

A New Accounting: Reserve Shares 06 23 2010

Wall Street profit from manipulation comes if they can take a position against the customer, i.e. a Short Sale, an investment whereby when the stock goes down they make money. Without short sales stock prices would be fairly valued or reflect more of a true value not subject to manipulation. The brokerages would argue when there are not enough shares outstanding they cannot sell to you a stock they cannot acquire. In this case the money for those extra sales should go into a new term called reserve shares, the money from reserve shares would go into a bank account for the company that issued them. The only investment the company would be able to make would be government issued debt, unless they wanted to convert reserved shares into shares outstanding. This new accounting would be much like the reserves China has in their accounting system. It would also eliminate greed, fraud and evil from the stock market. Wall Street would be forced to earn their money. Wall Street loves to profit from the lack of confidence and ignorance of its customers. I know what their character and integrity is, I worked for them.

Pro's: Money goes to the company as it should, not siphoned to the middle man

Pro's: Wall Street insiders do not make a market for the good of this country but for themselves when they bet against companies and investors by short selling.

Pro's: Wall Street's trading profits mostly come from short sales against their customers or other brokerages customers. Most likely accomplished through the guise of agreements with "Trading Firms" with changing terms that share profit.

Con's: May limit upside and downside of stock price.

Pro's: Short Selling has served as a template model for all other derivative securities that could put this country into depression.

Implementation factors: Can put a percent limit on the amount of shares that can be reserved, but must never be allowed to short sale. And brokerages should never be allowed to profit from buy and sells that could potentially be against a customer in any way. Brokerages could be forced to guarantee to the customer that the price they received is firm and this could be accomplished through the buffer reserve account. Sales could be made to the reserve account also, but the status of the reserve account would be maintained as independent of the brokerage and the corporation. But to the effect that if the reserve account had surplus shares the corporation could call them issued at its authority and use the money in capital financing. The balance of money in the account would never be

available to the brokerages, only the corporation. The structure of the reserve account could be integrated into the current structure in place for Electronic Stock Certificate Holdings. The Electronic Stock Certificate Holdings would be required to make a printout and other foul proof and easily re-implemented backup systems, in case of corruption of electronic records.

The Reserve share system would make for a much stronger and responsible United States of America in the future.

God Bless Those Who Think

Thomas Paul Murphy, Passer of CPA Exam

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