

July 8, 2020

Attention: Jay Clayton, Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Followup to GSX Techedu's operational & financial frauds; market manipulation

Dear Chairman Clayton and Attendees of tomorrow's SEC Roundtable Discussion,

Additional evidence was submitted to the SEC today by a Chinese investigatory firm, Scorpio VC. **They have hard evidence of overwhelming discrepancies in what GSX pays to China as VAT vs what they claim their income is to the SEC and US investors.** This fact and its degree is so substantial that it alone should be grounds for an immediate delisting, or at least a suspension. Please refer to public SEC files submitted for this event to gain access to this submission.

https://twitter.com/scorpio_vc/status/1280747526425939970/photo/1

Since I sent you my report on July 5, GSX's stock price has skyrocketed. At the time, the stock price was \$63.10. As of now, in only 3 trading days, **it is up 32% to \$83.10**, with a PE ratio of 440 and market cap of \$19B (!!!). There is only one other company across all markets with a market cap greater than \$10B USD and a PE ratio as high as GSX. This for a company with tremendous evidence of fraud, in a highly competitive industry, with absolutely terrible software. **This is an extreme outlier that you should be devoting resources to stopping immediately in its tracks.**

While other Chinese EdTech businesses and the NASDAQ have gone down in the last 3 days, GSX has relentlessly shot straight up with no end in sight. Insiders are not attempting to squeeze shorts, but to kill them. And they are. **Personal savings of your fellow Americans are being destroyed.**

Some claim that the timing of this is a proverbial middle finger to US enforcement in anticipation of the roundtable. **This perspective is evidenced by a 600k after hours dark pool order yesterday, July 7.**

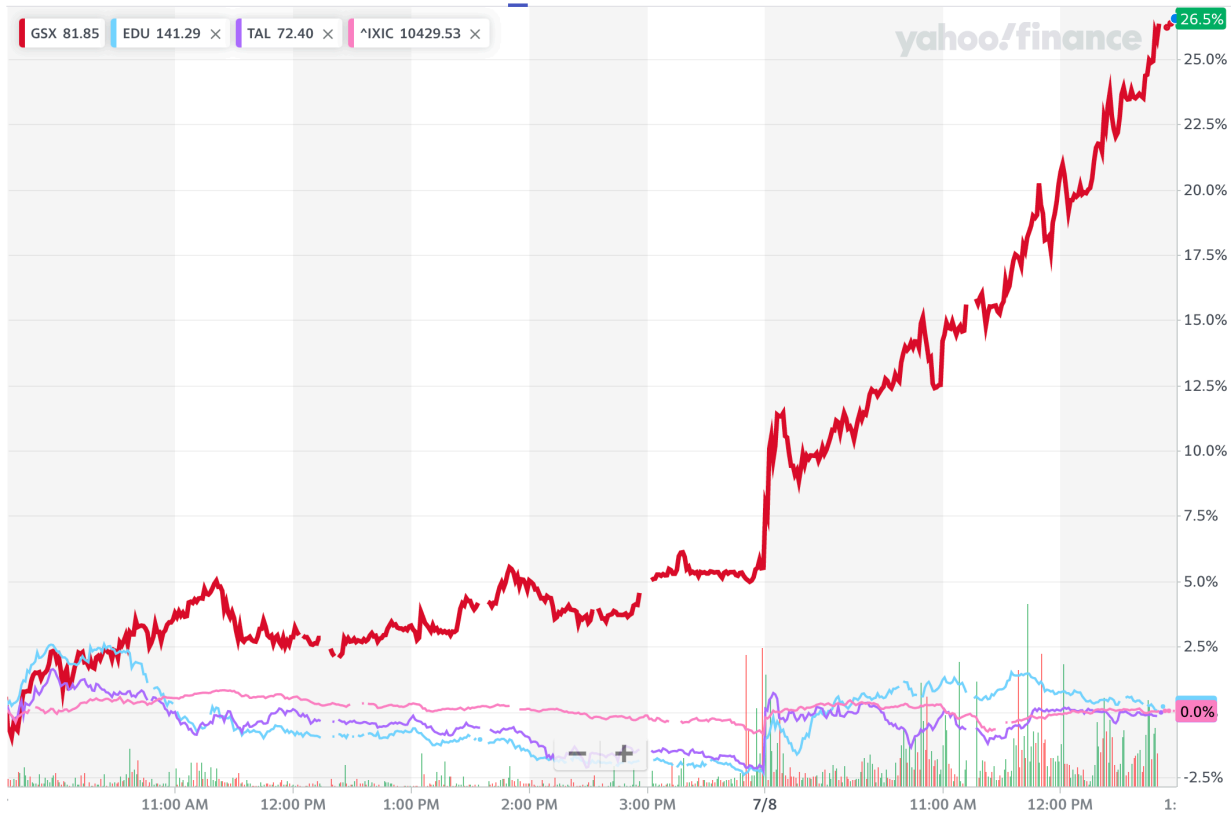


Figure 1. GSX Compared to competitors EDU, TAL & NASDAQ

Last week, a curious Chinese observer sat in a GSX "class" for many hours, only to say, "There is nobody in the classroom!!! I've been listening this English class for so long \$GSX Gaotu" <https://twitter.com/DromedaMilk/status/1279017279930486785>

A different person joined another class and posted obscene curse words through the course of the day. **No other human was in the class (despite the software claiming there was, as they were all bots), there was no human teacher there to comment or kick them out of the room -- it was all fake.** Yet, GSX claims that all classes have real, live teachers and hundreds of real students: <https://twitter.com/SimonYa31058641/status/1279446033404096513>

This is the digital equivalent of sitting in a Lukin coffee shop and counting the number of people who order coffee, but in this case, there would be no customers or barista, only the observer and a bunch of laptops.

An **online petition** was created yesterday, calling for the SEC to investigate and delist GSX. **In less 24 hours there are 248 signatures and growing by the minute.** <https://www.change.org/p/us-securities-exchange-commission-stop-the-fraud-chinese-company-gsx-from-stealing-billions-of-from-americans>

We are all counting on you to protect us from this Chinese grand theft larceny immediately. Please don't let us down.

Yours truly,
Joseph White

A link to my original report can be found here: <https://www.sec.gov/comments/emerging-markets/cl19-7382078-218897.pdf>

Other public comments to delist GSX can be found here: [SEC.gov | Comments on Chairman's Statement on Statement Announcing SEC Staff Roundtable on Emerging Markets](#)