

Written Testimony of Sean Murphy
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Before the House Committee on Small Business
Hearing on Defending Main Street: Combating CCP Threats to America's Small Businesses
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In the testimony that follows, I discuss three specific topics – Bitcoin/blockchain, palliative care, and energy medicine – seemingly separate issues; however, the common thread is the need to protect each, to promote each, and to secure against corruption, fraud and abuse. The CCP and other bad actors in these fields are undermining our national stability, national security, and the continued survival of the United States of America as a democratic republic.

My name is Sean Murphy. I am an entrepreneur, investor, and small business owner. I am a palliative father. My son battles a terminal illness, and I am fighting for his life. I've been a VA hospice volunteer for sixteen years, sitting at the bedside of dying warriors.

My advocacy for my son and veterans centers on palliative care and has previously focused on access to cannabinoids and rescheduling "marijuana" from Schedule I to Schedule III, which I think will be a monumental movement in research and development of cures.

I'm also an advocate against child trafficking. I implore you to stand against child trafficking at home and abroad and pursue justice for the victims. As a palliative parent, defending children has become a moral imperative.

Being with my son and veterans, I've realized we are not chemical beings to be pumped full of pharmaceuticals—we are electrical beings. Our bodies run on bioelectric fields, energy pathways, and natural frequencies. I did not learn this by choice. Being a palliative father led me to this. I had to become an expert on my son's condition and how the human body's own innate health abilities are activated. I had tried everything else to help my son, only to find energetic medicine, including sound and light therapies, were what helped him when I was forced into a place where I had no other options to help him. This is the next wave of healthcare and the intellectual property behind it is pure gold.

Lawfare, and IP theft are a direct threat to every small business on Main Street, where energy medicine is a frontier industry. We cannot allow any foreign country—especially

the CCP—to steal IP and weaponize our own legal system against American entrepreneurs, parents, and veterans.

Additionally, in healthcare, I am witnessing firsthand how rampant fraud and abuse are, from massive DME over-billing schemes in Florida to ghost hospice facilities in California, siphoning hundreds of millions from Medicare and Medicaid. This fraud and abuse devastates patients, inflates taxes for every American family, erodes trust in legitimate services, and jeopardizes the long-term solvency of these critical programs. These scams not only crush honest small businesses trying to deliver real care but also create vulnerabilities that foreign adversaries can exploit to speed up economic damage by weakening our entitlement systems from within.

There are documented cases of Chinese nationals or China-linked individuals involved in U.S. healthcare fraud (e.g., straw owners, money laundering, or telemedicine scams), and the FBI has warned about hybrid scams where criminals impersonate U.S. insurers and Chinese law enforcement to target Chinese-speaking residents. Florida's Attorney General has recently created a "CHINA Unit" focused on data privacy risks and foreign-linked health-tech companies.

What follows is background and information involving Bison Blockchain, energy medicine, healthcare fraud, and my recommendations on protecting entrepreneurs and small business owners focused on the applications to the healthcare industry and access to capital for experienced American entrepreneurs and small business owners.

I. Bison Blockchain, Bitcoin Mining, and the CFIUS Presidential Divestment Order

I am a former executive at Bison Blockchain. We survived a Chinese takeover that literally wiped out everything we had built. In 2022 and 2023, the Bison Blockchain team poured sweat and every last dollar into building the largest bitcoin mine in Wyoming, near Cheyenne, just one mile from Warren Air Force Base and our nation's Minuteman III missiles. Early in the project, our lead domestic capital option didn't come through, and we were forced to take on a last-minute capital partner, a group of investors who identified themselves as "international businessmen."

After breaking ground, it became clear our capital partners were not from Singapore, as they had represented. They were from Beijing and Hong Kong — majority Chinese nationals backed by CCP-linked capital. These men, we later came to find out, also owned and operated IP transfer companies.

Just before starting to mine bitcoin, the Chinese brought in individuals to replace us as the site operators. We were left with litigation as our only option, suing them for breach of contract and contract interference. They countered by suing Bison Blockchain, a small local business, for \$110 million. It wasn't litigation—it was lawfare.

The Chinese Defendants hired six law firms, two in New York, one in Los Angeles, and three locally, right in Cheyenne — and exploited relationships between their Wyoming lawyers and state legislators. By this, I am clarifying, the CCP had influence in the Wyoming legislature. They mocked us and our judicial system.

Then President Biden issued the presidential divestment order¹ in May 2024 under CFIUS authority (pursuant to the Defense Production Act and FIRRMA) because the Cheyenne, Wyoming bitcoin mining site—located just one mile from the Warren Air Force Base and its Minuteman III ICBM silos—posed an unacceptable national security risk because of its proximity to critical nuclear triad infrastructure.

CFIUS determined that the foreign owners (MineOne Cloud Computing Investment I L.P., majority-controlled by Chinese nationals) could use the specialized foreign-sourced mining equipment for surveillance, signals intelligence collection, or espionage against U.S. strategic assets, creating a vector for Chinese intelligence operations on American soil.

This was the first-ever presidentially ordered divestment of real estate under the expanded CFIUS real-estate rules, requiring full foreign divestment within 120 days plus removal of all improvements and foreign equipment to eliminate the threat.

But... the Chinese Defendants saw the divestment coming months in advance, and preemptively sold the site to a large US public company, CleanSpark², a company that had contracts worth hundreds of millions of dollars with one of the other Chinese Defendants in the lawsuit, Bitmain, the manufacturer of CleanSpark's bitcoin mining equipment. [There is currently an investigation into Bitmain called Operation Red Sunset³. According to *Bloomberg* and other media outlets, the Department of Homeland

¹ Regarding the Acquisition of Certain Real Property of Cheyenne Leads by MineOne Cloud Computing Investment I L.P., 89 Fed. Reg. 43301 (2024).
<https://www.federalregister.gov/documents/2024/05/16/2024-10966/regarding-the-acquisition-of-certain-real-property-of-cheyenne-leads-by-mineone-cloud-computing>

² CleanSpark, Inc. (2024, May 16). CleanSpark to acquire 75 MW of bitcoin mining sites in Wyoming for \$18.75 million [Press release]. PR Newswire.
<https://www.prnewswire.com/news-releases/cleanspark-to-acquire-75-mw-of-bitcoin-mining-sites-in-wyoming-for-18-75-million-302141720.html>

³ Bloomberg News. (2025, November 21). Chinese manufacturer Bitmain faces US security review. Bloomberg.

Security is spearheading the investigation, and a 2025 Senate Intelligence Committee Report⁴ highlighted the Cheyenne project and "disturbing vulnerabilities" in Bitmain bitcoin mining machines].

This wasn't competition. It was a blatant misuse of the American legal and Judicial system, where the Chinese and CleanSpark worked together to try to wipe out the small, local guys—the Main Street guys.

Their plan to crush us would have worked and we would have lost everything—the business and millions of dollars—but for my father, Patrick Murphy, Bison Blockchain's attorney, and my brother, Michael Murphy, we won the jurisdictional dispute and a landmark ruling in Wyoming Federal District Court ("the Court") for Prejudgment Writs of Attachment and Garnishment to lock up the sale money with the Court after the divestment.

Bison Blockchain retained Andrew Astuno to be its CFIUS expert witness as part of the emergency motion and hearing for Prejudgment Writs of Attachment and Garnishment. Mr. Astuno, a former Treasury Department official and now a legal expert on sanctions, provided critical testimony against the Chinese Defendants. It was a joy and relief to watch Mr. Astuno professionally dismantle the legal charade created by the Chinese Defendants and their New York lawyers. Thank you, Mr. Astuno.

With the sale proceeds locked up with the registry of the Court, and with the help of these people, Bison Blockchain defeated the Chinese and negotiated a multi-million settlement resolving all claims with the Chinese Defendants. The victory of exposing the Chinese Defendants was complete.

II. Energy Medicine Innovation and Intellectual Property

The CCP and other nations know the next wave of healthcare belongs to energetic medicine and whole-health technology. Our bodies operate on bioelectric fields and natural frequencies.

Advancements in energetics and frequency are already reshaping national defense — from Directed Energy Weapons (DEWs), high-power microwave systems, and battlefield

<https://www.bloomberg.com/news/articles/2025-11-21/chinese-manufacturer-bitmain-faces-us-security-review>

⁴ Select Committee on Intelligence, United States Senate. (2025, July 29). *Report to accompany S. 2342, Intelligence Authorization Act for Fiscal Year 2026* (Report No. 119-XXX).

<https://www.intelligence.senate.gov/2025/07/29/report-to-accompany-s-2342-intelligence-authorization-act-for-fiscal-year-2026/>

energy applications that harness the very same bioelectric principles. Yet in healthcare we are using that exact same understanding of how we are electrical beings to heal, not to harm. This dual-use reality makes our IP not just innovative, but a national security imperative: we must ensure the next wave of energetic healing approaches and technological advances here on American soil, protecting veterans, families, and our technological edge before Beijing copies, knocks off, or weaponizes it against us.

Basic Biology explains that every cell in your body generates a small electrical charge. Your heart beats because of electrical impulses. Your neurons fire using electrical signals. Muscles contract because of tiny voltage changes across cell membranes.

The EKG used every day in medicine measures your heart's electricity, an EEG reads your brain's electrical activity. For the last 70 years our health care system has attempted to fix electrical issues through chemical applications (drugs).

The CCP and others systematically target this space through knock-offs, reverse-engineering, data exfiltration, and genetic targeting. Healthcare and healthcare data are designated critical infrastructure under CISA/HHS. Stolen biotech and AI IP flows directly into companies backed by foreign interests, including China's Military-Civil Fusion strategy, weakening our technological edge and endangering veterans and American families.

To get ahead of this emerging threat, Congress must proactively support American small businesses and Main Street innovators in this space. By directing capital and resources to proven U.S. entrepreneurs developing domestic solutions and innovations, we protect our IP, safeguard healthcare data as a national security priority, create jobs, and ensure the next wave of healthcare remains American-led rather than ceded to adversaries and foreign interests.

The March 2026 SBA foreign-national ban already closed the front door on risky foreign capital. But we must also lock the back door and send a clear message to those who would misuse and abuse our justice system. We cannot allow foreign adversaries and their enablers to steal IP, weaponize American courts through abusive lawfare, stacked law firms, and exploited local relationships. Congress should use every tool — including SBIC leverage requirements and national-security certifications — to deny capital and federal benefits to any entity that has engaged in such contempt for our judicial system. Small businesses must never again be forced to choose between financial survival and national loyalty.

III. Combatting Healthcare Fraud and Abuse Through Targeted Federal Funding for AI and Blockchain Innovation by American Small Businesses

As a VA hospice volunteer for sixteen years who sits at the bedside of dying warriors, I have seen and appreciate how fraud and abuse in healthcare devastate actual patients, waste taxpayer dollars, and crush legitimate small businesses trying to provide honest care. In Florida, DME companies have been caught in massive overbilling schemes for wheelchairs, oxygen equipment, and other durable goods — schemes that drain Medicare and Medicaid while driving ethical providers out of the market. In California, the situation is even worse: explosive growth in hospice agencies (a 1,500% increase in Los Angeles County alone since 2010) has led to empty “ghost” facilities billing millions while luxury cars fill the parking lots — exactly the kind of systemic fraud recently exposed in public investigations showing over \$170 million stolen in just one operation.

These scams don’t just hurt seniors and veterans; they directly increase taxes for every American family by inflating Medicare and Medicaid costs that must be covered by higher payroll taxes, premiums, and general revenue. More insidiously, widespread fraud erodes public trust and reduces the credibility of legitimate hospice and DME services for everyone else — making patients and families hesitate to seek care, delaying treatment, and ultimately worsening outcomes for those who need it most. Honest small businesses like mine are then forced to compete in a tainted market where fraudsters undercut prices and regulators apply blanket scrutiny that punishes the complaint.

The cumulative effect of unchecked fraud is even more dangerous: it jeopardizes the long-term solvency of Medicare and Medicaid programs themselves. If fraud continues to balloon unchecked, these programs risk insolvency or severe benefit cuts, threatening healthcare access for tens of millions of Americans — especially the elderly, disabled, and low-income families who rely on them most.

Foreign adversaries, particularly the CCP, have a clear strategic interest in accelerating this collapse. Weakening or bankrupting America’s massive entitlement systems would inflict enormous economic damage — driving up deficits, forcing painful austerity measures, eroding public confidence in government, and diverting resources from defense and innovation — all while Beijing gains relative power. By flooding the market with fraudulent claims or enabling shell companies that siphon funds, foreign-linked actors can quietly contribute to the very strain that could destabilize these critical programs from within.

IV. Recommendations

- **Recommendation #1: Codify the March 2026 SBA Rule + \$1B Health Sub-Tranche via H.R. 1081 + lawfare protections**

H.R. 1081 (Preventing SBA Assistance from Going to China Act) is already before the House Small Business Committee. It represents the perfect vehicle to both codify the March 2026 foreign-national ban into permanent law *and* dramatically increase SBA access to capital for proven entrepreneurs. Proposed mark up language includes:

“Within the SBIC Critical Technologies Initiative, allocate \$1 billion in additional SBA leverage capacity (FY2027–FY2028) for a dedicated **Healthcare Sub-Tranche**. This sub-tranche shall prioritize 100% U.S.-citizen-owned small businesses led by proven or experienced U.S. entrepreneurs developing Applied Artificial Intelligence (AAI) and Biomanufacturing applications.”

Provide enhanced 3:1 leverage incentives and expedited licensing review for SBIC funds committing ≥50% of their portfolio to these applications. Require all portfolio companies to certify zero foreign ownership/control (consistent with the March 2026 SBA foreign-national ban now codified in this Act), fully domestic supply chains, and robust IP protection.

For purposes of this sub-tranche, a ‘proven or experienced U.S. entrepreneur’ means an individual who (i) has led a U.S.-citizen-owned business for at least two years with demonstrated execution in a regulated or national-security-adjacent sector, (ii) has achieved measurable scaling milestones (such as \$1 million+ cumulative revenue or a prior exit), and (iii) maintains a clean regulatory and foreign-influence history, as verified through the SBIC Management Assessment Questionnaire process already required under 13 CFR Part 107.

Proven entrepreneurs qualifying under this sub-tranche shall be eligible for direct equity investments and hybrid equity-debt structures (subordinated debt with equity warrants or convertible features) of \$10–25 million per deal, enabling rapid scaling of U.S.-only technologies without ever relying on foreign capital.” This single rider transforms the existing SBIC program into a true capital-access engine for operators who have already proven they can build and pivot under fire — delivering the equity and hybrid-equity capital we need right now to outpace Beijing and other foreign operators in the next wave of healthcare.

To directly address the abusive lawfare I experienced in Cheyenne — where CCP-linked actors used stacked law firms, exploited local influence, and countered sued for \$110 million to drain resources and delay justice — Congress must protect small businesses, especially those developing dual-use technologies in energetics, frequency systems, and artificial intelligence. The Committee should advance targeted legislation or amendments requiring:

- **Mandatory national-security flagging** of any civil litigation or financing involving foreign parties (or entities financed by foreign individuals) where the underlying IP concerns energetics, frequency-based systems, bioelectric technologies, or artificial intelligence — automatically triggering expedited DOJ/CFIUS review.
 - **Automatic debarment** from all SBA programs, SBIC participation, federal contracts, and grants for any entity (foreign or domestic) found by a court, CFIUS, or DOJ to have engaged in lawfare or provided foreign financing against U.S. small businesses in these dual-use fields.
 - **Fast-track anti-lawfare relief** for qualified small businesses, including fee-shifting, preliminary injunctions against asset freezes during litigation, and priority access to SBA emergency working-capital lines when foreign-linked suits or financing threaten IP with national-security implications.
- **Recommendation #2: Targeted ARPA-H Funding for Energetic Medicine, Palliative Care, and Cannabinoid Research**

ARPA-H is currently funded at \$1.5 billion in FY2026. Direct a portion of ARPA-H's budget, at least \$150–200 million in targeted solicitations—expanded SBIR/STTR set-asides, or new program initiatives—specifically toward small-business-led projects in energetic medicine, bioelectric/frequency-based platforms, AI neurofeedback for Traumatic Brain Injury and palliative care, and whole-health technologies aligned with VA Whole Health.

This funding should explicitly advance energy medicine, palliative care innovation, and cannabinoid research, including new therapeutic pathways made possible by marijuana's rescheduling from Schedule I to Schedule III. All mammals possess an endocannabinoid system (ESC) that plays a central role in inflammation reduction and homeostasis; targeted research in this area would unlock breakthrough whole-health approaches that treat the body's nervous and endocannabinoid system, while supporting veteran and family care, all while keeping IP and data 100% secure from foreign exploitation.

- **Recommendation #3: Combat Waste, Abuse, and Fraud in Healthcare**

Congress should direct dedicated federal funding — through existing mechanisms such as the SBIR/STTR programs across the Department of Health and Human Services, or through new appropriations in upcoming health-related reauthorizations or omnibus spending bills — to allocate at least \$100–150 million specifically for U.S.-owned small businesses to develop and deploy AI-driven anomaly detection and blockchain-based supply-chain tracking systems. These tools would verify legitimate DME and hospice operations in real time — cross-checking billing, patient visits, equipment delivery, ownership, and provider credentials — while flagging ghost companies, inflated claims, and foreign-linked fraud rings before taxpayer dollars disappear. By funding American innovators to build these solutions, we protect honest small businesses, restore credibility to essential healthcare services, reduce the tax burden caused by fraud, safeguard the solvency of Medicare and Medicaid, and deny foreign adversaries a pathway to economic sabotage through internal healthcare abuse.

Common sense Americans are asking themselves, why no one at CMS questioned the existence of 30 Durable Medical Equipment (DME) companies in the same city block (the hotel in Florida) when payments were being authorized; how the hospice fraud continued for at least four years in California, why warning signs were ignored and the fraud and fraudulent payments continued.

- **Recommendation #4: Stand Against Child Trafficking. Defend and protect children. Justice for the victims.**

As an advocate against child trafficking, I urge the Committee to take a clear, bipartisan stand against this evil both at home and abroad. Child trafficking networks often intersect with foreign influence operations, economic espionage, and lawfare and IP theft tactics. Congress must strengthen existing legislation — including the Frederick Douglass Trafficking Victims Prevention and Protection Reauthorization Act and related provisions in the annual NDAA and appropriations bills — by directing federal agencies (DOJ, DHS, and FBI) to prioritize aggressive investigation and prosecution of traffickers, impose stricter penalties on foreign entities and financiers involved in cross-border networks, and expand victim-protection resources for American families.

This includes mandating annual reporting on trafficking cases linked to foreign adversaries and ensuring small-business owners and entrepreneurs like me have access to targeted federal support when our advocacy or operations intersect with these threats. In particular, the Department of Justice must be pressed to fully investigate and pursue justice for the victims of Jeffrey Epstein and associated networks. As Health and

Human Services (HHS) Secretary Robert F. Kennedy Jr. has said, and as President Donald Trump has confirmed, 300,000 children went missing during the Biden Administration and the whereabouts of only 30,000 have been confirmed. What happened to these children? Why hasn't former Health and Human Services Secretary Xavier Becerra or former Department of Homeland Security Alejandro Mayorkas been questioned or investigated over what happened and the government contracts in their agencies?

As a palliative parent, standing firmly against child trafficking, including securing justice for Epstein victims and bringing to light what happened with these missing children is not a side issue. It is a moral imperative that protects the most vulnerable while reinforcing the rule of law we demand in every other arena.

Respectfully submitted,
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