

April 21, 2022

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Biden,

The Federal Retirement Thrift investment Board (FRTIB) is proposing to enable hundreds of millions or billions of dollars of federal employee pension money to flow to Chinese state-controlled companies. This decision is particularly egregious as China is – as CIA Director William Burns recently said - a silent partner in Russia’s brutal war on Ukraine. We write to ask that you intervene immediately and prevent FRTIB’s initiative scheduled for implementation in June, which runs counter to America’s national security interests, human rights values and efforts to protect retail investors.

The Board has proposed opening a “Mutual Fund Window” in June, which would make available to Thrift Savings Plan (TSP) participants the ability to invest up to 25% of their savings in around 5,000 mutual funds. Many of these mutual funds will almost certainly include companies owned or controlled by the Chinese Communist Party (CCP). These companies are not compliant with federal securities laws and other protective disclosure requirements and many are sanctioned by the United States because of egregious national security and human rights abuses, including the manufacturing of advanced weapons systems for the People’s Liberation Army.

Secretary of State Blinken has rightly labeled China’s human rights crimes in Xinjiang province as genocide. You have properly labeled Russia’s aggression in Ukraine genocide. You are appropriately increasing financial and other economic sanctions on Russia each week. China is supporting Russia in trade, finance and propaganda which help cushion and offset the impact of our sanctions on Russian companies and the Putin government as we as intensifying the horrific aggression against the Ukrainian people. Federal employee retirement dollars being permitted to fund Chinese companies and the CCP is a recipe for disaster and puts the United States on the wrong side of history.

Nearly two years ago, well before the Russia-Ukraine war, the FRTIB was forced to reverse their misguided, deeply flawed decision to invest federal retirement savings in companies owned or controlled by the CCP and engaged in corporate human rights abuses and Chinese military modernization. Tragically, it appears that the FRTIB is once again poised to ignore the staunch bipartisan rebuke it received from Congress previously and attempt to invest the retirement

assets of federal government employees, including current and former members of the U.S. Armed Forces, in Chinese state-controlled enterprises.

The planned Mutual Fund Window proposed by FRTIB poses asymmetric material risks to both retirees' investments and our national security. This decision reflects the same fiduciary malfeasance evidenced in the previous attempt to include Chinese companies within the TSP in 2020 [? I think that's right]. Indeed, the danger from funneling American investor dollars into Chinese companies, including corporate "bad actors", has only grown in the intervening years.

China has woefully inadequate risk disclosures and protections under Chinese law - or sufficient information to satisfy U.S. regulators. Moreover, Chinese companies in which the FRITB would seek to allow TSP investments present significant national security and humanitarian concerns for the United States, exposing these Chinese companies that would be held in the retirement portfolios of our federal workforce to the extreme risk of sanctions, trade restrictions, boycotts, and other punitive measures.

Our federal workers and members of the United States Military, who have spent their careers defending America, should not be permitted to unwittingly transfer billions of their hard-earned dollars to CCP-controlled enterprises which directly threaten our nation's economic and national security as well as their own investments.

While Congress negotiates the final parameters of the Bipartisan Innovation Act – a bill designed to help America compete against China in a number of domains – we strongly encourage you to take immediate executive action to halt the FRTIB's plans to allow increased U.S. investment in China via instructing the FRTIB that it should reverse its decision forthwith and supporting mechanisms – both legislative and executive - to prevent such egregious investments going forward.

Sincerely,



Zach Mottl, Chairman
Coalition for a Prosperous America



Michael Stumo, CEO
Coalition for a Prosperous America