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April 21, 2008

Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

RE: Release Nos. 34-57511; File No. S7-08-08 -- "Naked" Short Selling Anti-Fraud Rule

Dear Ms. Morris,

As an investor in the stock market, I wholeheartedly commend the SEC's recent action to strengthen Regulation SHO through the elimination of the grandfather provision, the proposed elimination of the options market maker exemption, and the consideration of increased enforcement.

However, despite these recent efforts and public comments, the *abuses continue largely unabated*. I believe that *the current proposal does not address the critical aspects of this issue*. A well functioning capital market should not have any settlement failures large enough and protracted enough to merit inclusion on the Regulation SHO Threshold List. Some companies have been on the SHO list for periods of time that make it obvious they are being manipulated and are not just victims of trades that have fallen through the cracks.

The proposed "Naked" Short Selling Anti-Fraud Rule states that deceiving brokers or dealers regarding the ability or intent to deliver stock on the scheduled settlement date is an offense; however, *that is already a clear violation of the anti-fraud provision of Rule 10b-5*. Simply restating that such fraud is an offense will do little to change the current situation.

Settlement failures will persist unless the SEC implements additional reforms. Specifically, the SEC should require that *all short sellers of threshold securities either have possession of the stock in question or have entered into a bona fide contract to borrow the stock in advance of the sale*. What is so terribly difficult about enforcing the rules regarding this? You can do this. You should do this. You must do this. Please do your job and enforce the rules.

Sincerely,

A handwritten signature in cursive script that reads "Richard Kraus".

Richard Kraus