



Committee on Transportation and Infrastructure
U.S. House of Representatives

Peter A. DeFazio
Chairman

Washington, DC 20515

Sam Graves, MO
Ranking Member

October 11, 2019

Katherine W. Dedrick, Staff Director

Paul J. Sass, Republican Staff Director

Calvin L. Scovel III
Inspector General
Office of Inspector General
United States Department of Transportation
1200 New Jersey Avenue SE
Washington, D.C. 20590

Dear Inspector General Scovel:

I am concerned about recent press reports regarding potential conflicts of interest involving Secretary Elaine Chao.

Earlier this week, *Politico* reported that 25 percent of Secretary Chao's meetings with local officials between January 2017 and March 2018 were with individuals from Kentucky, the same state her husband, Senate Majority Leader Mitch McConnell, represents in the U.S. Senate.¹ The report noted that requests for meetings with Secretary Chao are typically forwarded from Senator McConnell's office to Secretary Chao's Chief of Staff, who previously worked on Senator McConnell's Senate campaign.²

This news followed an earlier report that Secretary Chao had asked her Chief of Staff to serve as an intermediary between her office and Senator McConnell's office, and that he had helped advise the senator and local Kentucky officials on federal grants of particular significance to Senator McConnell.³ Allegations included the steering of discretionary grants to fund these projects. I would expect Secretary Chao to meet with individuals from her home state more regularly than other states, but the sheer volume of meetings with local officials from Kentucky when compared to meetings with local officials from the rest of the country creates an appearance of favoritism that is troubling. Even more troubling is the fact that Senator McConnell's campaign touted the *Politico* article on social media saying, "Mitch McConnell is a Kentucky Asset."

¹ Tanya Snyder, Tucker Doherty & Arren Kimbel-Sannit, "Elaine Chao favored Kentuckians in meeting with officials seeking grants," *Politico*, Oct. 7, 2019, accessed here: <https://www.politico.com/news/2019/10/07/elaine-chao-kentucky-officials-grants-028412>.

² Ibid.

³ Tucker Doherty and Tanya Snyder, "Chao created special path for McConnell's favored projects," *Politico*, June 10, 2019, accessed here: <https://www.politico.com/story/2019/06/10/mcconnell-elaine-chao-1358068>.

News reports have also raised questions regarding Secretary Chao's actions relating to her family's shipping business. Earlier this year, it was reported that Secretary Chao attended a 2017 contract-signing ceremony involving the Foremost Group, a shipping company founded by her father and at which her sister serves as chief executive, and Sumitomo Group of Japan, who was subject to Department of Transportation oversight.⁴ The same report noted that Secretary Chao canceled a planned trip to China in 2017 after officials at the American embassy in Beijing raised ethical concerns when the Secretary's office asked to have family members from the Foremost Group participate in official events.⁵

Additionally, news reports have also raised questions about Secretary Chao's adherence to her federal ethics agreement in which she agreed to divest certain assets to prevent her personal finances from creating conflicts of interest. In particular, it has been reported that the Secretary retained stock in Vulcan Materials, a stone and asphalt producer, as opposed to accepting a cash payment for her stock options in the company, as provided for in her ethics agreement.⁶

I respectfully request that you investigate these matters and report back to this committee on your findings. Any questions regarding this request should be directed to Douglas Pasternak, Director of Investigations and Oversight for the Majority at (202) 226-3357.

Thank you for your assistance in this matter.

Sincerely,


PETER A. DeFAZIO
Chair

cc: SAM GRAVES, Ranking Member

⁴ Michael Forsythe & Eric Lipton, "For the Chao Family, Deep Ties to the World's 2 Largest Economies," *New York Times*, June 2, 2019, accessed here: <https://www.nytimes.com/2019/06/02/us/politics/transportation-secretary-elaine-chao.html>.

⁵ Ibid.

⁶ Eric Lipton, "Transportation Secretary Elaine Chao Sells Stock in Highway Supply Company," *New York Times*, June 13, 2019, accessed here: <https://www.nytimes.com/2019/06/13/us/politics/elaine-chao-vulcan-stock.html>.