



July 1, 2025

Steven A. Stebbins
Acting Inspector General
U.S. Department of Defense - Office of Inspector General
4800 Mark Center Drive
Alexandria, VA 22350-1500

RE: Request for Investigation of Private Technology Officials Commissioned in the Army's Executive Innovation Corps.

Dear Acting Inspector General Stebbins:

On Friday, June 13, 2025, the Army undertook the unprecedented move of directly commissioning corporate officers of four of the largest artificial intelligence companies — Palantir, Meta, OpenAI, and Thinking Machine Labs — as part-time Lieutenant Colonels in the Army Reserve as part of a new regiment called “Detachment 201: The Army’s Executive Innovation Corps.”¹ These technologists-turned-military officers include: Andrew Bosworth, the Chief Technology Officer for Meta; Bob McGrew, former chief research officer for OpenAI and currently an advisor at Thinking Machines Lab; Shyam Sankar, the Chief Technology Officer for Palantir; and Kevin Weil, the Chief Product Officer for OpenAI.² Notwithstanding their commission in senior rank, it has been reported that none of these private officials has had prior experience in the military.³

Each of these officials will continue to be employed by their outside employer while simultaneously serving as part-time senior advisor in the Army Reserve.⁴ In addition, some of these individuals have significant personal financial stakes in their outside employers, including stock, stock options, restricted stock units, and performance-based bonuses, which they seem unlikely to divest for a part-time government position. Given the ongoing and clear financial interest these appointees have in the adoption of Artificial Intelligence by the Department of Defense, there is a real risk that these individuals may engage in self-dealing or use their positions or nonpublic government information to benefit their outside employers in violation of federal law. As a result, Democracy Defenders Fund respectfully requests that the Department of Defense’s Office of the Inspector General conduct an investigation into whether the assignment of these officials to the Army Reserve is consistent with the Federal conflict of interest laws.

¹ Lydia Moynihan, *Tech Power Players Reveal Why Silicon Valley is Suddenly Ready to Work With – And Even Join – the Army*, N.Y. POST (June 20, 2025), <https://nypost.com/2025/06/20/business/silicon-valleys-enthusiasm-for-pentagon-is-just-beginning/>.

² *Id.*; Dan Schere, *Army Reserve Recruiting Tech Leaders to be Senior Advisers*, INSIDE DEFENSE (June 13, 2025), <https://insidedefense.com/insider/army-reserve-recruiting-tech-leaders-be-senior-advisers>.

³ The 1A, *Why has the US Army made four tech executives lieutenant colonels?*, WAMU 88.5 (June 26, 2025), <https://the1a.org/segments/why-has-the-us-army-made-four-tech-executives-lieutenant-colonels/>.

⁴ Moynihan, *supra* note 1.

Background

The Department of Defense established the Army's Executive Innovation Corps. last month in "an effort to recruit senior tech executives to serve part-time in the Army Reserve as senior advisors."⁵ As described in the Army's press release, the goal of Corps. is to "help guide rapid and scalable tech solutions to complex problems" including the "Army Transformation Initiative, which aims to make the force leaner, smarter, and more lethal."⁶ Among the priorities of the Corps. is to assist in the Army Transformation Initiative and the Army's Transforming in Contact Initiative (TCI) which focuses on bringing emerging technologies, such as AI, to the battlefield.⁷

Palantir, Meta, OpenAI, and Thinking Machines each have a significant financial interest in DoD adopting AI. Hundreds of millions of dollars in multi-year blanket purchase agreements and follow-on task orders are at stake for each of these companies. And these companies already have a foot in the door. The Department of Defense has already awarded over \$1 billion worth of contracts to Palantir and its subsidiaries, including over \$230 million for national defense research and development services.⁸ Meta, along with Anduril, are working together to design, build, and field augmented reality technology to be used in military applications.⁹ And OpenAI entered into a \$200 million contract with the Department of Defense on June 16, 2025, to provide "frontier AI capabilities to address critical national security challenges."¹⁰

Several members of the Corps. also could have a personal financial interest in the success of their companies receiving large contracts from the Department. Although pay data is not available for OpenAI or for Thinking Machines Labs, both Palantir and Meta have provided information on their executive pay through their most recent proxy statements. As set forth below, both Sankar and Boswell have compensation packages directly tied to the performance of their outside employers.

⁵ Press Release, U.S. Army Public Affairs, *Army Launches Detachment 201: Executive Innovation Corps to Drive Tech Transformation* (June 13, 2025), https://www.army.mil/article/286317/army_launches_detachment_201_executive_innovation_corps_to_drive_tech_t_ransformation.

⁶ *Id.*

⁷ Gen. James E. Rainey, *Continuous Transformation: Transformation in Contact*, MILITARY REVIEW ONLINE (Aug. 2024), <https://www.armyupress.army.mil/Portals/7/military-review/Archives/English/Online-Exclusive/2024/Transformation-in-Contact/Transformation-in-Contact-UA.pdf>.

⁸ USASPENDING.GOV, PALANTIR TECHNOLOGIES INC. (Last visited June 25, 2025), <https://www.usaspending.gov/recipient/1ea8a9a4-3726-3491-9040-66950bb67606-P/latest>.

⁹ Ashley Roque, *Anduril, Meta Team Up for Army IVAS Recompete*, Breaking Defense (May 29, 2025), <https://breakingdefense.com/2025/05/anduril-meta-team-up-for-army-ivas-recompete/>.

¹⁰ Jordan Novet, *OpenAI Wins \$200 Million U.S. Defense Contract*, CNBC (Jun 16, 2025), <https://www.cnbc.com/2025/06/16/openai-wins-200-million-us-defense-contract.html?msocid=248ab3c26e21673c27dfa5cb6f8c6647>.

Sankar: As listed in Palantir’s last definitive proxy statement with the Securities and Exchange Commission,¹¹ the company reported that Sankar had a base salary of over half a million dollars and held several million shares of stock options and restricted stock units. In 2024 alone, he realized nearly 340 million dollars in stock options and awards exercised during the year. Moreover, he was deemed the beneficial owner of 1,452,685 Class A shares of Palantir stock and 3,474,398 Class B shares that would become available for exercise in 2025. Sankar’s Class A shares, which traded at \$139 per a share as of June 23, 2025, are alone currently worth \$200 million.

Bosworth: As listed in Meta’s most recent proxy statement,¹² Andrew Bosworth received a base salary in 2024 of nearly \$1 million and received a bonus of \$923,799, which was based on the performance of Meta over 2024. He also holds 42,870 restricted stock units, which had an initial value of \$20 million dollars. In total, his 2024 compensation was listed at over \$23.5 million dollars, much of it tied up in the profitability of Meta.

Conflict of Interest Laws

A. Financial Conflicts of Interest (18 U.S.C. 208)

All employees of the executive branch, including reserve military officers and special Government employees,¹³ are prohibited by the financial conflict of interest law, 18 U.S.C. 208, from participating in any particular government matter in which they, their spouse, dependent children, or companies where they are employed have a financial interest.¹⁴ Pursuant to the law, an employee is required to remove themselves from any particular government matter whenever there is a realistic “potential for gain or loss” to themselves or an imputed person or company.¹⁵ Adherence to this statutory requirement is necessary to ensure that employees are not making decisions under circumstances in which the “temptation to put a finger on the scale” in their own favor or in the favor of their outside employers exists because they have a “financial reason to prefer a particular outcome.”¹⁶

¹¹ Palantir Technologies Inc., Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 at 27, 30-37, 43 (Apr. 25, 2025),

<https://www.sec.gov/ix?doc=/Archives/edgar/data/0001321655/000132165525000057/pltr-20250424.htm>.

¹² Meta Platforms Inc., Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 at 50-52, 57-60 (April 17, 2025),

https://www.sec.gov/ix?doc=/Archives/edgar/data/0001326801/000132680125000040/meta-20250417.htm#i72a07e5831de46ff8d2cd305779ca5ad_58.

¹³ 18 U.S.C. 202(a); DEPARTMENT OF DEFENSE, JOINT ETHICS REGULATION, Ch. 5, §. 1-5.100 (May 15, 2024) (“Title 18 U.S.C. § 208 applies to Active and Reserve Component officers, and officers of the National Guard of the United States pursuant to 18 U.S.C. § 202”).

¹⁴ 18 U.S.C. § 208(a); 5 C.F.R. § 2640.103(a); 5 C.F.R. § 2635.402(a).

¹⁵ 5 C.F.R. § 2640.103(b); *United States v. Gorman*, 807 F.2d 1299, 1303 (6th Cir. 1986) *cert. denied*, 484 U.S. 815 (1987) (stating that “[g]ain or loss need not be probable for the prohibition against official action to apply”); 83 OGE 1, at 2 (Jan. 7, 1983) (“[a] Government employee has a financial interest in a particular matter when there is a real possibility that he might gain or lose as a result of developments in or resolution of the matter”).

¹⁶ Financial Interests of Nonprofit Organizations for Purposes of 18 U.S.C. § 208, 30 Op. O.L.C. 64, 80 (2006).

The U.S. Office of Government Ethics, the supervising ethics office for the executive branch, has advised that 18 U.S.C. 208 places a strict recusal requirement on employees in relation to matters involving their employers.¹⁷ Because an “employee will have an imputed interest in the entire company or organization with which [they are] employed” they are prohibited “from participating in any particular matter that has a direct and predictable effect on that entity.”¹⁸ In addition, OGE has advised that “employees who own stock in a company . . . may not participate in a particular matter affecting the company even if there is not a probable effect on the company’s stock price.”¹⁹ Although limited exceptions to the conflict of interest law apply to *de minimis* ownership of “publicly traded securities,”²⁰ no exception exists for stock options, restricted stock units, performance-based bonuses, or the imputed financial interests of an outside employer.²¹ Given the significant risks of conflict that can arise with outside employers, OGE’s regulations provide that an employee may not have outside employment if it “would require the employee’s recusal from matters so central or critical to the performance of their official duties that the employee’s ability to perform the duties of the Government position would be materially impaired.”²²

In individual circumstances the conflict-of-interest law can be waived by an employee’s agency ethics official, but only upon a good faith showing that “the disqualifying financial interest is not so substantial as to be deemed likely to affect the integrity of the employee’s services.”²³ Given serious conflict of interest concerns when an employee is asked to work on matters related to their outside employer, however, OGE has long advised that it is “unlikely that [an agency] could justify a waiver if a particular matter directly relates to the employee’s outside position.”²⁴ Recently OGE reinforced this position in a letter to Congress concerning a proposed public-private talent exchange legislation that would permit employees of for-profit companies to rotate into government service for short periods of time.²⁵ OGE explained that “[c]oncerns

¹⁷ U.S. OFFICE OF GOV’T ETHICS, CONFLICTS OF INTEREST CONSIDERATIONS: COMMON EMPLOYMENT INTERESTS 2 (2024) (“When an employee continues to hold a position [with an organization], the employee is prohibited by 18 U.S.C. § 208 from participating in any particular matters affecting the financial interest of the organization”).

¹⁸ OGE Inf. Adv. Op. 07x4 (Feb. 23, 2007).

¹⁹ OGE Legal Advisory LA-20-03 (May 1, 2020); U.S. OFFICE OF GOV’T ETHICS, CONFLICT OF INTEREST CONSIDERATIONS: ASSETS 13-14 (2024).

²⁰ 5 C.F.R. 2640.202(a)-(c).

²¹ See, e.g., 5 C.F.R. 2640.102(r) (defining the word “security” for exemption purposes to include only “common stock, preferred stock, corporate bond[s], municipal security[ies], long-term Federal Government security[ies], and limited partnership interest[s]”); U.S. OFFICE OF GOV’T ETHICS, CONFLICT OF INTEREST CONSIDERATIONS: CORPORATE EMPLOYMENT 4 (2024) (stating that stock options, RSUs, stock appreciate rights, and similar types of investments are not covered by the conflict of interest exemptions for publicly traded securities); .

²² 5 C.F.R. 2635.802(a).

²³ 18 U.S.C. 208(b)(1); 5 C.F.R. § 2640.301(a).

²⁴ OGE DAEOgram DO-06-007 at 20 (Feb. 23, 2007).

²⁵ Letter from Emory A. Rounds III, Director of the U.S. Office of Government Ethics, to Members of the Senate Select Committee on Intelligence, the House Permanent Select Committee on Intelligence, and the Senate Committee on Armed Services 2 (Sept. 9, 2019),

[https://www.oge.gov/web/OGEnsf/Congressional%20Correspondence/EDF256028D53B553852585B6005A22D6/\\$FILE/OGEnsf%20letter%20re%20IC%20public%20private%20talent%20exchange%20\(ER%20signed\).pdf?open](https://www.oge.gov/web/OGEnsf/Congressional%20Correspondence/EDF256028D53B553852585B6005A22D6/$FILE/OGEnsf%20letter%20re%20IC%20public%20private%20talent%20exchange%20(ER%20signed).pdf?open).

regarding conflicts of interest are . . . exacerbated when the outside entity has a profit motive and competitive interest in the very work to be accomplished by” the employee and therefore “waivers of such conflicts would be extremely hard to justify.”²⁶ As a result, OGE made clear that it would “object[] to the issuance of any waiver permitting an [employee] to participate in a particular matter that would affect the financial interests of [their] for-profit employer.”²⁷

B. Misuse of Position and Nonpublic Information (5 CFR § 2635.101(b), § 2635.701-.703)

In addition to the criminal conflict of interest law, employees of the executive branch have a “responsibility to the United States Government and its citizens to place loyalty to the Constitution, laws, and ethical principles above private gain.”²⁸ Pursuant to the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. § 2635, no employee is permitted to “use public office for private gain” or “give preferential treatment to any private organization or individual.”²⁹ This means, among other things, that no employee is authorized to use non-public information for their own personal gain or that of any person or organization with whom they have a private affiliation.³⁰

Congress has consistently reinforced the ethical responsibility of government officials to not use nonpublic information for personal gain. In 2012, Congress amended the insider trading laws to clarify that all executive employees have a fiduciary responsibility to not disclose or misuse information gained through the performance of their duties.³¹ And more recently, Congress enacted legislation that provided that detailees under temporary rotational assignment from a private-sector organization “shall not have access to any trade secrets or to any other nonpublic information which is of commercial value to the private-sector organization from which such employee is assigned.”³² This limitation recognized that the incentive to abuse nonpublic information is heightened when an employee is “lent” to the Department from a private sector organization. Unfortunately, this later provision of law is limited to transfer under that statute and does not apply to private sector officials commissioned in the Army Reserve.

Request for Investigation

Assigning high-level private sector officials from artificial intelligence companies to military roles overseeing the use and deployment of artificial intelligence is not an example of getting the best and the brightest. Rather, it is an example of handing the henhouse keys over to the fox. A core principle of the Federal ethics laws is that “no Government official or employee should serve two masters to the prejudice of his unbiased devotion to the interests of the United

²⁶ *Id.*

²⁷ *Id.*

²⁸ 5 C.F.R. § 2635.101(a). .101(b)(1).

²⁹ *Id.* at § 2635.101(b)(7)-(8).

³⁰ 5 C.F.R. § 2635.703

³¹ STOCK Act, Pub. L. No. 112-105, § 9(b), 126 Stat. 297-298 (codified at 15 USC 78j(h)(1), note).

³² 10 U.S.C. 1599g(f)(3).



States.”³³ Yet, with millions of dollars in contracts to be awarded to their outside employers, and the potential for significant financial gain to be reaped personally by these advisors, one cannot emphasize how heavy the “temptation to put a finger on the scale” in favor of their outside employers will be for these officials.

Unfortunately, this is not the first time that the Department of Defense has had significant conflict of interest issues arising from utilizing outside advisors.³⁴ In 2009, the Department came under scrutiny for hiring retired generals, many of whom held outside employment with defense contractors, as “senior mentors.”³⁵ Luckily, resulting congressional and Inspector General oversight led to significant changes to that program which ensured that such advisors filed public financial disclosure reports and adhered to the ethics laws.³⁶ Given what appears to be the clear conflicts of interests between Detachment 201’s private sector appointees’ public sector responsibilities and their private interests, it seems that the Department has not learned its lesson.

For this reason, it is vital that you undertake an investigation into whether the named officials are engaged in activities that may result in a financial benefit to their employers, including through siphoning commercially important nonpublic information, before serious damage occurs. To that end, Democracy Defenders Fund respectfully requests that your office consider whether there are any ongoing or potential violations of 18 U.S.C. § 208 or the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. § 2635. We also request that you consider instituting a continuous audit of the Department’s AI contracts and financial assistance agreements to ensure that no private sector official is utilizing their public office for private gain. Absent the application of effective internal controls, such as heightened monitoring, it seems inevitable that these officials will, inadvertently or intentionally, be placed in a position in which they could advantage their outside employers.

Sincerely,

/s/
Virginia Canter
Chief Counsel for Ethics and Anticorruption
Democracy Defenders Fund

/s/
Christopher Swartz
Senior Ethics Counsel
Democracy Defenders Fund

³³ *Applicability of 18 U.S.C. § 209 to Acceptance by FBI Employees of Benefits Under the “Make A Dream Come True” Program*, 21 Op. O.L.C. (1997) (quoting *Business Organizations Defraying Expenses of Agents of the Department of Commerce*, 33 Op. Att’y Gen. 273, 275 (1922)).

³⁴ Bob Brewin, *Defense’s Senior Mentor Slush Fund*, NextGov (Dec. 21, 2009), <https://www.nextgov.com/digital-government/2009/12/defenses-senior-mentor-slush-fund/52847/>.

³⁵ Tom Vanden Brook *et al.*, *Military’s “Senior Mentors” Cashing In*, USA TODAY, Nov. 18, 2009, at IA

³⁶ Dana Liebelson, *98 Percent of Former Military Officers Drop Out of Pentagon Program After Financial Disclosure*, PROGRAM ON GOVERNMENT OVERSIGHT (Nov. 9, 2011), <https://www.pogo.org/analysis/98-percent-of-former-military-officers-drop-out-of-pentagon-program-after-financial-disclosure>.