

# United States Senate

WASHINGTON, DC 20510

April 1, 2026

The Honorable Pete Hegseth  
Secretary of Defense  
Department of Defense  
1000 Defense Pentagon  
Washington, DC 20301

Dear Secretary Hegseth:

We write to seek answers regarding allegations that your broker reportedly “attempted to make a big investment in major defence companies in the weeks leading up to the US-Israeli attack on Iran.”<sup>1</sup> If this report is accurate, it would appear to represent an appalling effort to profit off of your knowledge of the President’s plans for war. This would be a profound conflict of interest and a potential violation of your federal ethics agreement - and betrayal of the nation paying the price for this war and the troops you are sending into harm’s way.

According to a report in the *Financial Times*, your broker at Morgan Stanley “contacted BlackRock in February about making a multimillion-dollar investment in the asset manager’s Defense Industrials Active ETF.”<sup>2</sup> The inquiry was reportedly significant enough to trigger an internal flag at BlackRock, though it “did not ultimately go ahead as the fund... was not yet available for Morgan Stanley clients to buy.”<sup>3</sup>

While the Department of Defense’s (DoD or the “the Department”) spokesperson has denied the accuracy of this story,<sup>4</sup> allegations of your use of insider information to personally profit off of this war would be serious breaches of the public’s trust. Presidentially appointed, Senate-confirmed DoD officials are also prohibited from “owning or purchasing the publicly traded stock of a company if that company is one of the 10 entities awarded the most amount of contract funds by the Department of Defense in a fiscal year during the five preceding fiscal years.”<sup>5</sup> In 2026, you were specifically prohibited from owning any stock in Lockheed Martin, Northrop Grumman, General Dynamics, Huntington Ingalls, Boeing, RTX Corporation, and L3Harris Technologies,<sup>6</sup> which are all companies that are currently included in BlackRock’s Defense

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<sup>1</sup> Financial Times, “Pete Hegseth’s broker looked to buy defence fund before Iran attack,” Paul Murphy, Harriet Agnew, Joshua Franklin, and James Politi, March 30, 2026, <https://www.ft.com/content/744ea8dc-6d93-4fe9-a5e3-36de4f5d06db>.

<sup>2</sup> *Id.*

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

<sup>4</sup> Post on X by Sean Parnell, March 30, 2026, <https://x.com/seanparnellasw/status/2038763565486612632?s=46>.

<sup>5</sup> Department of Defense Office of General Counsel Standards of Conduct Office, “Overview of Stock Divestiture Requirements Under 10 U.S.C. § 988,” November 2, 2023, p. 1, <https://dodsoco.osd.mil/Portals/102/Documents/Issuances/SOCO%20Advisories/2023/SOCO%20Advisory%202023%2005%20Divestiture%20under%2010%20USC%20988.pdf>.

<sup>6</sup> Department of Defense Office of General Counsel Standards of Conduct Office, “CY 2025-26 Five Year DoD Top 10 Contractor List (FY 2020-2024),” <https://dodsoco.osd.mil/Portals/102/Documents/Conflicts/CY2025->

Industrials Active ETF.<sup>7</sup> Office of Government Ethics guidance has also warned that “sector funds focused on a single industry...creates the possibility of a liability for you under the criminal conflict of interest statute, 18 U.S.C. § 208.”<sup>8</sup>

The law and Department of Defense policy has been clear that “[a]ll DoD personnel must continuously monitor for and prevent conflicts of interest between their official duties and their personal financial interests, including financial interests imputed to them under Federal law and regulation.”<sup>9</sup> In your ethics agreement, you said that you would “ensure” that any investment professional you use “obtains my prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that qualify for the regulatory exemption for diversified mutual funds and unit investment trusts at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.”<sup>10</sup> Since this was a multi-million dollar investment in a sector-specific fund, your agreement appears to indicate that your broker would have needed your approval or that you did not intend to meet the commitments you made in your ethics agreement.

The American people deserve leaders they can trust to put national security ahead of their own financial self-interest. During your nomination hearing before the Senate Armed Services Committee you specifically indicated that it was time to for leadership from “[s]omeone with no vested interest in certain companies or specific programs,” and promised that “[m]y only special interest is—the warfighter.”<sup>11</sup> But if the recent reports are accurate, we now know that, behind closed doors, you were setting yourself up to profit from your ownership of stock in multiple defense contractors.

The Trump administration’s illegal war against Iran has already cost 13 U.S. service members their lives and wounded hundreds more, and is costing taxpayers about \$1 billion a day.<sup>12</sup> Defense contractor stocks jumped as soon as the war began,<sup>13</sup> and will likely continue to climb as they stand to profit from a \$1.5 trillion budget request and an expected \$200 billion supplemental

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[26%20Five%20Year%20Top%2010%20List%20\(FY20-24\).pdf?ver=gmWDeNgAeL690jfZM5I3Vw%3d%3d](https://www.blackrock.com/us/individual/products/343529/ishares-defense-industrials-active-etf).

<sup>7</sup> BlackRock, “iShares Defense Industrials Active ETF,” <https://www.blackrock.com/us/individual/products/343529/ishares-defense-industrials-active-etf>.

<sup>8</sup> Office of Government Ethics, “Sector Mutual and Exchange Traded Funds (Sector Funds),” [https://www.oge.gov/web/OGEnsf/0/6C0706B8E7045842852589AC005ABF73/\\$FILE/508%20Finished%20Sector%20Fund%20All.pdf](https://www.oge.gov/web/OGEnsf/0/6C0706B8E7045842852589AC005ABF73/$FILE/508%20Finished%20Sector%20Fund%20All.pdf).

<sup>9</sup> Department of Defense Office of General Counsel Standards of Conduct Office, “Overview of Stock Divestiture Requirements Under 10 U.S.C. § 988,” November 2, 2023, p. 1, <https://dodsoco.ogc.osd.mil/Portals/102/Documents/Issuances/SOCO%20Advisories/2023/SOCO%20Advisory%2023%2005%20Divestiture%20under%2010%20USC%20988.pdf>.

<sup>10</sup> Letter from Pete Hegseth to Dani Irvine, Alternate Designated Agency Ethics Official, Office of General Counsel, Department of Defense, January 10, 2025, p. 1, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/1CE0D43F64986B4885258C11005A168E/\\$FILE/Hegseth%20C%20Pete%20%20finalEA.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/1CE0D43F64986B4885258C11005A168E/$FILE/Hegseth%20C%20Pete%20%20finalEA.pdf).

<sup>11</sup> Written testimony of Pete Hegseth to the U.S. Senate Armed Services Committee, January 14, 2025, pp. 2-3, [https://www.armed-services.senate.gov/imo/media/doc/hegseth\\_opening\\_statement.pdf](https://www.armed-services.senate.gov/imo/media/doc/hegseth_opening_statement.pdf).

<sup>12</sup> The Hill, “Iran war takes mounting toll on America’s military,” Ellen Mitchell, March 23, 2026, <https://thehill.com/policy/defense/5797004-war-iran-impact-us-military/>.

<sup>13</sup> Air and Space Forces Magazine, “Iran War Boosts Defense Stocks, at Least for Now,” Todd South, March 2, 2026, <https://www.airandspaceforces.com/iran-war-boosts-defense-stocks-for-now/>.

war request,<sup>14</sup> and new demand as both allies and adversaries build up their defense and weapons systems in response to the geopolitical chaos.

We appreciate that in the wake of this story the Department issued a statement saying that you and the Department “remain unwavering in their commitment to the highest standards of ethics and strict adherence to all applicable laws and regulations.”<sup>15</sup> In order to understand where there may be gaps in current Department practices and policies to prevent conflicts of interest, we request answers to the following questions no later than April 15, 2026:

1. Did you share – either directly or indirectly - any information with your broker about pending military actions against Iran or any other military operations, or about any financial opportunities related to pending military actions?
2. If you did share any information with your broker about pending military actions against Iran, or any financial opportunities related to them, please describe the information you shared with your broker and the date(s) on which you shared this information.
3. Did you direct your broker at Morgan Stanley to invest in BlackRock’s Defense Industrials Active ETF or any other defense contractor funds?
4. Did you or your broker have any discussions with Morgan Stanley about a potential purchase of BlackRock’s Defense Industrials Active ETF or any other defense contractor funds?
  - a. If so, what was the nature of these discussions? Did Morgan Stanley officials indicate any concern about these purchases, and if so, how did you or your broker respond?
5. Did you or your broker seek to invest in any other defense-related investment funds in the run-up to the Iran War?
  - a. If so, which funds did you or your broker seek to invest in?
  - b. Did you or your broker make these investments? If so, when, and how much did you invest?
6. Since you were confirmed, how many investment purchases or sales have you approved and for what assets? Please include information on the specific investment, the date of purchase or sale, and the amount purchased or sold.
7. What instructions have you or your wife given to your broker to avoid financial conflicts of interest?
8. What instructions have you or your wife given to your broker to confirm that companies under an ETF do not include companies that you or your wife are prohibited from holding stock in?
9. Since your confirmation, what steps, if any, has your broker taken to review potential conflicts of interest in you or your wife’s investment portfolio related to defense contractor funds, including in BlackRock’s Defense Industrial Active ETF?
10. Please describe a step-by-step of the process you have in place to “ensure” that any investment professional you use “obtains [your] prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that

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<sup>14</sup> Politico, “Trump to send Congress his budget request April 3,” Jennifer Scholtes, March 27, 2026, <https://www.politico.com/live-updates/2026/03/27/congress/trump-to-send-congress-his-budget-request-april-3-00848888>.

<sup>15</sup> Post on X by Sean Parnell, March 30, 2026, <https://x.com/seanparnellasw/status/2038763565486612632?s=46>.

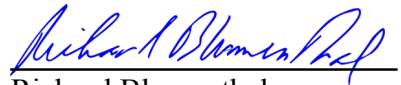
qualify for the regulatory exemption for diversified mutual funds and unit investment trusts at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.”<sup>16</sup>

11. What defense contractor stocks do you and your wife currently own?
12. What defense contractor stocks have you and your wife purchased or sold since you have been confirmed?
13. What defense sector funds have you or your wife purchased or sold since you have been confirmed?
14. Does the Department support expanding current restrictions on officials owning and trading defense contractor stocks to avoid real and perceived conflicts of interest? If not, why not?

Sincerely,



Elizabeth Warren  
United States Senator



Richard Blumenthal  
United States Senator



Tammy Duckworth  
United States Senator



Jeffrey A. Merkley  
United States Senator



Gary C. Peters  
United States Senator

<sup>16</sup> Letter from Pete Hegseth to Dani Irvine, Alternate Designated Agency Ethics Official, Office of General Counsel, Department of Defense, January 10, 2025, p. 1, [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/1CE0D43F64986B4885258C11005A168E/\\$FILE/Hegseth%2C%20Pete%20%20finalEA.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/1CE0D43F64986B4885258C11005A168E/$FILE/Hegseth%2C%20Pete%20%20finalEA.pdf).