

United States Senate

October 13, 2025

The Honorable Howard Lutnick
Secretary
Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

Dear Secretary Lutnick,

I write to you concerned about yet another case of diversion of American advanced chips to China through a network of shell companies and subsidiaries. A recent report on Megaspeed, a spin-off of Chinese government-owned cloud company 7Road, raises both alarms and questions of who is aiding the Chinese Communist Party in skirting American export control laws.¹

The investigation revealed that after a U.S. company met with a former Chinese state media reporter who held executive roles at Megaspeed, billions of dollars of U.S. chips started flowing to Megaspeed. This totaled nearly two percent of worldwide datacenter sales last year for this U.S. company.

The report details a complicated routing of these chips through a subsidiary of Inspur, a sanctioned Chinese company, near-empty offices in Malaysia and Singapore, and a Malaysian datacenter where U.S. officials found export-controlled U.S. chips still in boxes. The few employees at these offices said that they rarely saw Megaspeed executives, who are mostly based out of China. This includes the CEO, James Tan, a Singaporean national residing in Shanghai. Once Malaysian and Singaporean officials began cracking down on chip smuggling this summer, Megaspeed stopped ordering from Nvidia.

Numerous reports over several years have detailed extensive chip smuggling efforts to China.² In fact, earlier this year within a three month period, an estimated billion dollars of export-controlled chips were sold to China.³ Illicitly acquired chips are so common in China that a cottage industry has emerged around servicing them.⁴

As the Trump administration recently indicated, export controls are an important tool as he navigates America through perilous times against an increasingly aggressive and emboldened adversary.⁵ The pervasiveness of chip smuggling undermines the President and allows U.S adversaries access to advanced technology where the U.S. maintains significant leverage.

While we continue working with President Trump to curb illegal diversion of U.S. chips, I respectfully request the Commerce Department investigate Megaspeed, including suspicious ownership, affiliations, or ties to U.S chip companies. Thank you for your attention to this matter.

¹<https://www.nytimes.com/2025/10/09/technology/nvidia-chips-china-megaspeed.html>

²<https://www.wsj.com/tech/china-nvidia-blackwell-chips-ai-531fed0e>

³<https://www.ft.com/content/6f806f6e-61c1-4b8d-9694-90d7328a7b54>

⁴<https://www.reuters.com/world/china/china-repair-demand-banned-nvidia-ai-chipsets-booms-2025-07-24/>

⁵<https://truthsocial.com/@realDonaldTrump/posts/115351840469973590>

Sincerely,

A handwritten signature in blue ink that reads "Tom Cotton". The signature is written in a cursive style, with the first name "Tom" and the last name "Cotton" clearly legible.

Tom Cotton
United States Senator