



UNITED STATES DEPARTMENT OF COMMERCE

Howard W. Lutnick

Secretary of Commerce

Washington, D.C. 20230

August 25, 2025

Deirdre Hanford  
Chief Executive Officer  
Natcast  
111 Java Drive  
Sunnyvale, CA 94089

Dear Ms. Hanford:

The Biden Administration established Natcast to manage and disburse up to \$7.4 billion in taxpayer funds that Congress appropriated for the promotion of semiconductor research and development under the CHIPS and Science Act of 2022 (the “CHIPS Act”), codified, as amended, at 15 U.S.C. § 4651 et seq. Upon consultation with the Department of Justice’s Office of Legal Counsel, the Department of Commerce (“Department”) has determined that, because Natcast was established in violation of federal law, the agreement it purported to enter during the final week of the Biden Administration is void ab initio and therefore has no legal force or effect. As a result, the Department will not abide by its terms.

Under the Trump Administration, the Department is dedicated to strengthening and promoting the nation’s semiconductor industry, including through supporting critical research and development. The Department has significant authority to do so. Indeed, in the CHIPS Act, Congress mandated the Department “establish” a National Semiconductor Technology Center (“NSTC”), which would operate as a “public private-sector consortium” to “conduct research and prototyping of advanced semiconductor technology and grow the domestic semiconductor workforce to strengthen the economic competitiveness and security of the domestic supply chain.” 15 U.S.C. § 4656(c)(1).

Rather than establishing these operations within the Department, however, Biden Administration officials spent significant time, effort, and resources creating an unaccountable, outside entity—Natcast—to administer taxpayer funds. This effort became public in April 2023, when the Department published a white paper titled, “A Vision and Strategy for the National Semiconductor Technology Center.” The paper stated that the Department “anticipate[d] the creation of a new, purpose-built, independent, nonprofit entity with the requisite neutrality, expertise, leadership, and capacity to serve as the operator of the NSTC.” The next day, the Department published a federal register notice announcing that “a new, purpose-built, independent, non-profit entity” would operate the NTSC. *See* National Semiconductor Technology Center Selection Committee, 88 Fed. Reg. 25378 (Apr. 26, 2023). It “invit[ed] the public to nominate individuals for [a] Selection Committee” to “select” the entity’s board members. *Id.* Biden Administration officials then handpicked the Selection Committee, including Jason Matheny (who held several roles in the Biden White House), Don Rosenberg (a partner at a

venture capital firm whose portfolio companies received at least \$117 million in federal grants), and Brenda Wilkerson (a self-described advocate for “social justice for underrepresented communities in technology”). What is more, the Biden Administration stacked Natcast full of former Biden officials. The majority of Natcast’s executives, and many of its trustees, previously held formal positions either within the Department itself or as members of an Independent Advisor Committee advising the Department during the Biden Administration. That list includes Donna L. Dubinsky, the former Senior Counselor to the Secretary of Commerce for CHIPS Implementation who signed Natcast’s articles of incorporation as a private 501(c)(3) organization, as well as yourself, a former leader of the Department’s Industrial Advisory Committee under the CHIPS Act and now the CEO of Natcast.

The Biden Administration even provided to the trustees detailed legal and corporate guidance to facilitate and streamline Natcast’s creation. For instance, Biden Administration officials developed the 250-page “Organizational and Operational Guidebook” (the “Guidebook”) to “assist and guide the individuals chosen by the Selection Committee . . . to incorporate and serve as the initial trustees of the NSTC Operator.” The Guidebook contains “step-by-step guidance for the formation and organization of the entity,” such as how to choose a name, the state in which the entity should incorporate, how to select and onboard new board members, and draft bylaws and internal policies. Natcast closely hewed to the Guidebook—its bylaws, for instance, are nearly identical to the Guidebook’s draft version. It also chose one of the Department’s top three recommended names, SemiUS, before later changing its name to Natcast.

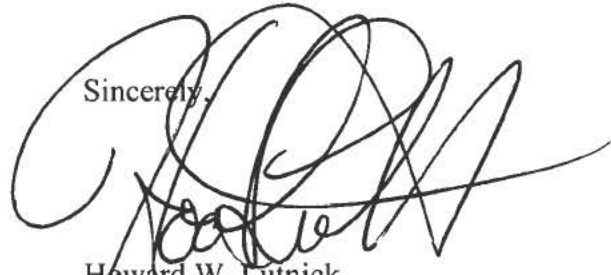
Then, on January 16, 2025—just days before President Trump’s inauguration—Natcast and the Biden Administration executed an agreement in an attempt to sever democratic accountability for Natcast. The agreement established Natcast as the NSTC’s operator for the next decade. The agreement provides that “Natcast is the operator of the NSTC and has primary responsibility for the operation and management of the NSTC.” LTA Main Document, Section 1.05(c). Relatedly, it also provides that Natcast “shall operate and manage” an “Advanced Packaging Piloting Facility to strengthen semiconductor advanced test, assembly, and packaging capabilities.” LTA Main Document, Section 2.00(b). In exchange, the agreement states that NIST will pay Natcast over \$7.4 billion—which accounts for virtually all of Natcast’s funding—in the form of advance payments. LTA Main Document, Section 3.04; LTA Attachment 1, Sections 2.01, 2.02, 2.03. The agreement further attempts to remove any discretion the Department has in disbursing this funding. Instead, it requires the Department to issue payments annually and whenever Natcast meets certain milestones. And rather than allowing the government to terminate for convenience, as is standard in government contracts, the agreement limits the government’s authority to terminate for certain reasons and under certain procedures—purporting to tie future administrations’ hands.

These actions do not just give the appearance of impropriety; they flout federal law. The Government Corporation Control Act (“GCCA”) provides that “[a]n agency may establish or acquire a corporation to act as an agency only by or under a law of the United States specifically authorizing the action.” 31 U.S.C. § 9102. By taking actions such as those described above, the Department under the Biden Administration established Natcast to act as an agency in operating the NSTC. The Department under the Biden Administration had no specific legal authorization to establish Natcast as it did—the CHIPS Act does not contain a provision specifically permitting the

creation of a corporation to serve as the operator of the NSTC. In sum, the Biden Administration's creation of Natcast for the purpose of operating the NSTC violated the lawful limits on the federal government's authority imposed by the GCCA.

For that same reason, the Biden Administration had no authority to enter into the last-minute agreement with Natcast to cement their illegal arrangement. The GCCA plainly prohibits agencies from establishing a corporation to act as an agency without specific authorization, and the January 16, 2025 agreement does nothing other than set forth the terms of the Biden's Administration's attempt to do just that. That agreement, and all other agreements Natcast entered into with the Department, are void ab initio and thus unenforceable. Accordingly, the Department will no longer rely upon Natcast to operate NSTC on behalf of the government. Ending this illegal relationship will ensure efficient use of taxpayer funds and continued American leadership in the semiconductor industry, and it will return responsibility—and accountability—for faithfully executing the CHIPS Act to the Department, as Congress intended. Any further work or obligations under the agreement are taken at Natcast's sole risk and liability. The Department reserves the right to pursue all available legal remedies against Natcast .

Sincerely,

A large, stylized handwritten signature in black ink, likely belonging to Howard W. Lutnick, is written over the word "Sincerely,".

Howard W. Lutnick  
Secretary of Commerce