

Ms. Florence Harmon
Acting Secretary Securities and Exchange Commission
100 F. Street, NE Washington, DC 20549-9303
Re: Release No. 34-58773; File No. 87-30-08
Amendment to Regulation SHO Interim
Final Temporary Rule

Dear Sirs,

UNDERSTANDING ABUSIVE NAKED SHORT SELLING (ANSS) IN 11 EASY STEPS

- 1) When a DTCC participating “bankster”, market maker, clearing firm or unregulated hedge fund it is fronting for absolutely refuses to deliver the securities that it sold to a U.S. citizen there is one and ONLY one “cure” available so that the purchaser of those securities can get delivery of that which he already paid for.
- 2) This ONLY cure is referred to as a “buy-in”. In a buy-in the missing shares are purchased out of the open market and these shares are electronically transferred to the “shares account” of the NSCC participating clearing firm representing the buyer and the cost of the buy-in is debited from the “cash account” of the NSCC participating clearing firm representing the seller that failed delivery.
- 3) That’s all fine and dandy but somebody has to ORDER the buy-in because the clearing firm failing delivery obviously is not going to voluntarily buy-in its own client that aims commissions, fees and order flow in its direction.
- 4) There are 16 parties on Wall Street with the power and authority to ORDER buy-ins when the seller absolutely refuses to make delivery of that which it previously sold.
- 5) The management teams of the DTCC and its DTC and NSCC subdivisions have 15 of the 16 sources of empowerment to execute buy-ins when this occurs.
- 6) The 16th party with this power is the clearing firm of the buying party but it has essentially been “bribed” NOT to order buy-ins of its own clients because NSCC policies allow it to earn interest off of the investor’s money UNTIL delivery has been achieved. This obvious conflict of interest results in buying firms not wanting to have the shares their clients buy delivered and they will accordingly direct their buy orders to parties likely to naked short sale into these buy orders and thereafter refuse to make delivery. There are plenty of these to be found in a clearance and settlement system illegally converted to a foundation based upon mere “collateralization versus payment” (CVP). Why? Because in a CVP-based clearance system even the sale of nonexistent shares that you obviously refuse to deliver you’re allowed access to the money of the unknowing investor that paid for them.
- 7) NSCC policies unconscionably allow the clearing firm buying undelivered shares, while generating all of this interest income for itself, to sit around and wait for the

“eventual” delivery of these shares even though the NSCC has the congressional mandate to act in the public interest, provide investor protection and “promptly settle” all securities transactions (Section 17 A of the '34 Act).

- 8) The result of this is shown in the research findings of Evans, Geczy, Musto and Reed (2003) revealing that only one-eighth of 1% (0.00125% of the time) of even mandated buy-ins on Wall Street are ever executed. Of course they're not being executed; it's because the NSCC with 15 of the 16 sources of empowerment to execute buy-ins is pretending to be “powerless” while looking after the financial interests of their abusive participants that refuse to deliver that which they sold.

The students of abusive naked short selling need to concentrate on the fact that there is only one known “cure” and the abusive owners of that party with the power to provide the cure don't want their employee, the NSCC management, to provide the cure. Why? Because it would disrupt the totally corrupt status quo of being able to steal investor funds by selling nonexistent shares to investors and then simply refusing to deliver that which was sold. There is no cure if the only party with the power to provide the cure willfully chooses to refuse to deploy it. It's a game of refusal. The abusive NSCC participants REFUSE to deliver that which was sold and their employees, the NSCC management, REFUSE to provide the only known cure despite their Section 17 A mandate to “act in the public interest, provide investor protection and “promptly settle” all securities transactions”.

- 9) Knowing that the ONLY cure available when the seller of shares refuses to deliver that which he sold (a buy-in) will never be deployed by any of the 16 parties with the authority, power and congressional mandate to do so emboldens abusive NSCC participants and their usually unregulated hedge fund “guests” to establish massive naked short positions by simply refusing to deliver that which they sell. What could be easier? The “securities cops” acting as the SRO or the “self-regulatory organization” mandated to act as “the first line of defense against abusive naked short selling abuses” (the NSCC management) has willfully chosen to shirk all 15 of its duties/mandates to execute these ONLY cures in order to look after the financial interests of its abusive participants and their hedge fund “guests”.
- 10) As the readily sellable “securities entitlements” that result from all of these FTDs not being bought in accumulate in the share structure of the U.S. corporation targeted for one of these attacks/“bear raids” the share price predictably plummets. Since the NSCC management had previously illegally converted the foundation of our clearance and settlement system from one based on “delivery versus payment” (DVP) to mere “collateralization versus payment” (CVP) as the share price drops so too do the collateralization requirements attendant to these debts. As the collateralization requirements drop then the money of the investor unaware of any of this going on flows into the wallets of the abusive DTCC participants despite the fact that they continue to refuse to deliver that which they sold. Why would they ever deliver the missing shares when the ONLY (theoretically unconflicted) party with the cure, the NSCC management, can be counted on to pretend to be “powerless” to provide the ONLY cure available? For that matter why would you ever spend the money to buy shares if you can sell

share look alike that never existed in the first place and still gain access to the investor's funds?

The result is that the share price of certain U.S. corporations unfortunate enough to be targeted for destruction has been essentially "rigged" to do nothing but go down regardless of the merits of the corporation. Unfortunately for U.S. investors the NSCC management refuses to warn investors WHICH U.S. corporations have enormous numbers of incredibly damaging "securities entitlements" currently poisoning its share structure and prognosis for success. This is despite the fact that the 1933 Securities Act ("The Disclosure Act") strictly mandates that all facts "material" to the prognosis for an investment be "disclosed" to the public. But how do you disclose all of these acts of fraud without pleading guilty to either the perpetration, facilitation, cover up or foreknowledge of the frauds?

- 11) Why would the NSCC management shirk all 15 of its mandates to execute buy-ins as well as refuse to act in the public interest, refuse to provide investor protection and refuse to "promptly settle" all securities transactions? It's because the abusive NSCC participants committing these crimes co-own the NSCC and act as their bosses. When "acting in the public interest, providing investor protection and "promptly settling" all securities transactions butts heads with the financial interests of its abusive participants that refuse to deliver that which they sell NSCC management WILLFULLY chooses to shirk their congressional mandates so that their abusive bosses can reroute the funds of overly trusting investors into their own wallets through this massive "fraud on the market" referred to as abusive naked short selling or "ANSS".

SUMMARY

When the seller of securities refuses to deliver that which they sold there is only one cure and one main party congressionally mandated to provide that cure (the management of the DTCC and its subdivisions). The absolute refusal to provide that cure has resulted in probably many trillions of dollars of investor wealth to be invisibly shunted from unknowing investors into the wallets of the co-owners of the ONLY party empowered to provide the ONLY cure despite their congressional mandate.

I understand the pickle that the DTCC and NSCC management are in. If they do what Congress mandated they do they're soon going to be unemployed and replaced by others willing to do the bidding of the abusive DTCC participants. If they shun Congress and do what their abusive bosses want them to do (plead "powerless" to execute buy-ins) they will be responsible for acting as the key facilitator for the greatest known theft in the history of mankind.

The DTCC participants are the most politically and financially powerful people on the planet. They're smart enough not to do the dirty work themselves and leave fingerprints. They need to surround themselves with management teams willing to look after their financial interests whether congressional mandates are being stepped on or not. That's how they got to where they are.