

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

July 1, 2026

The Honorable Paul S. Atkins
Chairman
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

Dear Chairman Atkins:

I am writing regarding the pressing issue of so-called “ramp-and-dump” stock manipulation schemes perpetrated by foreign actors within U.S. markets. A ramp-and-dump scheme is where an entity targets U.S. investors via social media and encourages them to join an “investment club” and purchase publicly-listed shares of (typically) low-volume stocks over a period of weeks or months.¹ To appear credible, the perpetrators may impersonate legitimate brokerage firms and even utilize bots to inflate the membership of the investment club.² They fail to disclose that they control a large volumes of the stock, which they then sell off once the investment club members have inflated the price, reaping profit for the fraudsters and leaving U.S. retail investors holding the bag.³ Today, these schemes appear to be perpetrated primarily by Chinese nationals using China-based companies, although there is an indication they may be transitioning to U.S.-registered companies to evade detection.⁴ Alarming, the stocks at issue are all registered with the Securities and Exchange Commission (SEC) and listed on SEC-registered exchanges, primarily Nasdaq and the New York Stock Exchange (NYSE).

The impact of ramp-and-dump fraud is not speculative. Although public reports vary on the volume of ramp-and-dump schemes, all data show losses in the billions.⁵ According to one report, in July 2025 alone, ramp-and-dump schemes were run on at least four China-based issuers’ stocks registered with the SEC and

¹ See [Fraudsters Target U.S. Stock Investors through Investment Clubs Accessed on Social Media and Messaging Applications — FBI](#) (July 3, 2025); [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026).

² *Id.*

³ [Fraudsters Target U.S. Stock Investors through Investment Clubs Accessed on Social Media and Messaging Applications — FBI](#) (July 3, 2025); [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026).

⁴ See Fox News, [SEC chairman warns of China-linked ramp-and-dump activity](#) (Feb. 6, 2026) (“Especially it's some East Asia, China-related, companies where they're small, kind of penny stocks on Nasdaq,” said Atkins Friday on “Mornings with Maria.”); [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026); [Ramp and Dump | FDIC OIG OIG](#) (“In a “Ramp and Dump” scheme (which is a type of Pump and Dump scheme), Chinese or other micro/small-cap non-U.S. companies, typically valued at \$15 million or less, with an individual share price of \$4-6 at the Initial Public Offering (IPO) will obtain a listing on the NASDAQ and go public, while the bad actors are allocated millions of pre-IPO shares at little to no cost to themselves.”); [The 'cutting leeks' scheme in the US stock market: after inflating stock prices, multiple Chinese concept stocks experience flash crashes, resulting in investors losing billions of dollars.](#) (Aug. 18, 2025) (“In July, seven Chinese concept stocks traded on the Nasdaq fell victim to a “pump and dump” scheme, with share prices plummeting over 80% and a market capitalization evaporating by \$3.7 billion. Analysts and investors indicated that these trends exhibit typical characteristics of a “pump and dump” fraud. The FBI stated last month that complaints from victims involved in “pump and dump stock fraud” increased by 300% year-on-year. Scammers lured investors into WhatsApp groups through Facebook ads, posing as legitimate brokers recommending stocks.”); [Investor Alert: Multi-Stock Pump-and-Dump Investigation - Alpha Quantum Group](#) (Aug. 2025).

⁵ See also [InvestorLink Comment Letter](#) (Dec. 15, 2025) (“Retail investors have suffered \$15 billion in ramp-and-dump losses in 2025. Last week, retail investors lost nearly \$2 billion across three separate incidents we identified well in advance of the loss events. Of the 50 such events in 2025, our software identified 33, capturing approximately \$12 billion of documented harm.” Also finding that “[o]f the 50 pump-and-dump events documented in 2025—representing nearly \$15 billion in global retail investor losses 46 involved Nasdaq-listed securities”; a statistic reflecting 92% of all scams.)

listed on the Nasdaq.⁶ These schemes were all run using Facebook and WhatsApp groups.⁷ When the price of these stocks collapsed, the stocks lost between 80-93% of their value and U.S. investors lost at least \$3.7 billion.⁸ Separately, a January 29, 2026, Bloomberg investigation found that “a quarter of the more than 250 companies that went public on Nasdaq’s smallest listing tier since 2023 were promoted in WhatsApp group chats, and then crashed or were suspended by the U.S. Securities and Exchange Commission over concern about potentially manipulative trading.”⁹ Bloomberg’s investigation identified a number of microcap underwriters that tend to support most of the ramp-and-dump stock IPOs, including WestPark Capital, D. Boral Capital, Dominari Securities, Revere Securities, R.F. Lafferty & Co., Cathay Securities, Bancroft Capital, Prime Number Capital, Benjamin Securities, and Joseph Stone Capital.¹⁰ Bloomberg concluded that “[c]umulative market cap crashes for approximately 60 new Nasdaq-listed firms likely targeted by social media stock manipulation scams” resulted in a loss of \$16 billion in value since 2023.¹¹

This issue was recently highlighted during the Capital Market Subcommittee’s April 15, 2026, hearing entitled “Safeguarding Main Street: Combatting Fraud and Exploitation in Our Capital Markets.” In his oral testimony before the Subcommittee, witness Matthew Michel, Founder and Managing Partner of InvestorLink Capital Markets, noted that the issue for regulators is not a matter of detecting ramp-and-dump fraud, but how to respond. Michel explained that while the technology exists to “generate high-confidence early warning signals on these patters—often with meaningful lead time before significant investor harm occurs,” the “critical gap is what happens after a warning sign is identified.”¹² “Our current regulatory and compliance framework is fundamentally reactive; optimized to investigate fraud after the fact.”¹³ In the case of ramp-and-dump schemes, “after the fact” means that the American investors have already lost their money to a criminal enterprise overseas where funds are rarely able to be recovered.¹⁴

I view the funneling of billions of dollars in Americans’ retirement savings to criminal enterprises overseas to be a massive problem. I appreciate that the SEC has begun paying close attention to these matters. Neither Congress nor the SEC should allow microcap issuers that bare the identifiable markers of being potentially-fraudulent—including foreign status, small market capitalization, limited public float, and common underwriters¹⁵—to register with the SEC as securities. To otherwise allow these scam vehicles to be registered with the SEC gives them the imprimatur of legitimacy and allows them to be offered for sale on U.S. exchanges. I was pleased that the SEC founded the Cross-Border Task Force last year, purportedly to root out

⁶ [Investor Alert: Multi-Stock Pump-and-Dump Investigation - Alpha Quantum Group](#) (Aug. 2025) (identifying the following tickers, among others: Park Ha Biological Technology Co., Ltd. (NASDAQ: PHH), Top KingWin Ltd (NASDAQ: WAI), PicoCELA Inc. (NASDAQ: PCLA), and EPWK Holdings Ltd (NASDAQ: EPWK).

⁷ [Investor Alert: Multi-Stock Pump-and-Dump Investigation - Alpha Quantum Group](#) (Aug. 2025).

⁸ [Investor Alert: Multi-Stock Pump-and-Dump Investigation - Alpha Quantum Group](#) (Aug. 2025).

⁹ [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026) (also noting that “these IPOs are for companies that became targets of alleged social media stock manipulation scams and suffered a one- or two-day 50% share price decline”).

¹⁰ [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026). The article also identified the following tickers as the subject of ramp-and-dump schemes: SDM:US (Smart Digital Group Limited), QMMM:US (QMMM Holdings Limited), MCTA:US (Charming Medical Limited), CUPR:US (Cuprina Holdings Limited), EMPG:US (Empro Group Inc), PC:US (Premium Catering Holdings Limited), 0302294D:US (Cathay Securities Corp), 2513380D:US (D Boral Capital), 3265418Z:US (Dominari Securities), 339098Z:US (RF Lafferty & Co), CHOW:US (ChowChow Cloud International), CLEUF:US (China Liberal Education Holdings), OST:US (Ostin Technology Group), JMG:US (JM Group Ltd), and MAMK:US (MaxsMaking Inc).

¹¹ [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026).

¹² Matthew Michel, [Final Oral Testimony](#) (April 15, 2026).

¹³ Matthew Michel, [Final Oral Testimony](#) (April 15, 2026).

¹⁴ See e.g., [Crime, Corruption, and Power: The Rise of CCP-linked Scam Networks Targeting Americans and Threatening U.S. Security | Select Committee on the CCP](#) (May 19, 2026) (hearing addressing scope of China-linked scams, including investment scams).

¹⁵ See [Ramp and Dump | FDIC OIG OIG; This On-Ramp Could Lead You to a Dump | FINRA.org](#) (March 30, 2023); Matthew Michel, [Final Oral Testimony](#) (April 15, 2026); [How Apparent Pump-and-Dump Scams Thrive on Wall Street](#) (Jan. 29, 2026); [InvestorLink Comment Letter](#) at 4 (Dec. 15, 2025) (identifying float concentration, IPO allocation patterns, pre-IPO promotional activity, and underwriter or auditor track record as indicia of fraudulent listings).

this fraud,¹⁶ and that a small number of actions have been brought by the Department of Justice.¹⁷ However, the fact remains that this is a significant and growing problem, and that enforcement “after the fact” is insufficient. More must be done by the SEC to prevent this fraud before it occurs.

The Committee needs to have a better understanding of what steps the SEC is taking to prevent ramp-and-dump schemes from taking place in the United States, and what this Committee can do to assist you in this effort. To this end, please respond to the following questions by **Wednesday, July 22, 2026**.

1. Please describe the SEC’s process for evaluating whether to register the stock of a China-based issuer, or issuer affiliated with China, including answering the following:
 - a. Is this process the same for all companies?
 - b. How does staff assess whether a China-based issuer is compliant with the Holding Foreign Companies Accountable Act (HFCAA)?
 - c. Does staff guidance require any explicit disclosure of potential ramp-and-dump risks associated with China-based issuers?
2. Has the SEC identified whether there are characteristics common to stocks that are the subject of ramp-and-dump schemes? If so, what are these? Is the SEC using these characteristics to more strongly scrutinize whether to register similar stocks?
3. Please detail the SEC’s efforts to address the risks posed by ramp-and-dump schemes, including efforts made prior to registration (such as any plans to require additional risk factor disclosures related to the association between China-based issuers and ramp-and-dump schemes), after registration, and following a ramp-and-dump.
4. To the extent these efforts may include a trading suspension, please describe the considerations that contribute to the SEC’s decision to issue a trading suspension. What is the process for issuing a trading suspension? Please identify instances over the past 18 months when the SEC has suspended trading in a stock identified as the subject of a ramp-and-dump scheme.
5. With regard to these schemes, how is the SEC supervising exchanges where these schemes take place, such as Nasdaq and NYSE, to prevent ramp-and-dump schemes from occurring? What is the outcome of this supervision thus far? Are there additional measures that the exchanges could take to prevent this fraud?
6. How is the SEC encouraging and empowering the Public Company Accounting Oversight Board (PCAOB) to stay focused on these schemes as part of PCAOB’s inspections and enforcement work?
7. Confirm whether the SEC, FINRA, and the exchanges, are utilizing the Consolidated Audit Trail (CAT) as part of the regulatory response to these schemes.
8. Is the SEC engaged with the Financial Crimes Enforcement Network’s (FinCEN) Rapid Response Program to help victims recover funds lost to ramp-and-dump schemes?¹⁸ If so, please describe the scope of this collaboration. If not, why not?

¹⁶ [SEC.gov | SEC Announces Formation of Cross-Border Task Force to Combat Fraud](#) (Sept. 5, 2025).

¹⁷ [Office of Public Affairs | Hong Kong Businessman Indicted for Role in Filing False SEC Investment Adviser Forms on behalf of Sham Entities Used in Ramp-and-Dump Scheme | United States Department of Justice](#) (Nov. 14, 2025); [7 indicted in massive 'ramp-and-dump' investment fraud scheme; \\$214M in stolen assets seized: Chicago FBI - ABC7 Chicago](#) (March 24, 2025).

¹⁸ [FinCEN’s Rapid Response Program Interdicts Nearly \\$2 Billion on Behalf of U.S. Cyber-Enabled Fraud Victims | FinCEN.gov](#) (April 15, 2026).

9. Is the SEC engaged with the FinCEN Exchange Program to identify how the SEC can collaborate with other agencies to detect and prevent ramp-and-ump schemes, including in determining what guidance, additional authority, or collaboration is needed? If so, please describe the scope of the SEC's participation in this program. If not, why not?
10. What authority does the SEC currently have to prevent ramp-and-dump schemes? Are the rules or policies that the SEC is considering adopting? For instance, is the SEC considering applying enhanced review procedures to companies that bare certain hallmarks of ramp-and-dump targets, similar to the enhanced review applied to SPACs under the Gensler SEC?¹⁹
11. Is the SEC considering taking additional steps to speed up its ability to respond to ramp-and-dump fraud when it occurs? For instance, has the SEC considered giving scoped delegated authority to the Cross-Border Task Force to investigate and bring cases more quickly? If so, provide an update on the status of these efforts.
12. Is there legislative action that this Committee could take to provide additional authority to the SEC, FINRA and other self-regulatory organizations to detect and prevent ramp-and-dump schemes and better protect U.S. investors from fraud?

Thank you for your consideration of this important matter. As you prepare your response and have questions, please have your staff reach out to Lev Bagramian on my staff (Levon.Bagramian@mail.house.gov). I look forward to working with you to ensure our regulators, and U.S. regulated entities, are doing their most to protect investors and keep our markets free of fraud and manipulation.

Sincerely,



Representative Maxine Waters
Ranking Member

CC:

Chair French Hill, Committee on Financial Services, U.S. House of Representatives
Hester Peirce, Commissioner, SEC
Mark Uyeda, Commissioner, SEC
Robert Cook, President and CEO, FINRA
Adena Friedman, Chair and CEO, Nasdaq

¹⁹ See [SEC.gov | Statement on Final Rules Regarding Special Purpose Acquisition Companies \(SPACs\), Shell Companies, and Projections](#) (Jan. 24, 2024).