

United States Senate

WASHINGTON, DC 20510

September 23, 2021

The Honorable Avril Haines
Director of National Intelligence
Office of the Director of National Intelligence
Washington, DC 20511

Dear Director Haines,

I write to express my concerns about potential national security risks posed by the growing use of Webull, a registered broker-dealer and securities trading platform, in the United States.

Webull is owned by Fumi Technology, a financial analysis firm that offers market trading tools for personal investors. Webull's customer-facing unit and brokerage wings are located in New York City, however, their technology team is located in Hunan, China.^{1, 2}

Webull does not earn commissions on trades but rather makes money via order flow payments, short selling fees, subscriptions, interest paid on margin, as well as investments of cash on balance.³ A 2018 profile of Webull described their Wall Street office as "a Chinese force in the 'nerve center' of the international financial community."⁴ Webull had over eleven million users as of last year and is planning an initial public offering that could raise between \$300-\$400 million.^{5, 6} From April to June of 2020, Webull's trading volume exploded by 500% and trading accounts grew by 450,000.

As a broker-dealer, Webull collects sensitive, personal information from its clients. That includes Social Security numbers, home addresses, bank accounts, and more. While Webull claims to store user data locally, Webull is still required to adhere to the laws of China.⁷

China's deliberately vague patchwork of intelligence, national security, and cybersecurity laws compel companies to support and cooperate with the government's intelligence work. With no independent judiciary to review government demands to provide user data or take other actions on the government's behalf, there is no legal alternative for Chinese companies if they don't

¹ Grady McGregor, "The Robinhood Revolt Was Good for Webull, China's Little-Known Trading App," *Fortune*, February 02, 2021, , <https://fortune.com/2021/02/02/robinhood-stock-trader-revolt-webull-alternative-china-app/>.

² Carly Martinetti, "'5 Things I Wish Someone Told Me Before I Became the CEO of Webull Financial' with Anthony Denier," *Thrive Global*, September 13, 2019, <https://thriveglobal.com/stories/5-things-i-wish-someone-told-me-before-i-became-the-ceo-of-webull-financial-with-anthony-denier/>.

³ "Payment For Order Flow Explained: Why Zero-Commission Trades Aren't Really Free," *Webull*, April 16, 2021, <https://www.webull.com/news/40873671>.

⁴ "Fumi Technology: Be a Technology-Driven 'Unicorn,'" *Qudong.com*, March 16, 2018, accessed June 24, 2021, <https://news.qudong.com/article/472615.shtml>.

⁵ Michael Graw, "Commission-Free Brokerage Webull Launches Desktop Platform," *TechRadar*, August 20, 2020, accessed June 24, 2021, <https://www.techradar.com/news/commission-free-brokerage-webull-launches-a-new-desktop-platform>.

⁶ Bloomberg News, "Online Broker Webull Considers \$400 Million U.S. IPO," *Bloomberg*, June 8, 2021, accessed June 24, 2021, <https://www.bloomberg.com/news/articles/2021-06-09/online-broker-webull-is-said-to-consider-400-million-u-s-ipo>.

⁷ Sophie Alexander, Annie Massa, and Evelyn Yu, "Robinhood Is Losing Thousands of Traders to a China-Owned Rival," *Bloomberg.com*, December 8, 2020, accessed June 24, 2021, <https://www.bloomberg.com/news/articles/2020-12-08/robinhood-is-losing-thousands-of-day-traders-to-china-owned-webull>.

want to comply. There is no independent press to make the situation public. And penalties for non-compliance can include destruction of the firm and long prison sentences.

Given these concerns, I believe that Webull is a potential counterintelligence threat and I ask that the Intelligence Community conduct an assessment of the potential national security risks posed by Webull and other China-based broker-dealers operating in the United States. Further, I request that the Intelligence Community brief Congress on these findings.

Thank you for your consideration regarding this important matter. I look forward to hearing from you.



Tom Cotton
United States Senator