

AppLovin's Compliance Facade Shattered: Lies, Money Laundering Channels, and "Ghost" Entities

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In response to the forensic investigation report released by **CapitalWatch** regarding its alleged role as an "asset safe haven" for Southeast Asian money laundering syndicates, **AppLovin Corp (NASDAQ: APP)** issued a rebuttal yesterday (2026-01-21) via Investing.com and Yahoo Finance (<https://finance.yahoo.com/news/applovin-denies-money-laundering-claims-204726964.html>). However, this response failed to clear the company of suspicion; instead, under the microscope of our analyst team, it exposed a profound lack of compliance awareness among management and a blatant attempt to defraud the market.

AppLovin attempted to deflect attention by dismissing the claims as "false allegations" and "economically unfeasible." This is not merely a transparent evasion: it is an insult to the intelligence of regulatory bodies.

In light of AppLovin's response, we must dismantle their arguments point-by-point, using detailed facts to demonstrate to the market why AppLovin's defense collapses in the face of forensic evidence.

Part I: In-Depth Refutation of Money Laundering Allegations — Lies Cannot Mask the Stench of "Black Money"

1. "No Control Over Shareholders"? A Blatant Violation of SEC Regulatory Bottom Lines

AppLovin claims it "cannot control who buys its stock," attempting to portray major shareholder **Hao Tang** and his family as ordinary retail investors who simply purchased shares on the open market.

Rebuttal: This is an incredibly clumsy lie.

Compliance Red Lines: In any mature capital market, a stake exceeding 5% triggers disclosure requirements, and a stake exceeding 10% classifies the holder as a **Core Insider**. For major shareholders of this magnitude, a listed company is not "unable to control" them; rather, it has a statutory obligation to perform **KYC (Know Your Customer)** and **AML (Anti-Money Laundering)** look-through verifications.

Illegality of Fund Sources: The evidence is compelling that Tang Hao's funding sources are not only opaque, but are alleged to derive directly from (i) approximately **US\$957 million** in illegally raised funds transferred out of China before the collapse of **Tuandai** (Tuandai Network Platform), and (ii) proceeds from more than a decade of operating illegal online gambling sites and usurious lending activities in China. Tang Hao is also reported to be a fugitive wanted by Chinese judicial authorities.

We demand an answer from AppLovin's management: Do you expect the SEC and investors to believe you were completely unaware that your second-largest shareholder is a fugitive involved in a multi-billion dollar financial fraud case?

If you knew and concealed it, this constitutes serious securities fraud.

If you truly did not know, it represents an extreme failure of compliance and fiduciary duty.

2. "Money Laundering is Unprofitable"? Absolute Ignorance of Underground Financial Logic

An AppLovin spokesperson argued that laundering money through advertising transactions is "economically implausible" because it would result in a significant loss of revenue. This defense exposes a complete ignorance—or a deliberate feigning of it: regarding the operational mechanisms of the money laundering industry.

Money Laundering is Not About Profit: The core objective of money laundering has never been "profit maximization," but rather "**capital legitimization.**"

The Mandatory "Washing Fee": In the world of underground finance, criminal syndicates are typically willing to pay costs of **30%–40% or even higher** to

scrub "black money" clean. What AppLovin views as high platform fees and advertising revenue splits are, in reality, the very "washing fees" that criminal groups are more than willing to pay.

The Closed-Loop Operation is a Proven Fact: Our investigation reveals that the **Prince Group** acts as both the Advertiser (buying traffic through apps like WOWNOW) and the Publisher (selling traffic through a vast network of "junk" apps). While AppLovin takes its commission, the vast majority of the remaining funds are successfully transformed from "black money" into "**legitimate settlement payments**" from a NASDAQ-listed company. For a criminal syndicate holding tens of billions in "Pig Butchering" (Sha Zhu Pan) scam proceeds, losing a portion of that money to AppLovin is not a loss—it is the **necessary price of admission** to acquire a legal identity for their capital.

Why AppLovin?

Its business model, "**Ad Monetization + Gaming Ecosystem**", possesses an inherent capacity to rapidly convert illicit funds into "seemingly legitimate commercial revenue." Advertising placement is naturally characterized by extreme fragmentation, cross-border reach, and the ability to settle through multiple layers of agencies and third parties. Meanwhile, mobile gaming is an industry where apps can be launched, "re-skinneD," and bought for traffic at any time. The combination of the two creates a massive digital labyrinth: funds can be fragmented, rerouted, and packaged as "marketing expenses," eventually reappearing on financial statements as "legitimate revenue," completing the "bleaching" process from black money to US dollar cash flow.

Step 1: Fragmenting the Whole: Black Money Goes Offshore

The illegal proceeds from the Hao Tang group are first broken down and rapidly funneled out via **Underground Banking**. Their operational chain is highly "professionalized": at gray-market exchange points in Southeast Asia, large gambling debts or underground funds are quickly converted into **USDT (Tether)**. The anonymity and cross-border convenience of crypto assets serve as the first barrier. Subsequently, this USDT is transferred in batches into the accounts of offshore shell companies registered in the Cayman Islands, Cyprus, and the British Virgin Islands. These shells are deceptively packaged with names like "Future Interactive" or "Meta Gaming," listing their business scope as "mobile game development" or "digital marketing." To the outside world, they appear to be pursuing technology and growth; in reality, only one thing is real: the movement of money.

Step 2: Artificial Prosperity: Manufacturing the "Perfect Transaction Flow"

The most sophisticated and concealed step is making these offshore shells look less like "money launderers" and more like "legitimate businesses." Instead of depositing money directly into banks, they transform into "**Advertisers**" and aggressively purchase ad placements on the AppLovin platform. The logic is simple: the "left hand" (the shell company) uses funds of suspicious origin to buy massive amounts of ad traffic to promote "reskinned games" that are either non-existent or extremely crude; the "right hand" (the platform) receives cold, hard cash as advertising fees. To the platform, this is standard, compliant **Revenue**. Consequently, funds of murky origin are washed into the eye-catching "revenue growth" of a public company's financial report. This explains a peculiar phenomenon: games with almost no actual players appearing everywhere across all channels that isn't "burning cash," it is "cycling funds" to create a seemingly perfect commercial transaction flow.

Step 3: The Double-Handed Play: Capital Harvesting

If you think this is merely about "cleaning the money," you have underestimated Hao Tang's ambition. Money laundering is just the foundational move; the true objective is to convert "laundered cash flow" into **capital market valuation and share price gains**. Before these waves of ad spending began—and prior to the IPO—Hao Tang had already established positions at low valuations in both primary and secondary markets through private trusts and controlled entities, eventually amassing a significant **28.1% stake** at the time of the IPO. When the ad traffic "inflates" the financial statements and polishes the growth narrative, an upward revision of valuation and market hype follows—this is when the true "capital harvesting" begins.

Name of Beneficial Owner	Beneficial Ownership Prior to this Offering				Percentage of Total Voting Power Before the Offering	Beneficial Ownership After this Offering (No Exercise of Option)				Percentage of Total Voting Power After the Offering (Full Exercise of Option)	Beneficial Ownership After this Offering (Full Exercise of Option)				Percentage of Total Voting Power After the Offering (Full Exercise of Option)			
	Class A		Class B			Class A		Class B			Class A		Class B					
	Shares	%	Shares	%		Shares	%	Shares	%		Shares	%	Shares	%				
Executive Officers and Directors:																		
Adam Foroughi ⁽¹⁾	—	—	37,471,074	24.9	23.5	—	—	—	—	—	—	—	—	—	—			
Kathy Jensen ⁽²⁾	1,442,016	*	—	—	*	—	—	—	—	—	—	—	—	—	—			
Victoria Valenzuela ⁽³⁾	779,032	*	—	—	*	—	—	—	—	—	—	—	—	—	—			
Greg Ballou ⁽⁴⁾	33,950	*	—	—	*	—	—	—	—	—	—	—	—	—	—			
Herald Chen ⁽⁵⁾	—	—	4,646,459	3.0	2.9	—	—	—	—	—	—	—	—	—	—			
Margaret Georgiadis ⁽⁶⁾	206,000	*	—	—	*	—	—	—	—	—	—	—	—	—	—			
Edward Oberwager	—	—	—	—	*	—	—	—	—	—	—	—	—	—	—			
Eduardo Vivas	10,865,818	5.9	—	—	*	—	—	—	—	—	—	—	—	—	—			
Cathy Sun	—	—	—	—	*	—	—	—	—	—	—	—	—	—	—			
All executive officers and directors as a group (10 persons) ⁽⁷⁾	15,891,752	8.5	42,117,533	27.6	26.5	—	—	—	—	—	—	—	—	—	—			
Shares to be subject to the Voting Agreement ⁽⁸⁾	—	—	152,668,022	100	94.3	—	—	—	—	—	—	—	—	—	—			
5% Stockholders:																		
KKR Denali Holdings, L.P. ⁽⁹⁾	—	—	110,550,489	73.6	69.3	—	—	—	—	—	—	—	—	—	—			
Nimble App Fund Limited Partnership ⁽¹⁰⁾	26,167,242	14.1	—	—	*	—	—	—	—	—	—	—	—	—	—			
Angel Pride Holdings Limited ⁽¹¹⁾	26,021,583	14.0	—	—	*	—	—	—	—	—	—	—	—	—	—			
John Kryszynski ⁽¹²⁾	24,002,858	13.0	—	—	*	—	—	—	—	—	—	—	—	—	—			
Andrew Karam ⁽¹³⁾	21,987,897	11.8	—	—	*	—	—	—	—	—	—	—	—	—	—			
Entities affiliated with Nimble Ventures ⁽¹⁴⁾	11,480,000	6.2	—	—	*	—	—	—	—	—	—	—	—	—	—			
Other Selling Stockholders:																		

Screenshot showing that Tang Hao and his controlled entities held 28.1% of AppLovin at the IPO.

The screenshot shows the Forbes website's profile page for Ling Tang. It includes her name, profile picture, and real-time net worth of \$9.6B. Below this, a section titled "Major shareholders: AppLovin Corporation" lists various investors with their share counts and percentages. A pink arrow points from the text "Tang owns 5% of AppLovin through an entity called Angel Pride Holdings Ltd." to the row for "Ling Tang". Another pink arrow points from the text "Tang is one of eight billionaires from AppLovin, which has seen its market capitalization more than triple as a public company." to the row for "Tang Hao".

Name	Equities	%	Valuation
Vanguard Fiduciary Trust Co.	24,954,458	8.113 %	16 815 M \$
Ling Tang	20,493,747	5.663 %	13 809 M \$
BlackRock Advisors LLC	18,077,570	5.877 %	12 181 M \$
Angel Pride Holdings Ltd.	17,244,541	5.606 %	11 620 M \$
IEQ Capital LLC	15,779,921	5.13 %	10 633 M \$
Fidelity Management & Research Co. LLC	13,704,076	4.455 %	9 234 M \$
Andrew Karam	13,136,250	4.271 %	8 851 M \$
Tang Hao	11,969,535	3.891 %	8 065 M \$
STATE STREET CORPORATION	11,852,466	3.853 %	7 986 M \$
Adam Foroughi	7,847,216	2.551 %	5 288 M \$

Forbes Screenshot showing that Tang Hao's family member: Ling Tang is the #9 World Richest Self-made Women (2025)

3. "Strict KYC"? Technical Forensics Have Long Since Exposed the Lie

AppLovin claims to maintain rigorous **KYC (Know Your Customer)** and tax verification processes. If that is the case, we demand an explanation for the following "ironclad" technical evidence:

WOWNOW's Anomalous Spending: How can **WOWNOW**, a local lifestyle app based in Cambodia, generate massive advertising expenditures on the AppLovin platform that are completely disproportionate to its actual market size? Why did AppLovin's risk control systems turn a blind eye to such glaringly abnormal transactions?

Technical Collusion and "Silent Installs": Our technical forensics show that AppLovin's **Array** product was exploited by the **Jin Bei Group** (a subsidiary of the Prince Group) to distribute illegal gambling and scam applications via "**Silent Install**" technology. These applications, which cannot even pass Google Play's security reviews, managed to bypass standard gatekeeping and enter users' phones through AppLovin's back-end infrastructure. Is this what AppLovin calls "strict compliance"?

Part II: The CEO's Elaborate Deception—The "Non-Existent" China Business

If the money laundering allegations cast doubt on AppLovin's compliance, then the falsehoods regarding its China operations have utterly shattered the management's integrity. This represents a more direct form of securities fraud than even the money laundering itself.

On May 7, 2025, during the Q1 earnings call, AppLovin CEO Adam Foroughi responded to global investors' inquiries regarding their China business with a categorical declaration: **"AppLovin does not operate inside China."**

AppLovin › CEO :

Adam Foroughi



Based on reports surrounding AppLovin's Q1 2025 earnings in May, the company, led by CEO Adam Foroughi, has faced significant scrutiny and accusations regarding its operations in China. ☕

- **May 2025 Earnings:** On May 7, 2025, AppLovin reported strong Q1 2025 results, with \$1.48 billion in revenue (up 40% YoY) and \$576 million in net income. During this time, the company announced the divestiture of its Apps business to focus on its advertising technology.
- **"No Business in China" Claim:** During the May 2025 earnings period and surrounding disclosures, CEO Adam Foroughi stated that AppLovin does not operate inside China.
- **Contradictory Allegations (June 2025):** Shortly after the earnings, in June 2025, short-seller Culper Research alleged that AppLovin made "fraudulent omissions" to the SEC regarding its presence in China. Culper claimed that AppLovin formed undisclosed agreements with two Chinese AdTech companies in January 2025 to expand in the region, contradicting Foroughi's statement.

AppLovin CEO Adam Foroughi's public statements during the earnings call have now been conclusively disproven by verifiable evidence.

https://finance.yahoo.com/quote/APP/earnings/APP-Q3-2025-earnings_call-371548.html

This was not merely a casual piece of PR rhetoric; it was an elaborate deception thoroughly dismantled by concrete evidence. According to industrial and commercial registration records, recruitment data, and whistleblower testimony from internal employees, AppLovin does not just maintain a physical presence in China—it has deployed the R&D team for **Axon**, its core recommendation engine, right there on the ground.

1. Hard Evidence of "Ghost Entities": The "Non-Existent" Company Chaired by the CEO

While Adam Foroughi claims there are "no China operations," the truth has nowhere to hide within the databases of Chinese national regulatory agencies.

Legal Entity Presence: According to Qichacha and official industrial/commercial records, "**AppLovin (Beijing) Technology Development Co., Ltd.**" (Unified Social Credit Code: 91110101MA01BDN422) is a formally registered entity.

Verified Legal Representative: The legal representative of the company is confirmed to be **Adam Foroughi** himself!

Operating Status: The company was established on April 13, 2018, with a registered capital of \$500,000 USD. Its current status is listed as "**Existing/Active**". The registered address is located at Parkview Green, No. 9 Dongdaqiao Road, Chaoyang District, Beijing.

统一社会信用代码: 91330110MA7FMTLC4N
负责人: 孔斯祺 (关联企业 2)
成立日期: 2022-01-14

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邮箱: shawn.yan@applovin.com
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地址: 浙江省杭州市余杭区仓前街道欧美金融城5幢803-1室

企查查行业: 技术服务
员工人数: 18 (2024年)

简介: 爱普拉维 (北京) 技术开发有限公司杭州分公司成立于2022-01-14, 负责人为孔斯祺, 统一社会信用代码为91330110MA7FMTLC4N, 企业注册地址位于浙江省杭州市余杭...

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统一社会信用代码	91330110MA7FMTLC4N	企业名称	爱普拉维 (北京) 技术开发有限公司杭州分公司 曾用名: 爱普拉维 (北京) 商务咨询有限公司杭州分公司 (2022-01 至 2022-03)		
负责人	孔斯祺 (关联企业 2)	登记状态	存续	成立日期	2022-01-14
组织机构代码	MA7FMTLC4N	工商注册号	330110500005352	纳税识别号	91330110MA7FMTLC4N

Official Registration Evidence: Records from the Chinese Administration for Market Regulation (AIC) further reveal that AppLovin established a **Hangzhou Branch** in 2022, with Kong Siqi (孔斯祺) listed as the person in charge.

A wholly-owned subsidiary—where the CEO serves as the legal representative and which maintains physical registered addresses in Beijing and Hangzhou—was somehow 'wiped from existence' by that very CEO during an earnings call? This blatant cognitive dissonance is either a sign of gross managerial incompetence or a case of malicious fraud against regulators and investors.

2. The "Trojan Horse" Smoking Gun: Core Engine "Axon" Developed in China

AppLovin has attempted to fool the market with word games, implying that its China operations consist only of a few non-core business functions. However, its large-scale recruitment activities on social platforms like Maimai and Xiaohongshu have completely stripped away this facade.

Core Position Recruitment: AppLovin's Beijing branch is aggressively hiring for high-paying roles, including "**Ads Algorithm Engineers**," "**Product Managers**," and "**Solutions Engineers**."

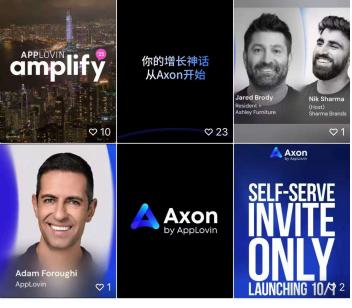
Direct Link to Core Engine: The job postings explicitly state: "**Axon R&D is fewer than 100 people... looking for a high-impact Product Manager to join Axon in Beijing.**"

Official Account Verification: The WeChat Official Account "**Axon AI**" and its associated Channels (video account) are both officially verified under the legal entity "**AppLovin (Beijing) Technology Development Co., Ltd.**"

Employee whistleblower: Employees have posted photos of events at the Beijing office on social media, using hashtags such as "**#AxonChinaTeam**" and "**#AppLovinBeijingHiring – The \$100B Market Cap Unicorn.**"

Employee whistleblower: A source identifying as an employee alleges that AppLovin maintains an R&D team of **more than 100 people** at its Hangzhou subsidiary, but that the company has deliberately obscured Hangzhou hires and the team's true size. The source further claims that the Hangzhou team's compensation, organizational management, and data-access privileges are largely consistent with those of the Beijing office, and that the two locations share data and system-access permissions.

Job Openings	Job Details	Company Information
<p>综合 找人 社区 职位 全国 行业要求 职位要求 排序 求职加速服务 升级职业发展会员，求职效率提升3倍 简历诊断 职位诊断 直连HR 简易置顶 薪资查询 AXON product manager 40k-80k-15薪 AppLovin AXON·已上市·1000-10000人 北京 本科及以上 3-5年 广告产品 曹璐 1天前面试 HRBP-AppLovin AXON 感兴趣 AXON Research Scientist 广告算法工程师 30k-60k-15薪 AppLovin AXON·已上市·1000-10000人 北京 硕士及以上 1-3年 曹璐·HRBP 感兴趣 AXON Solution Engineer 30k-60k-15薪 AppLovin AXON·已上市·1000-10000人 北京 本科及以上 3-5年 曹璐 感兴趣 AXON [2026校招] 算法工程师 40k-80k-15薪 AppLovin AXON·已上市·1000-10000人</p>	<p>product manager 40k-80k-15薪 北京·海淀区 本科及以上 3-5年 曹璐 1天前面试 HRBP-AppLovin AXON 职位亮点 金牌 平台精选职位，真实招聘，回复快 职位描述 B端产品 商业产品 广告产品 About AppLovin & Axon AppLovin is a global leader in performance advertising. Our recommendation engine, Axon, powers one of the largest mobile ad platforms on the planet and is rapidly expanding into e-commerce ads. We're not a big, slow org. Axon R&D is fewer than 100 people powering a multi-billion-dollar business. The culture is lean, ultra-efficient, and fiercely outcome-driven. People here are very smart, very humble, and deeply obsessed with shipping the best products—not with politics or slides. This is a place where small teams move the market. About the Role We're looking for a high-impact Product Manager to join Axon in Beijing. In this role, you'll: Build the next generation of advertising and e-commerce products that go head-to-head with industry titans. Work directly with top-tier engineers to turn ideas into products that ship fast and scale globally. See your work show up in billions of ad impressions—and i... 展开全部 职位地址 北京海淀区·融科资讯中心 复制 你的竞争力分析 解锁分析 你的匹配情况 建议你可优化 立即分析 一般 良好 优秀 非常匹配 公司信息 AppLovin AXON (企业号) 曹璐 暂无雇主指数 已上市·1000-10000人·IT/互联网·企业级软件 地址:北京海淀区·融科资讯中心 待待志趣相投的你到来! 立即沟通 感兴趣</p>	<p>认证记录 已认证 AppLovin AXON HRBP 2024-至今 认证方式:个人所得税APP认证 公司认证 认证成功:2024-08-02 有效期至:2027-08-03 姓名:*** 通过了身份证号姓名比对 通过了人脸识别 认证方式:身份证认证 安全认证 认证成功:2019-03-27 完善我的认证记录</p>

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<p>12:56 4G 86</p> <p>< Q ...</p> <p> Axon AI 爱普拉维(北京)技术开发有限公司 ✅ 北京东城</p> <p>Axon (https://axon.ai) 是 AppLovin旗下以效果为核心的智能广告引擎，旨在帮助不同规模与类型的品牌实现稳定... > 视频号: Axon.AI 635篇原创内容</p> <p>关注公众号</p> <p>全部 图文 文章 视频号 服务</p> <p>1月14日 让AI为脑洞打工！Axon by AppLovin 广告素材岗位火热开放！ 阅读612 赞2</p> <p>2025年12月24日 广告平台综合表现报告 竞争加剧之下, AppLovin 依旧稳步攀升 阅读1132 赞13</p> <p>2025年12月3日 想在新加坡加入一家千亿美元市值的外企? 阅读1371 赞6</p> <p>2025年11月21日</p>	<p>12:56 4G 86</p> <p>< Q ...</p> <p> Axon.AI 爱普拉维(北京)技术开发有限公司 ✅ 美国</p> <p>Axon (https://axon.ai) 是 AppLovin旗下以效果为核心的智能广告引擎，旨在帮助不同规模与类型的企业实现稳定而可持续的盈利增长。 公众号: Axon AI 1条原创内容</p> <p>关注 私信</p> <p>视频</p> <p>走进 Axon</p>  <p>Jared Brady Investment C Ashley Purnell Marketing Director</p> <p>Adam Foroughi AppLovin</p> <p>Axon by AppLovin</p> <p>SELF-SERVE INVITE ONLY LAUNCHING 10/12</p>	<p>12:56 4G 86</p> <p>< 关于公众号 ...</p> <p>公众号简介 Axon (https://axon.ai) 是 AppLovin旗下以效果为核心的智能广告引擎，旨在帮助不同规模与类型的企业实现稳定而可持续的盈利增长。</p> <p>基础信息 微信号 Axon_ai 认证类型 企业 认证主体 爱普拉维(北京)技术开发有限公司 ✅ IP属地 北京</p> <p>授权第三方服务 Hi现场互动 ⓘ 美编 ⓘ 展开 ▾</p> <p>名称记录 2025年09月30日 “Axon.ai”认证“Axon AI” 展开 ▾</p>

Axon is the commercial heartbeat of AppLovin—the AI recommendation engine driving its hundred-billion-dollar market capitalization. When a company establishes a R&D center in China and employs a local team with more than 200 staff to directly develop and maintain its core algorithms, this is by no means a so-called 'non-operational status.' It is a deep, core, and substantive operational presence.

3. Legal Judgment: A Textbook SEC Violation

Based on the *International Institute for Securities Market Development 2005 Program - An Overview of Enforcement* and SEC enforcement standards, the conduct of AppLovin and its management has crossed several "red lines":

Fraudulent Conduct (False Statements & Securities Fraud): The CEO's denials during earnings calls directly contradict the facts. The SEC strictly prohibits making material misleading statements in public disclosures.

Officer and Director Bar: As the primary architect of these misrepresentations, Adam Foroughi faces the risk of being permanently barred from serving as an officer or director of any public company, citing the precedent of *SEC v. Scott D. Sullivan*.

Disgorgement of Ill-Gotten Gains: All proceeds obtained through stock liquidations while the misrepresentations were maintained (from May 2025 to present) may be deemed "ill-gotten gains" and subject to mandatory disgorgement.

Books and Records Violations: Since the CEO claims the China business "does not exist," how are the salaries paid to hundreds of high-salaried engineers in Beijing and Hangzhou reflected in the financial statements? If these costs were disguised as other expenses, it constitutes the falsification of books and records. Under the precedent of *SEC v. Monsanto Company*, this would result in massive fines.

Under U.S. securities laws and SEC regulatory rules, any parties involved—including the accounting firm providing audit reports (Deloitte), law firms providing legal and compliance services, and analysts or financial institutions recommending AppLovin stock to investors—could be held liable as **co-responsible entities**.

If it is determined that these parties knew, or should have known, of material illegal acts such as money laundering or fraud, yet continued to assist, conceal, or facilitate related

financing and transactions, they face severe consequences. These include heavy fines, suspension or revocation of professional licenses, and even criminal prosecution and imprisonment.

Conclusion and Major Preview

AppLovin believed it could fool Wall Street by exploiting the "thousands of miles away" information gap; however, industrial and commercial records do not lie, recruitment advertisements do not lie, and the digital footprints of employees on social media certainly do not lie. Adam Foroughi's statement—"We do not operate in China"—has now become the Sword of Damocles hanging over AppLovin's head.

CapitalWatch officially warns AppLovin: Do not attempt to respond to us with further hollow statements. In our upcoming series of reports, we will release even more lethal technical evidence to thoroughly dismantle your facade of data compliance, the illusion of your revenue growth, and the "High ROAS (Return on Ad Spend) Myth" fabricated by Axon.

This storm has only just begun.

Preview of Upcoming Reports: The "Smoking Gun" Evidence

We have obtained and completed the preliminary verification of a cache of critical internal records and reconciliation materials from AppLovin's systems. These materials reveal the following:

Data Privacy & Security: Their data and permission architecture allows teams based overseas (in China) to access core private data related to a massive volume of terminal devices in the United States.

Artificial Revenue Inflation: During the IPO window, the company may have manufactured the appearance of "high revenue/high gross merchandise volume (GMV)" through anomalous internal settlement discount arrangements (approximately 40%–60% of market rates) and internal subsidized ad spending.

The AXON Myth: The "high ROAS" presented by AXON may stem primarily from structural reporting advantages within the MAX/AXON closed-loop ecosystem and a "mirage effect" created by internal circular stacking, rather than genuine, scalable incremental performance.

Without compromising the safety of our sources, personal privacy, or legal and compliance boundaries, we will publicly disclose and submit an **auditable core evidence package**, including but not limited to:

1. *[Coming Soon / Applovin - "Beijing and Hangzhou Teams Access Mass US End-User Private Data" — A Major Red Flag Escalating from a Compliance Incident to a National Data Security Risk*

We will submit an **indisputable chain of evidence**, including:

IAM Roles and Permission Configurations → Database/Data Lake access policies (identifying which core tables/buckets were read).

VPN/Jump Server/SSO/Query Audit Logs → Identifying who accessed what and when.

ETL/Queue/Object Storage Sync Configurations and Execution Records → How data was exported to China.

Compliance Reviews and Internal Emails → Identifying who was aware, who approved, and who covered it up.

The nature of this incident will transcend general privacy compliance disputes, escalating into a major data security event involving **U.S. user data sovereignty**, enterprise endpoint security, and critical application ecosystems. It will trigger serious attention from regulatory bodies, law enforcement agencies, and national security review boards.

To the management of AppLovin: Any deletion, tampering, or instruction to others to delete the aforementioned records will constitute a grave legal risk and may trigger criminal consequences.

2. *[Coming Soon / Applovin - Internal Discounts and Subsidies to Inflate Revenue: AppLovin Accused of Using 40%-60% Internal Settlements to Create "High Revenue" Illusion for IPO Window, While Actually Incurring Hundreds of Millions in Losses (Magic Tavern as a Typical Case)]*

In the past, AppLovin's first-party games benefited from significant **internal discount settlements** (approximately 40%–60% of market rates). This allowed the company to use subsidies to aggressively buy traffic, forcibly inflating installation numbers, chart rankings, and gross revenue for specific titles. However, these "high revenue" projects contributed no actual net profit and instead resulted in **hundreds of millions of dollars in losses**.

Insiders have specifically identified the publishing project "**Magic Tavern**" for employing a "loss-for-revenue" strategy, "stuffing" the books with hundreds of millions in gross revenue to generate momentum for the IPO window.

We will provide an **auditable conclusion** supported by:

Internal discount policy documents and approval chains.

Ad-spend invoices and reconciliation/chargeback records.

Project-level P&L statements (comparing Market Price vs. Internal Price).

3. *[Coming Soon / Applovin - AXON's "High ROAS (Return on Ad Spend) Myth": An Illusion Created by Closed-Loop Attribution and Internal Subsidies]*

Our evidence proves that the "High ROAS" showcased by AXON is not primarily driven by scalable or reproducible incremental growth capabilities. Instead, it stems from a **structural attribution advantage** within the MAX/AXON closed-loop ecosystem—a system where ad spend, attribution, and monetization data are highly internalized and modeled. When combined with internal circulation and subsidized ad spend, the platform-side reports present an unnaturally "perfect" ROAS performance.

However, when shifted to more rigorous metrics that reflect actual business outcomes—such as **Net Profit ROAS**, **Cash Recovery**, and **true incremental lift** from controlled experiments—performance drops significantly, revealing a substantial deviation from the company's public narrative.

We will verify and solidify these conclusions using three **auditable methodologies**:

Multi-party Reconciliation: Comparing AXON reports against **MMPs** (AppsFlyer, Adjust, Singular, etc.) and **Financial Net Recovery** (after deducting platform fees, rebates, price spreads, and settlement friction).

Incrementality Testing: Utilizing **Geo Holdout** and stratified randomized experimental designs to measure true organic lift rather than mere attributed gains.

Bidding and Clearing Audits: Examining **auction logs, win rates, clearing prices, fee structures, and Demand-Side Source breakdowns** to identify structural advantages or value-transfer mechanisms.



Screenshot of chat records provided by an internal AppLovin employee whistleblower.