9/14/09
Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Proposed Reg SHO
Release No. 34-60509
File No. S7-08-09

Dear Ms. Murphy,

In regards to the reinstatement of the uptick rule the most recent suggestion the SEC has made regarding "the alternative uptick rule" appears to be the best option. Of much greater importance is the immediate adoption of some form of protection in this regard. In the absence of some form of an uptick rule abusive naked short sellers can use their vastly superior visibility of the markets, spot stop loss orders and intentionally knock out bid after underlying bid in an effort to trigger the stop loss sell order which induces yet another cascade of selling. This in turn induces panic selling by U.S. investors trying to avert financial calamity.

You at the SEC need to look upon an uptick rule as a form of "avalanche protection" that should have never been removed in the first place. How you could justify removing this 75 year old form of "avalanche protection" in the midst of a worldwide clamor for abusive naked short selling reform is inexplicable. This action of yours is proof positive of the phenomenon of "regulatory capture" in which regulators in a variety of different arenas have a tendency to take their eye off of the ball and look after the financial interests of those that they are supposed to be regulating instead of following their various congressional mandates.

If we can't rely on you at the SEC to follow your congressional mandate to provide "investor protection" then who do we look to in your absence? Should we look to an SRO like FINRA of whose 900 recent recommendations for enforcement actions to the SEC not one was related to abusive naked short selling? Recall the equally amazing statistic revealed in the SEC's Inspector General's Audit no. 450 revealing that of the over 5,000 complaints received by the SEC in regards to abusive naked short selling **not one** resulted in an enforcement action. These statistics go well past the phenomenon of mere "regulatory capture". There has obviously been a system wide suppression of the abusive naked short selling issue no doubt related to the financial costs associated with making these criminals finally deliver that which they previously sold to unsuspecting U.S. investors operating under the misguided premise that the SEC and the SROs were aggressively providing investor protection. "Self regulation" cannot work in an environment wherein there are literally quadrillions of investor dollars up for grabs and the party mandated to “self regulate” has a vastly superior knowledge of, access to and visibility of the playing field. Human nature doesn’t work that way.

Your explanatory notes regarding proposed legislation in the short selling arena often leans heavily on the role of short selling in providing “liquidity” and “pricing efficiency”. I’d like to share with you a chapter from my 9th book on abusive naked short selling that addresses your misguided concepts of how short selling enhances the “price discovery” process and this wonderful concept involving the “injection of liquidity” by these theoretical “shareholder advocates” we refer to as market makers.

ABUSIVE NAKED SHORT SELLING MYTH BUSTING

The three main arguments proffered by those quite content with the corrupt “status quo” on Wall Street in regards to naked short selling involve the issues associated with the “injection of liquidity”, the “tightening of spreads” and the “enhanced efficiency of the price discovery” process. There are merits to these arguments when the topic is that of **legal** short selling (LSS) and even legal naked short selling (LNSS) done by truly bona fide market makers but when the topic is that of **abusive** naked short selling (ANSS) these arguments absolutely hold no water.

Today’s Wall Street “realities” as they pertain to **abusive** naked short selling crimes involve observations like Dendreon losing 65% of its share price in 75 seconds after the exact timing of this “bear raid” was pre-announced on the Internet. Another Wall Street “reality” is that as Lehman Brother’s share price was totally falling off of a cliff its failures to deliver recorded at the DTCC went up **57-fold** from their previous high-water mark yet both the SEC and the mainstream media deliberate as to whether or not abusive naked short selling played a role in this attack that nearly took down our entire financial system. Since when does a **57-fold** increase in FTDs from the previous highest level ever attained not qualify as proof positive to confirm the diagnosis linking cause to effect? From the point of view of the buyers of all of those nonexistent Lehman shares abusively naked short sold that were relying upon the SEC to provide “investor protection” I doubt they would characterize this attack as a generous “injection of liquidity” by Wall Street altruists/shareholder advocates. The question that begs to be asked is why the need to attempt an impossible to pull off cover up?

One thing I’ve learned about abusive naked short selling crimes over the last 29 years of studying them is that there is no subtlety involved. The criminals know that the SEC won’t bother them and they know that the NSCC management will pretend to be “powerless” to provide the only known solution when the sellers of securities absolutely refuse to deliver that which they sold i.e. buy-in the delivery failures so that the purchasers of the securities can receive what they paid for. They can also be fairly assured that the DOJ will not get involved as the SEC can be relied upon with 100%

certainty to play the “preemption card” should the DOJ attempt to step on the SEC’s regulatory turf. Imagine the immense deterrent effect that could be brought to the table by an “uncaptured” DOJ. The SEC which is empowered to only handle civil matters has a congressional mandate to refer criminal matters to the DOJ.

What can we learn about our regulatory system when the more prominent perpetrators of these frauds are not afraid to get up in front of a camera and describe not only how inept the SEC is but also how they have committed these crimes in the past? Even James Chanos the well known short seller made a comment last week in regards to the “uptick rule” being reinstated. He mentioned that whatever law the SEC comes up with clever Wall Street lawyers will easily devise a way to work around it. He is correct. Here are my three favorite myths in regards to the theoretical benefits of naked short selling.

MYTH #1: “The typical U.S. market maker injects much needed “liquidity” especially into the markets of thinly-traded securities”.

MYTH #2: “The type of short selling we see in our markets enhances the efficiency of the “price discovery” process”.

MYTH #3:”The type of short selling we see in our markets results in a beneficial tightening of the spread between the bid and the ask”.

BACKGROUND INFORMATION

Broker-dealers known as “market makers” in a security by definition must stand ready to “**buy and sell the security on a regular and continuous basis”** at a publicly quoted price, even when there are no other buyers or sellers. Depending upon share price levels there exists a minimum amount of shares that must be posted on the bid and the offer. One of the problems with market maker abuses is that there are very few barriers to entry in becoming a “market maker” and there is no lack of smaller MMs in dire need of business that are more than willing to prostitute their illegal accessing of the “bona fide” MM exemption in exchange for “order flow”.

A truly “bona fide” market maker has been exempted from making “pre-borrows” or “locates” before making admittedly naked short sales. This is theoretically because markets move very quickly and there often isn’t time to go out and arrange a “pre-borrow” or “locate” without disrupting order flow.

A truly “bona fide” MM accessing the (universally-abused) “bona fide” MM exemption must stand ready to sell even nonexistent shares into buy orders in markets characterized by order imbalances involving buy orders dwarfing sell orders **with the same intensity** that he buys back those previously naked short sold shares in markets characterized by sell orders dwarfing buy orders amidst falling share prices. Both buy side liquidity as well as sell side liquidity need to be injected as needed in order to **legally** access the "bona fide" MM exemption.

The legality of the accessing of the bona fide MM exemption cannot be determined **until** share prices downtick wherein a truly bona fide MM will cover his preexisting naked short position by injecting liquidity from the buy side. A truly bona fide MM keeps his position fairly close to net neutral on the corporations he makes a market in. The trading data clearly reveals to any interested and unconflicted SRO or regulator as to when the bona fide MM exemption has been **illegally** accessed by a "predatory" MM attempting to access certain self-fulfilling prophecies available in a clearance and settlement system based upon mere "collateralization versus payment" or "CVP".

MARKET MAKING IN A CLEARANCE AND SETTLEMENT SYSTEM BASED ON "CVP"

In a clearance and settlement system whose foundation has been illegally converted to a foundation based upon mere "collateralization (of the monetary value of a failed delivery obligation) versus payment" (CVP) instead of the congressionally mandated "delivery versus payment" (DVP) abusive/"predatory" MMs can easily reroute the funds of unknowing investors into their own wallets without **ever** delivering that which they sold.

In a "CVP"-based clearance and settlement system like that in the U.S. which is administered by NSCC the sellers of securities like MMs theoretically addressing order imbalances are unconscionably allowed access to the funds of investors **even if they refuse to ever deliver the securities that they sold.** This is because they are only asked to "collateralize" the monetary value of their failed delivery obligation on a daily "marked to market" basis.

Unfortunately for investors clever MMs that do nothing but sell nonexistent shares that they obviously don't "own" nor can they ever deliver into buy orders but refuse to ever buy them back can easily put the share price of the corporation targeted for an attack into a "death spiral". This is due to the accumulation of the share price depressing "security entitlements" that result from each and every FTD at the NSCC as well as each and every NSCC SBP (stock borrow program) "borrow" used to (theoretically) "cure" an FTD.

This unconscionable policy of the NSCC subdivision of the DTCC results in the temptation of would be "bona fide" MMs illegally accessing that exemption and doing nothing but selling nonexistent shares into buy orders but refusing to inject liquidity via placing buy orders when sell orders dwarf buy orders as share prices drop. Why would you ever cover your preestablished naked short position if you can gain access to the investor's funds without ever having to spend the money needed to do so?

THE ROLE OF THE "ISSUANCE" OF SHARE PRICE DEPRESSING "SECURITY ENTITLEMENTS"

Due to the phraseology used in UCC Article -8-501 every failure to deliver securities and every NSCC "Stock Borrow Program" (SBP) "borrow" that occur on Wall Street results in the "issuance" of IOU-like accounting credits technically known as "security entitlements". UCC-8 also mandates that the clearing firms holding these "security entitlements" on behalf of their investor/clients (the "entitlement holder") that did not get delivery of the securities that they purchased or whose shares did arrive but were subsequently loaned out through the NSCC's SBP to treat these "security entitlement holders" as being entitled to exercise all of the rights and property interest of the securities that either did not get delivered or were delivered and subsequently loaned or hypothecated out.

This policy has a tendency to "blindfold" investors as to whether or not that which they purchased ever got delivered or not or for that matter whether or not the shares purchased ever existed in the first place. Either way the investors are allowed to resell that which was credited to their account whether it was a real share that got delivered or a mere "security entitlement" signifying the lack of delivery or subsequent loaning of that purchased. Their monthly brokerage statement in either case will indicate that these shares or "security entitlements" are being "held long" for them by their clearing firm. This "blindfolding" of the U.S. investors about to be robbed is critical when a crime as obvious as refusing to deliver that which you sold to a party <u>**after**</u> having been given access to his funds is being committed.

WALL STREET REALITY

"Thinly-traded" securities are the most expensive to borrow for legal short sellers. The two main sources for legal borrows are long term institutional investors and margin accounts. The thinly-traded nonmarginable securities of development stage companies typically preyed upon in ANSS attacks have very few shares in either location.

Abusive naked short selling circumvents the need to pay usurious "rental" fees for these typically "hard to borrow" i.e. "expensive to borrow" securities. <u>**The excuse provided by abusive naked short sellers that these "thinly-traded" securities are in desperate need of the "injection of liquidity" happens to fit in rather nicely with their being expensive to borrow.**</u> The fact that these development stage U.S. corporations are relatively defenseless to these attacks while developing in the incubators provided by the lesser trading venues doesn't hurt either.

These corporations also are typically yet to be cash flow positive. Abusive naked short sellers can easily force these corporations to service their monthly "burn rate" by selling legitimate shares at steep discounts to current share price levels (due to the implied high risk) that can be put into a "death spiral" by simply refusing to deliver that which they sell. The resultant accumulation of readily sellable share price depressing "security entitlements" inflates the "supply" of that which must be treated as being readily sellable as per UCC Article-8-501 which by definition leads to an artificially manipulated lower share price.

Make no mistake this phenomenon can occur in theoretically "legal" short selling involving a "pre-borrow" but there is a profound difference. In legal short selling involving a pre-borrow there are a **finite** number of shares legally borrowable and high rental rates for hard to borrow securities need to be paid as supplies dwindle. In abusive naked short selling wherein securities fraudsters absolutely refuse to either borrow or deliver that which was sold there is an infinite amount of "security entitlements" whose issuance can be induced by delivery refusals and high rental rates can be circumvented. High rental rates for the shares of issuers with large short positions are the natural market deterrent to short selling abuses. The lack of many shares held in margin accounts and the lack of much institutional ownership provides a natural market deterrent to short selling abuses in development stage issuers whose shares are nonmarginable.

One could make a compelling case that all short selling should be outlawed since share prices are artificially lowered with every "legal" short sale that occurs. Just like abusive naked short selling legal short selling induces the "issuance" of readily sellable share price depressing "security entitlements" over and above the number of shares already legally "outstanding". The "injection of liquidity" by short sellers has a price and that price is the artificial devaluing of the share price. Until abusive naked short selling is eliminated, however, it makes no sense to argue the unfairness of unregulated legal short selling.

The argument that legal short selling aids in the "price discovery" process is debatable in that the mere act of legal short selling weighs down on the share price which can if left unchecked result in a self-fulfilling prophecy. In legal short selling the mere method of placing the bet enhances the prognosis for the success of the bet after the bet is placed and the "security entitlements" are issued and credited to the account of the investor whose shares were borrowed. In contrast when the buyer of shares establishes a "long" position there is no net decrease in the number of shares "outstanding". Suffice it to say that theoretically "legal" short selling is subject to abuses and very damaging to the owners of corporations but abusive naked short selling is outright criminal in nature due to the intentional share price "manipulation" downwards and the "kiting" crimes committed.

Truly "bona fide" market makers that are allowed to **legally** access the bona fide MM exemption from performing "pre-borrows" or "locates" before making admittedly naked short sales will address order imbalances involving excess buy orders **and excess sell orders** by taking the other side of these trades. Ever since our NSCC-administered clearance and settlement system was illegally converted to a foundation involving mere “collateralization versus payment” (CVP) instead of the congressionally mandated “delivery versus payment” (DVP) foundation involving the “prompt settlement” of transactions abusive market makers realized that they could sell nonexistent shares into buy orders all day long, refuse to deliver that which they sold and still gain access to the funds of the unknowing investor. This then accesses the self-fulfilling prophecy involving the refusal to deliver that which is sold resulting in the money of investors flowing into the wallets of those doing the refusing. The key is the ability for corrupt NSCC “participants” to rely on the NSCC management to pretend to be “powerless” to buy in these delivery failures no matter how old they get.

In a CVP environment all abusive naked short sellers are asked to do is to collateralize the monetary value of the failed delivery obligation on a daily marked to market basis. As the share price predictably plunges due to the inflation of the “supply” variable of that which must be treated as readily sellable so too did the collateralization requirements. Thus the investor’s money will unconscionably flow to the seller of nonexistent shares even though he continues to refuse to deliver that which he sold. This is the hallmark of a clearance and settlement system that has been illegally converted to a CVP foundation.

Abusive MMs would sell truckloads of fake shares into buy orders in markets characterized by order imbalances involving buy orders dwarfing sell orders but they were nowhere to be found when share prices were dropping when sell orders outnumbered buy orders and the injection of buy side “liquidity” was needed. In order to **legally** access the “bona fide” MM exemption a MM has to inject buy side “liquidity” as share prices drop **with the same vigor** that he injects sell side “liquidity” when buy orders predominate.

The problem is that selling even nonexistent shares **makes** you money in a clearance and settlement system using “collateralization versus payment” but covering those naked short positions **costs** you money. As share prices dropped abusive MMs were nowhere to be found injecting buy side liquidity and if anything were busy selling yet more nonexistent shares in order to reroute yet more investor money into their pockets and enhance the value of the short/negative bet they had earlier placed. This injection of one-sided only “liquidity” that results in the “manipulation” of share prices downwards and that abusive naked short sellers claim as being so beneficial to our markets is just the opposite.

By far and away the most effective way to deter these thefts is for the NSCC management to “buy-in” these delivery failures on approximately T+6 when it becomes obvious that their abusive “participant”/boss had no intent to ever deliver that which it sold. In other words, the default presumption of the NSCC that all FTDs are associated with legitimate temporary delays in delivery was not accurate and thus the “security entitlements” were “mistakenly” issued.

The NSCC management after attaining 15 of the 16 sources of empowerment to execute buy-ins and while having the congressional mandate "to act in the public interest, provide investor protection and to "promptly settle" all securities transactions" still has the audacity to plead to be "powerless" to buy-in the delivery failures of its abusive "bosses"/"participants" when they absolutely refuse to **voluntarily** deliver that which they sold even after being given access to the previously blindfolded investor's money.

The "injection of liquidity" argument posits that investors can buy shares at cheaper levels when these theoretical "shareholder advocates" known as market makers "generously" sell shares at levels below which investors otherwise might have had to pay. The problem is that many abusive MMs that have "accidentally" run up gigantic naked short positions due to greed are merely putting a "lid" on the share price so that their collateralization requirements and short position doesn't cost them a fortune in losses. You at the SEC need to quit recognizing this as the "injection of beneficial liquidity".

When an abusive MM that has been pretty much the dominant seller in the securities of a corporation that refuses to go bankrupt on cue decides to cover his naked short position he has to do two distinct things. First of all he has to stop the daily "maintenance" naked short selling done to pin the share price and therefore the collateralization requirements down. This alone is going to cause the share price to gap upwards in thinly-traded securities. Secondly he has to buy back a truckload of shares out of the open market **as the market is gapping upwards**. This could be cost prohibitive. Since there is no risk of being bought in by the NSCC management (the abusive NSCC participant's employees) then an abusive market maker would be insane to **ever** cover a pre-established huge naked short position.

At first glance it's wonderful to be able to buy shares cheaper due to all of this generous sell side "liquidity" being provided and the resultant tighter "spreads" but if it comes at the expense of no chance in the world to have a profitable investment then I would rather buy in at a higher level in a market not "rigged" to go down. The problem is that it is incredibly easy in a clearance and settlement system based on CVP for a MM to run up massive naked short positions and paint himself into a corner.

The NSCC subdivision of the DTCC is in essence handing out "free money" to its abusive participants just for their refusing to deliver that which they sold. They even intentionally withhold the only source of meaningful deterrence to these thefts (the fear of being bought-in) as well as the only cure available when the sellers of securities absolutely refuse to **voluntarily** deliver that which they have already sold i.e. execute the much needed "buy-in".

The problem is that in a zero sum game like Wall Street in a CVP clearance and settlement system the free money they're handing out is that of the previously blindfolded investors that thought that the NSCC was an SRO (self-regulatory organization) mandated "to act in the public interest, provide investor protection and "promptly settle" all securities transactions". When the seller of securities absolutely refuses to **voluntarily** deliver that which it sold there is only one way to "promptly settle" that transaction (as per the Section 17 A mandate) and that is via executing a prompt "buy-in".

The actual crime being committed here is the illegal accessing of that exemption that can only be legally accessed if the market maker is willing to cover his preestablished naked short positions should share prices drop. This leads to the crime known as "share price manipulation". As mentioned, one doesn't know if a market maker illegally accessed that exemption **until** the next downtick in share prices. This is when a truly bona fide MM covers his previously established naked short position. There is no securities related crime easier to diagnose by an unconflicted regulator or SRO than the illegal accessing of the bona fide MM exemption. The proof literally jumps off of the trading data page at you. The illegal accessing of that universally abused exemption leads to the 100% predictable "manipulation" of the share price downwards which in turn leads to the theft/conversion of the unknowing investor's money. Even the most brazen abusive naked short sellers can't make the argument that the supply and demand of that which must be treated as readily sellable don't interact to determine share prices. The injection of one-sided liquidity associated with the illegal accessing of the bona fide MM exemption is a form of fraud and blatant fraud is obviously not the positive for the markets it is being advertised as by the proponents of the totally corrupt status quo.

The obvious solution here is to force any market maker labeling a sale as "short sale exempt" which signifies that he is **formally** accessing that exemption to place a bid for an equal amount of shares that he is naked short selling at perhaps 2% below the level at which the naked short sale was made. In essence a MM accessing that exemption must be forced to **prove** that he is acting in a "bona fide" market making capacity. Being put on the "honor system" amidst trillions of dollars of temptation historically just didn't cut it. Imagine that! Remember that it is the owners of the SROs like the NSCC that are the financial beneficiaries of these thefts.

Abusive MMs don't "inject liquidity" they remove liquidity. Not only do they refuse to provide 2-sided liquidity when needed their superior visibility of buy orders allow them to naked short sell into buy orders when they appear which leaves those investors trying to sell shares with no buy orders to sell into. The argument that these theoretical "shareholder advocates" are injecting much needed liquidity is often a crock. All they are doing is accessing a self-fulfilling prophecy involving the sale of nonexistent shares and the refusal to deliver that which was sold in order to cause the blindfolded investor's funds to flow to the party refusing to make delivery after contracting to do so by T+3; so much for the "We're injecting much needed liquidity" argument.

In regards to myth #2 proffering that the type of short selling we witness in our markets enhances the **efficiency** of the "price discovery" process, the "price discovery" process involves an unmanipulated "supply" variable interacting with an unmanipulated "demand" variable to determine unmanipulated share prices wherein the two variables are in equilibrium. How in the world can manipulating the "supply" variable of that which is readily sellable whether they be legitimate "shares" or mere "security entitlements" resulting from FTDs and SBP "borrows" grossly upwards while simultaneously manipulating the "effective demand" variable downwards by naked short selling into each buy order that appears result in an enhanced "price discovery" process?

In abusive naked short selling the normal share price buoying effect of buy orders can easily be converted into share price depression via the mere refusal to deliver that which was sold. Why? Because share price depressing "security entitlements" are issued each and every time an FTD or SBP "borrow" occurs. UCC Article 8 mandates this. It also mandates that clearing firms treat their clients that never got delivery of that which they purchased as if they did get delivery. The result is that BOTH buy and sell orders lead to share price depression; so much for enhancing the "price discovery" process. This phenomenon results in the "rigging" of share prices in corporations unfortunate enough to be targeted for an attack to go nowhere but downwards.

Abusive MMs constantly proffer the argument that it's their job to sell nonexistent shares into markets when buy orders dominate sell orders and it is and they're right. But as the share price drops from $10 to 10-cents how in the world could there have been a preponderance of buy orders dwarfing sell orders while the share price was falling off of a cliff when the trading data shows that the same abusive market makers were selling the whole way down? Shouldn't markets with buy orders dwarfing sell orders for extended amounts of time go up and not down?

MYTH #3: "The type of short selling we see in today's markets result in the beneficial tightening of spreads between the bid and the ask".

Let's say that the national best bid (NBB) in a stock is $10. In a clearance and settlement system based upon CVP in which you can sell fake shares, refuse to deliver that which you sold and still gain access to the investor's money as the share price tumbles of course there are going to be sellers crowding or hitting the bid. It's free money! In the "Madoff exception" which you at the SEC swallowed hook, line and sinker Peter and Bernie Madoff sought permission to sell nonexistent shares into the buy orders of their beloved clients at levels **even below the NBB** as a courtesy and in an effort to inject "liquidity". Of course buyers are going to aim their buy orders in that direction. The generous online brokers that only charge $7 per trade use these low commissions as a loss leader in order to gain order flow and visibility of buy orders into which they can naked short sell in an effort to gain access to their own client's money without delivering that which they are selling. Buying in relatively cheaply via "tight spreads" while giving up the opportunity to ever make a profitable investment is hardly "beneficial" to the U.S. investor relying upon the SEC to provide "investor protection".

You at the SEC need to start realizing that these altruistic arguments centered on the "injection of liquidity", the "enhancing of the price discovery process" and the "tightening of spreads" is sheer nonsense when the absolute refusal to deliver that which you sold (abusive naked short selling) is part of the process. Theoretically "legal" short selling involving a "pre-borrow" is corrupt enough due to the inherent "counterfeiting" issues. You have to keep in mind that the purchaser of legally borrowed shares involved in a short sale has as the new "legal owner" of that parcel of shares all of the right in the world to loan that exact same parcel of shares to another short seller who can then sell that exact same parcel of shares to yet another buyer. All of a sudden we have three separate "co-beneficial owners" of the very same parcel of shares.

It is absolutely corrupt that unregulated hedge funds and market makers can target U.S. corporations for destruction and "legally" induce the issuance of so many readily sellable share price depressing "security entitlements" through this "counterfeiting" process that the corporation doesn't have a chance. You regulators need to recall the terms of a margin account agreement. Investors that sign up for these agree to allow their shares to be loaned or "hypothecated" out to short sellers. They did not sign off on allowing a corrupt clearance and settlement system to create counterfeit copies of that which they purchased and simultaneously rent out their particular parcel of shares which by the way is impossible to identify due to the "anonymous pooling" of shares insisted on by NSCC management to a dozen different short sellers.

Is it not corrupt for a dozen different NSCC participating clearing firms to be simultaneously earning rental income on the same parcel of impossible to identify shares? Is it not corrupt that U.S. investors do not have a clue that the foundational concept of a corporation involving "one share, one vote" had to be thrown under the bus a long time ago to accommodate the greed of those NSCC participants aware of how our clearance and settlement system is "rigged" in favor of those abusive NSCC participants and their hedge fund "guests" with the critical mass to aim order flow at market makers willing to prostitute their bona fide MM exemption as well as clearing firms willing to hide FTDs via "ex-clearing arrangements"? Shouldn't U.S. investors be educated by the SEC that a "long" investor would have to be insane to do business through a margin account and insane to keep his shares held in "street name" in an "anonymously pooled" format that horrendously decreases the prognosis for the success of his investment as well as his voting power. Isn't it time to educate investors that the only way that the foundational concept of "one share, one vote" can be attained is by holding your own certificates or holding them in a "DRS" format? Will U.S. investors ever learn that their voting power is based on the ability to vote a "proportionate interest" in the number of shares that their particular clearing firm got successful delivery of?

In the spirit of Reg FD (full disclosure) is it not time to finally either clean up the corrupt practices at the NSCC, at lending desks and in the hedge fund community or disclose to the public how “rigged” our markets really are in favor of the short selling financial behemoths able to rent the same parcel of shares in multiple directions simultaneously and to provide enough order flow to the corrupt MMs and corrupt clearing firms willing to illegally access the bona fide MM exemption and illegally enter into “ex-clearing arrangements” in order to circumvent the Section 17 A congressionally mandated “prompt settlement” of all securities transactions?

Dr. Jim DeCosta