

I am commenting from the perspective of being a plaintiff in a law suit against brokerage firms that a selected few NFI shareholder claim were/are manipulating the share price of Novastar (which was NFI on the NYSE, before being delisted to the pinks as NOVS). Here is a link to this [lawsuit](http://www.thesanitycheck.com/Portals/0/COMPLAINT.pdf?bcsi_scan_9B94EF856C24DEB0=0&bcsi_scan_filename=COMPLAINT.pdf) (http://www.thesanitycheck.com/Portals/0/COMPLAINT.pdf?bcsi_scan_9B94EF856C24DEB0=0&bcsi_scan_filename=COMPLAINT.pdf):

Each naked short sale harmed investor needs to get their State Securities Administrator to get involved with our commonly harming naked short selling issue and get the their state securities administrators to each comment on the NIPC petition, located here [Rule Petition](http://sec.gov/rules/petitions/2008/petn4-557.pdf) (<http://sec.gov/rules/petitions/2008/petn4-557.pdf>.) To find a way to locate contact information for your state securities administrator here and probably a way to file a state authority complaint. <http://www.nasaa.org/QuickLinks/ContactYourRegulator.cfm> (Texas needed specifics in my complaint)

Here is a copy of the letter I sent to the Texas securities administrator, please contact you state regular with something like this:

My name is XXXXX, I resided at XXXXXXXXXXXXXXXXXXXX
Phone numbers you can reach me at are XXXXXXXXXXXXXXXX
I am complaining about several brokerage firms that some NFI shareholder plaintiffs claim are manipulating the share price of Novastar (which was NFI on the NYSE, before being delisted to the pinks as NOVS). Here is a link to this [lawsuit](http://www.thesanitycheck.com/Portals/0/COMPLAINT.pdf?bcsi_scan_9B94EF856C24DEB0=0&bcsi_scan_filename=COMPLAINT.pdf) (http://www.thesanitycheck.com/Portals/0/COMPLAINT.pdf?bcsi_scan_9B94EF856C24DEB0=0&bcsi_scan_filename=COMPLAINT.pdf):

Their losses, like my own are quite substantial well into the hundred of thousands of dollars and are detailed in the lawsuit. The plaintiff in this law suit by no means includes all that have been harmed by the NFI/NOVS naked short selling market manipulations. There are well over 600 shareholders that I am acquainted with that have suffered substantial losses via a securities handling mechanism which the Texas Securities Administrators have direct control. There are more Texas residents in the above count, many have lost a substantial portion of all their retirement funds.

Summary of the facts regarding the transactions

An ever growing number of equity shareholders are being harmed by naked shorting, and I am one of them. Via thorough regulation research the National Investors Protection Coalition (NIPC) has found one of the major mechanisms by which naked shorting is being accomplished is a total miss use of Texas

authorized UCC Securities code. I am writing you because I believe this miss use of the Texas securities regulation comes under your Office's authority.

In summary:

The SEC is using the Texas State UCC Securities definition as a redefined equities held in mine and other's brokerage accounts to also represent equities that are promised for delivery to our accounts within T+3 period, then the SEC has direct that brokers said the Texas State UCC Securities can still be used past the T+3 settlement date when there is a failure to deliver (FTD) of the true security. Upon an FTD event the SEC then further directs the use of the UCC Security definition to also represent a promised security deliveries, promises which can and have languished for as much as weeks, months or even years. For instance; NFI now NOVS, has been on the Reg. SHO for nearly the last 3.25 years save for two couple less than week long periods. The FTD level in NOVS/NFI shares has ranged from as high as nearly 100% to as low as 25%, while the short interest was nearly covered that same range. These are short levels that are only possible if the security handling system has mechanisms by which fraudulent or erroneously represented securities exist in shareholders accounts.

By the SEC allowing fictitious and deceptive security settlement records using promissory equities fraudulent listed as the contracted for security, the supply of shares that can be sold naked short becomes limitless. This limitless supply destroys the entire market supply and demand balance system, and can virtually devalue any equity any bear raider would like to attack.

A number of FTD damaged shareholders have come together to petition the SEC to either demonstrate how the SEC has the authority to redefine the definition of the UCC Securities to also include the promissory securities that are shown in investor accounts well beyond the required T+3 required delivery and settlement. Here: [Rule Petition](http://sec.gov/rules/petitions/2008/petn4-557.pdf) (<http://sec.gov/rules/petitions/2008/petn4-557.pdf>.)

Make Complaint requests of your State Securities Administrators containing the above and included these specific words:

This complaint asks that your office review the technical details of the National Investors Protection Coalition [Rule Petition](http://sec.gov/rules/petitions.shtml) of the SEC petition or found here (<http://sec.gov/rules/petitions.shtml>), and provide advisory comments to the SEC regarding how they have miss used the Texas UCC Securities code. Advisory comments for [File 4-557, NIPC Rule Petition, Customer Account Rule](http://sec.gov/rules/petitions.shtml) can be emailed here: rule-comments@sec.gov