

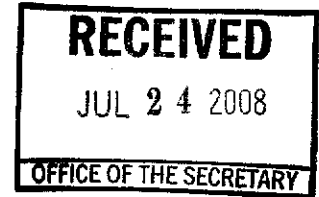
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CHAIRMAN'S
CORRESPONDENCE UNIT

July 16, 2008

Mr. Christopher Cox, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549



Dear Chairman Cox:

I write to applaud SEC's recent emergency action to curb short-sales in Fannie Mae/Freddie Mac securities and urge the Commission to apply these strict regulations to all securities. There is compelling need for SEC banning "Naked Short Sales" and enforcing current regulations clearing short positions.

The reality is that short-sellers, hedge funds and the like have and continue to flaunt SEC rules with impunity to the detriment of markets and investors. Short seller abuse is now damaging investor confidence in markets, and, playing a marked role in impeding capital formation efforts by businesses working to expand needed domestic energy supply and energy independence.

As an investor in energy stocks, economist and business professor, I have observed repeatedly, naked short sellers and questionable shorting activity drive down the price of many small, medium and large corporations actively investing in the development of domestic sources of oil, gas, geothermal, wind and alternative sources of industry. These corporations announce positive results in market announcements, SEC 10-K and 10Q reports. In the normal operation of a fair market, such news would increase equity values encourage further investment in such enterprises. It is that capital investment which provides the means to expanded domestic energy production and supply.

Instead, short-sellers immediately target these companies placing huge naked short positions that artificially pillage stock prices and cheat legitimate investors. This blatant market manipulation along with commodity speculator activity, now the subject of CFTC attention, plays no small role in current run up in energy prices, negatively impacting our national and world economy.

Moreover, many years ago with SEC and exchanges approved, brokerage firm electronic holding of stock shares to replace paper certificates. Initially, this was a positive way to cut transaction costs. Alas, short-sellers, including units of major brokerage houses abuse this system, using individual share deposits without consent of the account holder to back high-risk short-sale positions. In an unstable market, this could jeopardize the share deposits of millions of investors in the same way depositors fear a bank failure. SEC should ban this practice outright.

Finally, the entire purpose of the Securities and Exchange Act is being undermined by improper and unethical behavior of hedge funds and short sellers. The SEC was founded to provide protection and instill market confidence, critically necessary for proper functioning of equity markets. Our economy rests on the confidence of individual investors and entrepreneurs.

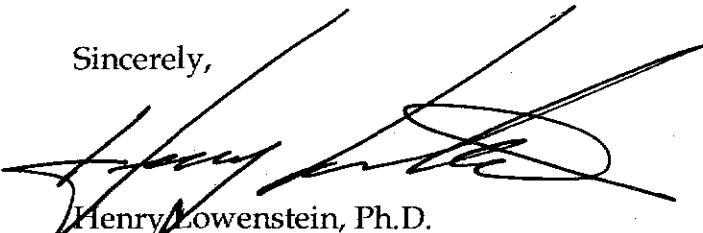
Were the public to perceive markets to be an unfair playing field, manipulated by hedge funds, naked short sellers and fast-buck artists, with impunity from SEC/exchange rule enforcement, then vast numbers of people would abandon equity investment.

Unchecked a long term loss of investor confidence would do irreparable harm to the U.S. economy. Early signs are already upon us with the recent drop of the Dow from near its 15,000 high to barely holding 10,000 today and similar falls in the S&P and NASDAQ indices.

I urge the SEC to make every effort to curtail naked-short selling, vigorously enforce the current SEC rules on short sales/short-interest, and increase margin and capital requirements of all those engaged in remaining legitimate short sale activity to protect the strength of our economy and stabilize our market system.

Thank you in advance for your consideration of my views.

Sincerely,



Henry Lowenstein, Ph.D.