

JM RESOURCES

MEMO

TO:	Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.	FROM:	David Zieve
COMPANY:	SEC	DATE:	8/7/2008
FAX NUMBER:		TOTAL NO. OF PAGES INCLUDING COVER:	2
PHONE NUMBER:		SENDER'S REFERENCE NUMBER:	
RE:	File Number S7-20-08.	YOUR REFERENCE NUMBER:	

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Dear Sirs,

August 6, 2008

I've been participating in the financial markets for nearly 30 years investing privately. I'm deeply concerned over the imbalances created since the 'uptick rule' was removed 12 months ago, the subsequent explosion of short interest and the Bear Market that has followed. It's either unusually coincidental or more probably causal with the broader market meltdown we've been experiencing since the rule change. I have no objection with shorting, but I do have an objection to hedge funds (or anyone else) manipulating the process and the price of securities by selling shares that haven't at least been borrowed first and then slamming the bid with short sales on rapid downticks. I am not allowed to do that for my accounts, and can't understand why anyone else should be allowed. Returning to the Uptick rule and requiring prior authorization on a Borrow need to apply and be enforced for ALL publicly traded companies and not just FRE, FNM and the primary dealers. The ability to sell 'market on close' for a short seller is major unintended consequence of the 'uptick' removal, especially in smaller cap (say under \$5 bill but more significantly on market caps below \$1 billion). This has enabled shorts to dominate the end of day trading and 'mark' the closing price (daily, weekly, monthly, quarterly) which is illegal for both shorts and long side players. The difference is that longs must identify themselves in filings to the SEC at least once per quarter and anytime positions go up or down thru 5, 10 or 15% thresholds. Short sellers DO

NOT have this requirement and because of this ability to be anonymous, the SEC does not have effective control of surveillance nor do the shareholders and the company itself know who is short. My request and recommendation is that ALL positions both long and short be filed equally and size restrictions be implemented on shorts the way they are on longs. As a shareholder, I should be able to know in the proxy statements who the short sellers are that are short more than 5% of a company just the same way I can see who is long greater than 5%. I also can't understand why stocks that are showing up on the Reg SHO lists aren't subject to immediate buy-ins after a minimum grace period. It's the SEC's job to enforce this and hasn't. Why have a rule if it is not going to be enforced? I also take issue with short interest getting up to over 50% in some companies. Again, without transparency as to WHO is short, it's possible that one player can corner the market (short) in a declining environment. Position limits apply in commodities for a reason, they should apply in equities too. All of these factors have gone on to raise the cost of capital for companies unnecessarily, and to bring about a broad disengagement from public participation. It's time to turn those factors around before we create another Depression.

Thank you for your consideration,

A handwritten signature in black ink that reads "David Zieve". The signature is written in a cursive, slightly slanted style. To the right of the signature is a vertical red line.

David Zieve
Principal Engineer
JM Resources

(With assistance by: Gary Markoff Senior Vice President, Smith Barney- Boston)

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