

Congress of the United States
Washington, DC 20515

September 17, 2020

The Honorable Jay Clayton
Chairman
U.S. Securities & Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Public listing of Palantir Technologies, Inc. Class A common shares

Dear Chairman Clayton:

We write with concerns about the anticipated direct listing of Palantir Technologies, Inc. (“Palantir”) Class A common shares on the New York Stock Exchange (NYSE) on September 23, 2020. After having thoroughly reviewed the S-1 registration documents prepared by Palantir and published on August 25, 2020,¹ we would like to bring several issues to the attention of the Commission and request that Palantir release further information before the public listing of its common shares.

Palantir reports several pieces of information about its company – and omits others – that we believe require further disclosure and examination, as they present material risks of which potential investors should be aware and national security concerns of which the public should be aware. In particular, we would like more information about certain corporate governance oversights by Palantir revealed in its S-1 registration statement, as well as undisclosed contracting with foreign governments known to engage in corrupt practices and human rights violations.

Firstly, we believe it is crucial for the Commission to have Palantir disclose complete information about In-Q-Tel’s current equity holding in the company. In-Q-Tel is the venture capital arm of the U.S. Central Intelligence Agency (CIA). In-Q-Tel publicly made a large equity investment in the company in 2005,² and held at least 10% of a class of Palantir shares in 2008, the last time the company publicly reported shareholder information prior to its 2020 S-1 registration statement.³ Palantir does not report in its S-1 registration statement if this investment remains current or how many shares are held by In-Q-Tel. Palantir reports that its “government work is central to defense and intelligence operations in the United States and its allies abroad,” but does not provide further information on the nature of its work for domestic or foreign intelligence

¹ Amended statements and additional exhibits were published on September 3, 2020, and September 9, 2020.

² In-Q-Tel, Portfolio, www.iqt.org/portfolio.

³ Palantir Technologies, SEC Form D, February 28, 2008.

agencies, despite recognizing that public perception of its government contracts represent a material risk to investors.⁴ Palantir notes that it cannot provide specific information about classified government contracts to investors. However, certain non-classified information can and should be reported. In-Q-Tel's investment in Palantir is not classified information, and Palantir is currently listed on In-Q-Tel's website among its portfolio companies.⁵

Secondly, we have serious concerns about Palantir's lack of disclosure regarding its contracts with governments known to engage in corrupt practices and human rights violations. Contracts with certain foreign governments may present human rights risks. For example, Palantir reportedly works for the government of Qatar,⁶ where it has a registered subsidiary, but provides no information on its work in the country in S-1 filings. Qatar faces criticisms from Human Rights Watch⁷ and Amnesty International⁸ for human rights concerns in the areas of labor rights, women's rights, refugee rights, sexual orientation and morality laws, and has "extensive powers to conduct surveillance by any means for 90 days prior to any judicial review."⁹ The U.S. Department of State recognizes similar, widespread human rights concerns in Qatar, a constitutional monarchy.¹⁰

Thirdly, in addition to lacking the required majority of independent board members, Palantir does not provide adequate information about one of its board members, Alexander Moore, whom it deems to be independent. The evidence suggests that Moore may not be a truly independent board member. We request that the SEC review the validity of Palantir's determination of Moore's independence. Palantir's current board of directors is not comprised of a majority of independent directors, which is a requirement for listing on the NYSE¹¹ that must be met within one year of listing.¹² Of the six board members, three are co-founders who between them will exercise near-complete control of the company by virtue of a multi-class share structure, while a fourth, Alexander Moore, was Palantir's first employee and Director of Operations from 2005 to 2010.

Moore is a partner at venture capital firm 8VC, founded and controlled by Palantir co-founder Joseph Lonsdale, who currently has a commercial relationship with Palantir.¹³ Furthermore, under an amended and restated voting agreement dated June 25, 2020, certain entities affiliated with Alexander Moore "have agreed to vote their shares of [Palantir] capital stock on

⁴ Palantir reports, "Our perceived relationship with the U.S. government could adversely affect our business prospects in certain non-U.S. geographies or with certain non-U.S. governments," and that, "Our relationships with government customers and customers that are engaged in certain sensitive industries, including organizations whose products or activities are or are perceived to be harmful, has resulted in public criticism, including from political and social activists, and unfavorable coverage in the media," Source: Palantir Technologies, SEC Form S-1/A amended registration statement, September 3, 2020.

⁵ In-Q-Tel, Portfolio, www.iqt.org/portfolio.

⁶ "Palantir handles data for Qatar," *Intelligence Online*, March 28, 2018, www.intelligenceonline.com/corporate-intelligence/2018/03/28/palantir-handles-data-for-doha,108300695-bre.

⁷ Human Rights Watch, "Qatar 2019," www.hrw.org/world-report/2020/country-chapters/qatar.

⁸ Amnesty International, "Qatar 2019," www.amnesty.org/en/countries/middle-east-and-north-africa/qatar/report-qatar.

⁹ *Ibid.*

¹⁰ U.S. Department of State, Qatar 2019 Human Rights Report.

¹¹ NYSE Listed Company Manual Section 303A.01.

¹² NYSE Listed Company Manual Section 303A.00.

¹³ Palantir has a commercial relationship with Lonsdale Enterprises Inc., and 8VC holds more than 5% of Class A Palantir stock. Lonsdale is also a member of Disruptive Technology Solutions II, LLC, part of a group of companies that owns more than 5% of Class A Palantir stock and received \$6.8 million in commissions from sales of Palantir stock to parties that it introduced to the company. Source: Palantir Technologies, SEC Form S-1/A amended registration statement, September 3, 2020.

certain matters, including with respect to the election of directors.”¹⁴ Nonetheless, Palantir deems Moore an independent board member in its amended S-1 registration form. Moore has also been named to the audit, nominating, governance and compensation committees, which under NYSE rules must be composed entirely of independent directors.

Fourth, we have similar concerns about governance oversight concerning a personal \$25.9 million loan made by Palantir to co-founder Stephen Cohen. The potentially compromised independence of Palantir’s compensation committee, of which Alexander Moore is a member, is particularly concerning due to the committee’s recent activities. In November 2016, Palantir loaned \$25.9 million to co-founder and President Stephen Cohen, and in August 2020 a special compensation committee made up of board members Alexander Moore and Spencer Rascoff and former board member Adam Ross forgave \$0.8 million in repayment on the loan when he paid off the principal and a portion of the interest owed.¹⁵ Adam Ross was listed as a board member in an earlier August 2020 S-1 draft submitted to the SEC, though the company did not determine whether he was independent. Under an amended and restated voting agreement dated June 25, 2020, certain entities affiliated with Adam Ross “have agreed to vote their shares of [Palantir] capital stock on certain matters, including with respect to the election of directors.”¹⁶

Fifth, we are concerned about the data security implications of contracts awarded to Palantir by the U.S. Department of Health and Human Services (HHS)¹⁷ and other federal agencies in response to the coronavirus crisis.¹⁸ Fifteen members of the Congressional Hispanic Caucus sent a letter to HHS Secretary Alex Azar on June 25, 2020, outlining concerns with the department’s \$24.9 million of coronavirus-related contracts¹⁹ with Palantir, stating that, “The public does not know what safeguards HHS has put in place to protect their data and HHS has failed to share, among other items, what data goes into the system, how it can be used, or with whom it can be shared.”²⁰ This came after a June 2020 report by CNBC that Palantir was granted a £1 contract²¹ with the United Kingdom’s National Health Service (NHS), under which, according to privacy advocates consulted on the issue, the company was “granted intellectual property rights (including the creation of databases)” and “allowed to train [its] models and profit off [its] unprecedented access to NHS data,” including “sensitive medical records.”²² Heightening our concern and the need for additional transparency, in August 2020, nearly three dozen current and former members of a federal health advisory committee, including nine

¹⁴ Palantir Technologies, SEC Form S-1/A amended registration statement, September 3, 2020.

¹⁵ Palantir Technologies, SEC Form S-1/A amended registration statement, September 3, 2020.

¹⁶ Palantir Technologies, SEC Form S-1/A amended registration statement, September 3, 2020.

¹⁷ Federal contracting data, USASpending.gov. See also: Dave Nyczepir, “HHS cites coronavirus ‘urgency’ in speedy Palantir contract awards,” FedScoop, May 8, 2020, www.fedscoop.com/hha-covid-funds-palantir.

¹⁸ Palantir has received contracts for coronavirus-related work from HHS, the Department of Veterans Affairs, and the U.S. Coast Guard. Source: Federal contracting data, USASpending.gov.

¹⁹ Ibid.

²⁰ April Glaser, “Latino House Democrats demand answers on government coronavirus contracts with Palantir,” NBC News, June 25, 2020, www.nbcnews.com/tech/tech-news/latino-house-democrats-demand-answers-government-coronavirus-contracts-palantir-n1232156.

²¹ Palantir provided the software to NHS for only £1 in an initial contracting period from March to June 2020, ostensibly as a sort of free trial. The contract was renewed in June 2020 for £1 million. See: Sam Shead, “Peter Thiel’s Palantir charges NHS England £1 million for coronavirus ‘data store,’” *CNBC*, July 16, 2020, www.cnbc.com/2020/07/16/peter-thiel-palantir-nhs-deal.html.

²² Sam Shead, “Britain gave Palantir access to sensitive medical records of Covid-19 patients in £1 deal,” *CNBC*, June 8, 2020, www.cnbc.com/2020/06/08/palantir-nhs-covid-19-data.html.

appointed or reappointed by Alex Azar, warned that the HHS Protect database, developed by Palantir, by which hospitals will circumvent the Centers for Disease Control (CDC) and submit data directly to the platform, presents “serious consequences on data integrity.”²³

Palantir must provide greater transparency to potential investors about the data protections or lack thereof associated with its government contracts, and further information about the U.S. and non-U.S. government entities for which it is working on data related to the COVID-19 crisis. This is of paramount importance to investors and the public, as Palantir Chief Operating Officer Shyam Sankar recently characterized the company’s work for multiple governments to manage and process data in response to the COVID-19 crisis as the new “driving thrust of the company.”²⁴

Finally, we write to express our concern that Palantir has invoked its qualification as an “emerging growth company” under the 2012 JOBS Act in order to voluntarily withhold some information from investors in its S-1 filings.²⁵ Palantir has run into problems before as a result of its lack of transparency with shareholders. Palantir was sued by KT4 Partners in 2017 after that firm’s beneficial owner, Marc Abramowitz, alleged his attempted sale of Palantir shares was blocked by the company, as was his attempt to access company records as an early investor. Palantir mentions the lawsuit in its S-1 filings, but does not mention that the Delaware Court of Chancery found Palantir had committed “serial” violations of Delaware General Corporation Law and its own bylaws in failing to hold annual meetings, and that Palantir had “eviscerated KT4’s (and other similarly situated *stockholders*) contractual information rights after KT4 sought to exercise those rights.”²⁶ Palantir also fails to mention that judgement was granted in favor of KT4 by the Delaware Court of Chancery in February 2018, and that upon appeal, the Delaware Supreme Court largely confirmed the decision and granted greater powers to KT4 for inspection of Palantir company records.²⁷

For all these reasons we respectfully request that the Commission consider gathering additional information from Palantir on the aforementioned matters before its public listing. We thank the Commission for its oversight of this matter, and for its continuing efforts to protect investors, the public and the U.S. national interest.

Sincerely,



Alexandria Ocasio-Cortez



Jesús G. "Chuy" García

²³ Sheryl Gay Stolberg, “Health Experts Warn About Perils of New Virus Data Collection System,” New York Times, August 12, 2020, www.nytimes.com/2020/08/12/us/politics/health-experts-warning-coronavirus-data.html.

²⁴ Lizette Chapman, “Palantir’s New ‘Driving Thrust’: Predicting Coronavirus Outbreaks,” *Bloomberg*, April 2, 2020, www.bloomberg.com/news/articles/2020-04-02/coronavirus-news-palantir-gives-away-data-mining-tools.

²⁵ Palantir Technologies, SEC Form S-1/A amended registration statement, September 3, 2020.

²⁶ C.A. No. 2017-0177-JRS, Memorandum Opinion, February 22, 2018.

²⁷ C.A. No. 2017-0177-JRS, Appeal Decision, January 29, 2019.