



Final Oral Testimony

April 15, 2026

Chairman Wagner, Ranking Member Sherman, and Distinguished Members of the Subcommittee—thank you for the opportunity to testify today.

My name is Matt Michel. I'm the Founder and Managing Partner of InvestorLink Capital Markets. I've spent the better part of my career in equity capital markets, supporting the distribution of over 1,500 IPOs and follow-on offerings, representing more than \$400 billion in capital raised. This experience has given me an unobstructed view of how capital is formed and distributed in our public markets—and how easily those processes can be exploited.

In recent years, I've turned my attention to the mechanics of that exploitation—specifically, ramp-and-dump schemes that target retail investors through social media promotion, online investment clubs, and coordinated volume spikes in lower-priced securities. As the only witness today focused on market structure and manipulation, I'll keep my remarks squarely in that lane.

These schemes are not abstract. They take real money from real people—savings meant for a child's education, a retirement, or a first home. But the damage extends well beyond the individual investor.

Our small-cap markets run on retail participation. It allows early-stage companies to fund growth and mature into durable businesses—and that growth is a key driver of investor wealth creation. It is a virtuous cycle, and manipulation breaks it. When fraud erodes confidence in the small-cap



space, capital dries up, the cost of capital rises, and legitimate issuers are shut out. The result is not just investor harm—it is American innovation stifled in our own markets.

Here is the core insight from the front lines:

We no longer have a detection problem.

We have a response problem.

Over the past eighteen months, private-sector tools have demonstrated the ability to generate high-confidence early warning signals on these patterns—often with meaningful lead time before significant investor harm occurs. These capabilities have been developed, validated, and shared with regulators and market participants for review and discussion.

The technology exists—but the critical gap is what happens after a warning signal is identified.

Our current regulatory and compliance framework is fundamentally reactive; optimized to investigate fraud after the fact. It is not structured to enable proactive intervention, nor is it flexible enough to allow firms to safely adapt new tools and methodologies at the pace of evolving fraud. As a result, firms that seek to act on forward-looking intelligence face uncertainty about when and how they can do so without exposure to second-guessing.

There are, however, encouraging developments. FINRA’s Financial Intelligence Fusion Center provides a no-cost channel for sharing threat intelligence on ramp-and-dump and investment club schemes. The “speed bump” in H.R. 2478 and Proposed Rule 2166 offers firms a targeted mechanism—a brief delay when there is a reasonable suspicion of fraud, paired with notification



safeguards. These are constructive steps toward earlier response times without imposing heavy new mandates.

A modest amount of regulatory clarity could unlock meaningful progress—particularly around when firms can rely on validated signals to act proactively and with confidence. Principles-based guidance, flexibility across business models, and approaches that combine shared intelligence with firm-level capabilities would go a long way toward closing the gap between detection and response.

I look forward to sharing the advancements the private sector has made in early detection, and to discussing the gap between what is now possible and what firms can practically adopt under the current framework.

Thank you. I look forward to answering your questions.