

Dear SEC,

I am a small individual investor from the Bronx. I am writing to ask if you can investigate the unequal treatment and manipulation small investors are subjected to by companies and Institutional Investors in the stock market.

Management Teams, Board Members, and Institutional Investors get a steady income from their role in the stock market, while paying dividends to individual investors is viewed as optional. When companies do pay a dividend, the amount is minimal and does not compensate us for the risks we are taking, especially since we have little access to management, we have the least say in corporate matters, and we are risking our own money. The stock market has become a place where Management Teams, Board Members, and Asset Managers win big, whether the coin says heads or tails.

Asset Managers

Many Institutional Investors, like hedge funds, claim dividends are not important and investors should focus on a company's cash flow and future growth potential, but these fund managers fail to highlight in their public statements that they do receive a dividend in the form of a ~2% asset management fee. They are getting paid for their time in the stock market, and they use this income to cover their expenses. Since their expenses are covered, they can ignore stock dividends and focus on their stock appreciating so they can get their 20% performance fee.

Management Teams and Board of Directors

It is the same with Management Teams and Board of Directors. Since they receive a salary from the company, their focus is on increasing the stock's price so they can get their bonuses. Everyone involved in the stock makes a consistent income, but the small investor has to hope for their stock to appreciate. If the stock doesn't appreciate, which happens often, the Management Team and Directors still get their salaries, and Institutional Investors

still get their fees, but small investors are left empty-handed. This set-up creates a structural misalignment of interests between companies and small investors.

Selling Shares for Income

Small investors are told to sell their shares if they need cash, but this is a condescending and confusing suggestion. Owners of cash producing assets shouldn't have to sell their assets in order to receive income. The CEO and fund managers are not forced to sell their shares to pay their bills.

Taxes

Companies and Institutional Investors say dividends are not tax-efficient and buybacks are better, but this argument is nonsensical. People who own income-producing assets do not refuse their assets' income because of taxes. I am sure members of the Management Team do not refuse their salaries, which are taxed at a high rate, because of taxes. Also, investors who own their stocks in Roth IRAs pay 0% taxes on dividends, and if they fall below a certain income level, they also pay 0% on dividends. We can find ways to manage our money in a tax-efficient way.

Buybacks

Companies and Institutional Investors treat buybacks as equivalent to dividends, but this is false. Buybacks concentrate our risks in the company because if the company declines, we end up owning more of a melting ice cube. With a dividend, we get some of our money back, which reduces our concentration in the company. We can also use the dividends to buy shares in other companies that have better growth prospects, which diversifies our portfolio.

Growth

Management claims they want to retain earnings so they can grow the company, but this growth is not guaranteed, and it often does not materialize. And when it fails to occur, the

Management Team, Board of Directors, and Asset Managers still make millions of dollars, and small investors are left empty-handed. Also, if a non-dividend paying stock increases 100x, individual investors do not benefit unless they sell their shares. So, when the asset is doing well, that's when we need to sell it to experience any benefit. We also need to sell before the stock drops because if we wait a week too long, our gains might evaporate. Managers, Board Members, and Asset Managers are not forced to do this kind of gymnastics to benefit from the stock market.

Suggestions to Correct This Inequity

- All companies should be required to pay a dividend so everyone involved in the stock can benefit from the company's cash flow.
- CEOs must explain why the dividend they're paying is reasonable when compared to an objective benchmark. Meta and Google paying a dividend of 0.5% should be unacceptable.
- If a company cuts its dividend, the Management Team and Board of Directors must also cut their salaries by the amount of the dividend cut. This will align managers with shareholders. They should feel what we feel.

The points I mentioned in this letter are obvious to corporate executives and asset managers. They act like it's not obvious because they want to tip the scale in their favor, and make it where heads they win, and tails they win more.

If possible, can you look into this situation because the stock market should not be a place where small investors are manipulated into believing that we are owners in these companies, but then everything is done to minimize us and magnify everyone else.

Thank you for taking the time to read my letter. Your organization is doing a great job. I know you will do what is necessary to stop the unequal distribution of wealth that is happening within the stock market.