October 8th, 2022

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: Reporting of Securities Loans (File No. S7-18-21)

Dear Secretary Countryman:

I am writing in strong support of rule 10c-1, "Reporting of Securities Loans". I rarely take the time to write to regulatory agencies now that the SEC, congress, and FINRA have shown time and time again that they do not care about retail investors and the integrity of our markets, but:

- I believe that this is a particularly important rule
- I hope that the SEC will finally take this opportunity to protect retail investors, and
- I find it unbelievable that the SEC "lost" hundreds of comments from concerned retail investors about this proposal.

The most important aspects of this rule are that it includes transaction-by-transaction reporting, and that the reporting takes place every 15 minutes. Those two features of this rule can help prevent fraud in our marketplace where predatory short sellers have been able to "hide within the aggregate", using loopholes to obscure their transactions through concepts like "netting", and fraudulently misreport their short positions to regulators. Requiring all transactions to be reported will create a clear paper trail when the number of shares being borrowed and the number of shares being sold short do not add up – a process commonly known as naked short selling (or, as lawyer Wes Christian puts it, "stealing").

When a company's stock is sold short without a legitimate borrow, the new shares created through this process dilute that stock's public float and reduce its value. This is simply supply and demand. If left unchecked, financial institutions can, will, and already have used loopholes to drive companies into bankruptcy through a process known as "cellar boxing". If we could keep track of the shares on loan, this – already illegal – process could be more easily detectable and firmly provable. Here is a nice write-up detailing the mechanics and examples of cellar boxing:
https://www.reddit.com/r/Superstonk/comments/pmj9yk/i_found_the_entire_naked_shorting_game_plan/

Why is this such an issue? When financial institutions have a method and incentive to destroy legitimate companies at will, that both harms retail investors and causes significant damage to scientific and technological progress made in our country. When a retail trader invests in a company that they believe to be making advancements in science and technology, and that company is naked shorted into the dirt by a greedy Wall Street firm looking for quick profits, the retail investor will lose their hard-earned money as their investment crumbles. Perhaps even more importantly, the progress that the company was making can be set back by decades. For example, please read this well-researched piece detailing some of the advancements in curing cancer made by a company named Viragen, which was destroyed by this exact process: https://www.reddit.com/r/Superstonk/comments/ndrjl8/naked_short_sellers_have_set_our_cancer_research/

Citadel, a market maker firm who also has a hedge fund arm (in one of the biggest conflicts of interest in the financial world), has vehemently opposed the passing of this rule. Why? Their main complaint is that if they had to disclose their securities loaning practices, others could see what stocks they want to short, and trade based on that information. I don't think Citadel is naïve enough to believe that other people shorting a stock that they have a short position on could harm their investment – on the contrary, more people piling on their short positions would dilute the float of those companies and drive down share prices, benefitting Citadel themselves. If they are worried that other financial institutions could keep track of Citadel's short positions and attempt to catch them in "short squeezes", then perhaps they should understand the concept of "infinite risk" in a short position, and not open short positions large enough to be squeezed? Accountability for a wall street firm: now there's a concept.

Or maybe Citadel opposes this rule for a different reason. Could it be that a market maker, who has the ability to naked short stocks until they are cellar boxed, who also has a hedge fund arm that could take advantage of stock prices falling, doesn't want this rule passed because then they would have accountability for locating shares being sold short, destroying their fraudulent business model?

I feel the need to echo the words of Jason Wendt, MBA, when he commented on this exact rule proposal over a year ago:

> I'm not going to be coy about what this proposed rule is in reference [to]. Anyone who follows finance knows that this is directly related to the issues caused by the continuous catastrophic failures of U.S. financial regulatory agencies. Those failures were the direct cause of the stock market crashes in 1999 and 2008. Those failures also caused the FUBAR situation that has been occurring since January 28th, 2021. Those failures are continuing to negatively affect the lives of every single American citizen. I think it is about time to learn from past mistakes, so that we can prevent future failures, and instead create successes.
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> The first thing I would like to express in this comment is my frustration at the total lack of regard towards protecting individual investors during the congressional, legal, and regulatory proceedings that have occurred as a result of the "meme stock saga," which began in January of 2021. I want to make this point very clear, I am a grown … man, I do not care about confetti being used on mobile phone apps. What I care about is the systematic failures and loopholes that exist in our markets that allow for monopolized financial industry power houses to steal from the general public, and prevent new

innovation in our business sectors from occurring. It is my firm belief that any elected or regulatory official that directs the conversation away from these extremely serious issues, such as trying to discuss superfluous topics like confetti, is either too [incompetent] to comment on this subject, or is purposely being disingenuous to prevent positive changes in our markets from actually being enforced.

To make it very clear, these are some of the specific questions I want answers to:

- Why were there 70 million shares sold short on a stock [GME] that only had 50 million shares to offer?
- What happened to the shorted 70 million shares, and, if they were closed, how would it be possible to close the shares without raising the price?
- What was Kenneth Griffin and Steven Cohen's combined $2 billion investment into Melvin Capital used for by Gabe Plotkin, if it was not a bailout, and are there pre-audit trails to prove this?
- Can it be explained why Kenneth Griffin's former employee and protege, Gabe Plotkin, left the employment of Steven Cohen's firm in 2014, to avoid insider trading charges, and now again the two, along with Kenneth Griffin, are involved in one of the biggest suspected insider trading scandals as accused by the general public?
- As Steven Cohen, through a series of shell companies, is an owner of Wata Games, and many other direct competitors to GameStop, has the SEC, FTC, etc. looked into his involvement of the illegal price inflating collectable market trades that have [occurred], and were originally appraised by Wata Games, sold through Heritage Auction, and bought by Jim Halperin, who is himself a consultant for Wata Games, and the owner of Heritage Auction?
- As Steven Cohen and Kenneth Griffin routinely use auctions at Sothebys and Christies to artificially raise the prices of artworks and other commodities for specific artists tied to specific galleries and museums, has the SEC, FTC, etc. looked into how their collateral obtained from these assets from art market trades impact their ability to purchase and manipulate stock market prices?
- If illegal naked shorting is not [occurring], then is there a pre-audit trail that proves that the net inventory share balance of long out of the money puts and in the money calls is zero for all shorted shares?
- If synthetic shares are not being used to suppress the price, then can it be shown that all FINRA mandated transaction IDs match the transactions in the Continuous Net Settlement system, and can it be shown that all open obligations were net zero two days after each transaction settlement date?
- If Shorting Hedge Funds aren't using the derivative market and swaps to hide the shorted shares, then why does all of the publicly available hard information, data, and math point otherwise?
- Why did the CFTC issue an unexpected letter that allows for the delay on the reporting of swap positions until 2023?

- What was the SEC's, and any Market Maker's, involvement with the CFTC in regards to the creation and implementation of that letter?
- If Kenneth Griffin and Vlad Tenev did not lie to congress, then why does their story of what happened to GameStop at the start of this year constantly change when they are asked about it in a public interview, and why do those interview statements not coincide with the internal emails and documents that point towards collusion between Citadel and Robinhood?
- Why was a civil class action lawsuit against Citadel and Robinhood dismissed by a judge before any legal proceedings were allowed to occur?
- Forget January 28th, what caused the extreme volatility that has happened since, such as in mid March [2021, when the stock price of GME fell from $348.50 per share to $172.00 per share in just 25 minutes with no news pertaining to the company being released], early June [2021], and early and mid November [2021]?
- Why do large investment firms get to make contributions towards media outlets that push the narratives that cause millions of people to have their money stolen through the organized pump and dumps the investment firms establish?
- Why was CNBC allowed to claim that r/WallStreetbets was pumping $SLV stock right after Jan 28th, when the actual forum posts from the Reddit community members within that forum, at that time, clearly and openly paint a different picture of the complete opposite sentiment, specifically hundreds of posts that showcased Citadel as being the 5th largest investment owner in $SLV, and genuinely concerned warnings on the risk and unattractiveness of the stock due to it being a predatory pump and dump by that firm?
- Why are large investment firms allowed to have unfair advantages in the market place due to the ability to purchase and use expensive algorithm based software and physical real estate for hardware that is not accessible to the general public?
- Why is the media being allowed to portray individual investors as the cause of the obviously algorithmic based manipulation occurring on the "meme stock" prices, which can only originate from the large hedge funds and Market Makers that use high end algorithmic software?
- Why are government officials allowed to own and trade stocks, when there is a clear conflict of interest in their ability to change public policy in a way that benefits their stock portfolios?

Those are just a few of the many very pressing questions that I, and many others, have failed to have accurate information and answers be provided to us. In addition, there are also issues of Payment for Order Flow, Dark Pools, Failure-To-Delivers, Blatant Insider Trading, Illicit Derivative Market Options and Swaps Trading, Federal Reserve and Central Banking Oversight, and Predatory Shorting that all need to be addressed in order to protect the individual investor.

I, personally, think that the ability for anyone to create purchasing power through insider trading tactics, such as being given fraudulent loans which are backed by assets whose values were artificially inflated by criminal investors using an exuberant amounts of stolen wealth to influence the price of that asset, such as stocks, art, and collectables, needs to be addressed. I think the financial investors who use this tactic, alongside the tactic of purposely and maliciously co-conspiring to short their investment's competition, for the goal of industry dominance, need to be arrested.

I have another set of questions for the SEC pertaining to this situation, which took place almost two years ago, which have not yet been answered:

1) GME was on the NYSE threshold securities list from December 8th to February 3rd, a total of 39 consecutive settlement days. Why was this allowed when it is required that all fails-to-deliver must be closed after 13 consecutive settlement days on the list?

2) Was any action taken by the SEC to punish those who failed to deliver shares of GameStop stock for longer than the allowed timeframe? If not, why not?

3) What measures does the SEC have in place to prevent firms from selling counterfeit shares on the market with no intent to cover them?

4) In February, GameStop had about 70MM shares issued, and the SEC filings showed short interest to be around 16.5MM shares. This means that there should have been around 86.5MM shares accounted for. According to Fintel data, institutions owned over 110MM shares of GME at that time. This doesn't even take into account retail ownership, insider ownership, or the fact that the daily volume on January 22nd was over 197MM (with multiple days since then seeing daily volume over 150MM). How do you explain the discrepancy between the number of shares that should exist and the number of shares that are owned and being traded?

5) In a "National Exam Program Risk Alert" issued by the SEC on August 9, 2013, the SEC outlined some practices that shorts can use to illegally report lower short interest than they actually hold. What does the SEC do to detect these practices, and have any of them been detected with respect to GameStop stock?

6) How are self-reported short interest numbers verified?

7) What are the penalties for misleading or false self-reported short interest numbers?

8) Has Citadel incorrectly reported their short position on any stock in the past?

If the SEC wants more input from retail investors, they can start showing that they will take our input seriously by investigating this situation where billions of dollars were stolen from those very same retail investors. It would be more effective to investigate crimes and answer our questions than to spend hundreds of thousands of dollars to produce and promote YouTube skits mocking our investment decisions. This particular situation, where GME and a few other tickers saw their prices rise quickly and dramatically (in what was widely referred to as a "short squeeze", even though an SEC report claims that a short squeeze did not occur) before retail investors were locked out of buying those securities in an unprecedented move by the DTCC, Apex Clearing house, and a number of brokers, occurred almost two years ago. It's ridiculous that we don't have answers to these basic questions yet.

Why are all of these questions relevant to this rule? The stocks that suddenly increased in price and retail was locked out of buying on January 28th, 2021, all seemed to be victims of naked short selling – hopefully something that will be preventable (or at least made more difficult) by the passing of this rule.

We need increased transparency in our financial markets. This rule needs to be passed. Unfortunately, this rule will not solve the problem of naked short selling, but implementing and enforcing this rule is a good first step.

Sincerely,

A Concerned Investor