Dear SEC,

I am writing you to express my concern over the following proposal:

"If a company is a dark company and listed in the OTC market and hasn't put out financials for six months, maybe it shouldn't be quoted or offered to retail investors." -Brett Redfearn

I respectively disagree with this proposal and strongly urge you to consider alternatives. Following this type of action would lead to harmful unintended consequences. First and foremost, the action would harm retail investors, rather than help them.

These "dark" companies, as they're often referred to, fall into 2 categories.

Category 1 is small but legitimate businesses where it doesn't make economic sense to file with either OTC Markets or the SEC due to the financial burden. The solution to fix this would be to create a new, less burdensome (timely) and costly tier for these companies to report.

Category 2 is companies that have gone dark to hide information and enrich management, usually at the expense of shareholders. The solution to fix this is a) not allowing companies to go dark in the first place and/or b) require all companies to share financial information at the request of existing or prospective shareholders. i.e. anyone who asks. (This is already state law for existing shareholders in many parts of the country and would align SEC regulations with state laws). Enforce harsh penalties for any companies who fail to comply.

Please consider what would happen to the stock values, and subsequently net worth of many retail investors if the SEC were to suddenly block quotes or transactions in these companies. These companies are typically already thinly traded. Realistically, the SEC would be forcing the shareholders in these companies to sell shares for pennies on the dollar in an effort to liquidate before this proposal came into effect. This would cost retail investors millions of dollars and eliminate the livelihood of others. For example, I know of several people who make a living from writing blogs on these dark companies.

Please do not punish the very group of people whom you seek to protect. Instead, focus on streamlining and reducing the burden for companies who would report, if not for the financial burden, and target the executives who have made the decision to betray their fiduciary duty by hiding in the dark at the expense of the investing public.

Lastly, I wanted to provide this table for some context. The low liquidity, micro and small stocks were the best performing stocks in the entire market from years 1972-2017. These are the best opportunities in the market for small investors. On the contrary, high liquidity micro and small stocks were the worst performing during this period. This group represents the penny-stocks that you are targeting. It confirms your hypothesis that there is need for change in this category. However, please be cognizant of the fact that there are innocent bystanders that can be adversely impacted if the approach is not careful, inclusive, and comprehensive. There are other resolutions to fix this issue other than the ones I suggested above. There is always more than one way to skin a cat. Please consider them.

Table 2: Size and Liquidity Quartile Portfolios 1972 – 2017

Each stock within the top 3,500 market-cap universe is assigned separate and independent quartile rankings for both year-end market cap and trailing 12-month turnover ratio (liquidity measure), at the end of each year from 1971 to 2016. Reported for each equally-weighted intersection portfolio are the annualized geometric mean (compound) return, the arithmetic mean return, and the return standard deviation. The average number of stocks in each quartile-pair portfolio is also shown.

Quartiles		Low Liquidity	Mid-Low	Mid-High	High Liquidity
Micro-Cap	Geom. Mean	16.05%	15.68%	9.57%	0.11%
	Arithm. Mean	18.38%	19.23%	14.77%	5.23%
	Std. Dev.	22.67%	28.52%	34.54%	33.07%
	Avg. No. Stocks	345	181	124	98
Small-Cap	Geom. Mean	15.65%	14.32%	12.26%	6.00%
	Arithm. Mean	17.29%	16.83%	15.52%	10.11%
	Std. Dev.	19.35%	23.73%	26.86%	30.09%
	Avg. No. Stocks	199	201	173	174
Mid-Cap	Geom. Mean	14.03%	13.88%	12.89%	8.40%
	Arithm. Mean	15.38%	15.54%	14.99%	11.87%
	Std. Dev.	17.59%	19.47%	21.54%	27.35%
	Avg. No. Stocks	130	177	203	238
Large-Cap	Geom. Mean	11.44%	12.28%	11.97%	9.07%
	Arithm. Mean	12.66%	13.39%	13.46%	11.99%
	Std. Dev.	16.22%	15.40%	17.61%	24.53%
	Avg. No. Stocks	74	188	248	238

Much thanks for your time and consideration.

-Alexandra Alvarez