To: The SEC

Re: Comments on Proposed Short Selling Regulations

Madam Chairman and Members of the Commission,

My great fear is that the SEC may have begun to identify with, and have empathy for the Business Entities it is supposed to regulate. I believe your mandate is to provide security and protection for all investors, and insure an orderly marketplace to raise capital for the Companies offering their stock on the various exchanges. I also believe Hedge Funds, Professional Traders, and the Stock Exchanges do not want any restrictions on Short Selling!

The Exchanges want the Volume. The Hedge Funds and Professional Traders want to make Money in a down market. Unfortunately, short selling is a tool that came become self fulfilling. Pick a stock, start a rumor, and pound it down. To me it seems it ought to be banned all together. It takes capital from the Company whose stock is targeted and money from that company’s investors. It does provide profits for the Short Sellers, but nothing else. It is a practice that invites abuse since it is conducted in secret, and the Hedge Funds never want to reveal their positions. Naked Shorting is even more profitable. I realize it’s illegal, but certainly not rigidly enforced. Put Options can be used for downside protection, but I guess their margin requirements make them less appealing than short sales.

There seems to be an opinion by the SEC and others that Short Selling provides some good things to the markets like Price Discovery and Market Liquidity. However, the price discovery can be manufactured and manipulated by the concerted efforts of relentless Short Selling and coordinated Bear Attacks. I do know where the Liquidity comes from. It is the financial life blood of regular investors, who have seen their Mutual Funds, 401-K, and IRA accounts decimated by excessive unregulated short selling to the point where millions of them pulled out of the market all together. You need to fix this if you want them to return to the markets.

I have invested in Apple Computer Stock for many years. The past two quarters, Apple has had blow out earnings and currently has over 25 Billion Cash with no debt. Still, this stock is one of the most heavily manipulated names. The last data released showed the Hedge funds were short more than 20 Million Shares. I wonder if all those shares were truly borrowed and conform to the current SEC rules?

PLEASE - don’t approve an ineffective Uptick Rule. That would be the worst of all possible outcomes. The Uptick rule must be capable of doing at least as much as the old uptick rule did. You should also provide transparency for all investors. Short Sales should be reported separately from regular stock purchases. If you effectively resolve these problems, millions of investors sitting on the sidelines will return, invest, and help get the markets and our economy going again.

Please do it now and do it right. The American Investor will applaud you!