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Congress of the United States  
House of Representatives  
Washington, DC 20515-3507

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TRANSPORTATION AND  
INFRASTRUCTURE COMMITTEE  
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RANKING MEMBER,  
COAST GUARD AND MARITIME TRANSPORTATION  
HIGHWAYS AND TRANSIT  
OVERSIGHT AND REFORM COMMITTEE  
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NATIONAL SECURITY

The Honorable Sean O'Donnell  
U.S. Department of Defense - Office of Inspector General  
4800 Mark Center Drive  
Alexandria, VA 22350-1500

Dear Mr. O'Donnell:

As you may be aware, a recent House Committee on Oversight and Reform (COR) hearing and public news reports have raised serious questions about the business practices of McKinsey & Company (McKinsey), a global consulting business headquartered in the United States. Specifically, McKinsey's internal rules governing organizational conflicts of interest appear to be insufficiently enforced, if at all. McKinsey appears to share confidential client information across their teams internally, and McKinsey does not appear to follow basic protocols to keep client information confidential.

While McKinsey insists it has barriers in place to ensure that its work for one client does not bias its engagements on behalf of other clients, recent investigations suggest otherwise. An April 2022 [report](#) from the House Committee on Oversight and Reform shows that McKinsey allowed nearly two dozen employees to work both for Purdue Pharma, a leading opioid manufacturer, and the FDA, Purdue's principal regulator. The evidence contained within the report suggests that McKinsey employees may have passed confidential information gleaned from their work with the agency to executives at Purdue.<sup>1</sup> This resulted in the Food and Drug Administration announcing a halt to new contracts with McKinsey while it conducted a review of the company's policies regarding conflicts of interest.<sup>2</sup>

This information, combined with an investigation by the Securities and Exchange Commission revealing McKinsey having failed to establish protocols preventing a subsidiary from accessing confidential information regarding the firm's third-party clients, as required by law, warrants deep concern over McKinsey's practices across their entire portfolio.<sup>3</sup>

Specifically, McKinsey's extensive work for the Department of the Defense (DOD) is in dire need of scrutiny given their troubling and extensive work for Chinese companies with close ties to the Chinese Communist Party (CCP) and the Chinese People's Liberation Army (PLA). These "client connections" were revealed in a 2020 bankruptcy court filing for a McKinsey subsidiary,

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<sup>1</sup> <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022-04-13.McKinsey%20Opioid%20Conflicts%20Majority%20Staff%20Report%20FINAL.pdf>

<sup>2</sup> <https://www.nbcnews.com/news/fda-halt-mckinsey-contracts-federal-probes-opioid-work-rcna26160>

<sup>3</sup> <https://www.sec.gov/news/press-release/2021-241>

showing extensive work for Chinese state-owned enterprises (SOEs) and private companies.<sup>4</sup> This list includes drone maker DJI and the China Communications Construction Company (CCCC). Both were blacklisted by the U.S. Department of Commerce's in 2020 over national security concerns. CCCC has even been an essential partner in the Chinese military's buildup, building artificial island for the Chinese Navy in their aggressive expansion and dubious territorial claims.<sup>5</sup>

In accordance with Beijing's laws—including its policies promoting "Military-Civil Fusion"—General Secretary of the CCP Xi Jinping has repeatedly emphasized the need for the Chinese government to break down all barriers between the military and civilian sectors of the economy.<sup>6</sup> McKinsey's work in this sphere is in direct conflict with American national security. Many of their Chinese clients have a direct interest in the weakening of American power, the lessening of our economic might, and the shrinking of our international standing. Their work on behalf of Chinese SOEs, and other firms, is tantamount to work on behalf of the CCP and could lead to direct or indirect support for the PLA and the advancement of their political and military objective.

Despite these revelations, it appears that DOD continues to award lucrative contracts to McKinsey.<sup>7</sup> Their DOD work is of particular concern because of McKinsey's engagement with the People's Republic of China (PRC) and Chinese state-owned enterprises, including Chinese companies that comprise China's military industrial complex.

As such, we write to request that DOD pause the awarding of any new contracts to McKinsey until a comprehensive review of all current and expired contracts between DOD and McKinsey can be conducted and its findings presented to Congress. This review should examine McKinsey's business practices, including its ties with entities affiliated with the CCP and the PLA. We request this review investigate whether and what potential national security threats that have arisen from their consulting business with DOD. Additionally, we urge you to demand McKinsey's full cooperation with this review.

Thank you for your prompt attention to this urgent national security issue.

Sincerely,



Bob Gibbs  
Member of Congress

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<sup>4</sup> <https://drive.google.com/file/d/1LnywtDsyqoqgKF6AQshLgnOK6czRk4z/view>

<sup>5</sup> <https://www.washingtonpost.com/technology/2020/12/18/china-smic-entity-list-ban/>

<sup>6</sup> <https://www.state.gov/wp-content/uploads/2020/05/What-is-MCF-One-Pager.pdf>

<sup>7</sup> <https://www.defense.gov/News/Contracts/Contract/Article/2970386/>