



November 19, 2020

Stephanie Avakian
Director, Division of Enforcement
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0213

Director Avakian:

The American Democracy Legal Fund is requesting an immediate investigation by the Securities and Exchange Commission into insider trading allegations against United States Senator David Perdue. This week, the [Daily Beast](#) issued a report outlining Senator Perdue's pattern of abusing his position as Chair of the Senate Armed Services Subcommittee on Seapower in an effort to enrich himself through the stock market.

According to the Daily Beast, shortly before Senator Perdue was appointed as Chair of this subcommittee -- which holds oversight authority over the United States Navy -- he began purchasing stocks in a company that produces submarine parts.

The Daily Beast goes on to [note](#):

- "Once he began work on a bill that ultimately directed additional Navy funding for one of the firm's specialized products, Perdue sold off the stock, earning him tens of thousands of dollars in profits...But in the month before he took over the job, Perdue did something unusual: he acquired up to \$190,000 worth of stock in BWX Technologies, a company he had never invested in before. The Virginia-based firm had lucrative contracts with the U.S. Navy to develop high-tech components for its fleet of nuclear submarines—and it was looking to expand that business when lawmakers took on the 2019 version of the sweeping annual legislation that sets funding benchmarks for the U.S. military, called the National Defense Authorization Act."
- "Perdue would have a key role in shaping the NDAA as Seapower chairman, and later as one of the few lawmakers hand-picked by party leadership to hammer out the final version of the bill between the House and Senate. By the time the bill passed the Senate in June, Perdue touted several wins—one of which was securing \$4.7 billion for Virginia-class submarines. As it happens, BWX is one of two to three vendors with Pentagon

contracts to design and make key parts for Virginia-class submarines, including nuclear reactors that power them and the systems that launch missiles from the submarines.”

- “From February to July, as he was shaping the defense bill and working for that submarine funding, Perdue reported selling off all his shares of BWX—reaping a healthy profit in the process. The senator’s final financial disclosure form for the year 2019 reported earnings of \$15,000 to \$50,000 in his trading of BWX. Due to the way congressional financial disclosures are structured—they ask lawmakers to classify the value of their assets in broad categories, not specific amounts—it is not possible to know the exact dollar value of Perdue’s profits, or that of his purchases and sales of stock. But the company’s stock price also rose from the time Perdue first bought, in December and January, through the six-month window during which he sold off the shares.”

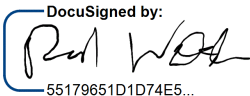
Unfortunately, this is part of a clear pattern with Senator Perdue using his position as a Senator to personally profit off the stock market. Earlier this year, Senator Perdue insisted it was mere coincidence that he bought stock in a company that produces PPE shortly after a private Senators’ briefing on COVID-19. Now, he is asking us to believe that it is also mere coincidence that he:

1. Purchased stock in BWX shortly before assuming a subcommittee Chairmanship overseeing the U.S. Navy.
2. Oversaw the drafting of legislation which awarded billions of dollars in federal contracts to BWX to produce submarine parts.
3. Sold his stock in BWX as its stock price was rising after it received said federal contract.

The timeline of Senator Perdue’s legislative activity and personal stock trades does not pass the smell test. Senator Perdue was put in a position of power to oversee the U.S. Navy. Instead of using this position to strengthen the Navy and protect the brave men and women who serve in our armed forces, Senator Perdue used the position to make money for himself.

We respectfully request an immediate investigation into what we believe is an open and shut case of insider trading on the part of Senator Perdue.

Sincerely,

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Brad Woodhouse
President