

Congress of the United States
Washington, DC 20515

March 24, 2023

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Ave. NW.
Washington, DC 20500

Dear President Biden,

We write to you regarding a recent report that **the Silicon Valley Bank is the largest bank failure in the U.S. in 15 years**, which has resulted in the stranding of billions of dollars in deposits belonging to companies and investors.¹ As of the end of 2022, **Silicon Valley Bank reported \$151.5 billion in uninsured deposits, of which \$137.6 billion belonged to American customers of the bank**. On March 9th, 2023, according to a regulatory filing, customers withdrew \$42 billion from the bank, **resulting in a negative cash balance of \$1 billion** and the Silicon Valley Bank's inability to fulfill deposits.

According to a recent report, a subsidiary branch of the Silicon Valley Bank, the **SPD Silicon Valley Bank (SSVB)**, was a **50-50 joint venture between the Chinese Communist Party (CCP) state-owned Shanghai Pudong Development Bank and SVB Financial**.² In August 2012, SSVB was founded as the first Sino-American collaborative banking institution, with a primary emphasis on extending loans to Chinese tech startups.³ In an SSVB official statement, **SSVB is China's first technology bank, committed to serving Chinese science and technology companies**.⁴ According to statements made by the bank, its goal is to contribute to the creation of a scientific innovation ecosystem in China.

Additionally, several Chinese tech and biopharma firms were customers of SVB. These companies include:

1. **BeiGene**, which has roughly **\$175 million** in uninsured cash and cash equivalents deposited in the SVB as of December 31, 2022;
2. **Sirnaomics**, which has **\$3.3 million** held in the bank as of December 31, 2022;

¹ French, D., Wang, E., & John, A. (2023, March 11). SVB is largest bank failure since 2008 financial crisis. Reuters. Retrieved March 21, 2023, from <https://www.reuters.com/business/finance/global-markets-banks-wrapup-1-2023-03-10/>

² Kawase, K. (2023, March 11). Silicon Valley Bank's China Venture Says Operations 'sound'. Nikkei Asia. Retrieved March 21, 2023, from [https://asia.nikkei.com/Business/Finance/Silicon-Valley-Bank-s-China-venture-says-operations-sound#:~:text=SPD%20Silicon%20Valley%20Bank%20\(SSVB.of%20a%20fresh%20funding%20plan](https://asia.nikkei.com/Business/Finance/Silicon-Valley-Bank-s-China-venture-says-operations-sound#:~:text=SPD%20Silicon%20Valley%20Bank%20(SSVB.of%20a%20fresh%20funding%20plan)

³ *Ibid.*

⁴ He, L. (2023, March 13). Chinese companies and founders rush to calm investors after SVB collapse. MSN. Retrieved March 21, 2023, from <https://www.msn.com/en-us/money/companies/chinese-companies-and-founders-rush-to-calm-investors-after-svb-collapse/ar-AA18y4cQ>

3. **Brii Biosciences**, which holds cash and bank balances estimated at **\$87.6 million** based on the company's disclosed assets from January to June 2022;

4. **Zai Lab**, a Shanghai-based biotech company that has roughly **\$23 million** in cash and cash equivalents at SVB as of December 31, 2022.⁵

The fact that both SSVB and SVB have played an indispensable role in financing China's innovation economy, serving over 2,000 clients, and advising CCP government regulators⁶ is highly concerning and raises serious questions. SVB is reported to assist Chinese businesses in obtaining American investment or going public abroad, thereby circumventing restrictions on raising funds and listing outside of China.

Furthermore, recent revelations that members of the Biden family have received payments from Chinese companies through an intermediary associate make it a matter of vital national interest to determine which institutions aligned with the CCP stand to benefit from the U.S. government's support of SVB and what influence they may have on Executive Branch policymaking as a result.⁷

I request answers to the following questions:

1. **What type of Chinese companies are listed with Silicon Valley Bank, and what are their cash and assets with the bank?**
2. **Will the failure of the Silicon Valley Bank lead to Chinese companies being financially supported by the US government or bailed out by the Federal Deposit Insurance Corporation (FDIC)?**
3. **Have you, or members of your immediate family, received payments from Chinese companies, and if so, do any of these companies stand to materially benefit from the U.S. government's financial support of SVB and its clients?**

The Department of Treasury, Federal Reserve, and FDIC cannot afford to be asleep at the wheel while the CCP finances its companies with the support of U.S. venture capitalists at the expense of American taxpayers. I look forward to your response and request a detailed report addressing our questions. Please provide the requested answers, additional information, and relevant documents by April 3, 2023.

Sincerely,



Rich McCormick MD, MBA

⁵ Cheng, E., & Cherry, D. (2023, March 14). Silicon Valley Bank collapse hits startups as far away as China. CNBC. Retrieved March 21, 2023, from <https://www.cnbc.com/2023/03/13/silicon-valley-bank-collapse-hits-startups-as-far-away-as-china.html>

⁶ Huld, A. (2023, March 15). *Silicon Valley Bank Collapse - Impact for Chinese Companies and Economy*. China Briefing News. Retrieved March 21, 2023, from <https://www.china-briefing.com/news/silicon-valley-bank-collapse-impact-on-chinese-companies-and-economy/>

⁷ (2023, March 16). Memorandum - Investigation into the Biden Family's Influence Peddling and Business Schemes. Washington, DC; House Committee on Oversight and Accountability <https://oversight.house.gov/wp-content/uploads/2023/03/Bank-Records-Memo-3.16.23.pdf>