

**PARK**  
**NATIONAL**  
**CORPORATION**

May 19, 2009

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: File Number S7-08-09 Proposed Amendments to Regulation SHO

Dear Ms. Murphy:

Thank you for hosting the Securities and Exchange Commission (“SEC”) Roundtable on Short Selling on May 5, 2009. I certainly enjoyed representing the American Bankers Association at this event.

As I mentioned in my testimony, I am very much in favor of the SEC amending Regulation SHO to apply a “short sale price test” on a market wide and permanent basis.

From my review of the SEC proposal, a price test based on the national best bid would probably be easier to implement and be more practical in today’s markets than a test based on the last sale price. I would favor using a price test based on the national best bid. However, I believe that after six months of implementation, a review should be made to confirm that the use of a price test based on the national best bid is truly effective.

I do not believe that a “circuit breaker rule” would be effective and accordingly do not support this alternative. I fear that a “circuit breaker rule” would provide an opportunity for large investors to manipulate stock prices.

Background Information

I am the Chief Financial Officer of Park National Corporation (“Park”) headquartered in Newark, Ohio. Park is a \$7 billion bank holding company that owns and operates two banks. The Park National Bank is a \$6 billion bank headquartered in Newark, Ohio with 12 banking divisions operating 128 offices in 29 Ohio counties and 1 county in Northern Kentucky. Park also owns Vision Bank which is headquartered in Panama City, Florida. Vision Bank has \$900 million of assets and operates 18 offices in Baldwin County, Alabama and in 6 counties in the panhandle of Florida. Park acquired Vision Bank on March 9, 2007.

Park’s stock is traded on the NYSE (AMEX) exchange under the symbol of PRK. Park has approximately 13,972,000 shares outstanding. Park’s closing stock price was \$66.84 on May 7, 2009, which produces a market capitalization of about \$930 million. (I have included Exhibit A, which contains historical information on the short position in Park.)

The following table indicates the shares outstanding for Park, the amount of short interest and the price of the stock.

Date	Shares Outstanding	Short Interest	Price
12/15/05	14,093,000	437,661	\$108.00
12/15/06	13,922,000	554,641	\$99.76
12/31/07	13,965,000	1,275,369	\$64.50
12/31/08	13,972,000	1,052,361	\$71.75
3/31/09	13,972,000	1,229,595	\$55.75

The average daily trading volume for Park is about 60,000 shares. The short interest ratio (the number of days) to close the short interest position based on the average trading volume is about 20. Over the past 12 months, this short interest ratio has been as low as 12 days and as high as 40 days. For Park, a significant change in the short interest position has a significant change in the stock price of Park.

On September 17, 2008, the SEC issued an emergency order under Section 12(K)(2) of the Exchange Act which imposed enhanced delivery requirements on sales of all equity securities under Rule 204T of Regulation SHO. The enhanced close-out requirements of Rule 204T of Regulation SHO required participants of a registered clearing agency to close-out fails to deliver resulting from short sales of any equity security by purchasing or borrowing the security by no later than the beginning of trading on the day after the fail to deliver occurs.

This action by the SEC appears to have had a large impact on Park. The table below indicates the change in Park's short interest position.

Date	Short Interest	Share Price
8/29/08	1,580,406	\$61.30
9/15/08	1,573,220	\$59.00
9/30/08	1,368,375	\$78.00

It appears that the short interest position in Park's stock had to be quickly reduced as a result of the emergency order by the SEC on September 17, 2008 and as a result, Park's stock price increased by \$19 per share or 32.2% in a two week period of time. The short interest position for Park fell by 204,845 shares or 13.0% in two weeks.

The stock of Park is largely owned by individuals. If we exclude the stock held by the Trust Department of Park, than institutional ownership is only about 30% of the shares outstanding.

The management of Park believes that the large changes in the short interest position causes unnecessary volatility in Park's stock price. As a result of increased volatility, Park's management believes that the confidence of shareholders is naturally reduced. Please find below an example of a large change in the short interest position of Park and the related impact on Park's stock price.

Date	Short Interest	Stock Price
5/15/08	1,202,536	\$74.75
5/30/08	1,257,815	\$70.90
6/13/08	1,400,700	\$63.90
6/30/08	1,476,316	\$53.90
7/15/08	1,557,539	\$44.87

During this two month time period, Park did not release any news to the financial markets. The increase in the short interest position over the two months was 355,003 shares or 29.5%. The related decrease in Park's stock price was \$29.88 or 40.0%.

#### Bear Market of 2008

In July 2007, the SEC eliminated all short sale price restrictions. Previously, the uptick rule had been in effect since 1933. The SEC did an exhaustive study, before making the decision to eliminate the uptick rule. However, this study was not done during a bear market in stocks. We certainly experienced a bear market in 2008 for U.S. stocks.

I was surprised during the course of the year to see reports indicating that there may have been "bear raids" on Bear Stearns and Lehman Brothers which may have contributed to their demise. I previously thought that large publicly owned companies would not be so easily impacted by short selling.

Michael McAlevee, of General Electric Corporation ("GE") indicated at the SEC Roundtable that GE was very much in support of a "short sale price test". GE is a very large publicly traded company whose stock was impacted in 2009 by a "bear raid". To me, it is frightening to think of the impact that short sellers could have on mid-cap companies such as Park National.

What is the negative impact of imposing a "short sale price test"?

Supporters of the SEC taking no action, argue that the implementation of a "short sale price test" will reduce market liquidity.

They might be right. But, why should we care? As recently as June 2007, the uptick rule was in place. Was market liquidity a problem? The answer is a resounding "No". So why should we be concerned about adding a "short sale price test".

Lack of Regulation

I believe that increased regulation of "Wall Street investment banking firms" would be beneficial to the United States.

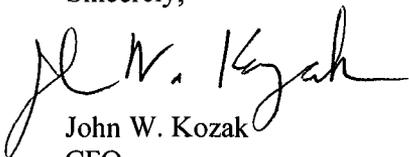
In recent years, I think "Wall Street investment firms" have demonstrated that they will do whatever is possible to make a "buck". The sub-prime mortgage loan mess was largely created by "Wall Street investment banking firms" selling "sub-prime securities" to investors.

After the SEC issued an emergency order under Section 12(K)(2) of the Exchange Act on September 17, 2008, the failures to deliver on securities immediately were reduced. In my mind, this indicates that increased regulation by the SEC was effective and it also indicates that some investors will do whatever possible to make a "buck".

As a result of living through this experience of the past couple of years. I believe that it is very important to regulate "Wall Street investment banking firms". I believe that an important step in doing this would be to require a "short sale price test".

Investor confidence will be positively impacted by the implementation of a "short sale price test". I strongly believe that the SEC should take action on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Kozak". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

John W. Kozak  
CFO

JWK: trm

**Park National Corporation**  
**Short Interest Shares**

<b>Date</b>	<b>Short Interest Volume</b>	<b>PRK Closing Price</b>	<b>DJIA Closing Price</b>
04/15/2009	1,222,775	59.98	8,029.62
03/31/2009	1,229,595	55.75	7,608.92
03/13/2009	1,170,787	54.00	7,223.98
02/27/2009	1,072,885	48.35	7,062.93
02/13/2009	998,530	51.85	7,850.41
01/30/2009	1,044,533	54.25	8,000.86
01/15/2009	1,034,509	56.40	7,212.49
12/31/2008	1,052,361	71.75	8,776.39
12/15/2008	1,113,097	63.31	8,564.53
11/28/2008	1,134,389	68.49	8,829.04
11/14/2008	1,148,460	60.87	8,497.31
10/31/2008	1,132,616	72.75	9,325.01
10/15/2008	1,165,606	66.23	8,577.91
09/30/2008	1,368,375	78.00	10,850.70
09/15/2008	1,573,220	59.00	10,917.50
08/29/2008	1,580,406	61.30	11,543.50
08/15/2008	1,455,057	67.72	11,659.90
07/31/2008	1,541,578	62.63	11,378.00
07/15/2008	1,557,539	44.87	10,962.50
06/30/2008	1,476,316	53.90	11,350.00
06/13/2008	1,400,700	63.90	12,307.30
05/30/2008	1,257,815	70.90	12,638.30
05/15/2008	1,202,536	74.75	12,992.70
04/30/2008	1,226,305	76.01	12,820.10
04/15/2008	1,245,088	64.46	12,362.50
03/31/2008	1,288,916	70.85	12,262.90
03/14/2008	1,302,897	65.51	11,951.10
02/29/2008	1,219,861	60.50	12,266.40
02/15/2008	1,230,575	62.78	12,348.20
01/31/2008	1,310,439	70.80	12,650.40
01/15/2008	1,326,801	58.70	12,501.10
12/31/2007	1,275,369	64.50	13,264.80
12/14/2007	1,277,370	66.58	13,339.80
11/30/2007	1,229,046	75.57	13,371.70
11/15/2007	1,021,813	75.80	13,110.00
10/31/2007	986,161	79.26	13,930.00
10/15/2007	919,922	88.00	13,984.80
09/28/2007	980,937	87.20	13,895.60
09/14/2007	1,040,002	89.50	13,442.50
08/15/2007	1,241,817	84.70	12,861.50
07/13/2007	1,067,785	84.76	13,907.30
06/15/2007	915,875	88.41	13,639.50
05/15/2007	841,578	86.26	13,383.80
04/13/2007	767,328	93.86	12,612.10
03/15/2007	721,558	92.15	12,159.70
02/15/2007	622,723	99.05	12,765.00
01/12/2007	537,644	99.15	12,556.10
12/15/2006	554,641	99.76	12,445.50
11/15/2006	551,327	103.40	12,251.70
10/13/2006	574,275	102.87	11,960.50

**Park National Corporation**  
**Short Interest Shares**

<b>Date</b>	<b>Short Interest Volume</b>	<b>PRK Closing Price</b>	<b>DJIA Closing Price</b>
09/15/2006	608,155	103.65	11,560.80
08/15/2006	631,557	102.59	11,230.30
07/14/2006	621,356	93.72	10,739.30
06/15/2006	649,082	97.54	11,015.20
05/15/2006	560,929	95.74	11,428.80
04/13/2006	498,637	103.76	11,137.70
03/15/2006	481,786	106.92	11,209.80
02/15/2006	465,559	108.52	11,059.00
01/13/2006	442,696	106.54	10,959.90
12/15/2005	437,661	108.00	10,881.70
11/15/2005	446,854	107.05	10,686.40
10/14/2005	437,047	104.26	10,287.30
09/15/2005	398,489	109.75	10,558.80
08/15/2005	379,918	110.15	10,634.40
07/15/2005	397,462	111.45	10,640.80
06/15/2005	457,288	108.91	10,566.40
05/13/2005	438,830	99.25	10,140.10
04/15/2005	374,715	104.05	10,087.50
03/15/2005	340,600	118.75	10,745.10
02/15/2005	308,394	120.79	10,837.30
01/14/2005	252,728	124.10	10,558.00
12/15/2004	237,656	139.61	10,691.50
11/15/2004	267,841	132.14	10,550.20
10/15/2004	280,050	123.19	9,933.38
09/15/2004	282,253	122.95	10,231.40
08/13/2004	293,657	109.20	9,825.35
07/15/2004	240,297	115.24	10,163.20
06/15/2004	123,591	122.86	10,380.40
05/14/2004	106,321	108.90	10,012.90
04/15/2004	128,854	109.24	10,397.50
03/15/2004	112,358	107.91	10,102.90
02/13/2004	83,859	109.30	10,627.80
01/15/2004	68,856	108.38	10,553.80
12/15/2003	62,334	106.95	10,022.80
11/14/2003	66,770	109.00	9,768.68
10/15/2003	77,916	108.03	9,803.05
09/15/2003	80,203	110.24	9,448.81
08/15/2003	84,809	108.48	9,321.69
07/15/2003	113,635	108.81	9,128.97
06/13/2003	97,808	107.24	9,117.12
05/15/2003	96,800	101.52	8,713.14
04/15/2003	103,226	94.57	8,402.36
03/14/2003	98,874	92.10	7,859.71
02/14/2003	90,686	92.33	7,908.80
01/15/2003	88,162	98.46	8,723.18
12/13/2002	100,099	93.57	8,433.71
11/15/2002	88,948	86.14	8,579.09
10/15/2002	121,860	87.48	8,255.68
09/13/2002	110,528	91.81	8,312.69
08/15/2002	110,772	91.24	8,818.14