

June 23, 2009

The Honorable Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street NE, 10th Floor
Washington, D.C. 20549

Dear Chairman Schapiro:

We believe that naked or abusive short selling continues to be a significant problem, producing unacceptable levels of abuse and manipulation of share prices in all sectors and markets. This belief was confirmed by the recent release of an extensive study of naked short selling by eminent scholars, Dr. Robert Shapiro and Dr. Nam D. Pham.

For their study, they built an expansive database consisting of over 5,500 companies that had been affected substantially by naked short selling. Drs. Shapiro and Pham concluded that the current regulation of short sales (even after the SEC's more recent rulemaking in the second half of 2008) has not effectively controlled naked short sales, and that naked short sales impose large costs on the shareholders of many companies across economic sectors, exchanges and market capitalizations. Importantly, Drs. Shapiro and Pham concluded that naked short sales played a significant role in the abrupt and unmanaged collapse of Bear Stearns and Lehman Brothers, which in turn triggered the current U.S. and global financial and economic crisis. Without further regulation, including pre-borrow requirements, the authors believe that naked short selling can again disrupt the markets and contribute to the unmanaged collapse of other significant companies in all sectors.

We believe that the dimensions of the naked short selling problem can only be uncovered by an investigation pursued by the SEC on the basis of information that is currently only available to the SEC. We express concern that the SEC's Enforcement Division has yet to bring a single enforcement action to stop naked short selling and punish those that engage in it to manipulate the markets.

We believe that significant failures to deliver are just the tip of the iceberg of manipulation, and that below them may lie evidence of a pattern and practice of abusive short selling by a small and concerted number of market players. We also believe that the failures to deliver reported by the SEC do not represent all of the failures to deliver that occur in the market.

In our view, if the SEC continues to defer taking more meaningful action to stop naked short selling, the least the SEC should do is to illuminate fully the dimensions and consequences of this phenomenon by a full public airing of the evidence and the SEC's current analysis of that evidence. Once the dimensions of the problem are fully disclosed and understood, the SEC can address them by developing the appropriate solutions.

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We were disappointed that the SEC's May 5th Roundtable agenda did not include a discussion of the possible institution of a firm pre-borrow requirement as part of a comprehensive regulatory regime to prevent abusive short selling. The essence of "naked" short selling is the selling of shares for which there is no clear, enforceable claim. A pre-borrow requirement would prevent once and for all the artificial dilution of a stock by the creation of "phantom shares" that are not tied to an enforceable claim.

Confidence in the commitment and effectiveness of the SEC – and in the fairness of our markets – depends on swift establishment of a comprehensive regime to regulate abusive short selling. In future roundtables and discussions, we urge you to include a full airing of all the evidence about naked short selling that is available to the SEC. We also urge you to consider whether a pre-borrowing requirement – as well as reinstating some version of the uptick rule – will address the problem at its root level. Drs. Shapiro and Pham concluded that pre-borrow requirements would effectively control naked short sales at no appreciable cost to the liquidity or efficiency of American markets. It is absolutely essential that the SEC consider the findings of this study and take steps to eliminate the destruction of shareholder value caused by naked short selling.

We look forward to following your progress on ending abusive short sale practices.

Sincerely,

American Family Life Assurance
Company of Columbus (Aflac)

Assurant, Inc.

Ditech

EnerNOC, Inc. Companies

Life Partners Holdings, Inc.

Medis Technologies Ltd

Overstock.com, Inc.

Sangamo BioSciences, Inc.

Veraz Networks, Inc.

Web.Com Group, Inc.

cc: The Honorable Luis A. Aguilar
Commissioner
Securities and Exchange Commission

The Honorable Kathleen L. Casey
Commissioner
Securities and Exchange Commission

The Honorable Troy A. Paredes
Commissioner
Securities and Exchange Commission

The Honorable Elisse B. Walter
Commissioner
Securities and Exchange Commission

The Honorable Christopher Dodd
The Honorable Tim Johnson

The Honorable Richard Shelby
The Honorable Robert Bennett

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The Honorable Jack Reed
The Honorable Charles Schumer
The Honorable Evan Bayh
The Honorable Menendez
The Honorable Daniel Akaka
The Honorable Sherrod Brown
The Honorable Jon Tester
The Honorable Herb Kohl
The Honorable Mark Warner
The Honorable Jeff Merkley
The Honorable Michael Bennet
The Honorable Edward Kaufman
The Honorable Arlen Specter

The Honorable Jim Bunning
The Honorable Michael Crapo
The Honorable Mel Martinez
The Honorable Bob Corker
The Honorable Jim DeMint
The Honorable David Vitter
The Honorable Mike Johanns
The Honorable Kay Bailey Hutchinson
The Honorable Saxby Chambliss
The Honorable Johnny Isakson

Josephine Tao
Assistant Director
Division of Trading and Markets
Securities and Exchange Commission