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Congress of the United States
House of Representatives

SELECT COMMITTEE ON THE CHINESE COMMUNIST PARTY

November 25th, 2024

Mr. Anthony Denier
CEO
Webull Financial LLC
44 Wall Street
New York, NY 10005

Dear Mr. Denier,

We write to express our concern regarding Webull Corporation's (Webull) ownership structure and ties to the People's Republic of China (PRC) and the risks those ties may pose to the security of American investors' data and the broader U.S. financial market. Specifically, it has come to our attention that Webull, through its ownership and operational frameworks, maintains close ties with entities based in the PRC and connected to firms and individuals who advance the Chinese Communist Party's (CCP) interests. These continuing corporate ties to the PRC and reliance on CCP-aligned technologies and personnel raise serious questions about the security of U.S. user data and about Webull's willingness and ability to comply with U.S. regulations regarding transparency and fair-trading standards—and therefore about the risks Webull poses to the U.S. financial market.

In February 2024, Webull announced its intention to go public by merging with SK Growth Opportunities Corp., a special purpose acquisition company (SPAC) traded on the Nasdaq.¹ The deal, valued at \$7.3 billion, comes after Webull previously considered going public through a traditional initial public offering. As Webull's U.S. CEO, you have blamed the termination of those previous efforts on Webull's cryptocurrency exposure.² You now claim that the path to going public has been cleared by Webull discontinuing those cryptocurrency offerings.³ However, there are additional concerns surrounding Webull's planned SPAC deal.

¹ Webull Corporation, Current Report (Form 8-K) (Feb. 27, 2024), filed pursuant to Rule 425 under the Securities Act of 1933 and Rule 14a-12 under the Securities Exchange Act of 1934, Commission File No. 001-41432, https://www.sec.gov/Archives/edgar/data/1866364/000121390024017777/ea0200860-425_webullcorp.htm.

² *Webull's Strategic Pivot From Crypto Clears Path For \$7.3 Billion US Listing*, WEBULL (Feb. 28, 2024), <https://www.webull.com/news/10318922451723264> (archive: <https://archive.ph/HxwCJ>).

³ *Id.*; Carly Wanna & Bailey Lipschultz, *Online Brokerage Webull Shed Crypto Exposure Ahead of SPAC Deal*, BLOOMBERG (Feb. 28, 2024), <https://www.bloomberg.com/news/articles/2024-02-28/online-brokerage-webull-shed-crypto-exposure-ahead-of-spac-deal?embedded-checkout=true>.

Our review of publicly available information has identified serious concerns regarding Webull's ties to the PRC and to CCP-aligned actors. Webull was formed in 2021 as a Cayman Islands-based shell company tied to the PRC company Webull Financial LLC.⁴ Webull Financial LLC was established by another PRC company, Hunan Fumi Information Technology Co., Ltd. (Fumi Technology). The central link to all these entities is Mr. Wang Anquan, who founded Fumi Technology, remains its largest owner, and who now serves as Webull Financial LLC's CEO and is registered as a broker in the United States.⁵ Moreover, he is an executive director of another PRC technology company, Changsha-based Hunan Weibu Information Technology Co., Ltd (Hunan Weibu). Under his leadership as the former CEO of Webull, the company established technology-sharing agreements, and Webull currently appears to share personnel with both Fumi Technology and Hunan Weibu.⁶

Substantial evidence indicates formal ties between Hunan Weibu and Webull, including shared employees and technology. In September 2022, Hunan Weibu received multiple grants from the Changsha Municipal Government's special fund to optimize foreign investment through cost offsets supporting offshore service outsourcing. According to government guidelines, recipients of this special fund are required to "support the leadership of the Chinese Communist Party."⁷ This direct influence exerted by the CCP over Hunan Weibu—and by extension, Webull—may constitute a material relationship that should have been disclosed per FINRA regulations through the appropriate filings.

Finally, Webull has multiple employees registered with the Financial Industry Regulatory Authority (FINRA) as brokers based in Hunan, China, who are also registered with Fumi Technology.⁸ Webull has recently moved its team to Florida. However, the timing of the move, in advance of the planned SPAC deal, and the sudden shift out of the PRC raises questions that require clear answers.

In sum, while Webull has restructured to create the impression that it is no longer a PRC company, it appears to remain deeply intertwined with PRC entities, including Fumi Technology and Hunan Weibu.

⁴ The change in parent company can be found in Webull Financial's yearly filings. *See* Webull Financial LLC, Statement of Financial Condition, Form X-17A-5, Part III, at 3 (Dec. 31, 2021), <https://www.sec.gov/Archives/edgar/data/1709585/000170958522000005/x17a5public.pdf>; Webull Financial LLC, Statement of Financial Condition, Form X-17A-5, Part III, at 3 (Dec. 31, 2022), <https://www.sec.gov/Archives/edgar/data/1709585/000170958523000005/wflPublic2022p.pdf>.

⁵ Webull Financial LLC, Statement of Financial Condition (filed pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934, as a public document), at 3 (Dec. 31, 2018), <https://www.sec.gov/Archives/edgar/vpr/1900/19007737.pdf>.

⁶ Webull Financial LLC, Statement of Financial Condition (filed pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934, as a public document), at 11-12 (Dec. 31, 2023), https://ulswb.webullfinance.com/futures_report/MQIAFP3MDUDNANHR7L9ELIBME9.pdf.

⁷ Changsha Municipal Bureau of Commerce, and Changsha Municipal Bureau of Finance. Notice on the Application for Changsha Special Funds for Expanding the Utilization of Foreign Investment (Commerce) in 2021. 2021. <https://archive.ph/2L223>

⁸ U.S. House Committee on Financial Services Hearing Entitled "Examining the Agenda of Regulators, SROs, and Standards-Setters for Accounting, Auditing" (December 12, 2023), <https://www.youtube.com/watch?v=vSyab16nWQ8&t=5421s>.

Those apparent ties to the PRC raise serious questions about the autonomy, liquidity, and reliability of Webull's brokerage. Given the PRC government's known practices of exerting influence over private enterprises and recent public statements from the Ministry of State Security regarding a "crackdown" on public markets and sales of equities, Webull's PRC ties raise significant questions regarding the autonomy and independence of Webull's decision-making processes, especially those that might impact the financial well-being of American investors.⁹ We also question whether the PRC government's strict controls on capital flows, coupled with the aforementioned financial regulatory crackdown, could limit the robustness of market liquidity under Webull's platform or, in the extreme, weaken Webull's ability to guarantee U.S. investors' capital. In light of these risks, American Webull users deserve robust transparency regarding all of the matters identified in this letter.

Moreover, the nature of Webull's ownership and operational nexus in the PRC necessitates an examination of the data privacy protections afforded to American customers. The PRC's stringent regulatory environment, coupled with laws that compel companies to cooperate with state intelligence activities, pose a not-insignificant risk to U.S. citizens' personal and financial data. Additionally, the recent regulatory action taken by the Commonwealth of Massachusetts increases concerns about the ability of Webull to conduct business that complies with regulations and best practices. As Massachusetts explained, "*Webull was so inadequate that a single employee was often left to deal with compliance matters for hundreds of thousands of brokerage accounts.*"¹⁰

Finally, information suggests irregularities in the relationship between Webull and U.S. market makers, who manage trade and order flow for Webull. Analysis of the SEC Rule 606 order routing data from 2020 through 2022 reveals that reported monthly flows frequently total below the expected 100 percent, indicating potential missing or unreported data.¹¹ If true, such irregularities could undermine the fairness and integrity of the market operations conducted on the Webull platform.

In light of all these concerns, we are requesting comprehensive responses to the following inquiries:

1. Documentation sufficient to show what measures Webull has implemented to ensure the autonomy of its operations from PRC governmental interference.
2. Documentation sufficient to show the relationship between Hunan Weibu and Webull.

⁹ *National Security Agencies Are the Staunch Guardians of Financial Security!* [国家安全机关做金融安全的坚定守护者!] 微信公众平台, mp.weixin.qq.com/s/BBrkGZqtePVjSpvnqaFHnA (last visited June 24, 2024).

¹⁰ Julie DiMauro, *One-Person Compliance Dept Leads to \$500,000 Fine for Online Brokerage*, GRIP (Nov. 14, 2023), <https://www.grip.globalrelay.com/one-person-compliance-dept-leads-to-500000-fine-for-online-brokerage/>; Consent Order, Docket No. E-2022-005, https://www.sec.state.ma.us/divisions/securities/download/Webull_Consent_Order_E-2022-0058.pdf.

¹¹ "Regulation NMS - Rule 606 - Disclosure of SEC Required Held Order Routing Information." Index of /Rule606/Webull, public.s3.com/rule606/webull/. Accessed 30 July 2024.

3. Is any U.S. user data stored outside the United States or in the PRC, as suggested by Tencent documentation referenced above? What steps has Webull taken to protect the data privacy of its American customers, especially in light of PRC laws that could potentially compel data sharing with the state? Please include relevant documentation sufficient to explain these measures.
4. What assurances can Webull provide to its U.S. customers regarding the liquidity of their investments and the prompt return of their capital in the event of market disruptions influenced by the CCP? Please include relevant documentation sufficient to explain these assurances.
5. Why did Webull suddenly de-register its brokers located in the PRC? As of the date of this letter, does Webull have any employees, whether full- or part-time, located in the PRC? As of the date of this letter, are Webull's U.S.-registered brokers all residing in the United States?
6. Documentation sufficient to describe the process and controls you have in place for compiling, reviewing, and submitting SEC Rule 606 disclosures, including:
 - a. Documentation sufficient to show the reasons for missing data in the recent 606 disclosures. Are these omissions related to technical issues, data unavailability, or other factors?
 - b. Documentation sufficient to explain the gaps in reported data.
 - c. What compliance measures do you have in place to ensure the accuracy and completeness of your regulatory filings? How are these measures monitored and enforced internally?
 - d. Have there been previous instances of similar reporting issues? If so, how were they resolved and what preventive measures were implemented to avoid their recurrence?
 - e. Copies of recent internal audit reports that pertain to the order execution and reporting processes.
 - f. Compliance training materials provided to employees involved in the reporting process both in the United States and in the PRC.
 - g. Any correspondence with regulatory bodies regarding compliance issues, inquiries, or investigations related to Rule 606 disclosures.
 - h. Records of any data corrections or amendments made to past 606 filings, including reasons for such changes and the authorization details.
 - i. Documentation on the software and systems used for data collection, processing, and reporting, including manuals, user guides, and system audit logs.
 - j. Record of any past compliance violations, including details on how these were addressed.

Given these concerns, the Select Committee looks forward to your prompt attention to this matter by December 31st, 2024

The House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party has broad authority to “investigate and submit policy

recommendations on the status of the Chinese Communist Party's economic, technological, and security progress and its competition with the United States" under H. Res. 11.

We appreciate in advance your cooperation and hard work in addressing this critical matter.

Sincerely,



John Moolenaar
Chairman



Raja Krishnamoorthi
Ranking Member