

# CNN's Honig Shreds Musk's 'Flagrant' Attempt to Award Federal Contract to SpaceX: 'It Actually Is a Federal Crime'

**Sarah Rumpf**

CNN senior legal analyst **Elie Honig** sharply denounced DOGE chief **Elon Musk's** efforts to get the Federal Aviation Administration to break its contract with Verizon and use his company SpaceX instead, calling the idea a “flagrant” conflict of interest.

Musk's activities with DOGE have been controversial, from an email demanding all federal workers justify their continued employment to the massive layoffs his team is pushing, and

President **Donald Trump** has voiced support. One key point of contention for critics of the world's richest man is his connection to companies that have billions of dollars of contracts with the federal government.

**Phil Mattingly**, guest anchoring *The Lead with Jake Tapper* Thursday, introduced the segment by reporting how Musk had suggested his own company, SpaceX, should “take over a vital multi-billion-dollar air traffic control system contract,” which would entail “kicking the current contract holder, Verizon, to the curb and using instead his Starlink system to overhaul what he calls a dire system breakdown.”

CNN aviation correspondent **Pete Muntean** explained what was going on with the FAA's technology systems, saying Musk was “sort of right” that the agency's tech was “aging and obsolete” and pointing to a GAO report from

two months ago that said it was “urgent” for the FAA to “modernize” these systems.

Still, Muntean continued, it was “not clear” how Musk’s Starlink “would really help” or “what it would cost,” because phone lines were used “to relay critical communication between air traffic control facilities.” Verizon was awarded a \$2 billion contract to “build out an entire new telecom network for the FAA that would last until almost 2040.”

Mattingly then turned to Honig, asking the former federal prosecutor how the government policed these issues and if this “is this a conflict of interest as it appears?”

“Well, you’re not missing anything, Phil,” Honig replied. “This is as flagrant as conflicts of interest get.”

He explained it could be a crime, but was skeptical Trump’s DOJ would do anything about it:

You’re talking about Elon Musk, who now works for the federal government in some capacity, recommending that the federal government give a \$2 billion contract to a private company that he owns.

Now, normally the way this is policed is within the executive branch itself. The employee in this case, Elon Musk, would either recuse from the government side or divest from the private side. It doesn’t seem like that’s going to happen. And the alternative here is enforcement goes through the Justice Department.

It actually is a federal crime, if you are an officer or employee of the federal government, if you award a government contract to a private company that you have a direct personal stake in. Lower-level federal officials have actually been prosecuted for doing just that. And alternatively, the Attorney General can go to court and try to get a transaction like this blocked on the basis of conflict of interest.

Of course, the big problem that I'm sure everybody is wondering about here is there's just no way that this Justice Department is going to take any of these measures to try to stop Elon Musk.

Muntean added that it was an “enormously complicated” legal matter to cancel such a major federal contract. “It’s not just like flipping a light switch on or off. There is a very long, drawn out, complicated administrative process that has to be gone through.” He then read a statement from the Verizon government relations office, which Mattingly quipped translated to the company saying “What the — is going on right now?”

Watch the clip above via CNN.