To whom it may concern:

Good morning: I have a serious issue with the fact that Ms. Catherine Woods is again, allowed to open a Fund that could possibly impact investors.

Ms. Woods is NOW investing in Meta platforms that has not only released a product, MetaVerse, that did not clear market expectations, and Meta is part of a Shareholder lawsuit for Human Trafficking.

The average investor does not know this.

To date, she has lost 1/2 trillion dollars on her ARKK Fund.

- ✓ This year: NASDAQ -25%. ARKK -54%
- ✓ One year: NASDAQ -21%, ARKK -61%
- ✓ Two year: NASDAQ +26% ARKK -25%
- ✓ Five year: NASDAQ +86% ARKK +63%

I was stunned and disturbed to see that Ms. Woods was still:

1. Running a 500 plus million dollar Fund
2. Publishing her "predictions" for naive consumers to follow

EXAMPLE: Ms. Woods/Meta

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi3qKHyu8__AhUinokEHcFpBxkQFnoECBIQAw&url=https%3A%2F%2Fwww.bloomberg.com%2Fnews%2Farticles%2F2023-06-13%2Fcathie-wood-funds-buy-shares-of-meta-for-first-time-since-2021&usg=AOvVaw0godBlQyozq3Gi0miiBfPB&opi=89978449

POINT/SPECULATION: At one point Ms. Woods asserted that breakthroughs in **AI technology** would cause **GDP growth** to reach **30% a year.** She also gave performance **targets** for her fund that would make them **by far** the **highest performing** investment **fund** of all time due to all the allegedly paradigm shifting technology stocks it contained, with second place going to a 3x levered fund that closed long ago She has even gone as far to argue the pre-revenue companies they hold represent "deep value" investing. One cannot be an expert at every discipline. However, when these sums of money are being invested, hire an expert as your are passing on to vulnerable consumers/investors.

ARK Invest does not appear to follow regulatory standards

POINT GAAP: It is **suspicious** thing ARK Invest does is their **Adjusted Earnings Reports**. There are strict GAAP rules (Generally Accepted Accounting Procedures) about what companies can and cannot report as earnings. There is a reason for GAAP compliant books. They may make company look worse off that it is, thus, companies also then publish adjusted earnings reports to demonstrate their forecast. Other times, unfortunately, this is done to artificially prime the price of the stock.

ARK Invest is almost exclusively in pre-revenue companies since you want to grab the "white swans" as early as possible. There are some that appear to be cash incinerators with leverage hidden via private equity investors. ARK Invest presents their case with adjusted EBITDA (Earnings Before Interest Taxes Depreciation Amortization). However, ARK's adjusted earnings would be considered extremely brazen accounting **fraud if** it were remotely **subject to GAAP rules**.

1. All **R&D costs are adjusted down** to the average of the NASDAQ 100. The average NASDAQ company spends 12% of their revenue on R&D while ARK's portfolio spends an average of 27%. The idea is this R&D is an investment, not a cost.
2. **Identical treatment** for **sales/marketing** as this is too is an investment, not an expense.
3. **Identical treatment** for **employee stock** and options. ARK's companies pay an average of 23% of their employee compensation in stock, many times the norm. Again, they say this is an investment, not a cost.
4. **Ignore** all **non-cash costs**. This includes equipment/buildings breaking down over time, which by GAAP rules is allowed to show up as a monthly cost as a portion of the total cost of the asset.
5. **Recognize deferred revenue**. This is when a customer pays in advance for something they receive in the future. The GAAP rules infer that if you buy a plane ticket now it's not allowed to be counted as revenue until you use the ticket. ARK's companies are often loaded with preorders for products that are not fully invented yet, one may say "half baked".

POINT Small Cap Funds: ARK owns **10% or greater** position in **17** different **small cap** companies and has large stakes in **dozens** of **OTC stocks** and never backed down from these illiquid investments even when they had record inflows. They can definitely be a **whale** with interest in their own fund driving up the price of the underlying assets. Also, the average investor is chasing fund returns, meaning the bigger year over year returns equals more fund inflows and more fees generated. ARK's **worst performing year** actually **generated** the **most revenue** for the company as that is when AUM (Assets Under Management) reached their highs.

Please review this documentation in detail.

If any other relevant information is needed, please contact me at your request

Very Kind Regards,

Marie-Lise Lipchik, Esq.

Pro Bono

American/submitting as anonymous