

Congress of the United States

Washington, DC 20515

July 13, 2023

Mr. Andre Pienaar
Chief Executive and Founder
C5 Capital
1701 Pennsylvania Ave, NW
Washington, D.C. 20006

Dear Mr. Pienaar:

Senator Grassley has led oversight efforts in Congress to better understand the Department of Defense's (DOD) ill-fated JEDI cloud computing contract. The contract's historic \$10 billion size, and the lack of clarity surrounding the role you and Ms. Sally Donnelly played in the process leading up to its award, implicate the interests of taxpayers and the public's right to know whether conflicts of interest may have clouded the process. As we described in a letter to Ms. Donnelly, significant questions remain that were not properly addressed in the Department of Defense (DOD) Inspector General's (OIG) 2020 report.¹ Namely the ongoing relationship C5 Capital, through its subsidiary VMAP Investor LLC (VMAP), had with Ms. Donnelly while she was a Senior Advisor to Secretary of Defense James Mattis.

Late last year, you provided access to Senator Grassley's staff to view the purchase and sale agreement between C5 subsidiary, VMAP, and Ms. Donnelly for the purchase of her consulting company, SBD Advisors.² While we appreciate your assistance in this regard, the underlying transaction raised questions that have never been sufficiently answered.

Although VMAP continued to pay Ms. Donnelly during her tenure at DOD, Ms. Donnelly only reported a single \$390,000 payment in her initial financial disclosure.³ This is despite the fact that VMAP/C5 had already paid Ms. Donnelly a second installment payment of \$390,000 two months before that disclosure.⁴ Ms. Donnelly also failed to report the purchaser of her firm to DOD's ethics officials, which would have been significant to their ethics analysis, given C5's ties to Amazon, a bidder for DOD cloud services.

¹ U.S. Department of Defense, Office of the Inspector General, Report on the Joint Enterprise Defense Infrastructure (JEDI) Cloud Procurement (April 13, 2020), [https://media.defense.gov/2020/Apr/21/2002285087-1-1/1/REPORT%20ON%20THE%20JOINT%20ENTERPRISE%20DEFENSE%20INFRASTRUCTURE%20\(JEDI\)%20CLOUD%20PROCUREMENT%20DODIG-2020-079.PDF](https://media.defense.gov/2020/Apr/21/2002285087-1-1/1/REPORT%20ON%20THE%20JOINT%20ENTERPRISE%20DEFENSE%20INFRASTRUCTURE%20(JEDI)%20CLOUD%20PROCUREMENT%20DODIG-2020-079.PDF).

² Letter, from Senator Charles E. Grassley, Ranking Member, U.S. Senate Comm. on the Judiciary, to Mr. Lloyd J. Austin, Secretary of Defense, and Ms. Sean O'Donnell, Acting Inspector General, Dep't of Defense (October 24, 2022), https://www.grassley.senate.gov/imo/media/doc/grassley_to_defense_deptdefenseinspectorgeneralsbdadvisorsllcconflictsofinterestreview1.pdf.

³ OGE Form 278, on file with staff.

⁴ *Id.*; letter from Senator Charles E. Grassley, *supra* n. 2.

C5 Capital also continued to conceal its role in the January 2017 transaction, releasing a press release the next year saying that it had just purchased SBD Advisors, even though its own portfolio company had purchased it directly the year before.⁵ In that release, you said that you were, “delighted with the world class SBD team joining the growing ITC Group [C5],” even though your company, C5-subsidiary VMAP, had actually purchased the firm 14 months before that.⁶ C5 followed that up by telling reporters that, “Neither C5 Capital nor any of its venture capital funds or employees bought any shares from Sally Donnelly in January 2017 when she sold her interest in the firm before commencing public service . . . Sally Donnelly did not receive any compensation from C5 or its portfolio companies while in government.”⁷ We now know that this statement was false.

When the OIG, during the investigation of the JEDI contract, asked Ms. Donnelly who purchased her firm, she answered that: “Andre Pienaar was *the organizer of the sale of SBD*.”⁸ The OIG allowed this response to pass without further questioning.⁹ Ms. Donnelly agreed at that time to provide the OIG with the Purchase and Sale Agreement for SBD Advisors, but she instead provided a copy of the contract to OIG with the purchaser, the most critical piece of information in an ethics review, redacted.¹⁰ It is puzzling that Acting Inspectors General Glenn Fine and Sean O’Donnell found this sufficient, despite this critical piece of information missing.

These facts taken together leave the lingering impression that Ms. Donnelly and C5 intentionally failed to disclose the fact that C5 had an ongoing relationship, through VMAP’s ongoing payments to Ms. Donnelly, while she served as a key advisor to Secretary Mattis. And that leaves the obvious question of why. While we don’t yet know the answer to that question, we do know that during Ms. Donnelly’s tenure at DOD, she played a role in arranging meetings between Amazon officials and Secretary Mattis, as well as advancing Amazon’s interests.

Accordingly, so that Congress may conduct independent oversight of your role in the JEDI Cloud procurement, and in preparation of a transcribed interview, please provide the following records¹¹ no later than July 27, 2023:

⁵ Press release, *C5 Capital-backed ITC Secure Acquires US-based SBD Advisors*, Private Equity Wire (March 4, 2018), <https://www.privateequitywire.co.uk/2018/04/03/262826/c5-capital-backed-itc-secure-acquires-us-based-sbd-advisors>.

⁶ *Id.*

⁷ *JEDI: Secretive, Influential Consulting Firm’s Close Ties to Amazon Web Services and DOD Raise Additional Questions Around JEDI Contract*, The Capitol Forum, Vol. 6 No. 225, June 8, 2018, on file with staff.

⁸ Dep’t of Defense, Office of Inspector General, Recorded Transcription, Interview of Sally B. Donnelly, (August 15, 2019), page 6 (emphasis added), on file with staff.

⁹ *Id.*

¹⁰ *Id.* At 12; Letter from Sean W. O’Donnell, Acting Inspector General, Dep’t of Defense, Office of Inspector General, to Rep. Yvette Herrell, Member, United States House of Representatives (March 8, 2022), on file with staff.

¹¹ “Records” include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (e-mails, email attachments, and any other electronically-created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether or not they resulted in final documents).

1. An unredacted copy of the January 2017 Purchase and Sale Agreement.
2. All records between and among you or any party associated with C5 or VMAP Investors LLC, and Sally Donnelly, Anthony DeMartino, or any DOD official, related to Amazon or the JEDI cloud procurement.
3. All records between and among you or anyone at C5 or its subsidiaries or affiliates and anyone with anyone at Amazon, related to Sally Donnelly, SBD Advisors, ITC Global, and the JEDI cloud contract.
4. Financial records reflecting any payments pursuant to the January 2017 Purchase and Sale Agreement, including but not limited to each of the purported \$390,000 payments previously referenced in the DoD OIG Report.
5. Financial records of all payments from Amazon, or any person or entity acting on behalf of Amazon, received by you, C5 Capital, or any of its subsidiaries, officers, or employees at any time from 2015 to the present.
6. Financial records relating to any consideration you paid in connection with the sale of SBD Advisors, whether pursuant to the Purchase and Sale Agreement or not.
7. All agreements and financial records relating to and consideration paid to Pallas Advisors (or any related entity) from Amazon (or any related entity), or C5 (or any related entity).
8. All records reflecting communications between and among you or your representatives and any C5 entity or person in connection with SBD Advisors.

We reserve the right to make additional document or information requests should we deem it necessary to advance this congressional investigation. Thank you for your cooperation in this important matter.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Budget



Nancy Mace
Member of Congress
Committee on Oversight & Accountability