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VIA EMAIL AND U.S. MAIL

September 22, 2008

Mr. Brad Bondi  
United States Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Dear Brad,

I send this as a follow-up to a letter I sent to Commissioner Paredes today. I appreciate the SEC's actions last week amending Regulation SHO and proposing (and putting in place on emergency basis) additional rules. I believe, however, that more needs to be done quickly to correct fully this grave problem and to prevent companies from being taken down.

1. The T+3 hard-delivery requirement by itself will not stop naked short selling because it implicitly allows for a 3-day continuance of the practice – a period which is long enough to do significant damage to a company. Only a **mandatory pre-borrow requirement** will stop naked short selling once and for all.
2. If a naked short seller fails to deliver at T+3, the broker-dealers should have the obligation to force a **mandatory buy-in** (this is the rule in Canada). This would be a natural enforcement mechanism for the hard-delivery requirement.
3. **Traded should be tracked cradle-to-grave** (rather than netted against each other). This will provide the necessary transparency as to who has failed to deliver and the total amounts of their failures to deliver and will allow the SEC to see who has failed to meet the T+3 hard-delivery requirement.
4. There must be **timely disclosure** by naked short sellers of when and how many shares they are failing to deliver. Only then can **meaningful enforcement** by the SEC follow (which should include **significant monetary penalties**).

I earnestly hope the SEC will consider these points as real, achievable solutions. I would be more than pleased to meet with Commissioner Paredes and you again to further discuss this continuing problem.

Sincerely,

A handwritten signature in black ink that reads 'Jonathan E. Johnson III'.

Jonathan E. Johnson III  
President

cc: Commissioner Troy A. Paredes (email and U.S. Mail)  
Ken Salomon (via email)