

December 15, 2017

Chairman Clayton, Commissioners,
United States Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Notice of Filing of Amendment No. 2 to Proposed Rule Change in Connection with the Proposed Transaction Involving CHX Holdings, Inc. and North America Casin Holdings, Inc. (Release No. 34-82077; File No. SR-CHX-2016- 20)

Chairman Clayton, Commissioners,

First, the Commission has been aware for sometime that Chongqing Jintian Industrial Co., Ltd., Chongqing Longshang Decoration Co., Ltd. and Xian Tong Enterprises Inc. (the “**Former Proposed Purchasers**”) recoiled from the proposed CHX transaction when the Commission started to review the proposed rule change in more detail. *See* <https://www.wsj.com/articles/two-chinese-firms-bidding-for-chicago-exchange-withdraw-from-controversial-deal-1507923339>.

Second, what the Commissioner has just been made aware of however, from Mr. Yong Xiao’s most recent letter, is that each of those entities were in fact reliant on third party funding to finance their purchase of the Exchange, because they themselves did not have sufficient capital to complete the transaction. *Letter from Yong Xiao, CEO of North America Casin Holdings*, Release No. 34-79474; File No. SR-CHX-2016-20, (Pg. 2) (December 13, 2017) (“[the three entities] cited a number of factors as responsible for their withdrawal, including . . . the fact that the funds necessary for the investment were tied up and unavailable for use in alternative investment opportunities.”).

The fact that the three entities had no funds available to complete the acquisition for some unknown period of time raises the question: who was funding the entities purchase of CHX? Also curious is the fact that all three of these entities effectively withdrew basically at the same time and all for similar reasons, including a lack of available capital. *See Letter from Yong Xiao* at 2. The independence of these entities is dubious at best, and the source of their funding will likely now not be discovered as they have dropped from the transaction.

Third, the source of Casin’s funding itself is substantially at issue given the degree to which its Chairman, ShengJu Lu has leveraged stock in his own company in return for loans from Chinese Government controlled banks. Moreover, the Chinese Central Government is very likely playing a role behind the scenes in this transaction. As previous comments have pointed out, there is substantial propaganda being published by prime Chinese Central Government Media encouraging this transaction, which only happens if there is a definite effort to advance the deal by the government outfit with that controls China’s prime media outlets¹

¹ http://usa.chinadaily.com.cn/world/2017-08/31/content_31348739.htm;
http://usa.chinadaily.com.cn/opinion/2017-09/02/content_31442668.htm;

This question is one that leads back to Chongqing, China, where the SEC enjoys no authority of review, and where the Chinese government, let alone CFIUS, has tremendous difficulty in catching corruption and fraud, the proceeds of which frequently find their way into foreign investment. The point has been made, and remains: if the SEC is unable to confirm and control the activity of the upstream owners, how can it carry out its duty to properly regulate a component of U.S. financial structure as integrated as a national stock exchange? It can't, and should not try for to do so would embrace ignorance as a practice and ignore its principle obligation of ensuring faith and trust in the national market system.

Fourth, the Put Agreements proposed between Casin as well as Raptor and Saliba speak for themselves and is as follows:

“At any time prior to the Closing Date (as defined below), NA Casin Holdings may elect to identify a third party purchaser (the “Third Party Purchaser”) to purchase all or a portion of the Saliba Shares in accordance with this Agreement . . .” ~~an~~

Saliba Put Agreement, SR-CHX-2016-20 – Partial Amendment No. 2, (pg. 32).

Fifth, Jay Lu is both the son of Casin’s chairman, ShengJu Lu, and also the signatory for North America Casin Holdings, Inc. (“NACH”). NACH has the authority to identify “a third party purchaser to purchase all or a portion of the Saliba shares” *Id.* Thus, the son of Casin’s chairman has apparent, and the written authority to identify who will control the 51.5% of the CHX that is already prepped to be resold. This kind of jiffy-lube share exchange more reminiscent of three card monte than compliance with §6 of the Exchange Act as the conflicts of interests and potential for collusion abound under Casin’s “Put Proposal.” While this may read like pure dollar signs for Anthony Saliba and Raptor Co., both interested in a short term flip to anyone Jay Lu, or his father, thinks appropriate, it is not in the interests of U.S. investors.

Therefore, for the above reasons the SEC should deny the Amended Rule Proposal by Casin and the CHX as it presents more questions than answers surrounding key areas of national concern, including money laundering, collusion, the impossibility of any regulatory oversight, and the likelihood of substantial conflicts of interest running contrary to §6 of the Exchange Act.