

Political Law

Compliance and Investigations Update

April 27, 2026

If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Skadden contact.

Ki P. Hong

Partner / Washington, D.C.
202.371.7017
ki.hong@skadden.com

Charles M. Ricciardelli

Partner / Washington, D.C.
202.371.7573
charles.ricciardelli@skadden.com

Tyler Rosen

Partner / Washington, D.C.
202.371.7035
tyler.rosen@skadden.com

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One Manhattan West
New York, NY 10001
212.735.3000

1440 New York Ave., NW
Washington, DC 20005
202.371.7000

320 S. Canal St.
Chicago, IL 60606
312.407.0700

Reminder: Effective June 30, Companies Barred From Defense Contracts if They Retain Third Parties Lobbying for Certain Chinese Military Companies

Executive Summary

- **What’s new:** Effective June 30, 2026, the Department of War will be prohibited from entering into a contract with a company that is a party to a contract with a “covered lobbyist” for any entity the DOW has determined to be a Chinese military company operating in the U.S.
- **Why it matters:** The prohibition extends to a company’s parent company and subsidiaries and covers engaging a covered lobbyist for any purpose, not only defense contracting or lobbying activities.
- **What to do next:** Companies that have or seek DOW contracts should consider implementing contractor due diligence and onboarding procedures, including seeking representations and warranties from consultants that they are not engaged in lobbying for covered Chinese military companies.

As described in a prior [mailing](#), effective June 30, 2026, the Department of War (DOW)¹ will be prohibited from entering into a contract with a company that is a party to a contract with a “covered lobbyist” for any entity the DOW has determined to be a Chinese military company operating directly or indirectly within the U.S. Covered Chinese military companies are identified on a publicly available list known as the “CMC List,” which is updated annually.

A “covered lobbyist” is defined as any entity that engages in lobbying activities, as defined under the Lobbying Disclosure Act of 1995 (LDA), on behalf of a covered Chinese military company. The definition, based on its plain language, covers an entity engaged in any amount of federal lobbying activities for a covered Chinese military company, even if such entity does not meet the LDA’s threshold for lobbyist registration. Notably, the prohibition applies to a company engaging a covered lobbyist for any purpose — there is no requirement that the services provided by the covered lobbyist relate to defense contracting or involve lobbying activities in order to trigger the ban on DOW contracts.

¹ Although President Trump issued an executive order renaming the Department of Defense the Department of War, Congress has yet to pass legislation formalizing the change.

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The prohibition does, however, include a safe harbor for companies that make “reasonable inquiries” into the lobbying activities of their contractors and determine that they do not qualify as covered lobbyists. The secretary of war is also granted authority to waive the prohibition, provided that Congress is notified.

Importantly, since the law’s original enactment, Congress has amended the law to clarify that it prohibits DOW contracts not only with a company that is party to a contract with a covered lobbyist, but also with that company’s parent company and subsidiaries.

Implications

Ahead of the June 30, 2026, effective date, companies that have or seek contracts with DOW should consider implementing appropriate contractor due diligence and onboarding procedures to avoid becoming subject to the prohibition described above. Such procedures may include seeking representations and warranties from current and prospective consultants that they are not engaged, and will not engage, in federal lobbying activities on behalf of covered Chinese military companies. Companies should also coordinate due diligence efforts with their parent companies and subsidiaries, to the extent those entities retain their own outside consultants.

Please contact us with any questions.

Contacts

Matthew Bobys

Counsel / Washington, D.C.
202.371.7739
matthew.bobys@skadden.com

Melissa L. Miles

Counsel / Washington, D.C.
202.371.7836
melissa.miles@skadden.com

Theodore R. Grodek

Associate / Chicago
202.371.7262
theodore.grodek@skadden.com

Kirin Gupta

Associate / Washington, D.C.
202.371.7395
kirin.gupta@skadden.com

Lucy Kalar

Associate / Washington, D.C.
202.371.7304
lucy.kalar@skadden.com

Pavla Ovtchinnikova

Associate / Washington, D.C.
202.371.7306
pavla.ovtchinnikova@skadden.com

Sam Rothbloom

Associate / Washington, D.C.
202.371.7354
sam.rothbloom@skadden.com

Alexa O. Santry

Associate / Washington, D.C.
202.371.7319
alexa.santry@skadden.com

Kelvin Reese

Political Reports Group Manager
202.371.7498
kelvin.reese@skadden.com

John Mannion

Senior Political Compliance Analyst
202.371.7559
john.mannion@skadden.com

Minkeun Oh

Senior Political Reports Analyst
202.371.7499
minkeun.oh@skadden.com

Jennifer Shaw

Senior Political Reports Analyst
202.371.7426
jennifer.shaw@skadden.com

Michelle Chun

Political Reports Analyst
202.371.7277
michelle.s.chun@skadden.com

Jill Gribbin

Political Reports Analyst
202.371.7217
jill.gribbin@skadden.com

Jenifer L. Hicks

Senior Practice Coordinator
202.371.7253
jenifer.hicks@skadden.com