



TODD ROKITA
ATTORNEY GENERAL

April 16, 2024

Mr. Anthony Denier, CEO
Webull Financial LLC
44 Wall Street, Ste 501
New York, NY 10005

Dear Mr. Denier:

As Attorneys General dedicated to enforcing our states' consumer protection and data privacy laws, Indiana, Arkansas, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, Missouri, Montana, Nebraska, South Carolina, Texas, and Virginia have serious concerns about Webull Financial LLC's (Webull) commitment and ability to protect its U.S. customers' sensitive personal and financial data from exposure to the Chinese Communist Party (CCP). Webull is a U.S. registered broker-dealer that allows customers to trade U.S. stocks, options, and certain cryptocurrencies.¹ Webull reports that it has 20 million registered users worldwide.² Webull indicates that this figure includes U.S. customers, from whom Webull collects and maintains personally identifiable information (PII), including social security numbers, as well as other sensitive personal and financial data.³ As described in more detail below, Webull is also owned by a Chinese company, Hunan Fumi Information Technology Co. (Hunan Fumi), and Webull appears to conduct substantial operations for its U.S. business using personnel and resources located directly in the People's Republic of China (PRC).⁴

Each of the undersigned Attorneys General possesses broad authority under state law to protect the public from unfair and deceptive acts and practices in commerce.⁵ Those laws—referred to as “UDAP laws”—empower us to undertake formal investigations to determine whether a business is engaging or has engaged in deceptive speech or conduct. On numerous occasions, acting individually or collectively, we have applied our UDAP laws in instances where businesses have misrepresented the privacy and security of customers' information. Where such conduct has been found to have occurred, we have sought and obtained significant relief, including

¹ Webull, <https://www.webull.com/> (last accessed April 1, 2024).

² Hannah Miao, *Investing Platform Webull to go Public Through SPAC Deal*, WALL STREET JOURNAL (Feb. 28, 2024), https://www.wsj.com/finance/stocks/investing-platform-webull-to-go-public-through-spac-deal-cfde4d8d?st=blm76aik21gq4wy&reflink=desktopwebshare_permalink.

³ Webull Privacy Notice (last updated: March 24, 2022), https://www.webull.com/protocol/webull_financial_privacy_policy.

⁴ Lee Zeldin, *Biden's Financial Regulators Give China-Backed Brokers a Hand, But Who is Surprised?*, THE WASHINGTON TIMES (July 13, 2023), <https://www.washingtontimes.com/news/2023/jul/13/bidens-financial-regulators-give-china-backed-brok/#:~:text=Webull%20is%20owned,technologists%20%E2%80%94%20in%20China>.

⁵ E.g., Indiana Code § 24-5-0.5; Mo. Rev. Stat. § 407.

but not limited to substantial damages, civil penalties, and injunctive relief. State UDAP laws have been enforced successfully against financial services and tech firms that have misled their customers on material information security matters. Many of our states also have specific data privacy and security laws that apply to provide additional causes of action and remedies.

We are concerned that Webull may be misleading customers about the privacy and security of their information in Webull’s possession, including PII and other sensitive information. For example, Webull’s privacy policy states prominently that Webull is “committed to maintaining the confidentiality and integrity of your personal information,” and that “Webull uses reasonable, industry standard security measures to protect information under our control from loss, misuse, unauthorized access, disclosure, alteration, and destruction.”⁶

We have reason to believe that these representations may not be true. Webull is both a U.S. and Chinese company with a technology team based in Hunan, China.⁷ As noted above, Webull is affiliated with Hunan Fumi, which has close ties to Xiaomi, a Chinese company that has reportedly helped the CCP surveil and suppress its citizens.⁸ The Financial Industry Regulatory Authority (FINRA) acknowledges multiple FINRA registered representatives for Webull are located in mainland China.⁹ Last year, FINRA fined Webull \$3 million “for not exercising reasonable due diligence before it approved customers for options trading; not maintaining a supervisory system reasonably designed to identify and respond to customer complaints; and not reporting certain written customer complaints to FINRA.”¹⁰ Moreover, several members of congress have raised concerns about Webull’s data privacy practices, including “the potential for U.S. customer PII to be shared or exfiltrated to Webull employees or affiliated entities located in the PRC.”¹¹ We share these concerns.

⁶ Webull Privacy Notice (last updated: March 24, 2022), https://www.webull.com/protocol/webull_financial_privacy_policy#:~:text=Webull%20uses%20reasonable%2C%20industry%20standard%20security%20measures%20to%20protect%20information%20under%20our%20control%20from%20loss%2C%20misuse%2C%20and%20unauthorized%20access%2C%20disclosure%2C%20alteration%2C%20or%20destruction.

⁷ Lee Zeldin, *Biden’s Financial Regulators Give China-Backed Brokers a Hand, But Who is Surprised?*, THE WASHINGTON TIMES (July 13, 2023), <https://www.washingtontimes.com/news/2023/jul/13/bidens-financial-regulators-give-china-backed-brok/#:~:text=Webull%20is%20owned,technologists%20%E2%80%94%20in%20China>; and Letter to Avril Haines Director of National Intelligence from Senator Cotton on Sept. 23, 2021, https://www.cotton.senate.gov/imo/media/doc/webull_letter.pdf.

⁸ Lee Zeldin, *Biden’s Financial Regulators Give China-Backed Brokers a Hand, But Who is Surprised?*, THE WASHINGTON TIMES (July 13, 2023), <https://www.washingtontimes.com/news/2023/jul/13/bidens-financial-regulators-give-china-backed-brok/#:~:text=Webull%20is%20owned,technologists%20%E2%80%94%20in%20China>.

⁹ U.S. House Committee on Financial Services Hearing Entitled “*Examining the Agenda of Regulators, SROs, and Standards-Setters for Accounting, Auditing*” (December 12, 2023), available at <https://www.youtube.com/watch?v=vSyab16nWQ8&t=5421s>.

¹⁰ News Release, FINRA Fines Webull \$3Million for Options Customer Approval Violation (March 9, 2023), <https://www.finra.org/media-center/newsreleases/2023/finra-fines-webull-3-million-options-customer-approval-violations>.

¹¹ Letter to SEC and FINRA from Senator Tommy Tuberville and Representative Jim Banks on May 3, 2023, <https://static.foxnews.com/foxnews.com/content/uploads/2023/05/Tuberville-Banks-Oversight-Letter-to-SEC-FINRA-5.3.20231.pdf>.

Furthermore, our concerns are exacerbated by recent enforcement actions against Webull by FINRA and the Massachusetts Securities Division (MSD), both of which found troubling compliance failures at the company. In particular, the MSD's consent order states that while Webull has had a Chief Compliance Officer (CCO), it lacked a formal compliance department until about February 2021.¹² The MSD also notes that this individual had never served as a CCO prior to joining Webull and also served as the company's Chief Operating Officer.

On March 13, 2024, the U.S. House of Representatives passed the Protecting Americans from Foreign Adversary Controlled Applications Act, which would ban social media platform TikTok from operating in the U.S. unless it separates from its Chinese owner, ByteDance.¹³ The Act is now working its way through the Senate. TikTok presents a number of grave national security and consumer protection threats which Attorneys General across the country continue to vigorously pursue. Indiana and other states have brought complaints against TikTok for violating data privacy laws and deceiving app users into believing their information is protected from the Chinese Communist Party.¹⁴ In actuality, that data is subject to Chinese law and may be intercepted by the CCP. We believe Webull's data protection practices and representations also warrant serious scrutiny given that Webull appears to collect more PII and sensitive financial data from U.S. customers than TikTok.

Before deciding whether to trust Webull with their personal and financial information, the American public deserves to know more about Webull's ownership and connections to the CCP, its employees and operations in the PRC, and its compliance with all relevant federal and state regulations, including those governing consumer data privacy. Please respond to the following information requests no later May 17, 2024.

1. Describe how many customers Webull has had in the U.S. for the period from January 1, 2018, through the present.
2. Describe in detail all direct and indirect ownership interests in Webull for the period from January 1, 2018, through the present.
3. Provide all of Webull's written policies and procedures, compliance manuals, desk manuals, and standard operating procedures for the period from January 1, 2018, through the present.
4. Describe in detail the address and nature of all Webull offices located in the PRC for the period from January 1, 2018, through the present.

¹² Consent Order, Docket No. E-2022-0058,

https://www.sec.state.ma.us/divisions/securities/download/Webull_Consent_Order_E-2022-0058.pdf.

¹³ Scott Wong, Kyle Stewart, and Rebecca Kaplan, *House Passes Bill That Could Ban TikTok in the U.S., Sending it to the Senate*, NBC NEWS (March 13, 2024), <https://www.nbcnews.com/politics/congress/house-likely-pass-bill-ban-tiktok-sending-senate-rcna142797>.


¹⁴ See First Amended Complaint in *Indiana v. TikTok Inc., Bytedance Inc., et al*, Cause No. 02D03-2212-PL-000401, https://content.govdelivery.com/attachments/INAG/2023/10/25/file_attachments/2658843/2023-06-09%20PUBLIC%20REDACTED%20IN%20Am.pdf.

5. Identify all Webull employees in the PRC including, but not limited to, their names, job titles, reporting lines (including manager names), roles and responsibilities, physical office address, and CRD numbers for the period from January 1, 2018, through the present. Please also provide detailed organizational charts for these individuals for this period.
6. Describe the electronic communication tools (such as email, Slack, text messaging, Signal, WhatsApp, and other forms of electronic communication tools) available to Webull employees, including employees located in the PRC.
7. Identify the types of information Webull maintains on current, prospective, and former U.S. customers.
8. Produce all documents and communications from the individuals identified in Request #5 related to customer PII, customer financial data, and Webull's data protection practices, whether or not those communications involve Webull employees in the U.S.
9. Describe whether any Webull employees in the PRC have access to any of the information identified in response to question #7 and, if so, please identify which information they are able to access and the means by which they are able to do so. If Webull's PRC based employees are not permitted access to such information, please describe the means through which Webull enforces the prohibition.
10. Describe any policies, procedures, technical controls, and other safeguards Webull employs to ensure that prospective, current, or former U.S. customers' information is not accessible to (i) government entities or officials of the PRC; and (ii) Chinese entities or Chinese nationals who are members of or have connections to the CCP.
11. Describe whether government entities or officials of the PRC have ever obtained from Webull, either voluntarily or otherwise, information concerning prospective, current, or former U.S. customers and, if so, please describe the circumstances and details of any such disclosure.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Rokita". The signature is fluid and cursive, with the first name "Todd" and last name "Rokita" clearly distinguishable.

Todd Rokita
Attorney General of Indiana



Tim Griffin
Attorney General of Arkansas



Christopher M. Carr
Attorney General of Georgia



Raúl Labrador
Attorney General of Idaho



Brenna Bird
Attorney General of Iowa



Kris Kobach
Attorney General of Kansas



Liz Murrill
Attorney General of Louisiana




Lynn Fitch
Attorney General of Mississippi



Andrew Bailey
Attorney General of Missouri



Austin Knudsen
Attorney General of Montana



Mike Hilgers
Attorney General of Nebraska



Alan Wilson
Attorney General of South Carolina



Ken Paxton
Attorney General of Texas



Jason Miyares
Attorney General of Virginia