

# United States Senate

July 15, 2021

The Honorable Merrick Garland  
Attorney General  
U.S. Department of Justice  
Office of the Attorney General  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

Brian Boynton  
Acting Assistant Attorney General  
U.S. Department of Justice  
Civil Division  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

Dear Attorney General Garland and Assistant Attorney General Boynton:

We write today to urge the Department of Justice (DOJ) to examine potential false representations and certifications made by companies in the firearms industry in their applications to the Paycheck Protection Program (PPP).

The protection of taxpayer funds and the integrity of government assistance programs, including those for small businesses, are paramount functions of the Civil Division of the Department of Justice.<sup>1</sup> In particular, the Division has an impressive track record of utilizing the False Claims Act (FCA) to recover significant monetary damages for companies that defraud the U.S. government in contracting, procurement, or through false representation or certifications to the federal government.<sup>2</sup>

Last year, Congress appropriated more than \$525 billion in government-backed loans as part of the Payment Protection Program (PPP) in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Small Business Administration (SBA), which administers the program, made more than five million loans to help businesses weather hardship costs associated with the pandemic. Recent news reports raise serious questions about the propriety of PPP loans to

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<sup>1</sup> <https://www.justice.gov/civil/about>

<sup>2</sup> <https://www.justice.gov/civil/fraud-section>

firearms companies in 2020.<sup>3</sup> Companies applying for the PPP were required to certify that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”<sup>4</sup> However, despite the firearms industry having its strongest year in recent memory in 2020,<sup>5</sup> the SBA distributed over \$156 million in PPP funds in the first tranche of the program to firearms-related businesses and organizations.<sup>6</sup>

Various news outlets reported several examples of gun companies who applied for and received PPP funds, while contemporaneously issuing statements about record demand and rising sales. Examples, include, but are not limited to:

- Firearms retailer **Brownells Inc.** received a \$5 million PPP loan, the second largest firearms industry recipient. However, in November of 2020, the company’s leader, Pete Brownell, bragged about how “this market is exponentially larger than the Obama market” and how quickly items sell out.<sup>7</sup>
- Gun manufacturer **CZ USA** took in over \$1.4 million from the PPP, only to then quickly turn around to acquire Colt Manufacturing for a purchase price of approximately \$200 million.<sup>8</sup>
- **Nosler, Inc.**, a manufacturer of guns and ammunition, received a PPP loan of \$1.3 million. Yet the company’s social media accounts boasted that “the bullet business is booming” and advertised new and expanding business.<sup>9</sup>
- **Polymer 80**, a company that manufactures untraceable and unserialized firearms known as “ghost guns,” received \$371,000 despite being under investigation by the Bureau of Alcohol, Tobacco and Firearms (ATF).<sup>10</sup>

Congress authorized and funded the PPP to help struggling small and medium sized businesses stay afloat during the pandemic. While many local businesses in our states received PPP assistance, the program ran out of funds in 2020, and some businesses were not able to receive a PPP loan in the first tranche of funding.<sup>11</sup> Despite the great need for access to PPP funding, we are concerned that certain small businesses were shut out of the program, while firearms companies reaped millions based on false representations.

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<sup>3</sup> Daily Beast: <https://www.thedailybeast.com/ghost-gun-company-polymer80-got-a-dollar400k-ppp-bailoutafter-feds-raid>

<sup>4</sup> <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

<sup>5</sup> <https://www.nssf.org/articles/taking-stock-of-record-setting-2020-firearm-year/>

<sup>6</sup> <https://everytownresearch.org/report/the-firearms-industry-and-the-paycheck-protection-program/>

<sup>7</sup> <https://everytownresearch.org/report/the-firearms-industry-and-the-paycheck-protection-program/>

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> [Small Business Pulse Survey Data \(census.gov\)](https://www.census.gov/data/tables/economic-recovery/small-business-pulse-survey.html)

In order to protect taxpayer funds and ensure the integrity of the PPP, we respectfully request the Civil Division to review the certification of loans to the firearms industry and determine whether investigation of specific companies, or the industry more broadly, is appropriate under the False Claims Act. We appreciate your consideration of this request.

Sincerely,



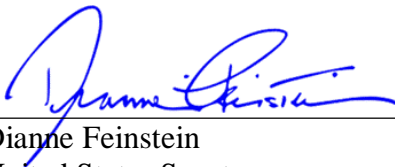
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Robert Menendez  
United States Senator



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Edward J. Markey  
United States Senator



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Dianne Feinstein  
United States Senator



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Chris Van Hollen  
United States Senator



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Kirsten Gillibrand  
United States Senator



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Sheldon Whitehouse  
United States Senator



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Mazie K. Hirono  
United States Senator

CC: Michael Horowitz, DOJ Inspector General

Hannibal Ware, SBA Inspector General