

## United States Senate

November 9, 2023

The Honorable Gary Gensler  
Chair  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Chair Gensler:

On October 25th, Citigroup International Ltd. reported that Communist Chinese property developer Country Garden Holdings Co. was deemed to be in default on a dollar-denominated bond for the first time. The builder, among the world's most indebted developers, didn't pay \$15.4 million of dollar bond interest by the end of a 30-day grace period after missing the initial deadline of September 17, 2023.<sup>1</sup>

Country Garden is currently Communist China's largest private developer, making this situation very concerning and especially alarming because of the continued access of American capital flow that goes into Communist China. The Chinese Communist Party (CCP) greatly benefits from American capital – notably raised consistently through access to dollar-denominated bonds, while providing the public and investors little to no financial data to validate its domestic economic claims. This unfettered flow of American capital is both an economic gamble as well as a serious national security risk for our nation.

These grave economic conditions coupled with the CCP's continued lack of transparency within its financial markets pose a serious risk to American investments within Communist China.

It's time that we protect American capital by ensuring that there is financial clarity regarding U.S. investments made within Communist China. That is why I have re-introduced the *[Protecting American Capital Act](#)*. This bipartisan bill requires that the Treasury collect and provide Congress with regular, accurate information on the United

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<sup>1</sup> <https://www.bloomberg.com/news/articles/2023-10-25/country-garden-default-on-dollar-bond-declared-for-first-time>

States' portfolio investment position in Communist China, including investments routed through offshore centers, such as the Cayman Islands.

As Country Garden misses payments and the CCP's property market continues to deteriorate, we must ensure American investors are protected from these reckless and opaque companies who are artificially propped up by the CCP and pose significant threats to U.S. investors and retirees.

Therefore, I write to you today to request the following information on potential financial exposure of Country Garden's default to American investors, and the United States more broadly:

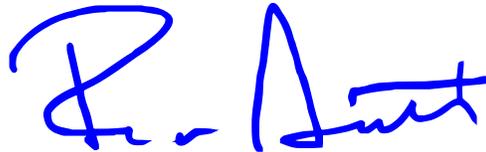
- What steps did Country Garden Holding Company take to issue its dollar-denominated bond?
- How exposed are hardworking families and U.S. investors to investments in Country Garden Holding Company and other property development companies in Communist China?
- Has this exposure and evolving risk been properly and accurately disclosed to U.S. investors?
- What is the U.S. Securities and Exchange Commission (SEC) doing to ensure that U.S. investors are protected from Communist China property company defaults?
- How does the SEC handle dollar-denominated bonds by foreign-domiciled entities and what information is required on behalf of the bond-issuer prior to initiating bond sales?
- How many dollar-denominated bonds have been issued by People's Republic of China-incorporated entities, including those based in Hong Kong and Macao?

This information will be an invaluable tool for Congress to better understand and address the risks presented by the volatile and opaque financial environment fostered by Communist China. More importantly, when equipped with this information, we will be better able to hold the CCP accountable and mitigate the ongoing serious threats they pose to our country's investors and families, as well as our own economic and national security.

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Thank you for your prompt attention and timely response to these requests.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott". The signature is stylized with a large initial "R" and a prominent "S".

Rick Scott  
United States Senator