



29 April 2014

FBI Headquarters
935 Pennsylvania Avenue, NW
Washington, D.C. 20535-0001

Dear Mr. James B. Comey, Director FBI :

After reading “Flash Boys” and doing further research into the actions and practices outlined therein, I have become very concerned, as a participant in the financial marketplace and a fiduciary for the clients whose funds I manage, of certain fraudulent practices in the marketplace today known as “predatory trading.”

I am concerned that certain High Frequency Trading Firms (HFT), many Broker Dealers (BD), and stock exchanges have given themselves unfair advantages (or been complicit in or accommodating to actions) that should be covered under the anti-fraud provisions of the Securities Act of 1934; regardless of any statement they may make that they are following the “letter of law,” as more recent regulations have outlined changes to cope with changing technologies but left these exploitable loopholes. If there are bad actors that are systemically violating the trust in our financial system, no matter how small each little infraction is, then it is a monumental betrayal of the trust we all hold in our financial system.

Complicating matters, I fear that our investment regulatory institutions (The SEC & FINRA) have been complicit in allowing this to happen. The SEC should conduct (this should have been done 2-3 years ago) a complete investigation into this area, raking back all profits from predatory trading, and imposing stiff financial penalties to the firms who participated in, enabled, or otherwise benefited from this fraudulent behavior.

W. Phil Ratcliff, ChFC®, CFP®
President

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Furthermore, I believe the Department of Justice and FBI should look into the mid and upper level management of the SEC & FINRA to see who was complicit in this practice and did not immediately work to stomp it out as soon as they were aware of the problem. As you may or may not be aware, there are many professionals in the financial industry that believe (even investors are starting to catch on) that the SEC and especially FINRA are becoming more and more “revolving door” institutions that work primarily to protect big financial firms’ (BDs, HFT, & certain other institutional investors) interests rather than to maintain open, efficient markets and to protect individual investors. What is needed is a strong showing of justice to show people that fraud and corruption are still important crimes that will be punished (despite the elevated socio-economic status of its perpetrators) with more than a slap on the wrist, and that it is doubly dubious when those tasked with upholding what is right ignore or betray their responsibilities to the public.

We all have an important stake in and obligation to maintain the financial markets as a fair and open marketplace so that investors will continue to trust it and place their capital to work so that we may all enjoy a brighter and more equitable future. I find it personally embarrassing that so many of us “professionals” had no idea of what was going on, that so few are asking for remediation, and that we still have not had any adequate regulatory response to this violation of trust at the very heart of our financial system.

I implore you to follow-up to make sure justice is served and provide the tangible incentive for people to be good actors in the future (I wish that ethical and moral principles would be sufficient but we have proven time and again that this is not usually the case).

Thank you for your time and consideration and please let me know how I may be of assistance in any way, any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'William Ratcliff', written in a cursive style.

William “Phil” Ratcliff