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Stephen Feinberg
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David Lorch
Director
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3030 Defense Pentagon
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Dear Deputy Secretary Feinberg and Director Lorch,

I write regarding my concerns that two new Department of Defense (DoD) initiatives, ostensibly designed to improve defense contracting and enhance DoD's capital investment process, will instead be populated almost entirely by finance, tech, and defense industry insiders – some of whom will make government salaries exceeding $400,000 annually. This presents significant conflict of interest and revolving door concerns, including that these individuals may gain special access to DoD decisionmakers and policy decisions at the expense of national security, fair competition, and public interest.

On February 12, 2026, DoD announced its Business Operators for National Defense (BOND) initiative for DoD to bring in experienced "industry experts" to help DoD overhaul and speed up its acquisition process.[1] One month later, on March 13, 2026, reporting revealed that the Pentagon is also recruiting Wall Street investors through DoD's Office of Strategic Capital (OSC) to have "unmatched access" to privileged information to build an investment team within DoD.[2]

Now, new July 17 reporting from the *Wall Street Journal* revealed that OSC's hiring would include hiring 40 employees "from an array of private-equity firms, private-credit firms and investment banks," with top officials earning "up to $438,000 annually."[3] I seek clarity on DoD's BOND initiative and OSC's Wall Street investment bankers hiring plan, and ask that you put in place the safeguards needed to prevent taxpayer waste and self-dealing to protect national security.

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[1] U.S. Department of Defense, "Department Seeks Counsel of Industry Leaders to Advance Arsenal of Freedom," C. Todd Lopez, February 13, 2026, https://www.war.gov/News/News-Stories/Article/Article/4405845/department-seeks-counsel-of-industry-leaders-to-advance-arsenal-of-freedom/.
[2] The New York Times, "Wall Street Bankers Offered Lucrative Access to Join the Pentagon," Ana Swanson, March 13, 2026, https://www.nytimes.com/2026/03/13/us/politics/wall-street-access-pentagon.html.
[3] The Wall Street Journal, "Pentagon Dangles $400,000 Salaries to Recruit Wall Street Bankers," Drew FitzGerald, July 17, 2026, https://www.wsj.com/politics/national-security/pentagon-dangles-400-000-salaries-to-recruit-wall-street-bankers-944435dc?mod=e2tw.

DoD's Business Operators for National Defense (BOND) Initiative

DoD's BOND initiative was announced in February 2026. In that announcement, DoD indicated that the program would allow the Department to bring in experienced "industry experts" to help DoD increase the production and speed of weapon deliveries to the military.[4] I have long advocated for contracting reforms that will improve transparency and accountability in order to reduce taxpayer waste. But it is not clear that DoD is taking the correct approach in this case.

According to Secretary Hegseth, the BOND initiative will "embed…. leaders with decades of experience at world-class private companies such as Apple, Ford, Microsoft, and Tesla – directly into [DoD's] acquisition process."[5] While we agree that "huge order backlogs and too predictable cost increases [have] become the norm" in the defense industry,[6] it is not clear how giving tech and other private insiders the keys to the DoD acquisition system will meet this goal.

In the BOND initiative's announcement, Secretary Hegseth detailed that in the last two months, DoD has already met with more than 100 industry experts, and as of February, more than 70 former private industry executives were working with DoD to advance the BOND initiative.[7] According to Secretary Hegeseth, these participants in the BOND initiative are already "driving major reforms" and "accelerating acquisition speed, increasing manufacturing, optimizing production, and strengthening supply chain resilience."[8]

I have previously introduced legislation and written to DoD about potential conflicts of interest on Department advisory boards. In 2020, I reintroduced the *Anti-Corruption and Public Integrity Act*, which would expand disclosure of membership of advisory boards and help mitigate potential conflicts of interest.[9] In December 2022, when former Google CEO Eric Schmidt reportedly used his positions on DoD boards to further his own personal interests, I wrote that:

> Federal advisory boards can provide valuable advice and insights to federal agencies, but without strong oversight and clear guardrails they can also provide their board members an unfair competitive advantage in winning government contracts and influencing agency policy.[10]

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[4] U.S. Department of Defense, "Department Seeks Counsel of Industry Leaders to Advance Arsenal of Freedom," C. Todd Lopez, February 13, 2026, https://www.war.gov/News/News-Stories/Article/Article/4405845/department-seeks-counsel-of-industry-leaders-to-advance-arsenal-of-freedom/.

[5] *Id*.

[6] U.S. Department of Defense, "Remarks by Secretary of War Pete Hegseth on the Arsenal of Freedom (As Delivered), November 7, 2025, speech, https://www.war.gov/News/Speeches/Speech/Article/4359074/remarks-by-secretary-of-war-pete-hegseth-on-the-arsenal-of-freedom-as-delivered/.

[7] U.S. Department of Defense, "Department Seeks Counsel of Industry Leaders to Advance Arsenal of Freedom," C. Todd Lopez, February 13, 2026, https://www.war.gov/News/News-Stories/Article/Article/4405845/department-seeks-counsel-of-industry-leaders-to-advance-arsenal-of-freedom/.

[8] *Id*.

[9] Senator Elizabeth Warren, "Warren and Jayapal Reintroduce the Anti-Corruption & Public Integrity Act," press release, December 18, 2020, https://www.warren.senate.gov/newsroom/press-releases/warren-and-jayapal-reintroduce-the-anti-corruption-public-integrity-act/.

[10] Letter from Senator Elizabeth Warren to former Secretary of Defense Llyod Austin, December 13, 2022, https://www.warren.senate.gov/imo/media/doc/2022.12.13%20Letter%20to%20Austin%20on%20Eric%20Schmidt's%20defense%20advisory%20board%20conflicts%20of%20interest.pdf.

Those concerns are exacerbated by DoD's creation of the BOND initiative. There appear to be no transparency provisions to determine who is taking part in the initiative, and no protections to prevent them from acting in their own financial interest rather than the public interest. As one independent analyst described "the elephant in the room," the conflict of interest concerns include:

> Embedding executives from companies into DOW acquisition offices creates obvious potential for both personal conflicts of interest and organizational conflicts of interest, if the executives are still employed at participating companies.[11]

The same analyst revealed DoD's "unclear safeguards" to prevent conflicts of interest, finding that DoD's "announcement did not detail which (if any) ethics screening, financial disclosure, or recusal protocols apply to BOND participants."[12]

These concerns are only heightened as DoD requested $88 million in funding for fiscal year 2027 for the BOND program.[13] This program looks like a boondoggle: It is unclear as to how or why DoD could possibly spend $88 million in taxpayer funds to "ask industry experts to help the department better work with the defense industrial base, eliminate bureaucratic bloat in the acquisition process and more quickly field weapons to warfighters." As Secretary of Defense Hegseth has pointed out, money on consulting is often better spent on "better health care for our warfighters and families instead of $500 an hour [on a] business process consultant."[14]

This is a troubling set of circumstances: it appears to indicate that DoD plans to spend $88 million to allow dozens of industry executives with financial conflicts of interest to run amok in the Department's contracting process, with no transparency and no ethics protections in place. The risks of waste, fraud, and abuse, along with threats to readiness and servicemembers' lives, are obvious. This insider-driven process is more likely to create taxpayer-funded special interest boondoggles than it is to meaningfully improve the acquisition process.

Wall Street Investment Bankers

Reporting on DoD's attempt to build a "new team of investment bankers steeped in private equity to invest $200 billion over three years in defense deals"[15] through the DoD's Office of Strategic Capital raises similar concerns about conflicts of interest and abuse of the revolving door. According to these reports, DoD is specifically targeting investment bankers from some of the

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[11] GovWin, "Defense BOND Initiative Embeds Industry Execs into Government Operations," Deniece Peterson, February 20, 2026, https://iq.govwin.com/neo/marketAnalysis/view/Defense-BOND-Initiative-Embeds-Industry-Execs-into-Government-Operations/8850?researchTypeId=1&researchMarket=PFMAP#.
[12] *Id.*
[13] U.S. Department of Defense, "Budget Overview, United States Department of Defense Fiscal Year 2027 Budget Submission," [On file with Office of Senator Elizabeth Warren].
[14] U.S. Department of Defense, "Hegseth Announces Additional $5.1 Billion in DOD Spending Cuts," Mathew Olay, April 10, 2026, https://www.war.gov/News/News-Stories/Article/Article/4152283/hegseth-announces-additional-51-billion-in-dod-spending-cuts/.
[15] Semafor, "Exclusive / Pentagon headhunting Goldman, JPMorgan bankers for 'Economic Defense Unit'," Liz Hoffman, March 11, 2026, https://www.semafor.com/article/03/11/2026/pentagon-headhunting-goldman-jpmorgan-bankers-for-economic-defense-unit.

largest investment firms, including Goldman Sachs, Morgan Stanley, JP Morgan, and Bank of America, to create a new 30-person team within the OSC.[16] The team would focus on an array of industries that the Trump administration has been pushing to invest in, such as drones, munitions, and critical minerals.[17] These are important priorities, which makes it all the more important that the Pentagon address any ethics concerns and work to protect taxpayers and national security against egregious conflicts of interest and revolving door concerns. Instead, DoD appears to be all but advertising corruption.

Reports indicate that a presentation prepared by a headhunting firm recruiting for the Pentagon "dangled access to government officials and foreign royal families that could be used to raise capital in the future." The New York Times reported that the recruiting presentation promised "[u]nmatched access to top-level government officials and privileged information flow – whatever your need, you can get,"[18] and that it promoted investors "access to fund-raising channels that include royal families and foreign sovereign contacts," and the ability to access privileged information at any time.[19] In addition, recruits were presented with lucrative post-government financial opportunities, including the "potential to launch a new fund with members of this team… which could lead to several exciting exit opportunities."[20]

While it is unclear whether DoD approved the presentation, Pentagon officials from DoD's Economic Defense Unit (EDU) and OSC planned to speak at an invite-only information session "on career opportunities at the intersection of investment and national security" in March.[21]

In addition, new reporting reveals that OSC "has added 30 more professionals in recent weeks and plans to hire 40 more over the coming months from an array of private-equity firms, private-credit firms and investment banks."[22] Moreover, President Trump has authorized the federal government "to pay up to 400 key officials as much as $400,000 a year," including some high-level OSC positions that will pay up to $438,000 annually.[23] These salaries that OSC is "dangling" to bankers is higher than the Secretary of Defense's annual salary of $253,100[24] and nearly four times more than the average salary of the federal workforce.[25]

This OSC plan, like the BOND plan, presents significant conflict of interest and revolving door concerns – and could present national security risks. DoD experts and capital managers must at all times be focused on key national security priorities, not on retaining their "access to fund-raising

[16] *Id.*
[17] The New York Times, "Wall Street Bankers Offered Lucrative Access to Join the Pentagon," Ana Swanson, March 13, 2026, https://www.nytimes.com/2026/03/13/us/politics/wall-street-access-pentagon.html.
[18] *Id.*
[19] *Id.*
[20] *Id.*
[21] On file with Office of Senator Elizabeth Warren.
[22] The Wall Street Journal, "Pentagon Dangles $400,000 Salaries to Recruit Wall Street Bankers," Drew FitzGerald, July 17, 2026, https://www.wsj.com/politics/national-security/pentagon-dangles-400-000-salaries-to-recruit-wall-street-bankers-944435dc?mod=e2tw.
[23] *Id.*
[24] *Id*; U.S. Office of Personnel Management, "Salary Table No. 2026-EX," https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/26Tables/exec/html/EX.aspx; 5 U.S. Code § 5312.
[25] U.S. Office of Personnel Management, "Compensation, Performance & Leave," May 2026, https://data.opm.gov/explore-data/analytics/compensation-performance-leave.

channels that include royal families and foreign sovereign contacts" and using their "[u]nmatched access to top-level government officials and privileged information flow" for personal gain after leaving government service. It is no wonder that one national security expert, warned of the "obvious potential for truly egregious corruption," and that "an effort of this size has the potential to distort these national security-critical industries in ways that I don't think anyone has seriously contemplated."[26]

These concerns grow by the day, especially as DoD has requested Congress provide $189 million for its EDU, and $20.2 billion for OSC, in "mandatory" fiscal year 2027 funding,[27] and has continuously failed to provide answers to the majority of questions I raised in my January, March, and June letters to DoD on whether OSC investment decisions are already being improperly influenced by individuals with potential conflicts of interest, such as the President's sons.[28] It is up to Congress to decide whether to appropriate DoD $20.3 billion in "mandatory" funding for these programs, so it is vital that DoD addresses the ethical concerns around OSC and EDU's investments and potential for corruption.

Conclusion

I have held longstanding concerns over potential conflicts of interest, revolving door abuse, and national security concerns in DoD's acquisition process. In June 2023, I reintroduced the *Department of Defense Ethics and Anti-Corruption Act* to strengthen ethics laws in DoD contracts.[29] In July 2023, I also raised concerns that DoD's Office of Strategic Capital hired private sector individuals who appeared to have direct financial conflicts of interest with defense consultants and defense contractors.[30] In January, March, and June of this year, I raised concerns about DoD and OSC handing out loans and contracts to companies with ties to the Trump family.[31]

[26] Raw Story, "Expert stunned at uncovered Pentagon ploy to recruit Wall Street: 'Egregious corruption'," Alexander Willis, March 13, 2026, https://www.rawstory.com/pentagon-2676099860/.
[27] U.S. Department of Defense, Office of the Undersecretary of Defense, "Department of Defense Fiscal Year 2027 Mandatory Budget Overview," April 2026, pg. 4, https://comptroller.war.gov/Portals/45/Documents/defbudget/FY2027/DoW_FY2027_Mandatory_Funding_Overview.pdf.
[28] Senator Elizabeth Warren, "Following New Pentagon Response, Warren and Blumenthal Press Hegseth on Failure to Protect Defense Contracts from Potential Trump Family Corruption," press release, March 25, 2026, https://www.warren.senate.gov/newsroom/press-releases/following-new-pentagon-response-warren-and-blumenthal-press-hegseth-on-failure-to-protect-defense-contracts-from-potential-trump-family-corruption; Senator Elizabeth Warren, "Warren, Blumenthal, Kim Sound Alarm on Potential for Donald Trump Jr.-Linked Companies to Profit Off Department of Defense Contract Awards, Loans," press release, January 23, 2026, https://www.warren.senate.gov/newsroom/press-releases/warren-blumenthal-kim-sound-alarm-on-potential-for-donald-trump-jr-linked-companies-to-profit-off-department-of-defense-contract-awards-loans.
[29] Senator Elizabeth Warren, "Senator Warren, Representative Kim Reintroduce Department of Defense Ethics and Anti-Corruption Act," press release, June 16, 2023, https://www.warren.senate.gov/newsroom/press-releases/senator-warren-representative-kim-reintroduce-department-of-defense-ethics-and-anti-corruption-act.
[30] Letter from Senator Elizabeth Warren to Under Secretary of Defense for Research and Engineering Heidi Shyu, July 9, 2023, https://www.warren.senate.gov/imo/media/doc/2023.07.09%20Letter%20to%20DoD%20on%20Strategic%20Capital%20Office%20Conflict%20of%20Interest%20Concerns.pdf.
[31] Letter from Senators Elizabeth Warren, Richard Blumenthal, and Andy Kim to Secretary Pete Hegseth, January 22, 2026, https://www.warren.senate.gov/imo/media/doc/warren_letter_to_dod_on_trump_jrpentagoncontracts.pdf.

Now I am concerned about the national security implications and the corruption concerns posed by DoD's BOND initiative and Wall Street investor team and urge DoD to implement the necessary guardrails and oversight to fully address these concerns.

In addition, to inform ongoing legislative work to strengthen anti-corruption safeguards and protect national security, and to inform my congressional duties to appropriate funds, please provide answers to the following questions by August 11, 2026:

1. Please list all industry experts (reportedly more than 100) that DoD has met with related to the BOND initiative since December 1, 2025.
    a. Please list which companies all industry experts are affiliated with.
    b. Please explain how each expert was chosen to meet with DoD.

2. Please list all former or current corporate officers (reportedly more than 70) that are serving alongside DoD to advance the BOND initiative.
    a. Please list which companies all these current or former corporate officers are affiliated with.
    b. Please explain how each corporate officer was chosen to serve alongside DoD to advance the BOND initiative.

3. What is DoD's vetting process for BOND participants?

4. What is the criteria for how DoD is deciding which individuals can participate in the BOND program?

5. What transparency and ethics rules are in place to prevent conflicts of interest for BOND participants working for companies that have DoD contracts?

6. What transparency and ethics rules are in place to prevent conflicts of interest for BOND participants who have ties to private companies that are competing for DoD contracts?

7. Will BOND participants be designated as special government employees?

8. Is the BOND program subject to the requirements of the Federal Advisory Committee Act?

9. Please provide a line-by-line budgetary description of how DoD intends to spend the $88 million in its budget request for the BOND program.

10. Please provide a line-by-line budgetary description of how DoD intends to spend the $189 million in its budget request for EDU and the $20.2 billion in its budget request for OSC for its recruitment of Wall Street investors.

11. In 2025, reporting indicating that Silicon Valley executives, including individuals from Palantir, Meta, and OpenAi, are joining the U.S Army Reserve to speed up innovation.[32] How did DoD decide which executives would join the U.S. Army Reserve?

12. What was DoD's vetting process for the executives who joined the U.S. Army Reserve?

13. What guardrails are in place to prevent conflicts of interest for the executives from Palantir, Meta, and OpenAi?

14. Please provide a full list of the acquisition reforms proposed by BOND advisors.
    a. Of this list, which reforms has DoD enacted?
    b. What role will these reforms play in rulemaking and acquisition policy development?

15. Did any of the industry experts participating in the BOND program previously work at Cerberus?

16. What is DoD's criteria for hiring investors and other members of DoD's OSC investment team?

17. Did DoD approve the presentation described above aimed at recruiting Wall Street investment bankers to DoD's OSC investment team?

18. Did any of the employees hired by OSC previously work for Cerberus or any companies that have received OSC loans or contracts?

19. The recruitment presentation stated that investors would have "unmatched access to top-level government officials and privileged information flow."[33]
    a. Will DoD's OSC hires go through security clearance processes?"
    b. What rules will be in place regarding when and how individuals working for the new OSC program can use privileged or confidential information?

20. What ethics rules and transparency requirements will be in place to prevent DoD OSC officials from being subject to conflicts of interest that could influence their decisions?

21. The recruiting slides for the new DoD OSC positions appear to explicitly indicate that the role should be used as a ticket to connections, investors, DoD officials, and information that can be monetized after leaving government service. What ethics rules and transparency requirements are in place to protect national security and prevent abuse of the revolving door by these newly hired officials?

22. Will newly hired DoD OSC officials be required to complete robust ethics agreements?

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[32] Defense News, "Tech execs enlist in Army Reserve for new innovation detachment," Jen Judson, June 13, 2025, https://www.defensenews.com/land/2025/06/13/tech-execs-enlist-in-army-reserve-for-new-innovation-detachment/.
[33] The New York Times, "Wall Street Bankers Offered Lucrative Access to Join the Pentagon," Ana Swanson, March 13, 2026, https://www.nytimes.com/2026/03/13/us/politics/wall-street-access-pentagon.html.

23. Will newly hired DoD OSC officials be required to divest from holdings related to industries they would be working in?

24. Will newly hired DoD OSC officials have any post-employment restrictions regarding their interaction with DoD or DoD contractors or any other Defense-related entity?

25. Will newly hired DoD OSC officials be required to recuse themselves from all matters related to industries and companies they previously worked for?

26. How much is DoD currently spending on consulting contracts?

27. How many special government employees (SGEs) has OSC hired?

28. What is OSC's workforce development strategy? Please provide a copy.

29. How many newly hired DoD OSC officials are receiving or expected to receive annual compensation of $400,000 or more?

30. Please provide the analysis that DoD provided to the White House to support the May 2026 executive order titled "Approving Critical Position Pay Authority for National Security Investment Workforce" that allows for OSC employees to be annually compensated by $400,000.

31. How many DoD employees have been approved to receive an annual compensation covered by President Trump's May executive order, "Approving Critical Position Pay Authority for National Security Investment Workforce?" Please list those employees' or anticipated employees' titles.

32. How much is DoD paying headhunting firms to recruit employees from private-equity firms, private-credit firms and investment banks to work at OSC?[34]

Sincerely,

Elizabeth Warren
United States Senator

[34] The Wall Street Journal, "Pentagon Dangles $400,000 Salaries to Recruit Wall Street Bankers," Drew FitzGerald, July 17, 2026, https://www.wsj.com/politics/national-security/pentagon-dangles-400-000-salaries-to-recruit-wall-street-bankers-944435dc?mod=e2tw.