

May 16, 2025

The Honorable Pete B. Hegseth
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301

Dear Secretary Hegseth,

As Chair of the U.S. Senate Committee on Small Business and Entrepreneurship, I uncovered a troubling pattern among a small group of companies that are the largest recipients of taxpayer dollars through the Department of Defense (DoD)'s Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. A review of the 25 companies in DoD's SBIR-STTR programs with the most awards from fiscal year 2010 to fiscal year 2023 (receiving 7,251 awards amounting to a total of \$3.23 billion) showed that six of these firms had concerning ties to the Chinese Communist Party (CCP): Triton Systems, Luna Innovations Inc., Lynntech Inc., TDA Research Inc., Nanosonic Inc., and Kitware Inc.¹ Despite their significant ties to China that jeopardized taxpayer-funded technologies, under the Biden Administration, these six companies still received nearly \$180 million in DoD SBIR-STTR awards in 2023 and 2024.² This is unacceptable.

Since 2022, I have demanded vetting of all applicants to the SBIR and STTR programs for potential ties to America's foreign adversaries. As a result of my reforms in the *SBIR and STTR Extension Act of 2022* (P.L. 117-183) and subsequent oversight, all 11 agencies in the SBIR and STTR programs have foreign ties due diligence procedures in place as of mid-2023.³ Nonetheless, I am deeply concerned that sophisticated companies equipped to hire consultants, grant writers, and lobbyists continue to exploit due diligence loopholes to collect hundreds of millions in SBIR-STTR awards that may ultimately benefit China.

I have attached my report detailing these connections between the largest DoD SBIR-STTR recipients and CCP-linked entities. The report also proposes policy reforms necessary to protect critical technologies in the SBIR-STTR programs from our adversaries. I urge you to investigate these six companies on their troubling ties to adversaries and, if necessary, stop all awards to these companies.

I am grateful for your commitment to spend each taxpayer dollar carefully and in pursuit of America's national security and warfighting capability. We must demand the very best for our men and women in uniform and for all taxpayers. I look forward to working with you on bolstering research security measures in DoD's SBIR and STTR programs. Thank you for your

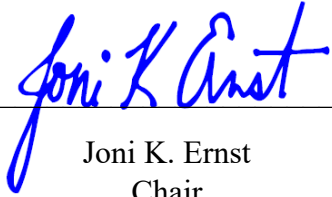
¹ See Attachment A, Figure 3: Foreign Adversarial Risks of SBIR Mills.

² See Attachment A, Figure 5: SBIR Mills and Award Dollars/Count (2023-2024).

³ SBIR and STTR Extension Act of 2022, Pub. L. No. 117-183, [§4\(b\)\(2\)](#), 136 Stat. 2182.

prompt attention to this important matter. If you have any questions, please do not hesitate to contact me or my Committee staff at (202) 224-5175.

Sincerely,



Joni K. Ernst
Chair