Ms. Vanessa Countryman
Secretary
US Securities and Exchange Commission
100 F Street NE
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RE: Banning Payment for Order Flow, Transparency in Short Reporting S7-08-22, and the SEC's Incompetence.

Ms. Countryman,

Following the events of January 28, 2021 when US broker dealers disabled the buy button from a basket of popular retail stocks; I made it my mission to educate myself as much as possible regarding the plumbing of the stock market. Over the past year, I've realized how rigged and manipulated the stock market really is by Prime Brokers, Market Makers, and their Hedge Fund Clients. In fact, all these entities are incentivized to break the law because the fines levied by the SEC are merely a cost of doing business that in many cases are never collected. There are systemic issues in the market that affect every retirement account, every pension fund, and every retail investor that require immediate attention and government action. "We have come dangerously close to the collapse of the entire system and the public seems to be completely unaware of that including congress and the regulators," as stated by Thomas Peterffy, Founder and Chairman of Interactive Brokers, following the events of January 2021 [Peterffy and Interactive Brokers].

First and foremost, I'd like to address Payment for Order Flow (PFOF); designed and created by the infamous Bernard Lawence Madoff. The United States is the only western country that allows for PFOF; the United Kingdom, Australia, and Canada have all banned this practice a decade ago. Currently, Citadel Securities is the largest Market Maker and perpetrator of PFOF, yet they stated in a 2004 letter to the SEC "This practice distorts order routing decisions, is anti-competitive, and creates an obvious and substantial conflict of interest between broker-dealers and their customers” [Citadel Securities]. Gary Gensler, Chairman of the SEC, stated in a Bloomberg interview on 2/3/22 “If you place a market order, a retail market order, 90-95% do not go to the lit exchanges, do not go to NASDAQ or New York Stock Exchange. They go to wholesalers (Market Makers) and they don’t have order by order competition” [Gensler and Bloomberg]. This is due to Payment for Order Flow. Market Makers internalize trades against their own portfolios, then distort order routing to the dark markets, Dark Pools and Alternative Trading Systems (ATS), instead of allowing them to hit a lit exchange. This impacts bid-ask spreads, authentic market liquidity, the National Best Bid and Offer (NBBO), and is anti-competitive. Citadel Securities the Market Maker “executes 47% of all US listed retail volume,” [Better Markets] by using PFOF as a vehicle to extract retail orders from executing on lit exchanges in order to internalize or reroute them instead. PFOF incentivises the ‘gamification’ of brokerage apps. The more people trade, the more money they receive from Market Makers like Citadel Securities; which creates a clear conflict of interest between brokers-dealers and their customers. Interestingly enough, Citadel Securities is also a High Frequency Trading (HFT) Hedge Fund giving them proprietary insider market information regarding order flow and execution data due to their PFOF arrangements with broker-dealers. Citadel Securities isn’t alone, HFT firm Virtu Financial which is also a Market Maker is a fervent supporter of PFOF “handling 25-30% of individual investors' equities order flow, paying more than $300 million in order flow last year (2020)” [Wall Street Journal]. These Market Makers who are tasked with best execution are using a business model designed by Madoff to extract value from the retail public. This is done by distorting order routing to dark markets which eliminates order to order competition and creates substantial conflicts of interests between Market Makers, their broker-dealer clients, and their own HFT firms. I’m requesting the commission to put forth a rule banning Bernie Madoff’s Payment for Order Flow.

Next, I’d like to address the current regulations regarding Short Sale Reporting S7-08-22. It is important to note that the potential loss of a short position is infinite, where there is infinite risk there is potential for the collapse of the entire system. Coupled with naked short selling (COUNTERFEIT SECURITIES) there is an even greater risk of a catastrophic market event. Imagine a large group of institutional investors short 140% of a stock with the intention of driving that company into bankruptcy via a short and distort campaign (sound familiar?). Instead of going bankrupt the company revitalizes its board of directors and pivots it’s entire business model completely debt free. Shareholders are ecstatic to see the changes and decide to buy and hold because they “like the stock”. The short sellers, who are now underwater, are desperate to buy back the shares they sold and COUNTERFEITED, pushing the stock price higher and higher. As Thomas Peterffy puts it “If he can’t get the shares he has to go into the market and buy the shares at whatever the price is. That could have pushed the price further up into the thousands, when that happens obviously the shorts cannot pay up so they default on the brokers, the brokers default on the clearinghouses and the whole thing is a huge mess that is impossible to untangle.” [Peterffy and Interactive Brokers]. In the same interview he advocates that the solution to this issue is “We will have to get the short positions published once a day, because we currently only have it twice a month” [Peterffy and Interactive Brokers]. FINRA currently requires firms to report short interest positions in all customer and proprietary accounts in all equity securities twice a month. However this does not include short positions hidden in swap arrangements, derivative contracts, options, synthetic shorts, contract for difference arrangements, naked short sales, or shorts mismarked as longs. If you want to short a stock but don’t want to pay a borrow fee or report your short interest, Wall Street has plenty of financial instruments to do so. Naked short selling is more prevalent in our markets than most regulators or financial news outlets would want to admit, partially because it's easily done through derivatives, its well hidden, but also because of the ‘Madoff Exemption’ (well known by SEC staff back when Bernard was chair of the NASDAQ and on the board of SIFMA and the ISCC). The ‘Madoff Exemption’ later became a provision in Regulation SHO that allows Market Makers to naked short sell in the name of ‘Liquidity’ effectively making it legal for them to COUNTERFEIT SECURITIES OUT OF THIN AIR. As a capitalist, this defies my very concept of supply and demand, especially when those same institutions naked short sell with no intention of ever closing out their position. In combination with other corporate strategies like: Planting

Insiders, Death Spiral Financing, and Cellar Boxing; Short Hedge Funds can create an infinite money glitch by COUNTERFEITING SECURITIES without ever closing or being taxed on their gains. All it takes is a dying brick and mortar retail store, overpaid consultants, an incompetant board, exploitation of proxy voting rights, and a well executed short and distort campaign on CNBC. Whistleblower Jim Cramer, now host of CNBC's Mad Money, explained how Short Hedge Funds manipulate stock prices. "It's just fiction, fiction, and fiction. I think it's important for people to recognize the way that the market really works is to have that nexus of hit the brokerage houses with a series of orders that can push it down. Then leek it to the press and then get it on CNBC. That's also very important. And then you have a kind of a vicious cycle down" [Cramer and The Street]. A good example of this was on March 10th, 2021 when Gamestops (GME) price miraculously plummeted nearly 70% in the course of less than an hour, triggering multiple volatility halts. Fifteen hours prior to the stock crashing, Market Watch had indexed an article titled "The Meme Stock Rollercoaster Just Reached New Heights of Volatility" which predicted the crash [Witkowski and MarketWatch]. They even accidentally released the article well over 30 minutes before the stock began plummeting (contrary to the time it states it was first published on MarketWatch). All this considered, short positions undoubtedly need to make more disclosures to regulators by reporting their short positions daily in securities and derivatives alike. These institutions are taking on unlimited risk, COUNTERFEITING SECURITES AT WILL, all while not disclosing any of this to regulators or the public. It's outright fraud to say the least. As Elon Musk puts it "U can't sell houses u don't own. U can't sell cars u don't own, but u *can* sell stock u don't own!? This is bs - shorting is a scam legal only for vestigial reasons" [Musk]. Most on Wall Street would call these conspiracy theories, because it will crumble their House Of Cards. In fact Citadel Securities tweeted just that on September 28th, 2021 when #CitadelScandel was #1 trending on Twitter. "There are those who still refuse to believe an American landed on the moon. Internet conspiracies and Twitter mobs try to ignore the facts" [Griffin and Citadel Securities]. These manipulative tactics I've outlined however are well known by Wall Street insiders. In the recent documentary 'Gaming Wall Street' Whistleblower Tobin Mulshine, a Wall Street banking veteran admitted, "You have folks that are still, you know, in the industry, and they've been like, 'I wouldn't advise you to talk about it'. But I just, I think that they're all living in kind of a fake world. You know, I would, you know, illegally naked short stocks everyday. Every day. As long as I was collecting commissions. And the bank did not care. The client will send you an order electronically. All you do is, you click on the order, you go to execute, it'll pull up a little box, you type in anything you want, and you just hit 'okay'. You don't ask questions. You appreciate the order"[Mulshine]. I'd like to express my support in expanding upon Short Postion and Short Activitiy Reporting By Institutional Investment Managers but would like to urge the commission to expand reporting to positions, including but not limited to; swap arrangements, derivative contracts, options, synthetic shorts, contract for difference arrangements, naked short sales, and shorts mismarked as longs. I also urge the commission to consider adopting Thomas Petterfy's recommendation to "get the short positions published once a day".

Lastly, I'd like to express to you my complete and utter loss of confidence in the Securities and Exchange Commission. Although Gary Gensler is a welcome addition as the Chairman, for the last year we've watched the SEC give us lip service while it sat on its hands and did nothing to stop the ongoing market manipulation; much of which I haven't even referenced. Short ladder attacks, short selling on downticks even when Short Sale Restriction (SSR) is in place, strategic failures to deliver, brokerage apps falsifying market data, spoofing, and much much more all take place on a consistent basis. Not to mention the hundreds of short and distort articles perpetrated by the Main Stream Financial Media that target specific companies. How many times does the Motley Fool have to tell me to 'FORGET _________' before the SEC realizes that their hedge fund, Motley Fool Asset Management, might have a financial interest in the price of that stock. How many other Mainstream Financial Media Organizations are colluding with Financial Institutions for their own financial interests. As Whistleblower Jim Cramer puts it " You can't foment, you can't create a (yourself) an impression that a stock is down. But you do it anyway because the SEC doesn't understand it" [Cramer and The Street]. Last year, CNBC even edited out portions of their broadcast of the House Financial

Service Committee hearing titled “Game Stopped? Who Wins and Loses When Short Sellers, Social Media, and Retail Investors Collide” that mentioned Citadel Securities (I wonder why?). It is obvious the SEC is understaffed and underfunded (shrinking by 5% in the biggest bull run in history), and that the retail investment community has lost faith in them. On a Twitter post from Gary Gensler stating “Enforcement is one of the fundamental pillars in achieving the @SECgov’s mission” [Gensler]. A poll was taken asking **“Do you trust the SEC?”**, of the 10,511 votes, 97% voted **‘No’**, my vote included. Although I am open to restoring faith in our Financial Regulatory bodies, I’m not naive enough to think the SEC will enforce anything with actual consequences. Like I mentioned before, SEC fines are largely seen as a cost of doing business by financial institutions, which only incentivizes them to ride the line on illegal activities. Even if they are fined for misconduct, in most cases these firms do not have to admit or deny any wrongdoing and then gag orders get implemented. Employees within these institutions knowingly commit fraud on a daily basis and there are rarely ever individual consequences. The SEC has been incompetant for decades as there’s a continuously revolving door from the SEC to the same Financial Institutions they are tasked with regulating. Although the DOJ investigation is reassuring that these issues are being looked at, it doesn’t justify the SEC’s inaction for all this time when we’re literally spoon fed them all the evidence they need. The SEC needs more resources and needs congressional support to take substantial disciplinary actions against Non-Compliant Financial Institutions otherwise they will be forced to bow down to the ‘Too Big To Fail’ Financial Institutions that have spent billions lobbying for deregulation for decades. Capitalism should not reward criminal enterprises because they have rigged the system and positioned themselves as ‘Too Big To Fail’.

In 2008, I was 11 years old and I watched my family’s financial future dissolve because of Wall Street Greed. Now I’m watching it all play out again but this time with a deeper understanding of market mechanics and market structure. It’s time for change and I hope the commission falls on the right side of history. ‘We, INDIVIDUAL INVESTORS, want transparency, control, certainty and trust in our financial markets; we want our interests represented accurately and considered thoughtfully; we want our voices heard and not drowned out by those who profit off of and treat us as products rather than customers. We, INDIVIDUAL INVESTORS, will not accept a system that manipulates, monetizes and leeches off us, and we stand united, empowered to effect positive change for ourselves, our families and our communities. It is time for better.' [Individual Investor Advocacy | Investor Bill Of Rights].

Thank you for your time and consideration on these matters,

Nathan Dudden
'Dumb Money'

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