



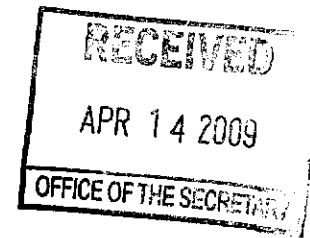
# Chlebina Capital Mgmt, LLC

www.chlebina-capital.com

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ES 129580

March 25, 2009

The Honorable Mary Schapiro, Chairman  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549



Dear Chairman Schapiro:

We believe that eliminating short selling abuses is key to restoring investor confidence. In order to rein in short selling abuses we believe that the original uptick rule must be reinstated and that naked short selling must be eliminated.

The recent suggestion of a "Modified Uptick Rule" by the exchanges completely misses the point of the uptick rule. The main purpose of the uptick rule is to hinder the ability of short sellers to take part in bear raids. With the invention of dark pools, a short seller can place a large initial short position without impacting the stock price. Daily bear raids are then executed for maximum price destruction by using algorithms over the exchanges. These daily short sales, which we believe are mostly naked, are then covered before settlement at the lower price across a dark pool. Therefore none of the naked short bear raids are evident on the SHO list. This strategy only works if the uptick rule isn't in place. The "Modified Uptick Rule" allows for manipulators to drive down a stock by ten percent, which is typical in an intraday bear raid, before the new uptick rule would even kick in. Why would you give manipulators guidelines as to how far they can manipulate a stock down, and give them enough room to continue bear raiding? The exchanges are biased due to the fact they enjoy the increase in volume created by the short sellers and that is why they are against the original uptick rule. The implementation of the original uptick rule would not be technically burdensome as the 70 year old rule was in effect less than 2 years ago.

Naked short selling must also be addressed. Regulation SHO is inadequate because it does not address naked short sales that are covered before settlement. In order to effectively curb naked short selling a regulation must be able to restrict naked short selling that occurs prior to settlement. Perhaps an update to the trading systems of the broker/dealers or exchanges that locates the stock before a short trade is processed could be required.

It is vital that the new regulations return confidence to investors if they are ever going to put capital back into the market. The rules must ensure that the market returns to a method for companies to raise capital for productive uses, instead of a casino where investors are preyed upon. We believe the best way to return confidence is by reinstating the original uptick rule and eliminating naked short selling. The exchanges "Modified Uptick Rule" nullifies the intent of the uptick rule by allowing a stock to be manipulated to a pre-determined level. We urge you to reinstate the uptick rule as it was and eliminate naked short selling entirely.

Sincerely,

Larry Chlebina  
President, Chlebina Capital Management, LLC

cc: The Hon. Kathleen L. Casey, Commissioner  
The Hon. Elisse B. Walter, Commissioner  
The Hon. Luis A. Aguilar, Commissioner  
The Hon. Troy A. Paredes, Commissioner  
Dr. Erik R. Sirri, Director, Division of Trading and Markets,