May 22, 2022

David Navari
7116 Sycamore Ave
Takoma Park, MD 20912

Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Subject: File Number S7-11-22

Dear Ms. Countryman,

I am submitting this comment letter on behalf of millions of Retail Investors like myself who want to participate in a fair equity market. I appreciate the opportunity to express my opinions on File Number File Number S7-11-22 to the Securities and Exchange Commission ("SEC").

I support the SEC's proposal to remove the reference to credit ratings, substitute alternative measures of creditworthiness, and impose related recordkeeping obligations in certain instances. My rational is provided below.

1. **Ready Access to Risk Relevant Data:** In the past it made a lot of sense to rely on the Ratings Agencies and their Ratings to inform risk-based decisions. Today institutional investors and other sophisticated investors have ready access to data required to determine the appropriate risk profile of an investment. Consequently, the Ratings Agencies have become less relavent in protecting the public and the investor.

2. **Ratings Agencies Conflict of Interest & Financial Motives Compromising Work Product Quality and Fiduciary Standards:** The 2008 financial crisis laid bare the layers of conflicted stakeholders from the Regulators, Ratings Agencies to Banks/Investment firms with the average American taxpayer and retail investor becoming the ultimate victim. The collapse of CDOs and other investment vehicles which had received faulty Ratings was one of the key enablers of the crisis. There's been a significant amount of academic study that demonstrated the harmful impact of Ratings Agency Conflicts-of-Interest. Conflicts-of-Interest & Financial Motives severely impacted the Agencies ability to conduct unbiased quality ratings as evidenced by multiple institutions and investment products received good ratings only a few days before financial collapse.

   Unfortunately, the poor-quality work continues as is demonstrated by Figure 1, below. The

Chart below shows hard data compiled by Mme Alexandra S.
https://twitter.com/MmeAlexandraS who is a former Moody's Employee and Institutional Fund Manager.

			Market Cap	Cashflow from operations 2021	Cash to Debt	Debt to Equity	Debt to EBITDA	Debt to Revenue	Altman Z-Score	Rating	
										Moody's	S&P
1	Apple	USA	$ 2,640,322.36	$ 112,241	0.52	1.71	0.94	0.33	7.22	Aaa	AA+
3	Microsoft	USA	$ 2,054,366.31	$ 83,909	1.96	0.40	0.68	0.35	8.82	Aaa	AAA
4	Alphabet	USA	$ 1,581,386.61	$ 91,652	4.92	0.11	0.27	0.11	11.53	Aa2	AA+
5	Amazon	USA	$ 1,468,155.66	$ 46,327	0.83	0.84	1.57	0.25	4.89	A1	AA
6	**Tesla**	USA	$ 1,038,726.82	$ 11,497	2.00	0.29	0.92	0.17	21.40	Ba1	BB+
7	Berkshire Hathaway	USA	$ 742,768.30	$ 39,421	0.77	0.23	0.90	0.32	0.00	Aa2	AA
8	NVIDIA	USA	$ 568,424.24	$ 9,108	1.82	0.44	1.03	0.43	21.95	A2	A-
9	Meta (Facebook)	USA	$ 499,772.09	$ 57,683	3.46	0.11	0.25	0.12	9.86	Aaa	BBB+
10	TSMC	Taiwan	$ 496,177.34	$ 39,933	1.60	0.35	0.70	0.48	7.52	Aa3	AA-
11	United Health	USA	$ 490,152.00	$ 21,657	0.60	0.62	1.74	0.16	3.64	A3	A+
12	Johnson & Johnson	USA	$ 477,380.39	$ 23,410	0.94	0.46	1.23	0.36	4.63	Aaa	AAA
13	Visa	USA	$ 450,801.45	$ 15,946	0.76	0.58	1.13	0.82	7.30	Aa3	AA-
14	Walmart	USA	$ 431,801.36	$ 24,181	0.26	0.69	1.83	0.10	4.78	Aa2	AA
15	Tencent	China	$ 409,585.49	$ 27,200	0.81	0.40	1.28	0.59	3.68	A1	A+
16	Procter & Gamble	USA	$ 386,886.62	$ 17,131	0.25	0.74	1.59	0.42	5.47	Aa3	AA-
17	JP Morgan Chase	USA	$ 372,453.65	$ 78,084	1.52	1.73	4.12	4.12	0.00	Aa1	A+
18	Samsung	South Korea	$ 361,887.51	$ 56,252	6.75	0.06	0.21	0.07	4.62	Aa3	AA-
19	Exxon Mobile	USA	$ 359,731.60	$ 48,129	0.14	0.28	0.90	0.17	4.08	Aa1	AA
20	Nestle	Switzerland	$ 358,305.17	$ 15,127	0.30	0.88	3.07	0.53	4.14	Aa3	AA-
21	Mastercard	USA	$ 343,270.18	$ 9,463	0.57	1.90	1.21	0.74	10.07	A1	A+
23	LVMH	France	$ 340,611.77	$ 21,648	0.31	0.73	1.48	0.54	4.04	A1	A+
24	Roche	Switzerland	$ 327,216.23	$ 21,995	0.53	0.40	0.66	0.25	6.37	Aa3	AA
25	Chevron	USA	$ 316,244.55	$ 29,187	0.18	0.23	0.78	0.20	3.87	Aa2	AA
26	Home Depot	USA	$ 310,123.38	$ 16,571	0.05	-27.28	1.78	0.31	7.01	A2	A
27	Bank of America	USA	$ 302,812.56	$ (7,193)	0.92	1.14	3.39	3.39	0	A2	A+
28	Coca-Cola	USA	$ 282,858.42	$ 12,625	0.30	1.86	2.76	1.11	4.40	A1	A+
29	AbbVie	USA	$ 273,756.50	$ 22,777	0.13	4.98	3.20	1.37	1.95	Baa2	BBB+
30	Pfizer	USA	$ 271,827.39	$ 32,580	0.84	0.48	1.20	0.46	3.39	A2	A+
	BMW	Germany	$ 55,658.39	$ 16,060	0.26	1.13	3.67	0.75	0.97	A2	A
	Daimler	Germany	$ 74,786.18	$ 15,811	0.27	1.56	4.48	0.74	1.41	A3	BBB+
	Ford	USA	$ 60,804.72	$ 15,787	0.36	2.88	4.53	1.02	1.3	Ba1	BB+
	General Motors	USA	$ 57,888.37	$ 15,188	0.26	1.85	4.29	0.87	1.18	Baa3	BBB
	Honda	Japan	$ 44,382.83		0.41	0.78	4.33	0.53	1.79	A3	A-
	Hyundai	South Korea	$ 34,735.82		0.30	1.17	8.48	8.48	1.17	Baa1	BBB+
	Nissan	Japan	$ 16,357.46		0.25	1.67	7.11	0.82	1.38	Baa3	BBB-
	Toyota	Japan	$ 233,583.52	$ 31,974	0.44	0.35	4.26	0.53	1.29	A1	A+
	Volkswagen	Germany	$ 103,408.87	$ 20,126	0.37	1.27	3.71	0.73	1.15	A3	BBB+

Figure 1 – Ratings Agency Biased Work Product

Tesla's financial metrics are comparable to some of the largest, safest, and highest rated Fortune 100 firms, yet they curiously receive a much lower rating.

More worrisome is the Ratings Agencies rating opinions of the broader Auto Industry. The Altman Z-score formula for predicting bankruptcy was published in 1968 by Edward I. Altman, who was, at the time, an Assistant Professor of Finance at New York University. The formula can be used to predict the probability that a firm will go into bankruptcy within two years and is tailored for the manufacturing industry. When one examines the Auto Industry financial metrics along with the

Altman Z scores, the Ratings provided to Tesla and other large legacy auto manufacturers are nonsensical and warrant further regulatory investigation. The above data indicates the Ratings Agencies may be facilitating great risk to retail investors and individuals whose retirement funds hold auto industry equity positions.

In addition to the artificially high ratings some automobile manufactures have been granted, Tesla's artificially low ratings are harming Tesla investors since many investment funds are not allowed to invest in companies that are below a certain rating thus reducing demand for the stock and lowering the price.

S&Ps nonsensical Auto Industry Ratings are not the only example of gross negligence and possible malfeasance. S&P's recent removal of Tesla from the SP500 ESG Index has laid bare S&P's manipulation of the **Environmental, Social, and Corporate Governance (ESG)** assessments. Exxon Mobil the **<u>world's biggest polluter</u>** warrants ESG Index inclusion, yet Tesla, whose mission is to accelerate the world's transition to sustainable energy and has unquestionably driven the transportation industry to zero emissions technology was removed! S&P ESG decision and their unwarranted 2020 delays in Tesla's S&P 500 index inclusion, point to possible Conflicts-of-Interest or manipulation which warrant regulatory examination.

I am pleased to submit this comment to the SEC in support of the SEC's common sense policy initiatives.

Sincerely,

Cc:

The Honorable Gary Gensler, Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Allison H. Lee, Commissioner
The Honorable Caroline A Crenshaw, Commissioner