

10 May 2009

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CHAIRMAN'S  
CORRESPONDENCE UNIT

Mary L. Schapiro, SEC Chairman  
SEC Headquarters  
100 F Street, NE  
Washington, DC 20549

Ms. Schapiro:

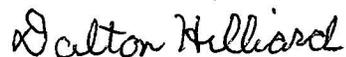
I have been following your agency's movement toward restricting short selling. I noticed that many of the web site comments are favorable for doing so. I have a different opinion based on reality and fairness. In my current semi-retired job, I trade stocks 10-12 hours per day. I rarely short stocks. It costs too much for too few shares and the downside is infinite. However, the same speculators who run stocks down also run them up, and they do so in the extreme with regularity. Currently, the S&P 500 has been run up 40% in a little over two months; its PE is probably well over 35. I hear no complaints from the 401-Kers. This is not normal, and it is this type of manipulation by similar speculators that ran stocks down excessively in March that makes the volatility stand out. The NASDAQ and Dow have had similar gains.

The Fed seems to work for Wall Street these days. The Paulson and Geithner connections to the Street are not inconsequential. Nothing has really changed with the banks except perception and their ability to hide losses using mark-to-tomorrow accounting. The taxpayers have been bankrupted by the Fed to the tune of a trillion plus to bail out Wall Street thieves at the expense of our kids and grand kids. No transparent explanation has been given as to exactly who got what amount and what was used as collateral. Easy Fed Reserve money policy is creating another bubble to help raise all assets and prices. Rising prices are what helped cause the recession in the first place, so this may not help. And taxpayers are being "handled" versus "helped" through an old USSR style media insurgency (e.g., the stress tests leaks).

Unlike Geithner, I pay my taxes regularly, but considering the black hole that is our government's financial engineering, I wish I did not pay. Members of Congress have become conduits of lying and stealing in large part. Obama and Frank are probably pressuring you to lean heavy on short selling. By using buy programs and baskets of bullish EFTs (e.g., XLF, UYG, DIA, SPY, QQQ, IYR, TNA, etc.) the Wall Street speculators (or manipulators) have run the markets up crazily for 44 days of stampede buying. I would not be surprised if the Plunge Protection Team (perhaps through quasi-government affiliate Goldman Sachs) has been doing a fair share of the buying. In general, buying volume has been light, but without surcease. Another 5 days of buying next week without at least a 5-day correction will be a record in the history of the stock market. All this with S&P 500 stocks' dividends approaching an all time low around 2.7% and a sky high PE. Most stocks I follow have doubled, tripled, and quadrupled.

My point here is that Wall Street manipulation goes both ways to extremes. I currently think they are "handling" you to get these restrictions passed. The March 9<sup>th</sup> low may have been for your benefit and theirs. I can see just as much need for a downtick rule as an uptick rule to curb gross manipulation in both directions. That is the reality of the current stock market situation. We are setting up for another year 2000 like ride in stocks where real PEs don't even matter anymore. In fact, for the last month we have been pretty much in that type of groove. I want fairness in stock prices. I presently have few stocks on a value basis worthy on my investment. If you are going to address volatility, do it for both up and down extreme type movements. Naked short selling should be eliminated, but it seems like you lack the number of personnel to combat that. Make no mistake about it; the markets go directionally where the Captains of the Street (and the government presently) want them to go. I think the most realistic approach would be to balance upward and downward forces equally with fairness. Perhaps, just do nothing. Thanks for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Dalton Hilliard".

Dalton Hilliard