

**URGENT MATTER:**

Congressman Barney Frank via fax 202-225-0182  
Senator Robert Bennett via 202-228-1168  
Senator Christopher Dodd via fax 202-224-2823  
Senator Bill Nelson via fax 202-228-2183  
Senator Arlen Specter via fax 202-228-0608  
Senator Charles Grassley via fax 202-224-6020  
Senator Orrin Hatch via fax 202-224-6331  
Senator Joseph Lieberman via fax 202-224-9750  
House Financial Services Committee via fax 202-225-6952  
Senate Banking and Finance Committee via fax 202-224-5137  
Judiciary Committee via fax 202-224-3121 **9516**

RECEIVED  
*ES 119045*  
2007 JAN 11 PM 12:43  
CHAIRMAN'S  
CORRESPONDENCE UNIT

**Re: elimination of the illegal grandfather clause 203(b) (3) (i)/ release no 34-54154**

The above-referenced regulation a/k/a the counterfeiting clause is often referred to as the 'grandfather clause' as it eliminated all failures to deliver on short sale transactions prior to 1/3/05 thereby converting un-borrowed securities sold short into counterfeit securities.

**IT FAILS AGAIN.** In December 2006, the SEC was supposed to have eliminated this gross miscarriage of justice, pursuant to its unified schedule, with a final vote. In December, the SEC's open meeting greeted investors and CEO's of affected companies with yet another unjust postponement of the elimination of this illegal regulation. Our investment group was outraged at this unlawful decision. The regulation is illegal and not one person on the face of this earth can make any valid argument to the contrary.

**NO EXCUSE.** Apparently, the SEC received over 300 comments. So, despite the illegality of the regulation, two years of review and outrage over the illegal grandfathering in of failures to deliver, the vote did not take place. Counterfeiting is alive and well at the SEC.

**THE SEC APPEARS TO KNOW** this regulation is illegal as evidenced by this revealing question published in the Federal Register July 21, 2006: Is a 35 settlement day phase in period necessary as firms will have been on notice that they will have to close out previously grandfathered fails following the effective date of the amendment? Currently the firm of O'Quinn known for its infamous successful prosecution of tobacco companies is rumored to have a 4 trillion dollar law suit against the DTC and/or the SEC for this crime.

**NO MORE DELAYS** in exterminating this unlawful regulation are acceptable. American and foreign companies listed on US exchanges have been violated, raped and pillaged with the appalling erasure of the obligation for the short seller to deliver on unborrowed securities sold into the market prior to 1/3/05.

**SECURITIES SOLD SHORT** into the market place unsecured by borrowed shares are now **counterfeit**. The grandfather clause is tantamount to Hitler's holocaust only instead of slaughtering people, the grandfather clause slaughtered companies.

**COUNTERFEITING** is clear and unambiguous. Individuals the world over understand counterfeiting is illegal. With millions of investors suffering this two year outrage, and the SEC's clear refusal to right this horrific wrong, the SEC has proved itself to be an abomination to US capital markets. It should be abolished. The SEC has single handedly butchered the 1933 and 1934 Exchange Acts by amending those acts out of effectiveness and rendering them worthless. The SEC not only does not protect investors, it facilitates financial abuse of investors. The SEC has no effective enforcement of short selling run amuck ever since it separated the settlement of cash from the delivery of the securities.

**FIRMS HAVE BEEN ON NOTICE** that previously grandfathered fails will have to be closed out. In the first place, the SEC had no right to implement an illegal regulation and it has even less of a right to betray investors, by engaging in dereliction of duty, as it endlessly prolongs its obligation to eliminate what appears to be an illegal financial act of treason against the United States of America.

**OBSTRUCTION OF JUSTICE.** First, the country suffers the SEC's dabbling in the business of counterfeiting securities with its notorious illegal grandfather clause. Now, the SEC appears to want to add obstruction of justice to its criminal resume as evidenced by its apparent refusal to finalize a vote for the elimination of the illegal grandfather clause.

**RENEGADE SHORT SELLERS.** Prior to the illegal 'grandfather' clause, at least a legal obligation for renegade short sellers to borrow securities sold short into the market place existed. The SEC's illegal grandfather clause removed that legal obligation for all shares sold short prior to 1/3/05. *Now there are billions of securities parading around the market place masquerading as legitimate shares.* Market caps and share structures in hundreds, if not thousands, of affected companies have been decimated by this clearly illegal regulation.

**CASTING SHAME** upon the US capital markets, the SEC, with powers bestowed upon it from the US Government, arrogantly implemented an illegal regulation which it continues to refuse to eliminate even though firms have been on notice that previously grandfathered fails will have to be closed out. The illegal regulation, the grandfather clause in regulation SHO, caused to be counterfeit those securities sold short against un-borrowed securities on all shares sold short prior to January 3, 2005.

**TWO YEARS OF REVIEW** and the inept SEC maintains some are opposed to the elimination of this illegal act. Who in their right mind supports counterfeit securities sold into the marketplace prior to 1/3/05, the short sellers? The US Capital Market has been debased by the illegal grandfather clause, rule 203 (b)(3)(i).

**BILLIONS IN COUNTERFEIT SECURITIES** continue masquerading as legitimate securities courtesy of the impudent SEC and its seemingly intentional procrastination of eliminating the illegal grandfather clause. One wonders how a single inept repugnant agency has the power to destroy our financial markets by its charitable contribution of billions in counterfeit securities into the marketplace, distorting price, floats, market caps and voting rights in all affected companies.

**AMERICA'S CAPITAL MARKETS LOST** their integrity, thru the duplicitous and/or negligent acts of the SEC and the failed oversight of that degenerate regulatory agency.

**AS A DAUGHTER OF THE AMERICAN REVOLUTION,** I am repulsed at the corruption in this once upon a time fine Government of the United States. The founding fathers did not go to war for this corrupt, immoral, putrid government of greed.

**IF SOME EXTREMELY WEALTHY** investors become less wealthy because they are forced to cover their previously exempted failures to deliver [short sales], well that is just too damn bad. It is the law. Brokers, hedge funds and short sellers are not exempt from the law. The SEC had no right to exercise such tremendous unilateral power with perhaps billions of dollars in consequences to long term investors in the affected companies. The grandfather clause is illegal on its face. There is no need for review unless the SEC is covering up a crime.

**PICK UP THE PHONE.** Direct Chairman Cox to cease and desist with this illegal criminal act and eliminate the illegal grandfather clause today. Chairman Cox can be reached at 202-551-2100.

In D.C. two weeks ago, I walked past the Department of Treasury which is now a museum since Congress handed over control of our money to only God knows who. Then there is the Capitol. The Capitol Building was a monument to American freedom when 'we the people' decided the laws of the land. This once meaningful institution has been relegated to a land mark.

Today, the Capitol is tarnished by the presence of elected officials who do little more than work 180 days to accomplish whatever the lobbyist de jour is peddling. Where is Congressional oversight when a former director of Market Regulation at the SEC can turn failures to deliver on short sales prior to 1/3/05 into counterfeit securities. Apparently, Congressional oversight is absent. America is no longer the land of the free and the home of the brave but the land of the greed and the home of the cowardly Congress.

**INCIDENTLY**, the repeal of the Glass-Steagall Act was another fatal mistake for the markets along with Congress handing over the power to establish margin requirements for brokers to the Federal Reserve, a private banking cartel which is no more 'Federal' than Federal Express. The 1933 & 1934 Securities Exchange Acts were well constructed instruments to ensure integrity in the US Capital Markets by men with integrity that have been amended out of effectiveness by self-serving despicable greed driven white collar degenerates.

God save America,  
Sheri Turner, CPA  
USA

cc: Hon. Christopher Cox, Chairman via fax (202)-772-9200  
Hon. Paul Atkins, Commissioner via fax (202) 772-9330  
Hon. Roel Campos, Commissioner via fax (202) 772-9335  
Hon. Annette Nazareth, Commissioner via fax (202) 772-9340  
Hon. Kathleen Casey, Commissioner via fax (202) 772-9345  
Dr. Erik Sirri, Director, Division of Market Regulation via fax (202)-772-9273  
Dan Gallagher via fax (202) 772-9330