

United States Senate

August 25, 2022

The Honorable Peggy Gustafson
Office of Inspector General
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Dear Inspector General Gustafson:

As the Inspector General of the Department of Commerce, it is your duty to monitor all of the agency's actions, ensure its full compliance with the law and accountability to taxpayers. With the passage and enactment of the *CHIPS and Science Act*, I write to urge vigorous and timely oversight of your agency's issuance of grants authorized by this law and ask for your office to ensure a positive return on investment for the American people. Let's be clear about what this law authorizes: billions in American taxpayer dollars will be used to prop up and facilitate investments for profitable, multibillion-dollar companies. It is imperative that your office guarantees rules are followed and companies do not take taxpayer money without maximum oversight.

In March of this year, I questioned Intel CEO Patrick Gelsinger during a hearing in the U.S. Senate Committee on Commerce, Science and Transportation on how the government funds in the *CHIPS and Science Act* would provide a monetary return to hardworking American taxpayers. Regrettably, he was unable to directly answer my questions, and my office never received written analysis as to how grants to companies, like Intel, would achieve a real return. This is not how we, as the fiduciaries of the American taxpayer, should operate.

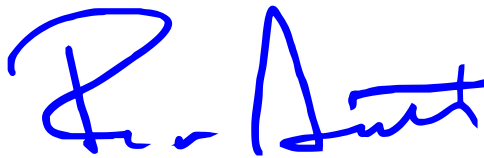
Additionally, in response to my questions about what his company's reaction would be to an invasion of Taiwan by the Chinese Communist Party, Mr. Gelsinger doubled down on his commitments to continue operating in Communist China for the foreseeable future. This is unacceptable and shows a blatant disregard for the interests of American taxpayers. If taxpayer funds are granted to companies and they continue to make "material expansion" in Communist China, it is your duty to claw back all investments. I urge your office to closely monitor how the Commerce Department defines "material expansion" to ensure a narrow definition to prevent any taxpayer subsidizing investments in Communist China. Ultimately, not one penny from the American taxpayer should go toward benefiting economic growth in Communist China.

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With this massive handout coming to the semiconductor industry, it is of the utmost importance that we have an Inspector General who understands the grave issues at hand. It was recently reported that for the past few years, nearly 90% of all applications for exports of sensitive technologies to Communist China have been approved by the Commerce Department.¹ This is unacceptable and needs to be addressed before American tax dollars are distributed for the production of even more advanced technology. We cannot continue to support the long-term ambitions of global dominance by the Chinese Communist Party in the name of short-term commercial gain.

I look forward to working with your office on these issues moving forward.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott". The signature is stylized with a large initial "R" and a prominent "S".

Rick Scott
United States Senator

¹ U.S. Approves Nearly All Tech Exports to China, Data Shows, Wall Street Journal, August 16, 2022, <https://www.wsj.com/articles/u-s-approves-nearly-all-tech-exports-to-china-data-shows-11660596886>