Despite Booming Gun and Ammunition Sales, Weapons Manufacturers Secured Up To $164 Million In PPP Funds Meant For Struggling Small Businesses

**SUMMARY:** In the immediate aftermath of the COVID-19 pandemic, the weapons industry lobbied successfully to be declared “essential infrastructure,” and trade organizations such as the National Rifle Association and National Shooting Sports Foundation (NSSF) lobbied on the CARES Act, the legislation which created the Paycheck Protection Program. 19 Senators wrote a letter to Treasury to ensure gun companies would be included in disbursement of PPP funds – including 15 who have received contributions from the NSSF’s PAC.

The Paycheck Protection Program, launched as a lifeline for small business, has provided support to the gun industry for an amount between $70 and $164 million, based on public disclosures. Major gun manufacturers, such as Brownells and Kimber, received over $5 million each. This for an industry that did not suffer a major COVID related slowdown. In fact, the Brookings Institution found gun sales spiked throughout the second quarter of 2020 in response to the pandemic and various news events.

Among the firms that got PPP money are:
- **Ammo, Inc.** a “technology-driven ammunition” company that received approximately $1 million from the PPP across its subsidiaries despite an increase in quarterly revenue from the previous year. Ammo’s specialty ammunition included their “Night OPS” series of hollow point bullets, advertised as inflicting “mass force trauma” on soft tissue. Hollow point bullets designed to expand on contact with skin are restricted in the state of New Jersey and restricted for use beyond specified hunting purposes. Ammo also manufacturers their “stelTH” line of subsonic firearm bullets, designed to minimize noise.
- **Applied Energetics**, working in photonics and energetics for the purposes of national defense, received $132,760 in funding from the PPP. Applied Energetics' has a history of benefitting from no-bid government contracts for IED-diffusing laser technology in Afghanistan, leading to a program subsequently revealed as a “costly boondoggle” by the Center for Public Integrity.

**In The Early Days Of The COVID 19 Pandemic, Gun Industry Lobbyists Worked To Ensure Relief Funds Go To The Industry, And Senators Wrote The Treasury To Ensure Firms Received PPP Funds**

**The Gun Industry Had A Lobbying Push In The Coronavirus Fallout, Including Direct Lobbying On The CARES Act**

In March 2020, The Gun Industry Pushed A Lobbying Effort To Ensure Gun Companies Would Be Deemed “Essential Infrastructure.” “The Trump administration designated the firearms industry as essential ‘critical infrastructure’ over the weekend following lobbying and digital ad campaigns by gun rights groups. […] Days earlier, a number of leading gun advocacy groups lobbied President Donald Trump’s administration. The advisory came a day after Gun Owners of America sent a letter to the DHS requesting that the firearms dealers be deemed essential critical infrastructure. The National Shooting Sports Foundation, a trade association for the firearms and ammunition industry, also lobbied DHS about the guidance, sending a letter noting that it ‘worked closely’ with the Trump administration to ensure the inclusion of firearms among essential critical services.” [Center for Responsive Politics, 3/30/20]


Within A Month Of The Creation Of A Fund To Aid Small Businesses Amidst COVID-19, 19 Senators Sent Letters To Ensure Gun Industry Firms Would Have Access To The Funds – At Least 15 Of Which Had Received Contributions From Gun Trade Organizations That Lobbied On The Bill

April 3, 2020: Small Business Administration (SBA) Launched The Paycheck Protection Program (PPP) Out Of The CARES Act. “The U.S. Small Business Administration Administrator Jovita Carranza today launched the Paycheck Protection Program, a $349 billion emergency loan program created last week with the President’s signing of the Coronavirus Aid, Relief, and Economic Security Act (CARES). The program provides forgivable loans up to $10 million to small businesses left financially distressed by the Coronavirus (COVID-19) pandemic. The loans, which will be administered at the local level by a national network of banks and credit unions, are designed to maintain the viability of millions of small businesses struggling to meet payroll and day-to-day operating expenses.” [Small Business Administration – Press Release, 4/3/20]

April 29, 2020: 19 Senators Sent A Letter To The Treasury Department, Calling To Ensure That Gun Industry Companies Received Paycheck Protection Program Funding. “A group of 19 GOP lawmakers sent a letter to the Small Business Administration, Treasury Department, and Federal Reserve late on Tuesday to ensure that banks are not withholding loans from certain industries. The senators, led by Kevin Cramer (R., N.D.), expressed concerns that some of the biggest banks administering the Paycheck Protection Program have previously refused to do business with companies in the oil, gas, coal, prison, and—especially—gun industries, according to a copy of the letter obtained exclusively by the Washington Free Beacon. Ted Cruz (Texas), Tom Cotton (Ark.), Rick Scott (Fla.), Josh Hawley (Mo.), and Ben Sasse (Neb.) were among the Republicans who signed the letter.” [Washington Free Beacon, 4/29/20]


The National Shooting Sports Foundation PAC, Through Their Careers, Had Contributed To 15 Out Of 19 Senators On The List Calling For PPP Gun Industry Access. The contributions included Senator Kevin Cramer (10/17/18), Senator Cornyn (4/20/16), Senator Paul (11/5/16), Senator Cruz (9/28/18), Senator Daines (most recently 5/13/20), Senator Cotton (most recently 6/19/20), Senator Murkowski (most recently 6/30/20), Senator Ernst (5/26/20), Senator Hyde-Smith (6/25/20), Senator Inhofe (5/19/20), Senator Hoeven (5/28/19), Senator Sasse (5/26/20), Senator Braun (10/16/18), Senator Hawley (9/30/18), and Senator Thune (11/1/16). There were no contributions to Senator Rick Scott (R-FL), Senator Capito (R-WV), Senator Lee (R-UT), or Senator Barrasso (R-WY). [FEC]

- 7 Out Of 19 Senators On The List Calling For PPP Gun Industry Access Have Received Contributions From The National Shooting Sports Foundation PAC Since Passage Of The CARES Act. The contributions included Senator Daines (most recently 5/13/20), Senator Cotton (most recently 6/19/20), Senator Murkowski (most recently 6/30/20), Senator Ernst (5/26/20), Senator Hyde-Smith (6/25/20), Senator Inhofe (5/19/20), and Senator Sasse (5/26/20). [FEC]
The Gun Industry Has Done Relatively Well Amidst The COVID-19 Pandemic - Yet Still Received Between $70 To $164 Million In PPP Funding, With Some Large Manufacturers Receiving Up To $10 Million

Businesses Who Had NAICS Codes Associated With The Weapons Industry Received Between $70,050,000 To $164,750,000 In PPP Funding. Information in this chart was based on the Treasury Department's release of public PPP data, which gave a range for each loan. This information was put into the COVIDBailoutTracker.com database.

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Amidst The COVID-19 Pandemic, The Brookings Institution Found A Spike In Gun Sales Through The Second Quarter Of 2020. "Guns sales have spiked since the coronavirus emerged in America earlier this year. A recent study by the Brookings Institution found that consumer concerns about safety — first from shutdowns amid the spread of COVID-19 and then protests around the Black Lives Matter movement — pushed up gun sales 30% in March, April, May and June. The result: 3 million more guns were sold than usual during the period, according to Brookings." [CBS, 7/23/20]

Two Large Gun Manufacturers, Brownells And Kimber Manufacturing, Received Between $5 To $10 Million Each In PPP Funding. "Two companies, Brownells and Kimber Manufacturing, both received between $5 and $10 million — the largest loans available. Brownells is a popular retailer of guns and accessories that produces its own line of rifles. Kimber, one of the country's largest pistol and rifle manufacturers, announced in late March that it was shuttering production at its New York manufacturing facilities due to its designation as a nonessential business." [The Trace, 7/6/20]

Publicly-Traded Specialty Ammunition Manufacturer Ammo, Inc. – Benefitting From Interest In AR-15 Ammunition, Advertising Hollow Point Bullets Restricted In The State Of New Jersey, And Where A White House “Subject Matter Expert” On Security Sat On The Company Board - Received $1 Million In PPP Funding

Ammo, Inc. Received Approximately $1 Million In PPP Funding Amidst A Financial Quarter With Increased Revenue

AMMO, Inc. Was A “High-Quality, Technology-Driven Ammunition” Company. “AMMO, Inc. is a high-quality, technology-driven ammunition U.S.-based company; from our patented STREAK (R), HyperClean, and military ammunition technologies, to the latest and best manufacturing technology in the industry. Our manufacturing facilities and processes meet or exceed all SAAMI and MilSpec specifications.” [AMMO, Inc. – “About AMMO Inc.,” accessed 8/20/20]

April 2020: AMMO, Inc. Received Approximately $1 Million In Paycheck Protection Program Funding Across Two Loans, $600,000 To AMMO, And $400,000 To Subsidiary Jagemann Munition Components. “In April of 2020, the Company determined it was necessary to obtain additional funds as a result of the foregoing uncertainty cause by COVID-19. The Company received approximately $1.0 million in funds through
itself and its wholly owned subsidiary Jagemann Munition Components, which was established under the federal Coronavirus Aid, Relief, and Economic Security Act and is administered by the U.S. Small Business Administration. The Company received approximately $600,000 from Western State Bank and its wholly owned subsidiary, Jagemann Munition Components, received approximately $400,000 from BMO Harris.” [SEC – AMMO, Inc. 10-Q, 8/19/20]

In An Earnings Call, AMMO, Inc. Discussed How The Previous Quarter Was Up On Revenue From The Previous Year. “AMMO, Inc. (OTCQB: POWW) (‘AMMO’ or the ‘Company’), a premier American ammunition and munition components manufacturer and technology leader, has reported financial results for its fiscal first quarter ended June 30, 2020. Financial Summary for Fiscal First Quarter 2021 vs. Fiscal First Quarter 2020 [*] Total revenue increased 125% to $9.7 million compared to $4.3 million [...] [*] Adjusted EBITDA improved to $(0.3) million compared to $(1.8) million.” [AMMO, Inc. - Press Release via GlobeNewswire, 8/20/20]

Ammo Inc. Credited Concerns About Civil Unrest, As Well As Demand For Bullets On Modern Sporting Rifles And Semi-Automatic Handguns, Aided Their Quarter. “Ammo Inc, an ammunition manufacturer based in Scottsdale, Arizona, reported on Thursday that its revenues had surged 125 per cent to $9.7m in the three months to June. ‘Extraordinary’ demand from its commercial segment, which sells to the hunting, sports shooting and self-defence markets, had powered its order backlog to a record $45m, said Fred Wagenhals, chief executive. Mark Hanish, Ammo’s president of global sales and marketing, told the Financial Times it had seen intense demand for bullets for semi-automatic handguns and the AR-15 ‘modern sporting rifle’. “In past [election] run-ups, your traditional folks who were already gun owners would purchase more. This is brand new people,’ he said, attributing the influx of new buyers to the confluence of the pandemic, the election and concern about ‘civil unrest and uncertainty’.” [Financial Times, 8/21/20]

Ammo Inc. Was Connected To Trade Group National Shooting Sports Foundation, Who Lobbied On The PPP And Contributed To Senators Who Had Called For PPP Access For The Gun Industry

Ammo Inc. Had Introduced New Products At Events By The National Shooting Sports Foundation, And Praised Them In A Press Release. “AMMO, Inc. (OTCQB: POWW) (‘AMMO’), a technology leader and premier American ammunition and munition components manufacturer, announced the Company’s new STREAK™ ammunition range program at the National Shooting Sports Foundation (‘NSSF’) Range-Retailer Business Expo™ held in Denver, Colorado. [...] The NSSF supports industry businesses, diligently works to keep guns out of the wrong hands, while encouraging the enjoyment of recreational hunting and shooting and a better understanding of the use of the industry’s lawful products.” [Ammo Inc – Press Release, 8/27/19]


- The National Shooting Sports Foundation PAC, Through Their Careers, Had Contributed To 15 Out Of 19 Senators On The List Calling For PPP Gun Industry Access. The contributions included Senator Kevin Cramer (10/17/18), Senator Cormyn (4/20/16), Senator Paul (11/5/16), Senator Cruz (9/28/18), Senator Daines (most recently 5/13/20), Senator Cotton (most recently 6/19/20), Senator Murkowski (most recently 6/30/20), Senator Ernst (5/26/20), Senator Hyde-Smith (6/25/20), Senator Inhofe (5/19/20), Senator Hoeven (6/28/19), Senator Sasse (5/26/20), Senator Braun (10/16/18), Senator Hawley (9/30/18), and Senator Thune (11/1/16). There were no contributions to Senator Rick Scott (R-FL), Senator Capito (R-WV), Senator Lee (R-UT), or Senator Barrasso (R-WY). [FEC]

Ammo Inc. Manufactured Hollow Point Ammunition – Likely Illegal In The State Of New Jersey – And Advertised As Inflicting “Mass Force Trauma.”
Ammo Advertised Their Brand Of “Night OPS” Hollow Point Bullets, Saying They Could “Track Through” A Variety Of Barriers And Inflict “Mass Force Trauma” On Soft Tissue. “Night OPS – ONE PRECISE SHOT® rounds were developed to meet a wide variety of demanding engagement scenarios typically experienced by law enforcement personnel in the line of duty. With a HOLLOW POINT FRANGIBLE (HPF®) projectile that transfers 100% of its energy into the target, these rounds track straight through a variety of soft barriers like drywall, plywood, car doors and auto glass. Upon entering soft tissue, the jacket and core separate with furious force of impact, resulting in mass force trauma.” [Ammo Inc. – “Night OPS – One Precise Shot,” accessed 8/20/20]

Giffords Law Center: New Jersey Tracked The Interchange Of Hollow-Nosed And “Dum-Dum” Ammunition, And Possession Of “Dum-Dum” Bullets Was Prohibited, Albeit In Undefined Terms. “Sellers must record sales or other dispositions of handgun ammunition and ammunition that may be interchangeable between rifles and handguns, as well as hollow-nosed or dum-dum ammunition. […] New Jersey also prohibits the knowing possession of any hollow nose or dum-dum bullet. Hollow nose and dum-dum are terms associated with bullets designed to expand on impact. These terms are not specifically defined under New Jersey law.” [Giffords Law Center, 11/8/19]

Tormey Law Firm: New Jersey Law Prohibits Possession Of Hollow Point Bullets Unless Engaged In Hunting Or Game Related Activities. “In New Jersey, it is also illegal to possess hollow nose or hollow point bullets unless you are engaged in one of the activities that are considered ‘exemptions.’ These include: hunting, fishing, and target shooting. You may also possess hollow nose or hollow point bullets on your personal property or while traveling to or from a point of purchase.” [Tormey Law Firm, accessed 8/21/20]

Beyond Hollow Point, Ammo Manufactured And Advertised Subsonic Firearm Ammunition Described As “Purpose-Built For Silence” And Produced Music Videos Of Its Products

Ammo Advertised A “/stelTH/” Line Of Subsonic Firearm Bullet, Described As “Purpose-Built For Silence.” “The AMMO INCORPORATED® /stelTH/® line is more than just a standard round tuned for subsonic velocity. Most manufacturers simply tune a standard round for subsonic velocity. Not at AMMO INC. /stelTH/™ is purpose-built for silence. The combination of technology, engineering, and collaboration with leading suppressor manufacturers make /stelTH/™ some of the most advanced subsonic cartridges in existence today. It’s a round that slows baffle erosion and reduces build-up in your suppressor. All this with a very competitive price tag.” [Ammo Inc. – “/stelTH/ Subsonic Ammunition,” accessed 8/20/20]

- Subsonic Ammunition Referred To Ammunition That Traveled Below The Speed Of Sound, Therefore Reducing The Sound Of The Shot. “Quite simply, subsonic ammunition is any cartridge that propels its projectile at a velocity that is below the speed of sound—approximately 1100 fps depending on atmospheric conditions and elevation. At speeds above the sound barrier, the bullet itself creates a sonic boom, or in the case of bullets, a high-pitched crack, perceptible all along its flight path. A bullet traveling below the speed of sound does not make that distinct sonic crack.” [Outdoor Life, 4/14/20]

Ammo Inc. Produced Music Videos Of Its Products, Such As “Streak Visual Ammunition.” The video was described as, “STREAK is a NEXT – GENERATION ‘Non-Flammable’ visual ‘tracer style’ ammunition, which is a non-incendiary round, safe for indoor and outdoor use. Streak Visual Ammunition is AMMO, Inc.’s leading round when it comes to exclusive ground breaking patented technology.” The product video is set to “International Crisis” by Nonpoint. [YouTube – Ammo Inc., 12/11/17] (VIDEO)

A Law Enforcement Expert Within The Commerce Department Was On Ammo Inc.’s Board Of Directors

Harry Markley Was Listed On The Board Of Directors At Ammo, Inc., Having Joined In March 2018 Following 30 Years With The Phoenix Police Department. “Harry S. Markley has been a director of our
company since March 2018. Mr. Markley served with the Phoenix Police Department for more than 30 years, most recently as Assistant Chief of the Patrol Division from 2013 through 2017 and Commander of the Family Investigations Bureau from 2002 to 2013. Mr. Markley currently serves as the Law Enforcement Senior Advisor for the United States of America Department of Commerce." [Ammo Inc. – “About Ammo Inc.,” accessed 8/20/20]

**Harry Markley Was Listed As A Subject Matter Expert On Law Enforcement For The First Responder Network Authority.** [FirstNet – “Harry Markley,” accessed 8/20/20]

**Markley Joined FirstNet Authority After 30 Years With The Phoenix Police Department.** “Harry Markley is the senior public safety advisor for Law Enforcement. Harry joined the First Responder Network Authority (FirstNet Authority) after more than 30 years with the Phoenix Police Department.” [FirstNet – “Harry Markley,” accessed 8/20/20]

**Ammo Inc’s Founder And Chairman Of The Board Was A Republican Political Contributor, Including To Rudy Giuliani In 2007 And To The RNC Last Year**

**Fred Wagenhals Was Founder And Chairman Of The Board At Ammo Inc.** “AMMO Inc. (OTCQB: POWW), a technology leader and premier American ammunition and munition components manufacturer, was founded by legendary American entrepreneur, inventor and visionary Fred Wagenhals in 2016. AMMO designs and manufactures products for a variety of markets including law enforcement, military, sport shooting, and self-defense. The company was founded with a single vision -- to change, innovate and invigorate the complacent munitions industry.” [Ammo Inc. – “About Ammo Inc.,” accessed 8/20/20]

**Fred Wagenhals Made Regular Political Contributions, Including $2,300 To Rudy Giuliani In 2007 And $100 To The RNC In 2019.** [FEC – contributions from “Fred Wagenhals,” accessed 8/20/20]

**Publicly-Traded Energy Weaponry Manufacturer Applied Energetics – Previously A Focus Of Controversy A Center For Public Integrity Report On Bungled Programs In The Afghanistan War – Received Over $132,000 In PPP Funding**

**High-Voltage Weaponry Company Applied Energetics Received Over $132,000 From The Paycheck Protection Program**

*Ammo Inc. – “About Ammo Inc.,” accessed 8/20/20*


**April 28, 2020: Applied Energetics Inc. Received $132,760 In Funding From The PPP.** “On April 28, 2020, we received proceeds from a Small Business Administration Paycheck Protection Program loan of $132,760.00.” [SEC – Applied Energetics Inc. 10-Q, 5/15/20]

**A Page On The Applied Energetics Website, Not Yet Live, Promises To Discuss "Future Warfare Needs."

*Ammo Inc. – “About Ammo Inc.,” accessed 8/20/20*
Applied Energetics Received Attention In 2011, When An Anti-IED Contract They Had In Afghanistan Was Reported As A “Costly Boondoggle,” Leading To The Ending Of The Program

2002: An Arizona Startup, Ionatron, Created A Joint IED Neutralizer (JIN), Claiming It Could Detonate IEDs From Well Outside The Blast Range. “One such ‘comer’ was the Joint IED Neutralizer (JIN), which was created in 2002 by an Arizona start-up company, Ionatron. Looking like a pair of boxy golf-carts, the JIN had a gun-like apparatus in front that fired ultra-short pulse lasers followed by a half-million volt lightning bolt of electricity. Its maker said it could detonate blasting caps, the things that set off IEDs, from well outside the blast range.” [Center for Public Integrity, 3/27/11]


2009: Ionatron, Having Changing Their Name To Applied Energetics, Settled A 2006 Lawsuit Claiming Their JIN Neutralizer Failed To Meet Government Specifications. “In mid-2006, two class action suits were filed against the JIN’s maker by shareholders, who charged that the firm ‘concealed that the vehicle was at best an improvisation’ and was not capable of meeting government specifications. The company, which had changed its name to Applied Energetics Inc., denied all the claims but settled the suit in September, 2009, by paying $5.3 million in cash and another $1.2 million in stock to the complaining shareholders. Applied Energetics did not respond to repeated requests for comment.” [Center for Public Integrity, 3/27/11]

Applied Energetics Won Over $50 Million In No-Bid Military Contracts For Their Roadside Detonation Devices, Despite Other Companies Making The Technology And Test Failures. “Competition is normally the cornerstone of better prices and better products, but the urgency of dealing with improvised explosive devices, or IEDs, has been cited to justify a number of sole-source contracts to companies promising quick solutions over a decade of war. One such company was Tucson-based Applied Energetics, which markets a futuristic weapon that shoots beams of lightning to detonate roadside bombs. The company won over $50 million in military contracts for their lightning weapon, all without full and open competition, even though there was another company marketing similar technology. Despite test failures, the company, in part thanks to congressional support, continued to get funding.” [Center for Public Integrity, 8/29/11]

Applied Energetics Received Public Attention In 2011, After An Anti-Bomb Operation In Afghanistan Was Criticized As A “Costly Boondoggle” By The Center For Public Integrity. “Applied Energetics Inc. — perhaps best known for developing a controversial device designed to zap roadside bombs at the height of the war in Afghanistan — has acquired a local optics company with the aim of reviving its development of directed-energy weapons and specialty lasers. […] The company’s bomb-zapping system was tested by the Marine Corps in Afghanistan, but the Corps dropped the effort in 2011 after reporting spotty results, and the system was criticized as a costly boondoggle by the nonprofit Center for Public Integrity in articles in several national publications. The company says its systems worked during more than 200 missions in Afghanistan, with no injuries on paths cleared by the device.” [Arizona Daily Star, 7/13/19]
Methodology

The publicly-traded companies in this document were reviewed as part of the regular review of public companies in the Accountable.US COVID Bailout Tracker project for the Paycheck Protection Program. Company info was obtained from SEC filings and press releases.

Extra information on the companies and context on their products, as well as info on the status of the gun industry, were done via Google searches.

NOTE: There is some deep terminology and ambiguity on the point of New Jersey’s hollow-point weapon ban, which gets into several definitions that are not agreed upon. The document goes with the wording of restricted, and otherwise notes the controversial. The law is available here.