

7 May 2009,

Comments on Short Selling in response to proposed Rule Release No. 34-59748

If I were a Taliban chieftain, sitting on a pile of illegal drug money, or an unfriendly Nation-State intent on destroying the economic fabric of the United States, I can't think of a better way to do it than by channeling millions of dollars through shadowy, unregulated hedge funds, with instructions to short the stocks of major companies who are suffering from the present recession. I would then spread negative rumors, anonymously, at the speed of light, over the internet, which are difficult to verify and almost impossible to retract. The hedge fund, in which I have invested this money, along with other funds of a similar persuasion could then pile on hapless companies, struggling to survive, drive down their stock prices to a point where their loans are called, forcing them into bankruptcy. In short order I have destroyed the companies, forced their work forces into unemployment and destroyed shareholder value all without firing a shot.

In my mind, permitting investors to sell what they do not own, with the sole intent of destroying companies for personal gain does not operate in the best interest of our country. If you are intent on allowing this practice to continue, then I would ask that you relegate short selling to Las Vegas so that we will know it is legalized gambling with the odds in favor of the house.

Respectfully yours,

Nick Parrott