Feedback on Interim Final Temporary Rule Number 34-58785 / S7-31-08

SEC Must Urgently Disclose Large Short Positions to Help Protect Small Companies Against Predator Financiers & Toxic Financing

Dear Mr. Chairman Cox:

The SEC should disclose large short positions immediately to expose large short sellers in order to protect small companies from predator financiers and toxic financing. The administrative part of this is just a bureaucratic question which seems to be in favor of short sellers (e.g. rule number 34-58785 / S7-31-08), and hopefully SEC’s new Commissioner will cut through this red tape and let investors and small company executives have the information they deserve: who are the large short sellers?

What’s the point of protecting large banks and financial institutions against short selling when every day numerous small companies are victims of toxic financing? Without emerging, innovative small companies the future of the economy is at stake, and these polite short sellers who are lobbying SEC heavily to protect their anonymity, are killing small companies.

Take Beacon Power Corporation (Nasdaq: BCON) for example, a small company that is at the heart of the “smart grid” technology by providing frequency regulation service with zero emissions, cheaper, and faster than coal burning, polluting plants. The company has had several rounds of financing by people who turn around and sell the cheap shares they buy and before there is financing the short interest goes up and afterwards it drops. The short interest against the company is a large percentage of its float and while I suspect, like many other small companies they are victims of predator pipe financing, nobody will know this until the SEC discloses who the large holders of short positions are.

And there is a case of a large shareholder who was involved in providing financing for the company, who sells, and it seems that whenever he starts selling, the short interest goes down. It is important for the company to know if the people who provide it financing by buying shares and obtaining warrants are also short or not.

Keep in mind for the financiers who are also short this is a very lucrative business:

- a) short the stock to death
- b) provide financing. Obtain shares at a discount to market. Obtain warrants.
- c) Maintain the short position as it is protected by the warrants against a “short squeeze”.
- d) Sell the discounted shares.
e) Pressure the stock knowing the company will need more money and slowly kill the company through this toxic financing and never cover your short position.

And meanwhile, count on SEC to never reveal who the large short sellers are. Don’t you see something toxic about this? On the other hand, look at your rationale for wanting to protect the short sellers: so other short sellers don’t learn their recipe. Do you see how utterly lame this rationale is? Please see http://www.sec.gov/comments/s7-31-08/s73108-32.pdf for more discussion of your sympathy for large hedge funds who short and are out to destroy good companies like Beacon Power.

Isn’t it time that the SEC and other regulating agencies to stop their sympathy for large hedge funds who run the show and control the media, analysts, and brokers (one large hedge fund reportedly pays over 100 millions dollar in commissions every year)? Isn’t it time for the SEC to live up to its charter and protect the integrity of the investor community and protect sharks from victimizing small innovative companies which the future of the economy depends on, against toxic financiers and hedge funds who provide financing hedged by their short position?

Isn’t it fair for a company owner, for shareholders of a company to know if the guy who’s providing them financing is also an enemy who’s short the stock? Isn’t this pure and simple common sense? Isn’t it time that after years of neglect (e.g. letting naked shorts run wild and predator pipe financiers plague good companies) our financial regulators take an active role in cleaning up this mess?

Thank you very much for your kind consideration.

Peacefully & Respectfully,

Reza Ganjavi

<contact info snipped for web posting>

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