April 4, 2008

My name is Lawrence F. Glaser

My address and contact information is on file with the SEC and well known, including within your legal department.

In AIG Asian, Ms. Hope Hall Augustini, Esq. included a cite to my case, in her Amicus brief on the AIG subject.

I was a victim of an enormous securities fraud. It cost me everything, more or less. It forced me into Bankruptcy. I am slowly recovering now. I have heightened suspicions about my brokerage at that time and what they did when they learned of the fraud. I believe they learned of it well ahead of me and may have assisted in drafting the false statements or playing along with their IB and analytic unit, to collectively deceive investors. I believe they received a secret private placement memorandum and in that memorandum, they would have been tipped off as to the fraud. because at least one director of this public company used this brokerage as his/her own, and sold out early in that year (2000) I further believe the brokerage became aware of the severity and specificity of the fraud. This brokerage had the largest combined holdings of this stock, of any firm on wall street (box position, or handle).

Although the Supreme Court has gone out of its way to try to make legal, the idea that analysts and brokerage houses can assist in developing frauds and perpetrate them against people at will, with impunity, there are still certain aspects of this activity which are not now legal and never were legal. It is my hope that these aspects never will be legal. If not cautious and very careful in writing these kinds of rule changes, the SEC unfortunately becomes a party to the fraud, the actions of these public companies and assists in making legal, what has already happened. Defense counsel will say to a Judge to look to the SEC rules in 1999, 2000,2001, etc... up to the date of your rule change. They will cite that Congress did not provide you with retroactive powers and further, you are not a law maker. You are an enforcer. But as a matter of law, they will cite the absence of the rule during X period of time and use it as a defense. You need Congress' help with this one, I am afraid. All you do here is let those who perpetrated these massive frauds with inside help from public companies, to get away with it and to legalize their prior actions.

In this light, I write to you for public display and caution you, by making rule change after rule change, you can give the appearance that the activities for which you propose a rule change, WERE LEGAL PRIOR TO THE CHANGE. All you accomplish is to grandfather the activity prior to the date your so called "rule change" takes effect.

The concepts of retroactivity and statutes of limitations have their place in law. However, no good fraud should ever be rewarded. In that light, I caution you to take heed and CAREFULLY WORD your proposed rule changes. In fact, in this case, you should make no rule change at all. I have a more correct solution.

If I sold stock which never existed, took the money and fled the country, in 1922, 1932, etc... to the present, it never was legal. So how can someone sell something they do not own, and only now you come to say that it will not be legal hereinafter, but was OK to do prior to today? You are wrong to propose this rule change. What you should be doing is drafting a RETROACTIVE BILL BEFORE CONGRESS and asking for RETROACTIVITY to explore a MASSIVE FRAUD PERPETRATED AGAINST INVESTORS UNDER YOUR WATCH.

That is exactly what you must do here. So I am highly opposed to your rule change and further caution all investors, and Americans, to take heed and NOT ALLOW THIS RULE CHANGE. Rather, we should demand action before Congress, by the SEC, in favor of investors to make a change which fully and completely investigates prior sales of stolen, counterfeit or "fictitious" stock or equities (options, other equity instruments) with retroactive penalty. I realize, this could date back to 1929 and earlier, however old cases have the usual problem about witnesses and credible evidence due to the passage of so much time. And lastly, when did anyone relieve Judges and the Courts from their duty to serve US???? I am frankly sick and tired of watching AMericans suffer under hte lashj of the stupidity of the Judicial systems. Judges, Courts, you have a duty. Follow the rules before you, fulfill Congress' mandate and STOP TRYING TO FOLLOW DEFENSE COUNSEL's SUGGESTIONS THAT THERE IS ALWAYS A WAY OUT. Hear the cases. Then, if there is no merit, if a Plaintiff lied, SANCTION THEM. DO YOUR JOB.

The PSLRA, another faulty bill, probably put together by those who sold all the non-existent stock, further pleads to the Judicial and Courts, not to make public companies guarantors of their respective investors losses. And class action counsels are making too much money, taking too much from the public company and filing too many complaints. Class action counsel goes on fishing expeditions hoping to find real causation, where the initial complaint was only to "look see". I say to you, the PSLRA was only a substitute for Courts and Judges to do their jobs right, hear each case, dismiss when there is merit to dismiss, hear when it must be heard and if a Plaintiff lies to the court, all that needed to be done was to hold them accountable. End the very existence of a law firm that files false claims to try to root for more information. Sanction its members. Sanction lead Plaintiffs if they provided false testimony. But to wholesale kill the rights of all Americans to protect their property, to recover their damages to their property, was and is a violation of the Constitution. The PSLRA is junk and should be thrown out. If Congress returned home tonight to find their homes gone, all their possessions gone, and found that fake stock sales caused it, "by George" they would understand and revoke the PSLRA and heighten the law in the other direction.

These "ideas" that Defense Counsels come up with, such as "public companies should not be made guarantors of investor's losses" and the like, are all well and good. But when a public company engages in the shorting of its own stock, the development of frauds with deliberate intent, how can this Defense concept hold true? A public company that manipulates its own investors with impunity and causes others to trade on the knowledge of the fraud (not take any risk in long or short positions at the expense of others) has indeed, taken on a position of guaranteeing their investor's losses because, should they be caught and prosecuted for the fraud, the net sum outcome is, they will be held

accountable and by paying damages to their investors, the net sum effect is the same. They guaranteed their investor's losses, but not by direct inference, rather, by outcome. If we on the other hand, decide that the concept of "not making public companies guarantors of their respective investor's losses", under any and all circumstance, then no action against a public company can ever prevail because this defense is a catch 22. Another misnomer is that "the market" controls the price of a stock. Only "the market in the stock"controls its price. Not the broad market. So when there is a "bubble" and it is cited as a defense, it should be struck down. The Judicial and the Courts are very unaware of this point. They accept from Defense counsel, that should the market double, then collapse (broadly) then its OK for the stock in question to track to this. No, it is not. A large fraud can be housed within. Action is needed here to educate the Judicial, so they understand. No exchange, no market bears on the price per share of a given, specific equity. It is only the trading in that equity that bears on the value and thus the price. Another area of trouble is "day traders" because at least some case law has been decided which states that the courts must not assist day traders in gaining access to loss recovery because their position in a given security is transient and they could not have relied on a fraud being in the stock or equity so short a period. That question should be a Jury or trial question. The trading in question may include shares HELD IN RELIANCE, and those shares MUST BE ALLOWED THE FULL DIGNITY AND PROTECTION OF THE COURT. But they are not. I can cite cases thrown out because the Plaintiff sold some stock the same day bought, so the remaining 1.1 million shares worth 160,000,000 no longer mattered. And interestingly, in this case, the Plaintiff did not sell the stock and was never allowed to defend as to why the pattern was in the trading account. That is how far the notion of Defense Counsel has come, in getting securities fraud cases thrown out. Although the past SEC commissioners have spoken on this subject, Defense Counsel nonetheless has prevailed with this notion that day trading is wrong, day traders are bad people and if a day trade exists in an account, all the remaining holdings cannot receive the protection of a Court through a legal action. You can do more to fix this. Congress can act and address this.

The Supreme Court has wrongly decided that investors have no duty to one another, so they can post lies on internet boards and not be held accountable. They can spread lies and then defend, by saying others started the "thread". Equally, the Supreme Court thinks it is OK that investment banking can go into a company, get inside information and trade on it. Their analysts can lie to pump the stock up, so they can sell their holdings, then short the stock and all but control it to a base price that allows for panic selling from margin accounts and thus, the artifice to manipulate stocks utterly surfaces as a Supreme Court approved means and method.

I have notified the SEC over and over about the facts and some conjecture about the manipulation of the stock I owned and information that was utterly fabricated and disseminated with some 700+witnesses at an annual shareholder's meeting.

Recently, 6 new Plaintiffs using the same case, cited as "the same case" by Defendant, won the right to move forward into trial. The motions to Dismiss were defeated, even in light of the horrific opinion of the Supreme Court in "Dura v Broudo". This is significant. The

Judge also ruled that day trading, per se, is not a viable Defense because the underlying shares held still suffered a damage and they were not day traded.

The Supreme Court has plied it will to make legal, conspiring to manipulate stocks.

The Supreme Court has decided "the market" moves stocks around and so, you as a Plaintiff had better tie a fraud to the movement in a stock quickly, in short temporal alignment, or your case MUST be thrown out. So, by that logic, the public company should lie, lie a lot, tell many lies and some truths. And do so when the markets are strong so as to get the maximum movement in the underlying stock price, from the telling of the lies. Tip friends and family and perhaps sell short overseas, through a ring of untraceable hedge funds. Its all good. No one can file a complaint citing the release of a "public corrective disclosure" because the company lies, but makes not such "public corrective disclosure" Only tiny private disclosures. Like "SELL NOW" to a close friend or institution which is surely enough if the lie was a cure for AIDS, or cancer or whatever moves the stock price. This is beyond imagining and yet, the Supreme Court put its name to Dura v Broudo. What I describe here is legal. Or is it? Or better stated, should it be?

In proposing this rule change, the SEC fails to address two broad problems.

1) These activities were already illegal. By making the rule change, it grandfathers the prior frauds as crafty Defense Counsel will use these changes against the SEC in its future enforcement actions.

2) Only Congress can address this problem and the problem is much larger than the naked short sell issue. The DTCC failure to account and failure to trace (pair) issue is much bigger. Public companies and their insiders may have been selling short, their own stock. The DTCC's failure to pair, assures this is true. The potential was there and so, the SEC and Congress have been made fools of, the exchanges made willing participants. And the Courts and Supreme Court in particular, have become pawns in the game.

Did these types of events happen in 1929?

Is this why the market crashed in 1929?

Was 2000 similar?

Was 911 an awakening that the world sees this and would exploit it, to deface Capitalism and Democracy and expose the hypocritical legal systems and justice systems in the US? Have we become the proverbial King George, by way of allowing institutions to have rights and powers much more evident than those of the individual, against the wishes of the founding fathers?

Is wall street one big organized crime syndicate?

Is the SEC a party to this, or willing to act against it?

Why is the Supreme Court dealing with these matters when they are not trained to understand securities, the rules and regs, the exchange rules and regs, and further, they are not empowered by Congress to make law? They are there to interpret, not make, the laws of the land.

HOW CAN I SEE THIS AND THE SUPREME COURT MISSES IT??? Am I smarter than them?

A rule change in this critical area is not going to help root out and deal with the real problem. Oxley Sarbanes, the investor protection act, has protected not one single solitary investor. The collapse of Bear Stearns indicates to me,someone filed false 10K's, 10Q's and financial statements such that the underlying problem was not cited in a manner to alert investors. Further, the appearance is, BSC collapsed because its member peers, shorted it. Vampires feeding on vampires.

The SEC needs to see and to address more than the naked short sale issue/failures to deliver. The SEC need to not let the Supreme Court decide anything when it comes to securities fraud. Congress should decide. This is YOUR WATCH, not the Supreme Court's watch.

The problem is much deeper.

If I can see it so easily, so too do others.

Congress must be alerted, told what to do, told to make it retroactive because it must and then, "we the people" can find out who has been selling stock that does not exist to manipulate stock prices. We can find out which brokerages used this method to defraud their own clients and with particularity, those in margin. Stock brokerages who stole their own client's stock to sell against them in secret, then take a cut on the profits, clearly did not follow their duty to represent the client first, and not their own collective interests. That is the real problem here. Brokerages used 91q to destroy their own records, so they can now never be caught doing this. Or, possibly, they can be caught. But not without a sweeping action of Congress. In a small part, the 911 event exposed this to you. It also exposed the idea, the possibility, that public company insiders could sell their shares without reporting it, by lending them for shorting and taking a cut or even more scary, just selling the shares and not reporting it. (short, overseas). So what holdings do company insiders really have? The SEC operates a system which insures to investors, public company insider X held Y shares on Z date. But it may not have been true. And this is not a problem? And you are not willing to go for a retroactive bill before Congress to assure your rules and regs already in place, were adhered to? Why?

You have a lot of work to do. I could draft this mandate before congress for you. Institutions should not have rights under the Constitution. It all stems from there. If individuals were allowed to being their private actions and reach a Jury or receive a trial, none of this would have happened. It would have self-policed. The PSLRA was wrong. Congress is blind unless you, the eyes of Congress in these complex matters, act for the good of all Americans.

Sincerely,

Larry Glaser