

March 10, 2025

Mr. John Phelan  
Secretary of the Navy-Designate  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. Phelan:

Congratulations on your nomination to serve as Secretary of the Navy. If you are confirmed, the American people will depend on you to recruit sailors and Marines, ensure Navy and Marine Corps readiness, manage budgets responsibly, advance military technology, and provide leadership that upholds the Navy's mission to protect U.S. interests, respond to crises, and promote global stability.<sup>1</sup> However, you have a marked lack of civilian or military experience relevant to this role, and many suspect that your "wealth and [] connections to a litany of Republican power players allied with the president[] led to [your] selection to be Navy secretary."<sup>2</sup> Thus, I have serious concerns about your qualifications to serve in this role. Furthermore, given your financial investments in defense contractors and the Trump Transition's emphasis on your "business-minded" orientation,<sup>3</sup> I am concerned that you will enter this role with serious conflicts of interest. I write to request that you mitigate those conflicts by committing to: (1) divest any holdings in defense contractors, (2) recuse yourself from all particular matters involving your former clients and employers, for four years while serving as Navy Secretary; (3) not seek compensation from a firm that is heavily invested in the defense industry, a defense contractor, or other entity that does business with DoD for at least four years after you leave office, and (4) not lobby the Department of Defense (DoD) — including work as an informal "shadow lobbyist" — for at least four years after leaving office.

Several military leaders and other appointees have mitigated concerns about their own potential conflicts of interest by going beyond what was required under ethics law, the presidential ethics pledge, and even agreements with the Office of Government Ethics and the Designated Agency Ethics Officials.<sup>4</sup> I urge you to do the same.

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<sup>1</sup> 10 U.S.C. 8013.

<sup>2</sup> Wall Street Journal, "The Wealthy Investor Who Is Trump's Choice to Rebuild the Navy," Brian Schwartz and Nancy A. Youssef, December 25, 2024, <https://www.wsj.com/articles/john-phelan-trump-navy-secretary-pick-59a027f0>.

<sup>3</sup> *Id.*

<sup>4</sup> Office of Senator Elizabeth Warren, "In Response to Senator Warren's Questions, Secretary of Defense Nominee General Lloyd Austin Commits to Recusing Himself from Raytheon Decisions for Four Years," press release, January 19, 2021, <https://www.warren.senate.gov/newsroom/press-releases/in-response-to-senator-warrens-questions-secretary-of-defense-nominee-general-lloyd-austin-commits-to-recusing-himself-from-raytheon-decisions-for-four-years>; Office of Senator Elizabeth Warren, "Warren Secures Ethics Commitments from Douglas Schmidt, Director of Operational Test and Evaluation for the Department of Defense," March 12, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-secures-ethics-commitments-from-douglas-schmidt-director-of-operational-test-and-evaluation-for-the-department-of-defense>; Office of

First, I ask that you divest your assets in any entity that contracts with DoD. Your portfolio includes investments in companies that profit from DoD contracts. For example, you managed the family office of the founder of Dell Technologies and have over \$50 million invested in Dell.<sup>5</sup> Since January 2024 alone, you have earned over \$5 million in capital gains and dividends from that investment.<sup>6</sup> Yet Dell has a \$2.5 billion contract to provide software services to the U.S. Navy, alongside other lucrative DoD contracts<sup>7</sup> — presenting a serious conflict of interest. Furthermore, you own investments in other defense contractors, such as National Resilience, a biomanufacturing company that obtained a \$410 million DoD contract,<sup>8</sup> and Woolpert, which provides school construction services for DoD.<sup>9</sup> As Secretary of the Navy, you could make programmatic decisions that would increase DoD’s reliance on companies in which you are invested. To mitigate that conflict, you should divest your holdings in defense contractors.

Relatedly, I am concerned about your ties to Palantir, a major software defense contractor that received \$541 million in DoD contracts in fiscal year 2024 alone.<sup>10</sup> You founded MSD Acquisition Corp., which has touted your “extensive and deep relationships” with Palantir and other companies in which you have invested.<sup>11</sup> You recently earned over \$5 million in capital gains from your Palantir

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Senator Elizabeth Warren, “At Hearing, Warren Secures Ethics Commitment from Joint Chiefs of Staff Nominee,” July 11, 2023, <https://www.warren.senate.gov/newsroom/videos/watch/at-hearing-warren-secures-ethics-commitment-from-joint-chiefs-of-staff-nominee>.

<sup>5</sup> Bloomberg Law, “Phelan Steps Down as CIO of Michael Dell’s Family Office,” Miles Weiss, July 22, 2022, <https://news.bloomberglaw.com/private-equity/john-phelan-steps-down-as-cio-of-michael-dells-family-office>; U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, p. 20, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf).

<sup>6</sup> U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, p. 20, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf).

<sup>7</sup> FedScoop, “U.S. Navy inks \$2.5B contract with Dell for enterprise software licenses,” Jackson Barnett, June 7, 2021, <https://fedscoop.com/2-5-billion-dollar-contract-dell-enterprise-software>; GovCon Wire, “Dell’s Federal Arm Wins \$795M DOD Contract for Adobe Software Licenses, Maintenance Support,” Jane Edwards, September 27, 2024, <https://www.govconwire.com/2024/09/dells-federal-arm-wins-795m-dod-contract-for-adobe-software-licenses-maintenance-support>.

<sup>8</sup> U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, pp. 23, 278, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf); National Resilience, “Resilience Approved For \$410M Financing From The Department Of Defense, In Partnership With The Development Finance Corporation, To Establish Resilient Biomanufacturing Capacity,” press release, <https://resilience.com/news/resilience-approved-for-410m-financing-from-the-department-of-defense-in-partnership>.

<sup>9</sup> Woolpert, “Woolpert Selected for \$80M USACE AE Contract Supporting DoDEA Projects,” press release, September 27, 2024, <https://woolpert.com/news/press-releases/woolpert-selected-for-80m-usace-ae-contract-supporting-dodea-projects>; U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, pp. 42, 278, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf).

<sup>10</sup> USASpending.gov, Palantir Technologies Recipient Profile, <https://www.usaspending.gov/recipient/1ea8a9a4-3726-3491-9040-66950bb67606-P/2024>.

<sup>11</sup> U.S. Securities and Exchange Commission, Form S-1, MSD Acquisition Corp., March 17, 2021, [https://www.sec.gov/Archives/edgar/data/1846996/000121390021016177/fs12021a1\\_msdaq.htm](https://www.sec.gov/Archives/edgar/data/1846996/000121390021016177/fs12021a1_msdaq.htm); MSD Acquisition Corp, <https://msdacquisitioncorp.com>; U.S. Securities and Exchange Commission, Form 10-K, MDS Acquisition Corp., December 31, 2022, [https://www.sec.gov/Archives/edgar/data/1846996/000121390023024079/f10k2022\\_msdaq.htm](https://www.sec.gov/Archives/edgar/data/1846996/000121390023024079/f10k2022_msdaq.htm).

Technologies stock.<sup>12</sup> Even if you have sold your Palantir investments, your relationship with the company could still bias your decision-making toward assisting Palantir in its current push for more DoD contracts and for the Navy to increase its “depend[ence] on AI-enabled decision-support tools” that Palantir sells.<sup>13</sup> You should divest any remaining Palantir investments before taking office and not repurchase Palantir stock while serving the Navy. Furthermore, given your relationship with the company, you should commit to recuse from particular matters in which Palantir is a party, for four years while serving the Navy.

You also own a multi-million-dollar stake in Red Cell Partners, a venture capital firm that is heavily invested in defense technology, has contracts with DoD, and has a history of hiring former senior defense officials.<sup>14</sup> Red Cell aims to increase DoD’s reliance on artificial intelligence (AI),<sup>15</sup> and your Red Cell assets include investments in multiple defense-tech AI companies, such as DEFCON AI, Red 6 Aerospace Inc., and Reveal Technologies.<sup>16</sup> You have agreed to divest your interest in Red Cell’s assets if you are confirmed, given the explicit conflict of interest those holdings present.<sup>17</sup> However, you should also commit not to repurchase Red Cell assets while in office, and to not seeking a waiver to work on matters that would impact your Red Cell assets during the period between when you take office and when you sell the holdings.

Second, I ask that, if you are confirmed, you commit to recuse yourself from any particular matters at DoD that involve your former clients and employers, for four years while serving as Navy Secretary. Over a dozen Biden appointees voluntarily agreed to recuse from their former clients’ specific-party

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<sup>12</sup> U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, p. 21, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf).

<sup>13</sup> First Breakfast, “Software is the Navy’s New Warfighting Advantage,” March 12, 2024, Vice Admiral Ronald Boxall, Bryan Clark, Justin Fanelli, and Greg Little, <https://www.firstbreakfast.com/p/software-is-the-navys-new-warfighting>; Tech Transparency Project, “Inside Palantir’s Expanding Influence Operation,” February 7, 2025, <https://www.techtransparencyproject.org/articles/inside-palantirs-expanding-influence-operation>.

<sup>14</sup> USASpending.gov, “Red Cell Partners, LLC,” <https://www.usaspending.gov/recipient/3b501494-5285-e66d-70fc-08e074e672d8-C/2024>; Red Cell Partners, “Honorable Mark T. Esper,” <https://www.redcellpartners.com/member/honorable-mark-esper>; Washington Technology, “Veronica Daigle will lead the incubation firm’s work with defense technology companies led by entrepreneurs,” Ross Wilkers, March 21, 2024, <https://www.washingtontechnology.com/companies/2024/03/red-cell-partners-adds-former-dod-readiness-leader/395113>.

<sup>15</sup> Forbes, “Red Cell Partners Raised A \$91 Million Fund to Bring More AI to Healthcare And Defense,” Alex Knapp, December 21, 2023, <https://www.forbes.com/sites/alexknapp/2023/12/21/red-cell-partners-raised-a-91-million-fund-to-bring-more-ai-to-healthcare-and-defense>; U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, p. 33, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf).

<sup>16</sup> U.S. Office of Government Ethics, Executive Branch Personnel Public Financial Disclosure Report OGE Form 278e for Secretary of Navy Nominee John Phelan, signed January 21, 2025, p. 34, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/\\$FILE/Phelan%2C%20John%20%20final278.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/AF49E8E3F6EEF10985258C3600320046/$FILE/Phelan%2C%20John%20%20final278.pdf); Red 6, “Vision,” <https://red6ar.com/vision>; Booz Allen Hamilton, “Strengthens firm’s edge analytics capabilities,” April 19, 2022, <https://www.boozallen.com/menu/media-center/q1-2023/booz-allen-invests-in-reveal-technology-inc.html>; Washington Technology, “Decon AI fetches \$44M in seed capital,” Ross Wilkers, August 20, 2024, <https://www.washingtontechnology.com/companies/2024/08/defcon-ai-fetches-44m-seed-capital/398926/>.

<sup>17</sup> Office of Government Ethics, Letter to Alternate Designated Agency Ethics Official re. Ethics Agreement for John Phelan, Trump Nominee for position of Secretary of the Navy, February 14, 2025, p. 3, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/706123E8A0253E0A85258C3600320A41/\\$FILE/Phelan%2C%20John%20%20finalEA.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/706123E8A0253E0A85258C3600320A41/$FILE/Phelan%2C%20John%20%20finalEA.pdf).

matters for four years — going beyond the two-year recusal requirement in former President Biden’s ethics pledge.<sup>18</sup> You should do the same.

Third, you should commit not to seek compensation from a firm that is heavily invested in the defense industry, a defense contractor, or other entity that does business with DoD for at least four years after leaving office. If, for example, you were to leave office and join a major defense investor or contractor, the public would reasonably question whether you were cashing in on your insider knowledge about DoD’s technological plans, and whether you had favored the company while at the Navy in order to secure a lucrative post-government arrangement. To mitigate such concerns, numerous Biden appointees have voluntarily agreed to this 4-year cooling-off period, including: OECD Ambassador Sean Patrick Maloney, who agreed to not work for the crypto industry;<sup>19</sup> members of the Federal Reserve Board of Governors, who agreed to not work for a financial services company;<sup>20</sup> and military leaders, namely Secretary of Defense Lloyd Austin<sup>21</sup> and General Charles Q. Brown,<sup>22</sup> the Chairman of the Joint Chiefs of Staff, who agreed not to work for defense contractors.

Finally, you should commit not to lobby DoD for four years after leaving office. The rampant revolving door of former government leaders lobbying the agencies they once led, while their government relationships remain fresh, erodes Americans’ faith in the federal government. To mitigate that concern, multiple former DoD officials agreed to a post-employment lobbying ban, including Secretary Austin and General Brown.<sup>23</sup> You should commit not to lobby DoD for at least

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<sup>18</sup> See, e.g., Office of Senator Elizabeth Warren, “In Response to Senator Warren, FDA Commissioner Nominee Dr. Robert Califf Makes Strongest Ethics Commitments of Any Senior Biden Administration Official,” January 31, 2022, <https://www.warren.senate.gov/newsroom/press-releases/-in-response-to-senator-warren-fda-commissioner-nominee-dr-robert-califf-makes-strongest-ethics-commitments-of-any-senior-biden-administration-official>; Office of Senator Elizabeth Warren, “At Hearing, Senator Warren Announces Strong Ethics Commitments from Federal Reserve Vice Chair for Supervision Nominee Michael Barr,” May 19, 2022, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-senator-warren-announces-strong-ethics-commitments-from-federal-reserve-vice-chair-for-supervision-nominee-michael-barr>.

<sup>19</sup> Office of Senator Elizabeth Warren, “Warren Secures Unprecedented Ethics Commitments from OECD Ambassador Nominee; former Congressman Sean Patrick Maloney Pledges Not to Work for Crypto Firms for Four Years After Government Service,” February 14, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-secures-unprecedented-ethics-commitments-from-oecd-ambassador-nominee-former-congressman-sean-patrick-maloney-pledges-not-to-work-for-crypto-firms-for-four-years-after-government-service>.

<sup>20</sup> Office of Senator Elizabeth Warren, “In Response to Senator Warren, Federal Reserve Nominees Make Historic Ethics Commitments,” February 10, 2022, <https://www.warren.senate.gov/newsroom/press-releases/in-response-to-senator-warren-federal-reserve-nominees-make-historic-ethics-commitments>.

<sup>21</sup> Office of Senator Elizabeth Warren, “In Response to Senator Warren’s Questions, Secretary of Defense Nominee General Lloyd Austin Commits to Recusing Himself from Raytheon Decisions for Four Years,” press release, January 19, 2021, <https://www.warren.senate.gov/newsroom/press-releases/in-response-to-senator-warrens-questions-secretary-of-defense-nominee-general-lloyd-austin-commits-to-recusing-himself-from-raytheon-decisions-for-four-years> .

<sup>22</sup> Office of Senator Elizabeth Warren, “At Hearing, Warren Secures Ethics Commitment Joint Chiefs of Staff Nominee General Brown,” press release, July 11, 2023, <https://www.warren.senate.gov/newsroom/videos/watch/at-hearing-warren-secures-ethics-commitment-from-joint-chiefs-of-staff-nominee>.


<sup>23</sup> Response to Questions from Senator Elizabeth Warren to Mr. Paul M. Rosen, April 6, 2022, [on file with the Office of U.S. Senator Elizabeth Warren]; Office of Senator Elizabeth Warren, “At Hearing, Warren Secures Ethics Commitment Joint Chiefs of Staff Nominee General Brown; Reiterates Concern over Senior Military Holds,” press release, July 11, 2023, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-secures-ethics-commitment-joint-chiefs-of-staff-nominee-general-brown-reiterates-concern-over-senior-military-holds>; Office of Senator Elizabeth Warren, “In Response to Senator Warren’s Questions, Secretary of Defense Nominee General Lloyd Austin Commits to Recusing Himself from Raytheon Decisions for Four Years,” press release, January 19, 2021, <https://www.warren.senate.gov/newsroom/press-releases/in-response-to-senator-warrens-questions-secretary-of-defense-nominee-general-lloyd-austin-commits-to-recusing-himself-from-raytheon-decisions-for-four-years>.

four years after leaving office, either as a formal registered lobbyist or informal “shadow lobbyist” — given that former high-level officials can leverage their influence not only by directly lobbying but through facilitating others to do so.<sup>24</sup>

By making these commitments, you would increase Americans’ trust in your ability to serve the public interest during your time at DoD — rather than the special interests of political allies and private sector companies. I urge you to demonstrate a commitment to public integrity and request that you reply in writing to the following questions by March 14, 2025:

1. Please list all investments you own in companies that have a contract with any component of DoD.
  - a. Please specify which of these investments you plan to retain even if confirmed.
2. Do you currently own any investments in Palantir Technologies Inc.?
  - a. Please describe the nature of your relationship with Palantir Technologies.
  - b. How much have you made from your Palantir investments since Palantir’s founding?
3. Will you commit to divesting all holdings in defense contractors?
  - a. Will you commit not to repurchase any such holdings?
4. Will you commit, if confirmed, to recuse yourself from all particular matters involving your former clients and employers, for at least four years while serving as Navy Secretary?
5. Will you commit not to seek employment or board membership with, or another form of compensation from, a company that you regulate or otherwise interact with while in government, for at least four years after leaving office?
6. Will you commit not to lobby DoD — including work as an informal “shadow lobbyist” — for at least four years after leaving office?

Sincerely,



Elizabeth Warren  
United States Senator

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<sup>24</sup> ProPublica, “Trump’s Appointees Pledged Not to Lobby After They Leave. Now They’re Lobbying,” Derek Kravitz and Alex Mierjeski, May 3, 2018, <https://www.propublica.org/article/trump-appointees-pledged-not-to-lobby-after-they-leave-now-lobbying>; Mother Jones, “Former Trump Officials Signed a Pledge to Avoid Lobbying. At Least 33 of Them Have Found a Way Around It,” Derek Kravitz, February 17, 2019, <https://www.motherjones.com/politics/2019/02/former-trump-officials-signed-a-pledge-to-avoid-lobbying-at-least-33-of-them-have-found-a-way-around-it>.