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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

April 20, 2026

The Honorable Paul Atkins  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Chairman Atkins,

I write regarding reports that a broker for Secretary of Defense Pete Hegseth attempted to make a multimillion dollar investment in a defense industry fund prior to the U.S.-Israel attacks on Iran.<sup>1</sup> The reporting raises concerns about the possibility that highly sensitive, material non-public information on U.S. military activities could have been misappropriated for a Cabinet-level official's personal gain. If accurate, these reports suggest that Secretary Hegseth may have engaged in a serious abuse of public trust. The Securities and Exchange Commission (SEC) is responsible for enforcing federal securities law, including laws governing fraud and insider trading. Failure to address this type of potential corruption undermines the confidence investors around the world place on the integrity of our markets and puts our national security at risk. I request that the SEC investigate any attempt by Secretary Hegseth or any other individual to trade on the basis of misappropriated insider information.

On February 28, 2026, without congressional authorization, President Trump—alongside Israel—launched strikes across Iran.<sup>2</sup> As of today, thirteen U.S. military service members have been killed and more than 300 wounded. Thousands more people, many of them civilians, have been killed across the Middle East.<sup>3</sup> Defense Secretary Hegseth is “among the chief architects of the war in Iran, and also served as one of the Trump administration’s most vocal advocates for the attack on the Islamic republic.”<sup>4</sup>

According to a Financial Times report, “[a] broker for Pete Hegseth, the US defence secretary, attempted to make a big investment in major defence companies in the weeks leading up to the

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<sup>1</sup> Financial Times, “Pete Hegseth’s broker looked to buy defence fund before Iran attack,” Paul Murphy, Harriet Agnew, Joshua Franklin, et al., March 30, 2026, <https://www.ft.com/content/744ea8dc-6d93-4fe9-a5e3-36de4f5d06db?syn-25a6b1a6=1>.

<sup>2</sup> The New York Times, “Iran War Timeline: Key Moments and Attacks,” Ashley Ahn, April 8, 2026, <https://www.nytimes.com/2026/04/07/world/middleeast/iran-war-trump-us-israel-oil-strait-of-hormuz.html>.

<sup>3</sup> Reuters, “How Many People Have Been Killed in the Iran War?” Nayera Abdallah and Menna Alaaeldin, April 10, 2026, <https://www.reuters.com/world/middle-east/how-many-people-have-been-killed-us-israel-war-iran-2026-04-07/>.

<sup>4</sup> *Supra* note 1.

US-Israeli attack on Iran.”<sup>5</sup> The reporting further specified that “Hegseth’s broker at Morgan Stanley contacted BlackRock in February about making a multimillion-dollar investment in the asset manager’s Defense Industrials Active ETF [Exchange-Traded Fund] ... shortly before the US launched military action against Tehran.”<sup>6</sup> The ETF, according to BlackRock, invests in companies that “may benefit from increased government spending on defense and security amid geopolitical fragmentation and economic competition.”<sup>7</sup> The investment was not executed, as the fund was not yet available to clients of Morgan Stanley.<sup>8</sup>

Federal law prohibits trading in securities on the basis of material, nonpublic information with intent to deceive and in breach of a duty of trust or confidence.<sup>9</sup> Congress also specifically provided that government employees, including executive branch officers, are “not exempt from insider trading prohibitions arising under the securities laws,”<sup>10</sup> specifying that each such individual “owes a duty arising from a relationship of trust and confidence to the United States Government and to the citizens of the United States with respect to material, nonpublic information derived from their positions as executive branch employees.”<sup>11</sup> Further, Congress provided for penalties, not just for securities fraud executed, but also attempts to commit securities fraud.<sup>12</sup>

If accurate, the recent public reporting suggests that, prior to launching a military conflict that he was instrumental in planning, the Secretary of Defense may have misappropriated top secret military information for personal financial gain. Although a Pentagon spokesperson denied that “Secretary Hegseth [or] any of his representatives approached BlackRock about any such investment,” the Financial Times has stood by its reporting. At minimum, any real or perceived corruption related to insider trading by administration officials or their agents threatens to harm investors and erodes confidence in the market. Any unauthorized disclosure of classified information about impending military action, in pursuit of personal financial gain or otherwise, puts service members and our national security at risk.

This alleged misconduct would be just the latest in a growing list of administration insiders that appear to be using government information for personal gain. For example, ProPublica recently reported, “The week before President Donald Trump unveiled bruising new tariffs that sent the stock market plummeting, a key official in the agency that shapes his administration’s trade policy sold off as much as \$30,000 of stock. Two days before that so-called ‘Liberation Day’ announcement on April 2, a State Department official sold as much as \$50,000 in stock... More than a dozen high-ranking executive branch officials and congressional aides have made well-timed trades since Trump took office in January, most of them selling stock before the market plunged amid fears that Trump’s tariffs would set off a global trade war.”<sup>13</sup> The SEC must do its part to stem corrupt actions that threaten market integrity and national security.

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<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> Insider Trading Law & Compliance AB 2017, “Overview of the Law of Insider Trading,” Harry S. Davis, [https://legacy.pli.edu/product\\_files/Titles/4553/%23172874\\_Insider%20Trading%20AB%202017\\_20161005095421.pdf](https://legacy.pli.edu/product_files/Titles/4553/%23172874_Insider%20Trading%20AB%202017_20161005095421.pdf).

<sup>10</sup> Stop Trading on Congressional Knowledge Act of 2012, Public Law 112-105, § 9(b)(1).

<sup>11</sup> *Id.* § 9(b)(2)(B)(1).

<sup>12</sup> 18 U.S.C. 1348.

I request responses to the following questions by May 15, 2026:

1. If an individual were to make stock or stock fund trades based on top-secret, material information, would that represent a potential violation of insider trading laws?
2. Has the SEC investigated reports of attempted trading by Secretary of Defense Pete Hegseth, or any individual or entity associated with him?
3. If yes, what is the status of this investigation? If not, why not?
4. Has the SEC received any other allegations of insider trading by Trump Administration officials or closely related individuals, including related to military action?
5. Has the SEC investigated other reports of insider trading by Trump Administration officials or closely related individuals, including related to military action?

Sincerely,



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Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs

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<sup>13</sup> ProPublica, “More Than a Dozen U.S. Officials Sold Stocks Before Trump’s Tariffs Sent the Market Plunging,” Robert Faturechi, Pratheek Rebala, Brandon Roberts, May 22, 2025, <https://www.propublica.org/article/us-officials-stock-sales-trump-tariffs>.