

**American Democracy Legal Fund
455 Massachusetts Avenue, NW
Washington, DC 20001**

June 18, 2019

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

Re: Investigation of Secretary of Transportation Elaine Chao

Dear Inspector General Scovel:

We respectfully request that your office conduct an immediate investigation into allegations that Secretary Chao steered millions of dollars in federal grants to her husband Senator Mitch McConnell's home state of Kentucky. Secretary Chao's actions — the latest in a series of ethical abuses — appear to be a flagrant misuse of her official position, and may be a violation of federal ethics rules prohibiting federal employees from participating in conflicts of interest.

Factual Background

The Department of Transportation (“DOT”) is responsible for administering federal grants for infrastructure projects throughout the country. In an apparent deviation from the DOT's normal system for processing grant applications, Secretary Chao reportedly designated a special liaison specifically to help with projects from her husband Senator McConnell's home state — projects that received federal funding just as he prepared to campaign for reelection.¹

The specially appointed liaison, Todd Inman, informed McConnell's office that Secretary Chao personally asked him to serve as an intermediary to assist Senator McConnell and local Kentucky officials with federal grants important to McConnell.² In a February 2017 email to McConnell's chief of staff, Inman wrote, “The Secretary has indicated if you have a Ky-specific issue that we should flag for her attention to please continue to go through your normal channels but feel free to contact me directly as well so we can monitor or follow up as necessary.”³

Inman appears to have succeeded in his role as special liaison. Kentucky projects favored by McConnell received nearly \$80 million in federal grants under Secretary Chao.⁴ One of those projects, a highway-improvement proposal located in a political stronghold for McConnell, was previously twice rejected for funding.⁵

¹ See Tucker Doherty and Tanya Snyder, *Chao Created special path for McConnell's favored projects*, POLITICO (June 10, 2019), <https://www.politico.com/story/2019/06/10/mcconnell-elaine-chao-1358068>.

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

Other states do not appear to have access to a private intermediary, suggesting that Secretary Chao's use of a liaison to advance Kentucky infrastructure projects was for the benefit of her husband's political career.⁶ Indeed, the federal grants in question have been touted by Senator McConnell as a political achievement.⁷ Just days before officially launching his 2020 reelection campaign, Senator McConnell visited a grant recipient site and celebrated his achievements.⁸

Legal Allegations

Federal ethics regulations prohibit a federal employee from using her public office for her own private gain or for the private gain of relatives.⁹ Consistent with this prohibition, a federal official may not use her authority to coerce or induce another person "to provide any benefit, financial or otherwise" to relatives.¹⁰ Additionally, a federal employee generally may not participate in a matter involving the financial interests of a member of her household, or more broadly in any matter that creates even the appearance of impartiality.¹¹

Secretary Chao reportedly directed a special liaison to work with Senator McConnell's office, a resource beyond the "normal channels" of the DOT's grant approval process and unavailable to other states. By providing special resources to her husband's office and paving the way for millions of taxpayer dollars to be funneled into politically favorable projects, Secretary Chao appears to have misused the duties of her office and brazenly exploited a conflict of interest for personal gain.

Secretary Chao's Pattern of Ethical Violations

Boosting projects politically advantageous to her husband at the expense of taxpayers is only the latest infringement of ethics standards Secretary Chao has purportedly committed during her time at the helm of the DOT. Earlier this month, reports surfaced that Secretary Chao used government resources to help plan family travel and planned to involve family members in meetings relevant to their business interests during an official trip abroad.¹² The trip was abruptly canceled following ethics questions by reporters.¹³ And, despite pledging to divest from a company receiving government contracts to build the highway system DOT oversees, Secretary Chao reportedly kept stock in the company, which has since appreciated, creating a clear conflict of interest.¹⁴ Secretary Chao only sold her shares following public scrutiny over her failure to abide by her ethics pledge.¹⁵

⁶ *Id.*

⁷ *Id.* Secretary Chao's close relationship with her husband's office has been well documented. As of February 2019, Secretary Chao had met at least ten times with Kentucky politicians and business leaders at the request of Senator McConnell's office. See Tanya Snyder, *Emails reveal coordination between Chao, McConnell offices*, POLITICO (Feb. 19, 2019), <https://www.politico.com/story/2019/02/19/mitch-mcconnell-elaine-chao-relationship-1163655>.

⁸ See Doherty & Snyder, *supra* note 1.

⁹ 5 C.F.R. § 2635.702.

¹⁰ *Id.* § 2635.702(a).

¹¹ *Id.* § 2635.502(a).

¹² See Michael Forsythe, Eric Lipton, Keith Bradsher, and Sui-Lee Wee, *A 'Bridge' to China, and Her Family's Business, in the Trump Cabinet*, N.Y. TIMES (June 2, 2019), <https://www.nytimes.com/2019/06/02/us/politics/elaine-chao-china.html>.

¹³ *Id.*

¹⁴ See Elliot Hannon, *Transportation Secretary Chao Pledged to Divest From Company Doing Business With Government. She Didn't.*, SLATE (May 28, 2019), <https://slate.com/news-and-politics/2019/05/transportation-secretary-chao-pledged-divest-vulcan-conflict-of-interest.html>; see also 5 C.F.R. § 2634.803(a)(4) ("Any ethics agreement approved by the Office

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Secretary Chao has engaged in a pattern of ethical abuses undermining her impartiality as head of the DOT. We respectfully request that you take immediate action to investigate these alleged violations of federal ethics law and any other violations Secretary Chao may have committed.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Woodhouse". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brad Woodhouse,
American Democracy Legal Fund

of Government Ethics during its review of a nominee's financial disclosure report may not be modified without prior approval from the Office of Government Ethics.”)

¹⁵ See Ted Mann and Brody Mullins, *Elaine Chao Sells Vulcan Stock Holdings*, WALL STREET JOURNAL (June 13, 2019), <https://www.wsj.com/articles/elaine-chao-sells-vulcan-stock-holdings-11560464226>.