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Robert W. Raybould
510 16th Avenue
Salt Lake City, UT 84103-3304
(801)532-8811

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CHAIRMAN'S
CORRESPONDENCE UNIT

August 31, 2006

Christopher Cox, SEC
SEC Headquarters
100 F Street, N.E.
Washington, D.C. 20549

Dear Sir:



I am very concerned with the impact that abusive naked short selling has on our capital markets, public companies, and innocent shareholders. I commend the SEC's proposals to amend Regulation SHO by repealing the grandfather provision and narrowing the options market maker exception. However, I believe proposals do not go far enough to reduce (or stop) the persistent fails to deliver and other associated abuses. Thus, I welcome this opportunity to provide further ideas for modifications to Regulation SHO.

I suggest that the SEC make two additional modifications to Regulation SHO:

1. Transparency - Disclose the Volume of Fails. The SEC should amend Regulation SHO so that the aggregate volume of failures to deliver are reported daily for each threshold security. Sunshine is a great disinfectant and I believe that more transparency will lead to the elimination of abuses and to more investor confidence and security. Without this full disclosure, it is difficult to know the level of "naked shorting" and its risk to the capital markets.
2. Ownership - Require a Pre-Borrow for All Short Sales. The SEC should require that before any seller can short sell a stock, that seller must either have the stock in his possession (and have the right to sell it) or have entered into a bona fide contract to borrow the stock in advance of the sale. This step alone should prevent the majority of purposeful and strategic fails to deliver. The current rules that allow the stock to be located (but not borrowed) allow for one share to be "located" multiple times without it actually ever being borrowed. These loose rules allow abusive short-sellers to frequently never deliver stocks they sell, but rather postpone trade closures indefinitely.

The SEC must continue to protect innocent investors and public companies by minimizing the manipulation of our capital markets. The interests of abusive short-selling hedge funds must not be placed ahead of investors and employees who often depend on these companies for their livelihood and retirement.

Sincerely,

Sincerely yours,

A handwritten signature in black ink, appearing to be "Robert W. Raybould". The signature is fluid and cursive, written over the typed name below it.

Robert W. Raybould