

ES129039

Mary L. Shapiro, Chairman
U.S. Securities and Exchange Commission,
100 F Street, NE
Washington D.C. 20549

March 3, 2009

Dear Ms. Shapiro,

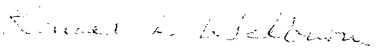
As someone who has been in the investment business for 50 years, I would strongly urge you to re-instate the uptick rule with regard to short selling. At present short sellers recognizing the downward momentum in the stock market can basically act like a wolf pack and drive the market lower thereby destroying the savings of millions of people who have their life savings invested in equities.

I would go a step further and ban short selling itself. Why should unregulated hedge funds using leverage be able to destroy the wealth inherent in corporations who are at the heart of Capitalism. In effect, a group of speculators, many of them millionaires, if not billionaires, can wipe out the savings of retired people, many of whom do not understand financial markets and who will out of fear eventually capitulate and sell out their holdings. At that point, many of the short sellers, most of whom are hedge funds, will cover their positions and go long. Is such a condition good for Capitalism? I would argue that the above situation essentially destroys Capitalism and will lead people to embrace other forms of economic development such as Socialism.

Short sellers will argue that by abolishing the practice free markets will be destroyed. They believe that short selling increases stock market liquidity and is necessary for the efficient functioning of markets. Actually, I believe that the reverse is true. Short selling is essentially a way to further exaggerate weak situations and perhaps drive them into bankruptcy. It is true that short sellers seek out weak financial situations and act as a sort of regulator but the solution is not to aggravate the situation but to have good regulation. Just as traffic needs stop lights and rules for driving, so does financial activity. Unfortunately, during the Bush era many laws such as the Glass-Steagall Act and rules such as the uptick rule were abrogated in the name of free markets. As we now know, the free market is at risk of being destroyed by the removal of these laws and rules.

I therefore submit my remarks with all due humility that you have the power to strengthen Capitalism by removing the power of short sellers to destroy it.

Sincerely Yours,


Ronald L. Welburn