

November 9, 2010

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: S7-33-10**

Dear SEC:

I believe the SEC is doing a miserable job of enacting this regulation.

1. The SEC's current tips and complaints system is a black hole. People send in credible tips that never get acted upon. I myself have submit a few complaints each year showing clear violations of the federal securities laws (e.g., websites offering guaranteed 5% monthly returns). The SEC never does anything about them.
2. The SEC needs to be honest as to the likelihood of getting a reward. How many complaints are filed each year? How many complaints get investigated? How many face a formal enforcement action? How many yield penalties? And how many yield penalties that would qualify for a reward? I am guessing this last figure is less than 00.1%.
3. The implementation of this program is poor. I should not need to get an attorney to file a complaint and receive a reward. I also should not need to file additional paperwork. You should add a checkbox at the end of the current complaint form asking if folks want to receive any reward they might be eligible for and then have them sign off on a brief explanation of the program.
4. You ask complainants to provide original documentation, but state that they can stay anonymous. If they stay anonymous, how do you suppose you lay a foundation to use that document in an enforcement action?
5. The attorney fee provisions are also nonsensical. (a) I should not need an attorney to fill out this form; (b) you suppose that most lawyers would take this on a contingency, which is not the case as the complain system is a blackhole; and (c) why would I want to pay an attorney by contingency? To spend 30 minutes filling out a form they should get 1/3 of any reward?
6. Does the SEC have the staff and capability of looking into each complaint or are you going to make me pay an attorney's fee to file a complaint and request for a reward and then never look at my complaint.
7. If my complaint yields an enforcement action that is eligible for a reward, is my payment contingent on the offender's ability to pay his penalty? (i.e., if the wrongdoer files for bankruptcy protection, do I still get paid?)
8. Is my reward equal to the sum of all associated enforcement action or is it based on a per action basis. (e.g., if my company is fined \$800,000 and each of three executives is fined \$100,000, and I eligible for a reward?)
9. Is there an upward limit on a reward? (e.g., if someone blew the whistle on the Madoff ponzi scheme, would they get a several billion dollar fraud?)
10. Where does the reward come from in cases of disgorgement and restitution? If any penalty is directed back to investments (via restitution, rescission, etc.), then where would the reward money come from (SEC budget, treasury, some other course).

Thank you for your consideration of my comments.

Sincerely,

Jane Liu