Officer (“COO”).³ Daniel Defense acknowledges that it was a government contractor at the time it made the contribution at issue and that its status as such “could easily be obtained by . . . a simple Google search.”⁴ Daniel Defense also states that its “engage[ment] in defense contracting and procurement . . . should be obvious from its very name.”⁵ The company’s federal contracts include supplying firearms to the U.S. Department of Defense and U.S. Department of Homeland Security.⁶

GOAF is an IEOPC that registered with the Commission on December 10, 2020.⁷ It was founded and led by Chris Cox, who worked for the National Rifle Association (“NRA”) for 25 years and led its lobbying and political efforts until resigning in June 2019.⁸ From December 11, 2021, to February 22, 2021, GOAF received a total of nine contributions, from six different sources, totaling \$2,212,765.⁹ These contributions included a \$100,000 contribution from Daniel

³ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2; Daniel Defense LinkedIn Profile Page, <https://www.linkedin.com/company/daniel-defense-inc> (“Daniel Defense is a family-owned and privately held firearms manufacturer located in Black Creek, Georgia. Founded in 2001 by President/CEO Marty Daniel”); Cindy Daniel LinkedIn Profile Page, <https://www.linkedin.com/in/cindy-daniel-07439027>.

⁴ MUR 7889 Daniel Defense Resp. at 2; MUR 8011 Daniel Defense Resp. at 2.

⁵ MUR 7889 Daniel Defense Resp. at 2; MUR 8011 Daniel Defense Resp. at 2.

⁶ Daniel Defense Frequently Asked Questions, <https://danieldefense.com/faq> (“Daniel Defense is the sole source provider of RIS II Rail Systems for US Special Operations Command. This is an [] Indefinite Delivery, Indefinite Quantity[] contract that was awarded in 2005. To date, Daniel Defense has delivered approximately 30,000 units to [U.S. Special Operations Command]”); Daniel Defense Federal Contract Funding Since Inception in 2003, GovTribe.com, <https://govtribe.com/vendors/daniel-defense-inc-dot-3e3e2>.

⁷ GOAF Statement of Org. (Dec. 10, 2020).

⁸ David M. Drucker, *New Gun Rights Group Led by Ex-NRA Strategist Chris Cox Enters Georgia Runoffs*, WASH. EXAMINER (Dec. 11, 2020), <https://www.washingtonexaminer.com/news/campaigns/gun-rights-ex-nra-strategist-enters-georgia-runoffs>; Scott Bland, *Former NRA Lobbyist Chris Cox Launches New Consulting Firm*, POLITICO (July 11, 2019), <https://www.politico.com/story/2019/07/11/chris-cox-consulting-firm-1581639>.

⁹ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00764522&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited, Oct. 27, 2022) (last visited Oct. 27, 2022) (reflecting receipts from GOAF including \$1,950,000 in contributions from registered IEOPC ESAFUND, \$100,000 from SIG, \$100,00 from Daniel Defense, \$50,000 from Brownells, Inc., \$10,000 from Luth-AR, LLC, and \$2765 from Ring Unlimited).

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Defense on January 6, 2021.¹⁰ Between December 11, 2020, and January 5, 2021, GOAF was active in the Georgia Senate runoff elections, reporting \$1,951,302 in independent expenditures supporting and opposing candidates in the two Georgia runoffs.¹¹

III. LEGAL ANALYSIS

Under the Act, a federal contractor may not make contributions to political committees.¹² Specifically, the Act prohibits “any person . . . [w]ho enters into any contract with the United States . . . for the rendition of personal services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof” from making a contribution “if payment for the performance of such contract . . . is to be made in whole or in part from funds appropriated by the Congress.”¹³ These prohibitions begin to run at the beginning of negotiations or when proposal requests are sent out, whichever occurs first, and end upon the completion of performance of the contract or the termination of negotiations, whichever occurs last.¹⁴ These prohibitions apply to contributions to any political party, political committee, federal candidate, or “any person for any political purpose or use.”¹⁵

Daniel Defense acknowledges both making the \$100,000 contribution to GOAF and its concurrent status as a government contractor as defined by the Act and Commission

¹⁰ *Id.*

¹¹ *FEC Independent Expenditures: Filtered Results*, FEC.GOV, https://www.fec.gov/data/independent-expenditures/?committee_id=C00764522&data_type=processed&q_spender=C00764522&is_notice=false&most_recent=true&min_date=01%2F01%2F2019&max_date=10%2F27%2F2022 (last visited Oct. 27, 2022) (showing GOAF’s independent expenditures in 2020-2022).

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

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

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

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

MURs 7889 & 8011 (Daniel Defense LLC)
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regulations.¹⁶ Daniel Defense asserts, however, that this was the first time it had been solicited by a federal political committee, that it was unaware that federal contractors were prohibited from making contributions, and that it relied on a “good faith expectation that [GOAF] was aware of any and all federal restriction as to the source of contributions it was soliciting.”¹⁷ After being notified in these matters, Daniel Defense requested and received a refund from GOAF.¹⁸

In its Responses, Daniel Defense states that prior to its January 6, 2021 contribution, “at the time of the solicitation,” Cox — GOAF’s founder and principal — had direct conversations with Marty Daniel about “the needs of the then newly-created IEOPC” and about “how [Daniel Defense] could be helpful to the IEOPC.”¹⁹ The company asserts that despite the fact that its “status as a government contractor can be readily ascertained through an elementary Google search” and is “specifically established by Daniel [Defense] on its website,” neither Cox nor other GOAF representatives made “any inquiry of Daniel [Defense] as to its status as a government contractor and the obvious implications that could follow from that fact.”²⁰

However, Daniel Defense does not provide any specific information about the advice it received from GOAF. In addition, Daniel Defense points out that it requested and received a refund.²¹ Such measures do not excuse Daniel Defense’s liability. Therefore, the Commission

¹⁶ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

¹⁷ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

¹⁸ MUR 7889 Daniel Defense Resp. at 2, 4; MUR 8011 Daniel Defense Resp. at 2, 4; GOAF 2022 July Quarterly Report at 6 (filed July 15, 2022) (reporting a \$100,000 contribution refund to Daniel Defense).

¹⁹ MUR 7889 Daniel Defense Resp. at 2; MUR 8011 Daniel Defense Resp. at 2.

²⁰ MUR 7889 Daniel Defense Resp. at 1; MUR 8011 Daniel Defense Resp. at 1.

²¹ MUR 7889 Daniel Defense Resp. at 1-2; MUR 8011 Daniel Defense Resp. at 1-2.

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- 1 finds reason to believe that Daniel Defense violated 52 U.S.C. § 30119(a)(1) and 11 C.F.R.
- 2 § 115.2(a).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Gun Owners Action Fund and Nancy H. Watkins MURs 7889 & 8011
in her official capacity as Treasurer

I. INTRODUCTION

These matters involve two prohibited \$100,000 contributions by federal government contractors SIG SAUER, Inc. (“SIG”) and Daniel Defense LLC (“Daniel Defense”) allegedly solicited by Gun Owners Action Fund (“GOAF”), an independent expenditure-only political committee (“IEOPC”), in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”). While GOAF states that the Complaints do not contain sufficient information to establish that it knowingly solicited federal government contractors, the available information indicates that both contributions were made in reliance on direct solicitations from GOAF and that the individuals who made those direct solicitations on behalf of GOAF — GOAF founder Chris Cox in the case of Daniel Defense and Marty and Cindy Daniel of Daniel Defense in the case of SIG — had longstanding professional connections with each company such that they likely knew that both Daniel Defense and SIG were government contractors.

The Complaint in MUR 7889 alleges that GOAF received a \$100,000 contribution from SIG, a firearms manufacturer that contracts with the U.S. Department of Defense and Department of Homeland Security, which raises questions as to whether GOAF violated the federal contractor prohibition of the Act by soliciting this \$100,000 contribution.¹ The subsequent Complaint in MUR 8011 alleges that GOAF received a \$100,000 contribution from Daniel Defense, a firearms manufacturer which contracts with the U.S. Department of Defense

¹ MUR 7889 Compl. ¶ 1 (Mar. 17, 2021).

1 and the U.S. Department of Homeland Security, which raises questions as whether GOAF
2 violated the federal contractor prohibition of the Act by soliciting this \$100,000 contribution.²
3 Both SIG and Daniel Defense were government contractors at the time GOAF solicited their
4 contributions, and at the companies' request, GOAF has refunded their contributions.

5 Although GOAF's Responses in both MURs argue that the record contains no
6 information showing that it was aware of SIG and Daniel Defense's government contractor
7 status,³ the Commission is aware of information indicating that each contractor was solicited
8 directly by individuals acting on behalf of GOAF who had comprehensive knowledge of the
9 firearms industry and each company's status as federal contractors. This information indicates
10 that GOAF founder Chris Cox — a former National Rifle Association ("NRA") lobbyist with a
11 comprehensive knowledge of the firearms industry who appears to have had a decade-long
12 professional relationship with Daniel Defense — directly solicited Daniel Defense for a
13 contribution on behalf of GOAF and that Marty and Cindy Daniel — owners of a direct
14 competitor to SIG with common government customers — directly solicited SIG for a
15 contribution on behalf of Daniel Defense.⁴

16 Accordingly, because the available information indicates that GOAF, through Cox, Marty
17 Daniel, and Cindy Daniel as its agents, solicited contributions from Daniel Defense and SIG,
18 entities GOAF knew or should have known were government contractors, the Commission finds

² MUR 8011 Compl. at 1 (June 9, 2022).

³ MUR 7889 GOAF Resp. at 2 (Apr. 23, 2021); MUR 8011 GOAF Resp. at 2 (June 28, 2022).

⁴ Email from Cindy Daniel and Marty Daniel, to SIG SAUER representatives and other unknown recipients (Dec. 29, 2020, 15:39 EST) (attached hereto and hereafter referred to as "Daniel Email").

reason to believe that GOAF violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(c) by knowingly soliciting contributions from government contractors.

II. FACTUAL BACKGROUND

A. Respondents

GOAF is an IEOPC that registered with the Commission on December 10, 2020.⁵ It was founded by Cox, who worked for the NRA for 25 years and led its lobbying and political efforts until resigning in June 2019.⁶ From December 11, 2020, to February 22, 2021, GOAF received a total of nine contributions, from six different sources, totaling \$2,212,765.⁷ Of the six contributors, two were government contractors: SIG contributed \$100,000 on December 31, 2020, and Daniel Defense contributed \$100,000 on January 6, 2021.⁸ Between December 11, 2020, and January 5, 2021, GOAF was active in the Georgia Senate runoff elections, reporting \$1,951,302 in independent expenditures supporting and opposing candidates in the two Georgia runoffs.⁹ Since January 6, 2021, GOAF has made no independent expenditures, has raised no

⁵ GOAF Statement of Org. (Dec. 10, 2020).

⁶ David M. Drucker, *New Gun Rights Group Led by Ex-NRA Strategist Chris Cox Enters Georgia Runoffs*, WASH. EXAMINER (Dec. 11, 2020), <https://www.washingtonexaminer.com/news/campaigns/gun-rights-ex-nra-strategist-enters-georgia-runoffs>; Scott Bland, *Former NRA Lobbyist Chris Cox Launches New Consulting Firm*, POLITICO (July 11, 2019), <https://www.politico.com/story/2019/07/11/chris-cox-consulting-firm-1581639>.

⁷ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00764522&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 27, 2022) (last visited Oct. 27, 2022) (reflecting receipts from GOAF including \$1,950,000 in contributions from registered IEOPC ESAFUND, \$100,000 from SIG, \$100,00 from Daniel Defense, \$50,000 from Brownells, Inc., \$10,000 from Luth-AR, LLC, and \$2765 from Ring Unlimited).

⁸ *Id.*

⁹ *FEC Independent Expenditures: Filtered Results*, FEC.GOV, https://www.fec.gov/data/independent-expenditures/?committee_id=C00764522&data_type=processed&q_spender=C00764522&is_notice=false&most_recent=true&min_date=01%2F01%2F2019&max_date=10%2F27%2F2022 (last visited Oct. 27, 2022) (showing GOAF's independent expenditures in 2020-2022).

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money, and its only disbursements have been for marketing, accounting services, and contribution refunds to SIG and Daniel Defense.¹⁰

Daniel Defense, a firearms manufacturer, is a privately-held limited liability company (“LLC”) located in Georgia, founded by Marty Daniel, the co-owner and current Chief Executive Officer (“CEO”); his wife, Cindy Daniel, is a co-owner and the company’s Chief Operating Officer (“COO”).¹¹ Daniel Defense was a government contractor at the time it made the contribution at issue and its status as such was easily ascertainable from its website or a cursory internet search. The company’s federal contracts include supplying firearms to the U.S. Department of Defense and U.S. Department of Homeland Security.¹²

SIG, a firearms manufacturer incorporated in Delaware and based in New Hampshire,¹³ is the fourth largest manufacturer of firearms in the U.S. and has been a prominent government contractor since 1989.¹⁴ Among its more recent contracts with the federal government at the

¹⁰ *Id.*; *supra* note 7; *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00764522&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 27, 2022) (showing GOAF’s disbursements in 2020-2022).

¹¹ Daniel Defense LinkedIn Profile Page, <https://www.linkedin.com/company/daniel-defense-inc> (“Daniel Defense is a family-owned and privately held firearms manufacturer located in Black Creek, Georgia. Founded in 2001 by President/CEO Marty Daniel”); Cindy Daniel LinkedIn Profile Page, <https://www.linkedin.com/in/cindy-daniel-07439027>.

¹² Daniel Defense Frequently Asked Questions, <https://danieldefense.com/faq> (“Daniel Defense is the sole source provider of RIS II Rail Systems for US Special Operations Command. This is an [] Indefinite Delivery, Indefinite Quantity[] contract that was awarded in 2005. To date, Daniel Defense has delivered approximately 30,000 units to [U.S. Special Operations Command]”); Daniel Defense Federal Contract Funding Since Inception in 2003, GovTribe.com, <https://govtribe.com/vendors/daniel-defense-inc-dot-3e3e2>.

¹³ 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).

¹⁴ U.S. System for Award Management, <https://sam.gov/reports/awards/adhoc> (ad hoc Award/IDV Information Report search for contracts awarded to vendors named, or doing business as “SIGARMS” and “SIG SAUER Inc” between Jan. 1, 1989 and Oct. 19, 2021); Jonathan Weiss, *After 31 Years, Some Navy Special Operators are Saying Goodbye to Their Favorite Sidearm*, BUSINESS INSIDER (Mar. 16, 2020),

time of the alleged violations were a well-publicized \$580 million contract awarded in January 2017 to supply the U.S. Army with a new service pistol¹⁵ and a \$77 million contract awarded in November 2020 to supply the U.S. Army with rifle scopes.¹⁶ At the time of the alleged violations, SIG was also one of the three companies chosen to submit final prototypes for testing as part of the selection process for the U.S. Army's Next Generation Squad Weapon, a contract they ultimately secured that is estimated to be worth more than \$1.5 billion.¹⁷

B. Cox's Solicitation of Daniel Defense on Behalf of GOAF

Daniel Defense was a government contractor as defined by the Act and Commission regulations when it was solicited for, and made, its \$100,000 contribution to GOAF. The Commission is aware of information indicating that, prior to its January 6, 2021 contribution, GOAF directly solicited a contribution from Daniel Defense, and that at the time of the

<https://www.businessinsider.com/navy-special-warfare-combatant-craft-crew-sig-sauer-p228-2020-3>; SIG SAUER P226, sigsauer.com, <https://www.sigsauer.com/firearms/pistols/p226.html> ("The iconic P226 served alongside the U.S. Navy SEALs for decades and has seen action around the globe.").

¹⁵ 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); Matthew Cox and Hope Hodge Seck, *Army Picks Sig Sauer's P320 Handgun to Replace M9 Service Pistol*, FOX NEWS (JAN. 20, 2017), <https://www.foxnews.com/tech/army-picks-sig-sauers-p320-handgun-to-replace-m9-service-pistol>; Jonathan Haltwanger, *U.S. Army Has a Brand-New Handgun, and It's 'Far More Lethal'*, NEWSWEEK (NOV. 30, 2017), <https://www.newsweek.com/us-army-has-brand-new-handgun-and-its-far-more-lethal-726918>; Mark A. Keefe, IV, *Keefe Report: SIG Sauer Wins U.S. Army XM17 Modular Handgun System (MHS) Contract*, NRA AMERICAN RIFLEMAN (Jan. 19, 2017), <https://www.americanrifleman.org/content/the-keefe-report-sig-sauer-wins-u-s-army-xm17-modular-handgun-system-mhs-contract/>; Lily Hay Newman, *The Army's First New Pistol in 35 Years Features A Modular Design*, WIRED (Jan. 24, 2017), <https://www.wired.com/2017/01/us-army-sig-sauer-p320>.

¹⁶ Ed Adamczyk, *Sig Sauer Inc. Announces \$77M Army Contract for M4 Rifle Scopes*, DEFENSE NEWS (Nov. 11, 2020), <https://www.upi.com/Defense-News/2020/11/11/Sig-Sauer-Inc-announces-77M-Army-contract-for-M4-rifle-scopes/9581605126130>.

¹⁷ Next Generation Squad Weapons, U.S. Army Acquisition Support Center, <https://asc.army.mil/web/portfolio-item/fws-cs-2> (last visited Oct. 8, 2021); Lou Whiteman, *Here Are the Guns That Will Battle to Be the Army's Next Squad Weapon*, MOTLEY FOOL (Oct. 20, 2019), <https://www.fool.com/investing/2019/10/20/here-are-the-guns-that-will-battle-to-be-the-armys.aspx>; U.S. Army Public Affairs, *Army Awards Next Generation Squad Weapon Contract*, Army.mil, https://www.army.mil/article/255827/army_awards_next_generation_squad_weapon_contract (April 19, 2022).

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1 solicitation, Cox — GOAF’s founder and principal — had direct conversations with Marty
2 Daniel about the needs of the then newly-created IEOPC and how Daniel Defense could be
3 helpful to the IEOPC. Despite the fact that its status as a government contractor can be readily
4 ascertained through its website or a cursory web search, neither Cox nor other GOAF
5 representatives appear to have made any inquiry of Daniel Defense as to its status as a
6 government contractor.

7 Marty and Cindy Daniel, in their roles as CEO and COO of Daniel Defense, appear to
8 have had a prior, longstanding professional relationship with Cox when he was employed by the
9 NRA.¹⁸ Cox appears to have had substantial, direct contacts with Daniel Defense — and
10 specifically with Marty and Cindy Daniel in their roles as CEO and COO — in the course of his
11 work for the NRA prior to his resignation in June 2019. For example, in 2016, Cox personally
12 presented Marty and Cindy Daniel with the NRA’s National Corporate Partner Flag at NRA
13 headquarters in recognition of Daniel Defense’s support of the NRA.¹⁹ Cox also attended and
14 made remarks on behalf of the NRA at the 2018 ribbon-cutting ceremony for Daniel Defense’s

¹⁸ NRA press releases and official NRA blog posts, during the period in which Cox was its Chief Political Strategist, describe Daniel Defense as being “amongst the foremost supporters of the NRA over the past decade” and has “contribut[ed] to and work[ed] closely with the [the NRA] to spearhead fundraising efforts.” Jason J. Brown, *Firearms, Freedom and Family: The Values That Drive Daniel Defense*, NRA Blog, NATIONAL RIFLE ASSOCIATION (Feb. 24, 2017) <https://www.nrablog.com/articles/2017/2/firearms-freedom-and-family-the-values-that-drive-daniel-defense>; Kristina Krawchuk, *Friends of NRA Honors Daniel Defense Partnership*, NRA Blog, NATIONAL RIFLE ASSOCIATION (Dec. 6, 2016) <https://www.nrablog.com/articles/2016/12/friends-of-nra-honors-daniel-defense-partnership>; Press Release, National Rifle Association, National Rifle Association announces Daniel Defense as Friends of NRA 2019 Exclusive Guardian Sponsor (Jan. 25, 2019);

¹⁹ Krawchuk, *supra* note 18.

1 manufacturing center in Georgia, where it produces firearms in its role as a government
2 contractor.²⁰

3 C. Marty and Cindy Daniel's Solicitation of SIG on Behalf of GOAF

4 On December 29, 2020, Marty and Cindy Daniel sent an email solicitation, on behalf of
5 GOAF, to SIG and other unknown recipients, identifying GOAF as a "SuperPAC created to
6 support candidates and officials who will protect and promote the 2nd Amendment" and
7 explaining that its "mission is to help re-elect Senators David Perdue and Kelley Loeffler in the
8 Georgia Senate Runoffs."²¹ The solicitation email also stated that "GOAF is led by a team of
9 seasoned professionals including the National Rifle Association's former Chief Political
10 Strategist, Chris Cox."²² The solicitation email was sent from "Cindy Daniel" with carbon copy
11 to "Cindy Daniel" and "Marty Daniel," and closed with a signature block that reads "Thank you,
12 Marty Daniel."²³

13 III. LEGAL ANALYSIS

14 Under the Act, a federal contractor may not make contributions to political committees.²⁴
15 Specifically, the Act prohibits "any person . . . [w]ho enters into any contract with the United

²⁰ Evan Brune, *Daniel Defense Opens New Headquarters*, NRA SHOOTING ILLUSTRATED (May 18, 2018), <https://www.shootingillustrated.com/content/daniel-defense-opens-new-headquarters> (identifying Cox as the Executive Director of the NRA-ILA and quoting a portion of remarks he made at the event).

²¹ Daniel Email. The email solicitation is written in the first person plural in reference to the authors and GOAF, indicating that Marty and Cindy Daniel were working with or on behalf of GOAF when they sent the solicitation to SIG. *Id.* (using the pronouns "we," "us," and "our" throughout to refer to Marty Daniel, Cindy Daniel, and GOAF).

²² *Id.*

²³ *Id.* The version of the email attached herein has all of the email addresses redacted, so it is not clear if the email was sent from or copied to the Daniels' personal accounts, official Daniel Defense accounts, or from accounts associated with GOAF. Similarly, the line below Marty Daniel's name in the signature block is redacted; presumably obscuring either a title or his contact information.

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

1 States . . . for the rendition of personal services or furnishing any material, supplies, or
 2 equipment to the United States or any department or agency thereof” from making a contribution
 3 “if payment for the performance of such contract . . . is to be made in whole or in part from funds
 4 appropriated by the Congress.”²⁵ These prohibitions begin to run at the beginning of
 5 negotiations or when proposal requests are sent out, whichever occurs first, and end upon the
 6 completion of performance of the contract or the termination of negotiations, whichever occurs
 7 last.²⁶ These prohibitions apply to contributions to any political party, political committee,
 8 federal candidate, or “any person for any political purpose or use.”²⁷

9 The Act also prohibits any person from knowingly soliciting a contribution from a federal
 10 contractor.²⁸ The federal contractor provision does not define “knowingly.” However, the
 11 foreign national prohibition defines the term knowingly to mean: (1) having actual knowledge
 12 that the source of the funds is prohibited; (2) being aware of facts that would lead reasonable
 13 person to conclude that there is a substantial probability that the source of the funds is prohibited;
 14 (3) being aware of facts that would lead a reasonable person to inquire whether the source of the
 15 funds was prohibited.²⁹ The federal contractor provision also does not define “to solicit,” but the
 16 soft money provision states that it means: “to ask, request, recommend, ask, request, or
 17 recommend, explicitly or implicitly, that another person make a contribution, donation, transfer

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

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

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

²⁸ 52 U.S.C. § 30119(a)(2); 11 C.F.R. § 115.2(c). The term “person” includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but does not include the Federal Government or any authority of the Federal Government. 52 U.S.C. § 30101(11)

²⁹ 11 C.F.R. § 110.20(a)(4)(i).

1 of funds, or otherwise provide anything of value.”³⁰ As discussed below, the available
2 information indicates that GOAF solicited contributions from both SIG and Daniel Defense and
3 that the individuals making the solicitations on behalf of the IEOPC knew or should have known
4 each company were federal government contractors.

5 **A. Cox Solicited a Contribution from Daniel Defense on Behalf of GOAF**
6 **Despite Knowing that the Company was a Federal Government Contractor**

7 The available information indicates that GOAF solicited Daniel Defense for a
8 contribution, and that at the time of the solicitation, Cox, in his capacity as GOAF’s founder and
9 principal, had direct conversations with Marty Daniel about the needs of the then newly-created
10 IEOPC and about how Daniel Defense could be helpful to the IEOPC. These discussions with
11 Cox — which appear to have occurred prior to both the December 29, 2020 email solicitation
12 that Marty and Cindy Daniel sent SIG and Daniel Defense’s own January 6, 2021 contribution to
13 GOAF — appear to have been part of the solicitation and indicate that Cox personally solicited
14 the Daniel Defense contribution on behalf of GOAF.

15 The available information shows that Cox made this solicitation despite Daniel Defense’s
16 easily ascertainable status as a government contractor, and also despite a pre-existing, decade-
17 long, close professional relationship with the company of a nature that makes it implausible he
18 did not know Daniel Defense was a federal contractor. At the very least, in light of the nature
19 and duration of Cox’s prior professional relationship with Daniel Defense during his time at the
20 NRA — including delivering remarks on behalf of the NRA at the 2018 ribbon-cutting of the
21 company’s current manufacturing facility — Cox would have been aware that Daniel Defense

³⁰ *Id.* § 300.2(m).

1 *had been* a government contractor, a fact that would have led a reasonable person to inquire as to
2 its current contractor status. The available information, therefore, supports a reasonable
3 inference that GOAF knowingly solicited a prohibited contribution from Daniel Defense.

4 **B. Marty and Cindy Daniel Solicited a Contribution from SIG on Behalf of**
5 **GOAF Despite Knowing that the Company was a Federal Government**
6 **Contractor**

7 The available information shows that Marty and Cindy Daniel, acting on behalf of
8 GOAF, solicited SIG for a contribution. As owners of a direct competitor to SIG with federal
9 agency customers in common, it is implausible that Marty and Cindy Daniel did not know SIG
10 was a government contractor when they sent the solicitation. Further, as discussed below, both
11 the solicitation email itself, and the prior communications between Cox and the Daniels about
12 how they could help GOAF, strongly suggest that they made this solicitation as GOAF's agents.

13 The content of the email from Marty and Cindy Daniel soliciting contributions to GOAF
14 indicates that Marty and Cindy Daniel were writing on behalf of GOAF and strongly suggests
15 they had actual authority, either express or implied, to solicit, receive, direct, transfer, or spend
16 funds in connection with any election on behalf of the IEOPC.³¹ First, the email is written in the
17 first person plural, referring to the Daniels and GOAF, collectively, as "we;" discussed how they
18 planned to use the solicited contributions; and specifically directed recipients to "let us know if

³¹ See 11 C.F.R. § 300.2(b)(ii) (defining "agent" in the context of candidates and authorized committees). Agency is the fiduciary relationship that arises when one person (a "principal") manifests assent to another person (an "agent") that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act. RESTATEMENT (THIRD) OF AGENCY § 1.01 (Am. Law Inst. 2006). An agent acts with actual authority when, at the time of taking action that has legal consequences for the principal, the agent reasonably believes, in accordance with the principal's manifestations to the agent, that the principal wishes the agent so to act. *Id.* § 2.01. A principal is liable for the acts of its agents committed within the scope of their employment. *Id.* §§ 2.4, 7.07 (Am. Law Inst. 2006); Factual & Legal Analysis at 8, MUR 6465 (Fiesta Bowl, *et al.*).

1 you have any questions or need further details” about GOAF’s mission or its plan to make
2 expenditures to influence the Georgia runoff elections.³² Second, the email states “[t]hanks for
3 your interest in the Gun Owners Action Fund and our current work in Georgia,” implying that
4 the senders had access to a GOAF email list of people and organizations who had expressed
5 interest in receiving additional information.³³ Lastly, the most persuasive indication of their
6 actual authority is that GOAF appears to have given them the organization’s banking
7 information, which the Daniels provided potential contributors along with specific instructions
8 on how to make contributions.³⁴

9 Further indicia of this agency relationship comes from the information indicating that
10 concurrent with the solicitation of Daniel Defense, Cox told Marty Daniel about the then newly-
11 created IEOPC’s needs and they discussed ways in which Daniel Defense could help the IEOPC.
12 The exact timing of the conversation between Cox and Marty Daniel regarding the help GOAF
13 needed is unclear, however, it is plausible to infer that Cox requested that Marty and Cindy
14 Daniel solicit contributions on behalf of the IEOPC. It is plausible, therefore, that the Daniels
15 provided “help” in the form of agreeing to solicit contributions from others on behalf of GOAF;
16 and that to enable this help, Cox and GOAF provided the Daniels with some or all of the text,
17 attachments, and messaging used in the email; the IEOPC’s banking information; and potentially
18 a mailing list.

³² Daniel Email.

³³ *Id.*

³⁴ *Id.*

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1 The available information, therefore, supports a reasonable inference that GOAF, through
2 Marty and Cindy Daniel as its agents, knowingly solicited a prohibited contribution from SIG
3 and possible other recipients of the Daniels' solicitation email.

4 * * *

5 Because the available information indicates that GOAF, through Cox, Marty Daniel, and
6 Cindy Daniel as its agents, solicited contributions from Daniel Defense and SIG, entities GOAF
7 and its agents knew or should have known were government contractors, the Commission finds
8 reason to believe that GOAF violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(c) by
9 knowingly soliciting contributions from government contractors.

10 Attachment
11 Daniel Email