

RECEIVED
ES 136731
2009 JUN 11 AM 6:10

CHAIRMAN'S
CORRESPONDENCE UNIT

June 1, 2009

Securities and Exchange Commission
Ms. Mary Shapiro
100 F Street NE
Washington, DC 20549

Dear Ms. Shapiro:

It is common knowledge that the SEC is conducting an extensive investigation and research on various trading practices that are being used in today's marketplace.

Among these topics are the "uptick rule" on short selling and "naked short selling".

Enclosed is a letter that I had sent to Mr. Warren Buffet that you may find of interest.

With my 40 years of experience in the investment business as well as a background in economics I feel that I can speak objectively about these topics with a high degree of expertise and competence.

I would welcome the opportunity to come to Washington and speak to your committee on these topics.

I believe that you and your committee would find my input to be very informative and assist everyone in making decisions that would provide needed improvements to today's marketplace.

There is no other factor that affects the economy more than the stock market. The majority of workers have 401-k retirement plans. The end results of those, is how the stock market has performed. When someone retires with a 401-k that has appreciated, they have the means to retire in comfort and take care of their needs. Without this capital they have to turn to the government for assistance.

Also the latest numbers on tax revenues show a dramatic drop, once again affected by the stock market. Investors taking capital losses as opposed to capital gains. With a healthy stock market, tax revenues go up. Also this results in greater disposal income that is used to purchase homes, automobiles etc. There are some principles of economics that are undeniable.

Sincerely,


Michael J. Wells

[Redacted]
[Redacted]
[Redacted]
[Redacted]

November 26, 2008

Mr. Buffett,

I was pleased to see that you were a member of President Obama's economic advisory board. Along with many other concerned citizens I find it reassuring that you and the other members of that panel can offer our new President objective advice that will be beneficial for the economic revival of our economy.

I have been in the investment business for 40 years and have a Masters in economics. My clients are individual investors commonly called retail clients. They invest to have a nest egg to supplement their retirement, to pay for their children's education, to buy a home and to improve their standard of living. Needless to say they are shocked by what has happened to their investments. Over the years changes have been made in the stock market that many professionals feel have been detrimental to the market and have affected investor confidence in a very negative way.

I am enclosing a list of recommendations many feel are needed and if implemented would go a long way in improving the investment climate for all interested parties. The ramifications of these changes would also be very positive to our economy as a whole. If you agree with my recommendations you may consider presenting them to the economic advisory board for consideration.

- Uptick rule for short sales should be reinstated. Without the rule it is easy to manipulate the market and very easy to "paint the tape" with small trades. "This is Jim Cramer's pet peeve"
- Naked shorting- This is an absolute disgrace, a company may have 25 million shares outstanding and perhaps a float of 15 million yet the short position in many cases could be in excess of 25 million shares, there is no limit on how many shares can be lent out for short selling. And no enforcement. The shorts are ruthless and they can keep walking a stock down by continuing to hit the bid on 100 share trades. Many small companies have been driven out of business by these tactics. Naked short selling and no uptick rule together create latent opportunities for market manipulation at the expense of honest legitimate investors. It has been said that if a company has been driven into being delisted that shorts do not have to show a closing transaction and the profits are not reported to the IRS, no taxes. This enhances their performance and of course management fees. The rules on short selling need to be rectified and enforced

- Program Trading- Nothing destroys investor confidence like volatility. When the market goes down 600 points, rallies up 300 points and ends the day down 200 points, this is a prime example of excessive volatility. This action is not normal and would be virtually impossible without program trading. I can get up in the morning turn on the stock market channel and they may report that the futures are pointing down and the market will be down 200 points on the opening so without any investors selling a single share of stock we have a market down 200 points because someone hit a button on a computer. Someone may buy a stock based on solid fundamentals and without any investor selling a single share it is down because it was in a basket of stocks that was part of a 'sell program". Program trading is a contrary to the purpose of what the New York Stock Exchange is all about. It serves no economic purpose to the market as a whole and allows a very small minority of computer jockeys, to use questionable trading techniques that are not available to the majority of investors. Without these programs we would see volume dry up, the market stabilize and investors would start "bargain hunting" it is my contention that without program trading volatility would drop dramatically within a matter of weeks. This would create a more favorable market climate and bring back a level playing field for all participants.
- Hedge Funds- It is obvious to most market participants that oversight of hedge funds is badly needed when any investment group can utilize margin at 20, 30 or even 40 to one it is only a matter of time until chaos reigns supreme. This is exactly what has happened to the market and has someone said "the inmates are now running the asylum". This entire scenario is reminiscent of the "wild west" it is about time the rules of law and order were brought back.

I apologize for the length of my letter but I felt that it was important to list all the pertinent facts. Hopefully this information can be presented to the President's economic advisory board for proper review and consideration.

Sincerely,

Michael Wells

Vice President Investments