Wall Street
Insights & Indictments

Monthly Payouts... For Life

46 years ago, Congress quietly signed a bill into law. This law stipulates that over 100 federal agencies are legally required to pay rent for the properties they occupy. And this little-known legislation led us to an **$11.1 BILLION** pool of wealth that's been funneled into the Treasury Department. And right now there is a backdoor investment strategy that takes advantage of this situation. And **monthly payouts of up to $1,795**. To learn how you could profit every month for the rest of your life, **click here**.

Who Owns the SEC Anyway?

Sep 7th, 2018 | By Shah Gilani

The U.S. Securities and Exchange Commission is running a "racket."

No, not like a tennis racket or a loud noise kind of racket – a racket as in a questionable or illegal scheme.

The SEC is in the pocket of lobbyists that serves Congress's finest, and in the pocket of the exchanges they regulate, and public companies they oversee that trade on all the exchanges they let order-reading, front running bots work their way into. And they're in the pocket of brokerage houses, especially "too-big-to-fail" ones.

In other words, they've been running rackets for a long time.

I've come down on the SEC for a long time, too, and they're not too fond of me because of what I call them out on. But that'll never stop me.

Here's another racket they tried to foist on us…

Some Kind of Experiment

It turns out the U.S. Securities and Exchange Commission designed an experiment to "stimulate trading in shares of smaller companies." But it ended up costing investors more than $300 million over the past two years, according to a study released Thursday.

The experiment, or Tick Size Pilot Program as it's known, was itself foisted on the usually compliant SEC by lobbyists stringing their own rackets on behalf of the racketeers in charge – a handful of members of Congress, of course.

Back in 2001, the SEC forced "decimalization" on exchanges, eliminating the age-old system of trading in increments as low as an eighth of a dollar (12.5 cents), and instead letting stocks trade in one-penny increments.

That "modernization" effort is itself a long story, and not a pretty one. But, it's not the story now.

Because smaller companies don't trade a lot, meaning not a lot of shares trade daily supposedly because of the tiny increments stocks now trade in, interested parties with friends in Congress figured they'd trade more if the

increments they trade in were widened from one penny to a minimum of five cents.

So, interested parties (you'll never guess who) with friends in Congress got lobbyists to push the SEC to see how beneficial it would be for small companies to trade in five-cent increments, on the goodwill theory it would bring more small companies into the public markets if there was more liquidity interest in them.

The experiment affected almost 1,200 companies. Other small-cap companies were left alone as a control group, so the SEC had a baseline against which it could compare results.

[CRUCIAL] **With this technology, we may have been able to vaporize Bin Laden three years before 9/11**

According to *The Wall Street Journal*, supporters said, "Forcing small-cap stocks to trade at five-cent increments would make it more profitable for brokers to buy and sell such securities, leading them to publish more research about smaller companies. That, in turn, could generate interest in the companies' shares, and ultimately encourage more firms to go public."

Did you get that reasoning?

Not the part that brokerages would end up publishing more research, which could generate more interest in smaller companies. In theory, that sounds good and it was the rationale for the experiment.

You get it, doing good by little companies to encourage more companies to go public. Makes sense, right? But that's a bunch of rubbish.

The real reason for the experiment is it would "make it more profitable for brokers to buy and sell such securities."

I'll give you a minute to stop laughing or throwing up.

Seriously?

Everyone knows Wall Street analysts who work for sizable brokerage houses don't cover smaller public companies.

There's a reason. There's no money in that kind of research because institutional investors – the ones who brokerages give their crappy research to free of charge – so they can eat at the giant commission trough institutional investors favor them with, don't trade those little stocks.

"If anything, Wall Street has slashed sell-side analyst jobs," said Curtis Pfeiffer, Chief Business Officer of New York-based Pragma Securities, the firm that studied the SEC's Tick Size Program. "We certainly don't see that there has been any increase in research on small-cap stocks," Mr. Pfeiffer said.

According to Pragma's study of the millions of trades it executed between January 2017 and June 2018, extrapolating the added costs it incurred to the broader market, "total costs to investors could exceed $350 million by the time the program concludes its two-year run in October."

[URGENT] **This could impact every single American (but the media is strangely silent)**

No Surprise There

Pragma wasn't the only critical voice on the Street.

The *Journal* reported, "**BlackRock Inc.** (**NYSE:BLK**)'s analysis found that trading costs for stocks whose price increments were widened grew between 35% and 45% compared with those that remained untouched, the asset-

management giant told the SEC in a letter in May… The program 'harmed market efficiency by increasing trading costs for end-investors,' BlackRock said in the letter."

The Charles Schwab Corp. (**NYSE:SCHW**) and **TD Ameritrade Holding Corp.** (**NasdaqGS:AMTD**) panned the program.

The interested parties that got Congress to put pressure on the SEC to increase minimum trading increments, which widens spreads, so they can make more money trading these kinds of stocks, were brokerages who ply these waters.

Because mainstream discount brokerages and full-service wealth managers (as bulge bracket brokerages like to call themselves these days) don't generally trade a lot of smaller company stocks on behalf of their customers, they don't have much to gain from widening spreads. Additional costs that come with wider spreads are passed on to customers.

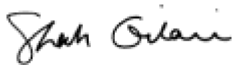
But, brokerages whose stock in trade happens to be in those smaller stocks, where they are the principal market-makers in those stocks, stand to make a lot more money trading them and marking them up when they sell them to customers and marking them down when customers sell them back, want to eat the fat around that meaty business.

So, the SEC, trying as it does to appease its constituents, allowed the experiment to go forward.

Because of the pushback it got, however, the head of the SEC's trading and markets division **said he wouldn't recommend** extending the wider tick sizes beyond the program's conclusion in October.

An SEC spokesman declined to comment. What a surprise.

Sincerely,



Shah

P.S. – My friend and colleague, America's #1 Pattern Trader Tom Gentile, has a very special message that he asked me to share with you. He's been giving readers just like you the opportunity to double their money in just four days, every single week. And he's delivering not one, not two, but three money-doubling trade opportunities every week. I'll explain more in tomorrow's Saturday mailing (make sure you sign up for my emails), but in the meantime, just ***click here*** *to learn more…*

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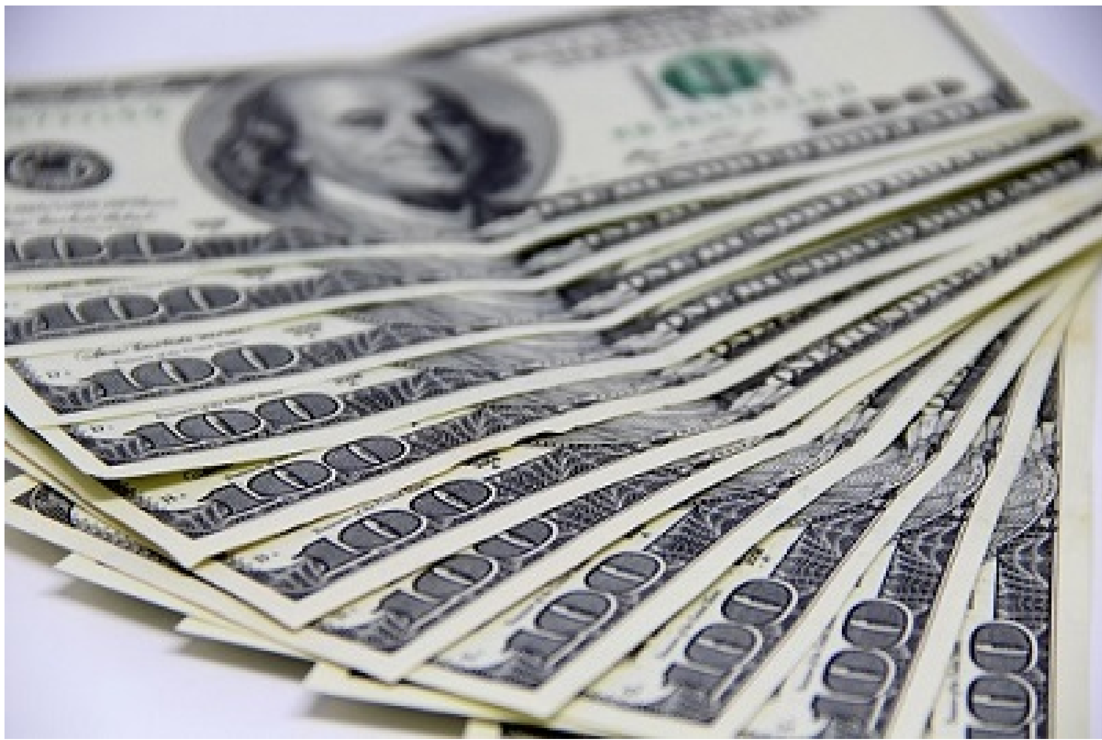
PREMIUM CONTENT

You Could be Paid $2,353



Very soon, we will be releasing a very simple set of instructions to a selection of our readers.

Each person who follows these instructions could be paid a total of **$2,353 in only 28 seconds**.

Here's the problem…

Currently, your name is not on the list to receive these instructions.

And time is almost up.

(**Find out how to fix this here**.)

If you don't already know, you won't need to buy a single share of stock up front to collect this cash.

You won't need to spend a nickel on anything.

All you need to do is follow these instructions and you could be paid $2,353 in 28 seconds.

So if you want in, you need to act now.

Click here to find out how…

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