

How Asshole Elon Musk Muscled His Way Into the FAA With Threats And Bribes

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(Bloomberg) -- Two weeks ago, SpaceX engineer Ted Malaska showed up at the Federal Aviation Administration's headquarters in Washington to deliver what he described as a directive from his boss Elon Musk: The agency will immediately start work on a program to deploy thousands of the company's Starlink satellite terminals to support the national airspace system.

Malaska told those in attendance that the employees had up to 18 months to get the new program up and running, an unsettling timeline for aviation safety employees accustomed to a more deliberate pace. Anyone who impeded progress, Malaska said, would be reported to Musk and risked losing their jobs, according to two people familiar with the matter, who were not authorized to speak publicly.

Since he began overseeing the newly created Department of Government Efficiency, Musk has upended the norms of bureaucracy with a far-reaching initiative to scale back the size and scope of the federal government. So far, the tech billionaire's team has moved to drastically scale back the US Agency for International Development, which provides life-saving medicines to people around the world, and the Consumer Financial Protection Bureau, which helps protect American consumers from financial fraudsters. At least 30,000 federal jobs have been eliminated under his watch.

Now a ubiquitous presence within the highest echelons of politics, Musk has shown up at a White House cabinet meeting, at President Donald Trump's Mar-a-Lago resort in Florida, with a chainsaw on stage at the Conservative Political Action Conference. But his team's recent appearance at the FAA presents the starkest test yet of Musk's ability to not just shrink government, but to transform his political power into potential business for his companies.

The FAA's telecommunications networks are instrumental to overseeing 29 million square miles of US airspace and ensuring the orderly and safe movement of 45,000 flights daily. They are aging and long overdue for an upgrade. In 2023, the agency awarded telecommunications giant Verizon Communications Inc. a contract worth \$2.4 billion to do just that.

Now, just days after Malaska arrived at the FAA, the fate of Verizon's contract is up in the air as the agency considers whether to cede part of it to SpaceX. The talks are fluid, and much remains unclear, including the size of any payments SpaceX could receive. Musk's team is moving so fast that Verizon executives are still trying to understand what's happening inside the FAA and whether it would affect their business. Lawmakers and others have raised concerns that such a deal would pose a conflict of interest since the FAA also licenses SpaceX rocket launches and investigates the company's mishaps.

By last Thursday, the first Starlink terminal at the FAA went online—at Birchwood Airport in Alaska.

A network of copper wires and switches, built decades ago, serves as the telecommunications backbone of the FAA's air traffic control operations. Defense contractor L3Harris Technologies Inc. operates and helps maintain the current network. Over the years it's become increasingly costly to manage.

In the private sector, carriers like AT&T Inc. and Verizon are investing heavily to migrate to higher-speed networks backed by fiber-optic cable. It's understood that the government must do the same to keep pace.

At the FAA, the aging infrastructure, combined with increasing amounts of air travel, has long been considered a potential safety risk. A 2024 Government Accountability Office report said that modernization efforts are "urgently needed" to ensure "safety and efficiency" in the nation's airspace. Recent ground stops at airports in Washington and New York have been linked to FAA telecommunications network outages.

Representatives for Musk, SpaceX, Malaska, and L3Harris didn't return requests for comment. Verizon declined to comment.

In 2023, following a competitive bidding process, Verizon won the \$2.4 billion contract to lead the FAA's transition to a more modern telecommunications system. The contract, which is for 15 years, tasks Verizon with overseeing the development and maintenance of the system, including removing obsolete network equipment and replacing it with fiber-optic cables and other gear. Verizon hasn't yet started installing the new networks.

After Trump won the 2024 presidential election, Musk emerged as a central adviser to the president. He'd already become a vocal critic of the FAA, which he characterized as taking too long to approve licenses needed to launch his rockets. In September, Musk called on the former head of the agency, Michael Whitaker, to resign (Whitaker stepped down the day Trump was inaugurated). During the transition, members of Trump's inner circle discussed the idea of using Starlink to modernize the FAA's systems, two people familiar with the matter said.

Then, nine days after Trump was sworn in, a Black Hawk helicopter and an American Airlines jet collided in midair near Washington, killing 67 passengers and crew members. The tragedy hasn't been linked to the FAA's aging systems, but it still put air safety employees on edge and fueled a renewed sense of urgency around modernization, three people familiar with the matter said.

A week later, Transportation Secretary Sean Duffy announced that he was enlisting the help of Musk and his Department of Government Efficiency, or DOGE, "to help upgrade our aviation system."

Internet From Space

Starlink is SpaceX's internet-from-space unit. It relies on thousands of satellites orbiting above the Earth to beam down broadband for consumer and commercial uses. Of the approximately 11,200 operational spacecraft in Earth orbit, about 63 percent are active Starlink satellites, according to Harvard astrophysicist Jonathan McDowell. Each terminal is a flat dish about the size of a pizza box that communicates with satellites.

Malaska has been at SpaceX for nearly four years. A software engineer and marathon runner, he once worked at the video game company Blizzard Entertainment, where he contributed to the first-person shooter game Overwatch and the cult classic World of Warcraft, according to his public work history.

Malaska's first visit to the FAA was on President's Day, at the agency's Air Traffic Control System Command Center in Virginia. That day he and two of his colleagues received ethics waivers from the Department of Transportation's deputy general counsel, and were designated as temporary special government employees, according to the waivers obtained by Bloomberg News. The documents say that Malaska and his colleagues are tasked with conducting a review of the FAA technology, including the air traffic control systems. They are not paid for their work, and the waivers say they cannot make any decisions "regarding federal funding or awards of contracts to SpaceX."

While at the command center, Malaska told agency officials that SpaceX was the only company up to the task of quickly upgrading the aging flight safety network. The following day, this time during a meeting at FAA headquarters in Washington, he unveiled a more official version of a new FAA-SpaceX partnership. It would be called TDM-X, a trademark Musk "X" riff on the antiquated switch technology known as Time Division Multiplexing, or TDM.

Malaska, whose special government employee status has been extended, is now a fixture at the agency. He holds regular meetings with several high-ranking officials inside the FAA's Air Traffic Organization. He instructs officials on minutiae, including what equipment to procure to get moving on the overhaul. During at least one meeting, Malaska stepped out several times to take calls that he said were from Musk himself, according to two people familiar with the matter.

Malaska described to FAA officials how SpaceX planned to send 4,000 Starlink satellite terminals and equipment to the agency, according to people familiar with the matter. Musk has said he'd provide Starlink terminals to the FAA at no cost to taxpayers, but the terms surrounding any such transaction—including how any usage or maintenance costs would be paid—remain unclear.

One terminal was immediately installed at the FAA's air traffic control technology lab in Atlantic City, New Jersey, for testing. It's also being tested at an FAA facility in Oklahoma City, an agency spokesperson said.

Last week, the Starlink terminal at Birchwood Airport in Alaska went online. It's being used to transmit weather information over a satellite internet connection, marking the first time the FAA has sent data using Starlink, one of the people said.

The FAA is "testing multiple communication technologies, including satellites, fiber and wireless to ensure the safety of the national airspace system," the agency said in a statement. "Beyond that, no decisions for other deployments have been made."

Transportation Secretary Sean Duffy said in a Fox News interview Tuesday that while Starlink is part of a broader solution that the FAA is considering, it still wants to install fiber-optic cables. "They can play some part of it but not all of it," he said.

SpaceX said Wednesday in a post on Musk's social media platform X that the company isn't trying to "take over" an existing contract with the FAA. Starlink, it said, is being tested "as one piece of the

infrastructure upgrades so badly needed along with fiber, wireless, and other technologies.” SpaceX also said it signed a loan agreement with L3Harris, which is the prime contractor for the existing telecommunications network, to provide Starlink kits and service "free of charge" for initial testing. The statement made no mention of Verizon.

Flipping a Switch

Several Democratic lawmakers have expressed concern over the fast-moving Starlink-FAA partnership. Last week, Senator Richard Blumenthal, the ranking member of the Senate’s subcommittee on investigations, sent a letter to Duffy demanding documents about Starlink’s work for the FAA.

“The apparent selection of Musk-owned Starlink as an FAA contractor reeks of the most corrupt, self-serving abuses that federal procurement laws and principles are intended to prevent,” Blumenthal wrote.

Katie Thomson, former deputy administrator for the FAA who stepped down shortly before Trump was inaugurated, said she’s concerned the agency is moving too quickly and hasn’t taken the time to vet the use of Starlink.

“You have to be slow and careful to make sure you are not introducing new risk into the system,” she said. “You don’t just flip a switch and say, ‘go full speed.’”

Views inside the FAA on Musk’s arrival are mixed. Some FAA officials and air traffic controllers present at the Starlink meetings privately bristled at the idea of the agency working with Musk’s company while also regulating SpaceX. Others raised concerns that the rush to deploy Starlink terminals could come at the cost of safety and could leave the system vulnerable to cyberattacks, according to three people familiar with the matter.

One person familiar with the matter said bringing in SpaceX for the modernizing effort could ultimately save taxpayers money if it could cut red tape and eliminate delays. The person also said it’s critical for the government to move quickly to update the FAA’s systems to prevent future outages.

Malaska vowed not to compromise safety, two people familiar with the matter said, but he made it clear that he was uninterested in following the FAA’s arduous, bureaucratic procedures that could lead to long delays.

Contract’s Fate

Now, officials at the FAA are preparing to make a decision on whether to cancel the contract outright, or let Verizon retain some piece of it, according to two people familiar with the matter.

The FAA is one of the few government agencies, like the US Postal Service, that isn't bound by the Federal Acquisition Regulation, said Jessica Tillipman, associate dean for government procurement law studies at The George Washington University Law School. That status affords the agency a little more leeway in contracting decisions, for example by allowing the use of single-source contracts if they are in the agency's best interest and there's a well-documented rationale for the decision.

Tillipman said there are certain instances in which the FAA could unwind a legally awarded contract, such as in the case of an emergency. It’s unclear whether and how those rules would apply here. During

Malaska's recent meetings inside the FAA, officials discussed whether President Trump could issue an executive order allowing the agency to sidestep conventional contracting requirements, two people familiar with the matter said. A White House official said such an order is not being worked on.

A person familiar with Verizon's operations said the company welcomes the opportunity to work with Musk, and sees its technology as being complementary to Starlink. Satellite technology has inherent limitations, and redundancy in the case of outages is widely viewed as crucial for networks that support critical infrastructure.

Unless Verizon hears otherwise, though, it's business as usual. Officials at the telecom giant have a meeting scheduled this week with the FAA, according to a person familiar with the company's operations. The company already requested its monthly payment of \$5 million to continue work on the contract, this person said.

--With assistance from Akayla Gardner.

(Updates with social media post from SpaceX in the 26th paragraph.)

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