

August 2, 2018

Fw: Comment letter to proposed rules change for Whistleblowers

Further comment on SEC proposed "Interpretive guidance for Whistleblowers"

Over the last several years I have filed extensive TCR's with the SEC under the Whistleblower rules. My claims detail a massive fraud on the markets which is in the BILLIONS of dollars. My information could not be any more clear, straight forward, and in fact verified by third parties as well as the SEC and FINRA themselves.

Central to my claims is the Criminal enterprise known as US registered Broker Dealer Knight/KCG/VIRT. It's securities fraud, accounting fraud violations I hve detailed for 7 years. This criminal enterprise continues to pose a significant risk to the investing public as a result of SEC (and others) criminal obstruction of my claims. ALL of the information in my claims continues unabated as a direct result of this SEC criminal obstruction. In furtherance of a massive conspiracy which is facilitated by a corrupt SEC.

As recently as July 2018, the Goldman Sachs analyst confirmed the basis of my claims on the VIRT 2Q 2018 conference call:

The Knight/KCG/VIRT trading model is very significantly leveraged to OTC shell share volumes. And, HOW does the criminal enterprise Knight/KCG/VIRT generate trading profits in OTC shells that trade down to "trop zeroes" (.0001) on billions of shares? Standing on the bid and buying as a "vital source of liquidity"? The core business at Knight/KCG/VIRT is and always has been:

Naked shorting OTC shells to facilitate money laundering. Verifying this allegation would be so simple that the SEC could pay an intern who would come to the same conclusion in less than 2 weeks.

Knight/KCG/VIRT is NOT engaged in "Bona Fide market making" in its OTC shell business. Abusive naked shorting is manipulation according to the SEC itself. It's virtually riskless. Manipulation. In fact, abusive naked shorting turns a trade with unlimited risk (a legit short) into a trade with virtually no risk (abusive naked shorting).

The effects of this manipulation (securities law violations) are evident on the Knight/KCG/VIRT balance sheet. This criminal enterprise has been insolvent on more than 1 occasion. Most recently: 2Q 2017. Which is why VIRT CEO Douglas Cifu won't "publish" KCG 2Q 2017 financials. In July/Aug 2018 Knight/KCG/VIRT teeters or is insolvent once again as a result of the activity I have detailed to the SEC over the last 7 years+ continuing unabated.

During the last 7 years+, the corrupt SEC has allowed several public offerings and 2 mergers at valuations that are complete fraud :Tangible book value. Again, ignoring its mandate to protect the investing public.

The SEC is a corrupt, criminal enterprise itself. Bought and paid for by Wall Street. As a result, criminal activity at Knight/KCG/VIRT and the OTC shell market remains a massive risk to the investing public.

Rather than shutting down this criminal activity the SEC gives speeches about the definition of "fiduciary" in Latin

<https://www.sec.gov/news/speech/speech-peirce-072418>

SEC.gov | What's in a Name? Regulation Best Interest v. Fiduciary

What's in a Name? Regulation Best Interest v. Fiduciary Remarks at the National Association of Plan Advisors D.C. Fly-In Forum

www.sec.gov

And brings complaints like this

<https://www.sec.gov/litigation/litreleases/2018/lr24221.htm>

\$14,000 insider trading complaint while the multi billion fraud involving Knight/KCG/VIRT/OTC shells remains very much up and running.

Which begs the question:

WHY is the SEC changing "interpretive guidance for Whistleblowers"?

Cheers!

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Whistleblower

From: Chris Dilorio

Sent: Monday, July 2, 2018 5:12 AM

To: rules-comments@sec.gov; oig@sec.gov; chairmanoffice@sec.gov; CHICAGO

Subject: Comment letter to proposed rules change for Whistleblowers

<https://www.sec.gov/news/press-release/2018-120>

I am sending this e mail per SEC instructions as comments on the SEC proposed changes to the "Interpretive Guidance" for whistleblowers.

The SEC is proposing the following interpretive guidance:

"Under the proposed guidance, in order to qualify as "independent analysis", a Whistleblower's submission must provide evaluation, assessment, or insight beyond what would REASONABLY APPARENT to the Commission from publicly available information."

WOW.

Let's focus on the chosen words "REASONABLY APPARENT"

For example, the Madoff Ponzi scheme. Ponzi's are infinitely simple to detect, There are no counter parties for trades. So, Ponzi's SHOULD qualify as "REASONABLY APPARENT".

Yet, it took the SEC a DECADE to finally investigate.

Gross incompetence and or corruption at the SEC is not a new phenomenon.

What SHOULD be "REASONABLY APPARENT" and what ARE "REASONABLY APPARENT" to the grossly corrupt, criminal organization known as the SEC can leave a lot to interpretation.

How many SEC attorneys did it take to come up with the term "REASONABLY APPARENT"?

The same attorneys investigating WorldCom? Enron? HealthSouth? GE? Theranos? Knight/KCG/Virtu? Deutsche Bank Mirror trades? Oh, I forgot, there was NO SEC investigation for that, etc etc etc.

The SEC failures to detect and stop "REASONABLY APPARENT" Securities Law violations are too numerous to count. The Latest: "Bitcoin is not a security." when there is settled case law that if applied would CLEARLY PROVE it is in fact a security: SEC V SG Ltd.

SEC V SG Ltd would also show Bitcoin (Like Micro cap securities Jay) is a money laundering vehicle of choice for criminals.

The SEC failure to detect and stop "REASONABLY APPARENT" securities law violations is well documented. Which begs the question: WHY is the SEC changing the definition of "independent analysis"?

The grossly corrupt SEC proposed "Interpretive guidance" with regards to the "independent analysis" for Whistleblowers is an admission of guilt rather than an attempt to collect "More pertinent information".

What the SEC is admitting with the term "REASONABLY APPARENT":

"We know there are violations of Securities Laws. We just haven't done anything about it"

Because IF a whistleblower submits a tip where the Commission is already aware of the "REASONABLY APPARENT" violation, then, WHY hasn't the SEC already brought a complaint??????

Quite the admission.

There are "REASONABLY APPARENT Securities Law violations the SEC is aware of but done ABSOLUTELY NOTHING to stop.

IF the "interpretive guidance" changes to Whistleblower information is changed as proposed, then the question for the investing public is:

WHY isn't the SEC prosecuting "REASONABLY APPARENT" Securities law violations?

Regards,

Christopher Diiorio

Whistleblower