

Opening Statement of Chairman Richard Blumenthal
“Foreign Influence in the United States: Reviewing Boston Consulting Group, McKinsey & Company, M. Klein and Company, and Teneo’s Compliance With Congressional Subpoenas”
U.S. Senate Permanent Subcommittee on Investigations
February 06, 2024

This hearing will come to order. Apologies for beginning a little bit late, we have a vote ongoing. We’re going to have another at about 5:30PM. But I want to thank the four individuals who are witnesses today for being with us, and thank as well my friend Senator Johnson, as Ranking Member, for his cooperation and his support in moving forward with this hearing. A lot going on of historic magnitude before the United States Senate, but the issue before us today is truly of historic consequence in precedential and practical import.

The issue is in fact whether four companies, sitting here today represented by a very able leadership, accept their obligation to respond to congressional subpoenas. Their apparent refusal to do so in full is not only unprecedented, but it threatens opening a door to other United States companies cloaking themselves from scrutiny whenever they work for a foreign government or even a foreign state-owned enterprise. This potential shield invoked by these four consultants risk blocking not only this Subcommittee but all of Congress from obtaining information needed to do our job.

This Subcommittee has long engaged in investigations into United States companies and foreign entities. It has engaged in negotiations over the scope of responsive materials. It has received documents and ensured their confidentiality. But it has never, ever conceded to a blanket-sweeping claim of foreign sovereign immunity over commercial documents in the possession of an American company. It may seem like a technical issue to you, but it is of critical, historic consequence to the United States Congress in doing its job.

It’s simply staggering to me that American companies are not only willing to accept this claim, allowing the Saudi government to determine what is permitted to provide this Subcommittee, but also that they would use it to justify their refusal to comply with a duly-issued congressional subpoena. A congressional subpoena is not a request. It carries the full weight of the law, the failure to respond to it carries with it serious consequences.

It is even more staggering that Saudi Arabia is threatening employees of your companies with imprisonment if the documents we are seeking are not produced. Staggering to me. Outrageous.

Perhaps we shouldn’t be surprised. We began this inquiry last summer, because of our concerns that Saudi Arabia, a country with an abhorrent human rights record, was trying to take over American golf and use that institution to sports-wash its own public image. Saudi Arabia and its advocates argue that we should believe that they are turning over a new leaf, beginning a new chapter, but we are presented with another example of extreme and deceitful conduct.

To the United States public and United States government, Saudi Arabia claims that these are just innocuous, commercial investments, including investments in sports. But in its own courts, it argues that it’s classified material pertaining to state, national security interests. It simply can’t have it both ways. We are seeking United States documents from United States companies about United States

investments, U.S. focused strategies, and United States institutions. Allowing these companies to ignore their obligation to respond to U.S. law is not just an affront to this Subcommittee, it risks creating a dangerous precedent that would allow companies to effectively contract away their obligations to other countries all around the world where you do business, where you perform services, to comply with United States law.

Although the Subcommittee's inquiry began last summer with questions about the Saudi Arabian Public Investment Fund's, or the PIF's, billion-dollar investment in U.S. Golf, it has become much bigger and more consequential. After McKinsey, BCG, Teneo, and M. Klein each refused to voluntarily produce records about their work for the PIF because of Saudi Arabia objections, we issued subpoenas compelling them to do so. Our goal is simple. We want to determine what work these companies have done and are doing that allows a foreign, authoritarian government to use instruments of commerce in the United States to increase its influence within our shores and rebrand its tarnished image after years of horrific human rights abuses. Our subpoenas seek documents that will illustrate how these four companies have assisted the PIF in increasing investments and exerting its influence in the United States. Our purpose is to understand the scope of services they have provided, including but not limited to, how they intend to use these investments in United States entities and institutions, like the PGA Tour and other sports, to increase their access.

We intend to use the findings of today's inquiry to consider whether our laws surrounding the disclosure of foreign entanglements need to be strengthened. Our preliminary findings certainly suggest that we need stronger protections of American interests when it comes to foreign entities. Just days before the original deadline to produce documents under the subpoenas, we learned from each of the consultants that the PIF had filed lawsuits in Saudi administrative court to block them from producing these documents to us. We were surprised to learn that the PIF had taken the unprecedented step of asserting that the records requested by this Subcommittee are "...classified as confidential," and that productions of these records to Congress could allegedly "...harm the national security interests, policies, or rights of Saudi Arabia" and pose an "...imminent threat to the Kingdom's sovereignty."

The PIF's claims of threats to Saudi Arabian sovereignty and the Saudi court order raised our alarm and added to the urgency of this investigation. How is it that consulting work performed by American companies, including records about investment in United States golf, could harm Saudi Arabia's national security? How can allegedly commercial investments, directed at the United States, be out of the reach of subpoenas issued by the United States government? The fact that we have to ask these questions heightens our concern about their work not only for Saudi Arabia, but for other regimes around the world, many of them authoritarian governments.

The companies sitting before us today have told us that they are concerned that they or their Saudi-based employees will be imprisoned in Saudi Arabia if they comply with our subpoenas. And to this I would say, and I say it to Saudi Arabia, I know you are watching. No one, anywhere in the world, should be arrested, imprisoned, or otherwise harmed because an American company has complied with American law. And we will be watching what the reaction is, assuming that you decide to do the right thing and comply with American law.

Our nation has a long history of welcoming foreign investment, and I want the Saudi investments in the United States to continue. We also have a long history of transparency and compliance and

adherence to the rule of law. Doing business in America requires compliance with American law, and we are not about to sell our legal system to the highest bidder or the biggest bully. I know that Saudi Arabia wants to be a serious player on the world stage. I believe it can have a constructive role. I truly believe it can have a very positive impact in the widening crisis in the Middle East, and I hope it will. And I have visited Saudi Arabia, and I am convinced of its good faith determination to play that role. But threats to U.S. companies and interference with congressional oversight are simply not consistent with those goals.

The PIF is not here today, but its U.S.-based consultants are. While the PIF's conduct is troubling, their consultants bear responsibility too. You have opted to sign contracts governed by foreign laws. You have chosen to put offices in Saudi Arabia, where your employees may be imprisoned under its supposed legal system. You have chosen to accept what I suspect amounts to millions, if not billions, of dollars in the face of a harrowing record of human rights abuses by your business partners in Saudi Arabia, and at least one instance accused of playing a role in those abuses. And even though you have documents that we are seeking, you continue to refuse to comply with our subpoenas, unless explicitly authorized by the PIF.

Let me be clear, a series of choices got you to this point, and you have decisions to make. The ramifications for today's hearing have the potential to echo far outside this chamber. This Subcommittee will consider all of your valid legal defenses. I respect your right to make them, but contracting with a foreign entity is not one of them. We are not about to allow a precedent that would make a foreign contract a defense to complying with a duly authorized subpoena. Saudi Arabia is welcome, and we do welcome their investment in the United States. If they invest in our enterprises, and they take advantage of our economic system, and they have the protection of our rule of law, the rights under United States law, they can't simply pick and choose the laws they're going to obey.

With that, I turn to the Ranking Member.