

# *Daleco Resources Corporation*

May 25, 2005

Mr. Jonathan G. Katz, Secretary  
Securities Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Subject: SEC File No. 4-500  
Request for rulemaking regarding member records of "Short Positions"  
and reporting and public dissemination of aggregate positions by security

Dear Mr. Katz,

As the President and Chief Financial Officer of Daleco Resources Corporation (OTCBB: DLOV) I have very aware of the significant negative impact of what best can be called "questionable trading" in the securities of emerging public companies. Therefore, I urge you and all those involved in evaluating the current SEC Rules and specifically NASD Rule 3360 to make every effort to close the reporting "loop-holes" that give rise to the practice of hidden short selling on the OTC market.

NASD Rule 3360 needs to be amended to require NASD broker dealers to maintain a record of total "short" positions in all customer and proprietary accounts in all publicly traded equity securities as well as to report this information to the NASD for public dissemination of the "short" positions by security. If done, the SEC will put in place a much needed level of transparency regarding these types of transactions on the Pink Sheets and OTCBB markets and will thus minimize the occurrences and impact of hidden and manipulative short selling.

Sincerely,

Gary J. Novinskie  
President & CFO

Cc: Ms. Barbara Z. Sweeney, Senior Vice President and Corporate Secretary  
NASD  
1735 K. Street, NW  
Washington, DC 20006-1500