



August 7, 2025

The Honorable Tim Scott
Chairman
Senate Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Brian Mast
Chairman
House Committee on Foreign Affairs
United States House of Representatives
Washington, D.C. 20515

The Honorable John Moolenaar
Chairman
House Select Committee on Strategic
Competition between the US and the CCP
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Scott, Chairman Mast, and Chairman Moolenaar:

I write to urge your committees to convene a hearing to investigate the large-scale smuggling of advanced AI chips into the People's Republic of China in violation of U.S. export controls, and to examine whether Nvidia took sufficient measures to prevent or report this activity.

According to a recent investigation by the *Financial Times*,¹ at least \$1 billion worth of advanced U.S. chips made their way into China this year despite U.S. restrictions. These chips are critical enablers of AI capabilities with profound national security implications—including military modernization, surveillance, and cyber operations by adversarial governments.

While Nvidia has long claimed there is "no evidence" of its products being diverted to China, the size and nature of the equipment involved—large data center GPUs—make that claim difficult to reconcile with the scale of the smuggling. Nvidia itself has noted that its hardware is not easily hidden or transported, raising legitimate questions about what the company knew about chip diversion, when it knew it, and what steps it took in response.²

¹Zijing Wu and Eleanor Olcott. [Nvidia AI chips worth \\$1bn smuggled to China after Trump export controls](#). Financial Times. July 25, 2025.

²Morales, Jowi. [Nvidia CEO Jensen Huang says 'There's no evidence of any AI chip diversion'](#). Tom's Hardware. May 19, 2025.

As the *Financial Times* noted in its investigation, export-controlled chips are openly advertised for sale on social media in China. Such publicly available evidence of chip smuggling makes it unlikely that the world's leading developer of advanced AI chips would have no knowledge of active chip diversion to China.

A smuggling operation recently uncovered by the Department of Justice illustrates the way illegal shipment of Nvidia chips to China can occur. The smugglers in question founded a company immediately after the U.S. government implemented its 2022 export controls on advanced AI chips, purchased Nvidia products through this company, and illegally shipped them to China via freight carriers based in Malaysia.³ These shell-company transactions should have triggered several of the red flags indicating potential smuggling published by the Department of Commerce Bureau of Industry and Security, which companies like Nvidia are responsible for noting, investigating, and reporting to authorities.⁴ While the perpetrators of this smuggling operation now face federal criminal charges, their operation represents only a drop in the bucket of the full scope of illegal chip diversion to China.

This is not merely a matter of corporate accountability—it is a matter of national security. As a recent bipartisan letter from 20 former national security officials highlights, the effectiveness of U.S. export controls on advanced chips will determine whether the Chinese government can circumvent our technological safeguards and continue advancing sensitive AI systems with potential military applications.⁵

A hearing should explore the following key questions:

1. Did Nvidia have knowledge or visibility into the illegal diversion and resale of its chips to China?
2. What measures is Nvidia taking internally to monitor and track black-market activity?
3. What responsibility do U.S. companies have to prevent their chips from being funneled to restricted end-users, particularly the Chinese government and PLA-linked organizations?

Congress has a duty to ensure that U.S. companies are not turning a blind eye to violations of our export laws—or worse, quietly profiting from them. A public hearing would help clarify

³ Dylan Butts. [U.S. charges two Chinese nationals for illegally shipping Nvidia AI chips to China](#). CNBC. August 5, 2025.

⁴ [Supplement No. 3 to Part 732—BIS's "Know Your Customer" Guidance and Red Flags](#). United States Code of Federal Regulations.

⁵ [Letter from 20 National Security Experts and Former Officials](#). Americans for Responsible Innovation. July 28, 2025.

the facts, identify regulatory gaps, and signal that national security cannot be compromised for short-term commercial gain.

Thank you for your leadership and consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Carson". The signature is fluid and cursive, with the first name "Brad" being more prominent than the last name "Carson".

Brad Carson
President
Americans for Responsible Innovation

Cc:

Sen. Elizabeth Warren, *Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs*

Rep. Gregory Meeks, *Ranking Member, House Committee on Foreign Affairs*

Rep. Raja Krishnamoorthi, *Ranking Member, House Select Committee on Strategic Competition between the US and the CCP*