



29 April 2014

SEC Headquarters  
100 F Street, NE  
Washington, DC 20549

Chair Mary Jo White:

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.

Also, from my research, I have discovered that several whistleblowers tried to inform the SEC over 2 years ago of these practices and little/no action was taken. I am very concerned that 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.

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I know that it has been only a little over a year since you have taken over and there are probably many, many important issues for you to address, however, I believe this should be a very important issue because it is an ideal opportunity to address the rising criticism that the SEC and FINRA are becoming increasingly the lap dogs of the financial industry and not the guard dogs of the people/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 many of its perpetrators) with more than a slap on the wrist. I would hope that we could at least recoup all of these ill-gotten gains, levy penalties, amend regulation to prevent this in the future, and possibly even look into criminal charges in the most egregious circumstances (I have already written the Justice Department and FBI).

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,



William "Phil" Ratcliff

P.S. – I hope that you are able to implement a uniformed fiduciary standard that would apply to any firm that wants to offer any kind of financial advice to investors (most RRs are giving advice multiple times a day). Also, many of us small RIAs feel that no change would be preferable to the watered down version that is being discussed to appease the broker dealers.