Ms. Florence Harmon
Acting Secretary Securities and Exchange Commission
100 F. Street, NE Washington, DC 20549-9303
Re: Release No. 34-58773; File No. 87-30-08 Amendment to Regulation SHO Interim Final Temporary Rule

Dear Sirs,

"I'm not convinced that people truly appreciate the brilliance of NSCC participating "banksters", prime brokers, market makers and clearing firms having their employees (NSCC management) acquire a monopoly on the ONLY cure available when these same bosses refuse to deliver the securities that they sell (a "buy-in") and then have these employees intentionally withhold the ONLY cure available all in an effort to make the funds of the U.S. investing public being defrauded to flow into the wallets of the bosses/banksters refusing to deliver that which they sell". Dr. Jim DeCosta

A CLOSER LOOK AT THE NSCC'S "AUTOMATED STOCK BORROW PROGRAM" OR "SBP"

Unless the SEC is either totally inept or totally corrupt I cannot for the life of me figure out why to this day they still haven't rescinded their prior approval of the NSCC's SBP now that they know or would be negligent in not knowing what it has morphed into. Assuming that this inaction is associated with the lack of a working knowledge of just how corrupt this program has become I offer the following.

Let's assume that the U.S. corporation "Acme" which just began trading today has 100 million shares "issued and outstanding" and that all are being held in "street name" at the DTC. Let's further assume that there are 10 NSCC participating clearing firms "A" through "J" that each hold 10 million shares of Acme in their CNS participants "share" accounts. Let's go one step further and assume that each of the 10 clearing firms have "donated" 2 million shares of Acme into the SBP's "lending pool" of securities.

Thus there are 20 million shares currently in the SBP available to cure failures to deliver (FTDs). The financial incentive to donate one's own client's shares into the SBP is immense as the donor brokerage firm receives the use of the cash amount of the securities loaned and the investor whose shares are being loaned out to the mortal enemy of its investment, the abusive naked short seller, never realizes this and does not participate in receiving the rental income earned by that which he purchased. Note the obvious conflict of interest.

The DTC subdivision of the DTCC under these circumstances does indeed have 100 million paper-certificated shares in its vault system to back up each of the shares held at the NSCC in an electronic book entry format. This policy resulted from the congressionally mandated "immobilization" of all shares within DTC vaults and the "dematerialization" of paper-certificated "shares" THEORETICALLY into an equal amount of electronic book entry "shares".

On the first day of trading an abusive naked short seller operating through a different brokerage firm "K" with no shares currently being held at the NSCC decides to naked short sell 2 million shares of Acme and intentionally refuses to deliver them because for one reason they never existed in the first place. Let's assume that b/d "D" bought them. Addendum C to the rules and regulations of the NSCC allows the NSCC management to reach into the SBP's "lending pool" and extract 2 million shares to cure the delivery failure. Let's assume they're b/d A's 2 million shares. These 2 million shares are then debited from A's 10 million participant account shares (leaving 8 million) and sent to b/d D's participant "shares account" (now at 12 million).
Since the shares held in the "lending pool" of the SBP are held in an "anonymously pooled" format let's metaphorically dye this particular "parcel" of shares red so that we can trace it amongst the other shares which are all metaphorically colored white.

NSCC policies then for some insane reason allow b/d "D" (the purchaser's b/d) to resubmit these 2 million recently borrowed "red" shares right back into the very same lending pool from which they just came out of **<u>as if they never left in the first place.</u>** The lending pool contents went from 20 million shares to 18 million for the blink of an eye and then back to 20 million as if by magic.

At the end of this abusive naked short sale there are still 100 million shares held in the DTC vaults in a paper-certificated format. The paper-certificated shares had nothing to do with this transaction and were never touched. "Cede and Co.", the nominee of the DTC was and is the legal owner of all of these shares both before and after the naked short sale. The "red" parcel of shares sits back in the lending pool ready to be "counterfeited" once again while curing yet another failure to deliver. Soon this one "red" parcel of shares may have a dozen different "co-beneficial owners" after having cured a dozen different failures to deliver.

The "shares" accounts at the NSCC now reveal that clearing firms "B" thru "J" still own 10 million shares except for b/d D's account that goes up to 12 million shares. B/d "D" now has 4 million shares residing in the SBP lending pool. Two million are colored white and 2 million have been dyed red. Clearing firm A's "share" account now shows a credit for 8 million shares none of which are in the SBP.

Here's where things get interesting. Since clearing firm "A" can demand the repayment of the shares it "donated" to the SBP the NSCC decides to credit a special "C" sub account at the NSCC with a 2 million share "long position". This "long position" will then "sort of" be credited to the monthly brokerage statement of the investor at b/d "A" indirectly deemed to have been the purchaser of the "red" shares that were donated.

Note that since the NSCC management insists that all shares in the SBP lending pool be held in an "anonymously pooled" format this investor can never be identified and will never learn that he is essentially a "co-beneficial owner" of his parcel of shares with perhaps a dozen other investors. The NSCC insists on NOT knowing the identity of clearing firm A's clients. That information would bring about certain liability issues as the investor whose shares are essentially being "counterfeited" via the SBP would now be identifiable and have a cause of action.

In reality the investors holding Acme shares at b/d "A" beneficially own a "proportionate interest" in that which b/d A has at the NSCC. They beneficially own a "proportionate interest" in the 8 million legitimate "shares" (with a paper-certificated share backing up its existence) in A's participant "shares account" PLUS A PROPORTIONATE INTEREST IN THE 2 MILLION SHARE "LONG POSITION" HELD IN THE NSCC "C" SUB ACCOUNT. If the investor that purchased this "proportionate interest" in what basically amounts to an IOU were identifiable he might be able to discover that this IOU is a very peculiar IOU in that those with the power to demand its payment (the NSCC management) plead as if on cue to be "powerless" to do so. Well isn't that fortunate for the abusive NSCC participants that sold securities but refused to deliver that which it sold. Having loyal employees willing to forgive your delivery obligations to U.S. citizens is a very interesting concept.

Note that there are no paper-certificated shares in existence anywhere that back up that 2 million share "long position" sitting in b/d A's "C" sub account at the NSCC. Recall that the criminal making the abusive naked short sale knew that what he sold didn't exist; that's why he couldn't deliver that which he sold. You don't "accidentally" forget to deliver the securities that you sell. The "long positions" credited to any NSCC participant's "C" sub account older than perhaps T+6 or so (the maximum age of a legitimate delay in delivery) reflect failed delivery obligations only and in the case of abusive naked short selling frauds represent the number of nonexistent shares yet to be addressed by buy-ins.

At any given time these invisible (to investor's and Acme management's eyes) "long positions" may reflect the existence of shares whose delivery were delayed for a legitimate reason. However, since those empowered to do buy-ins on Wall Street (the NSCC and DTC management teams) refuse to then as any U.S. corporation ages the proportion of these "long positions" associated with legitimate delivery delays gets less and less.

Although mandated to by the 1933 Securities Act ("The Disclosure Act") the DTCC, DTC and NSCC absolutely refuse to reveal to prospective investors or to Acme's management this very "material" information regarding the number of "long positions" held in "C" sub accounts they are holding in a given corporation. Note the two different issues here. One involves allowing the creation of these incredibly damaging "long positions" and the other is the refusal to reveal the size of these "long positions" once established. Most forms of fraud are typically associated with a series of "cover up" frauds needed to "cover up" the existence of the primary fraud whenever it is in danger of being revealed.

UCC Article 8 refers to this 2 million share "long position" in the "C" sub account of b/d "A" as consisting of 2 million "securities entitlements". Unfortunately for Acme investors UCC 8 allowed them to be readily sellable by their purchaser even though in the case of ANSS they don't exist. There are now 102 million shares of readily sellable "Shares and/or securities entitlements" being "held long" in the NSCC accounts and sub accounts.

In the case of ANSS frauds the "supply" of that which is readily sellable in Acme's share structure has been manipulated upwards by 2 million shares in this transaction. The share price has been manipulated downwards via this transaction. Why would the authors of UCC Article 8 allow these incredibly damaging "securities entitlements" resulting from these "long positions" to be readily sellable and capable of manipulating the share price of Acme downwards? The authors of UCC 8 PRESUMED that the DTCC, DTC and NSCC holding 15 of the 16 separate empowerments to execute buy-ins when it becomes obvious that one of their abusive participants had no intent whatsoever to deliver that which it sold would buy-in that delivery failure. They knew that the DTCC and NSCC were mandated by Congress "to act in the public interest and provide investor protection". After all, the ONLY cure available when the seller of shares absolutely refuses to deliver that which it sold is the buy-in.

The PRESUMPTION of the authors of UCC 8 was wrong because to this very day the NSCC management still has the audacity to proffer that it is "powerless" to execute buy-ins no matter how long its abusive participants refuse to deliver that which they sold to unknowing U.S. investors. Remember the NSCC also has the congressional mandate to "promptly settle" all securities transactions.

In their decision to make these "securities entitlements" readily sellable instead of "restricted" for resale the authors of UCC Article 8 also PRESUMED that the SEC would be exercising its "comprehensive oversight" over the NSCC since it acts as a "registered clearing agency". These authors also took comfort in the fact that the SEC has a congressional mandate to provide "investor protection and market integrity" and that they have "plenary rulemaking authority" in these matters.

On the website of the NSCC and in amicus curiae briefs filed by the SEC there's an interesting characterization of the NSCC's SBP. It supposedly "**increases the likelihood** that the purchasers of shares will receive delivery **of that which they purchased** by settlement date". Did the purchaser of those 2 million nonexistent shares that were illegally naked short sold really think that he was paying full retail price for a mere readily sellable non-voting IOU that nobody is empowered to call in?

What the SBP really **"increases the likelihood of"** is that the purchaser of nonexistent shares will never realize this fact and will never raise a ruckus after being defrauded. But was he in fact "defrauded" because after all whatever he bought he has the right to resell? Both the purchaser of the 2 million fake shares in this case as well as ALL other shareholders of Acme have been defrauded as the readily sellable "long positions" held in "C" sub accounts accumulate at the NSCC and the "securities entitlements" they procreate accumulate on the books of the NSCC participants and on the monthly brokerage statements of Acme's investors. As these readily sellable "securities entitlements" accumulate the share price of the corporation, by definition, has to go down. The supply and demand variables still interact to determine share prices through the "price discovery" process it's just that these variables are subject to manipulation by those refusing to deliver that which they sell and by the NSCC management refusing to provide the ONLY cure available when their bosses defraud U.S. citizens.

Why is this fraud? It's because the parties that have cleverly established an absolute monopoly on the empowerments to provide the ONLY known cure when criminals refuse to deliver that which they sell (a buy-in) refuse to do so even though the reason that "securities entitlements" were allowed to be readily sellable was PREDICATED on the fact that should these acts of fraud occur they would be "promptly" addressed (bought in) by the party with the congressional mandate to "promptly settle" all securities transactions as well as by the parties that hold 15 of the 16 sources of empowerment to execute buy-ins. Are you starting to appreciate the brilliance of this fraud?

The NSCC management team as the party with the congressional mandate to do whatever is necessary to "promptly settle" all transactions claiming to be "powerless" to do what is necessary to "promptly settle" all securities transactions is a bit of a stretch. **When this very same party (the DTCC and its subdivisions) that also has 15 of the 16 separate sources of empowerment to execute buy-ins ALSO pleads to be "powerless" to do buy-ins then I'd say we have some "issues" to deal with especially when the financial benefactors of this acting to be "powerless" are the owners of the clearance and settlement system and the bosses of these management teams.**

The fact that the NSCC management can be 100% relied upon to pretend to be "powerless" to provide the ONLY cure available when criminals sell fake shares and refuse to deliver anything on "settlement date" via the chicanery of the SBP is what emboldens these criminals to perpetrate these thefts in the first place. How can the DTCC management have the audacity to portray the SBP and its self-replenishing lending pool as something that benefits investors when all it does is facilitate the thefts of investor funds by its bosses as well as the cover ups of these thefts?

Trust me when I say that there has never been a more meticulously-designed fraud than that of abusive naked short selling (ANSS). Over the years the DTCC and its subdivisions have "volunteered" to act in certain capacities to ostensibly enhance the efficiencies of our clearance and settlement system. As it turns out all of these roles assumed and mandates received had attached to them the empowerment to execute buy-ins when criminals refuse to deliver securities that they sell.

This should not be that difficult to comprehend when you realize that the "banksters", prime brokers, abusive market makers and abusive clearing firms performing these crimes OWN the DTCC, DTC and NSCC and the management teams pleading to be "powerless" to provide the only cure to these thefts are their employees just following orders!

I'm not convinced that people appreciate the brilliance of NSCC participating "banksters" having their employees (NSCC management) attain a monopoly on the ONLY cure available when the bosses refuse to deliver that which they sell to unknowing investors (a buy-in) and then have the employees (NSCC management) intentionally withhold this ONLY cure all in an effort to make the funds of unknowing investors flow into the wallets of the bosses orchestrating these frauds.

THE DEFENSE PRESENTED BY THE DTCC AND NSCC

1) ***"The NSCC's SBP does not create "artificial securities"?*** Let's take a close look at this statement. How do we characterize these "long positions" being held in the NSCC "C" sub accounts? First of all they result in readily sellable "securities entitlements" as referenced on the books of NSCC participants and on the monthly brokerage statements of the investors that bought them. Since they're readily sellable in the securities markets and considered "securities entitlements" and one of the definitions of a "security" is an "evidence of indebtedness" then I'd say that they are definitely "securities".

   Are they "artificial"? Well, since neither the management nor transfer agent nor registrar of "Acme" know of their existence or approved of their creation then I'd say they were "artificial".
2) ***"The NSCC's SBP does not add to the number of shares "outstanding" of a corporation".*** I've always liked the cleverness of this intentional misrepresentation. Technically these "long positions" that procreate readily sellable "securities entitlements" are not "shares outstanding". Remember in the case of ANSS there never were any "shares" being sold. That which was being sold didn't exist. Acme started out with 100 million shares technically "outstanding" and they still have 100 million shares technically "outstanding".

   The issue being intentionally skirted by the NSCC's above misrepresentation is that these readily sellable "securities entitlements" have the same share price depressant effect of new shares recently sold into the market. What's the difference between the two? It's that the corporation never got paid any "consideration" for issuing these "pseudo-shares". The corporation got all of the damage and none of the upside benefit in the "issuance" of these "pseudo-shares". In essence, the NSCC's SBP "issued" them. Only legitimate shares issued by a company's Board of Directors are technically considered "outstanding". A point seldom brought up is that these "securities" being "issued" by the NSCC are not "registered" either.

Over the years as investors became more educated as to the heinous nature of the frauds the SBP has facilitated the DTCC has changed their strategy a bit. Instead of defending the SBP they now proffer that if there were anything improper about the SBP then the SEC would have rescinded their approval of it. You know what; they have a good point and the SEC needs to accept some responsibility for overseeing these thefts. You remember the SEC; they're the guys mandated to provide "comprehensive oversight" over the activities of "registered clearing agencies" like the NSCC.

Another approach the NSCC has adopted is to proffer that the SBP "is what it is" and "the system's not perfect" but since it is "automated" they can't do anything about it. I kid you not; the designers and administratorsof the SBP have the audacity to make this claim. They also claim to "have no discretion" in how it operates. Perhaps Mary Schapiro can put SBP reform or rescission high on her priority list. Recall that the SEC not only has "comprehensive oversight" over the NSCC but they have "plenary rulemaking authority" also in these matters. It also has the Section 17 A congressional mandate: ***"having due regard for the public interest, the protection of investors, and the safeguarding of securities," to "facilitate the establishment of a national system for the prompt and accurate clearance and settlement of transactions in securities".*** In reality we in the U.S. are nowhere near having "***a national system for the prompt and accurate clearance and settlement of transactions in securities".***

LET'S TAKE A CLOSER LOOK AT THESE "LONG POSITIONS" IN NSCC "C" SUB ACCOUNTS

How might we characterize these rather peculiar "long positions"?

1) They are credited to the accounts of NSCC participants whose shares donated to the SBP were chosen to cure an FTD. If the FTD was intentionally made to steal the funds of an unknowing investor and older than perhaps T+6 or so then I guess you could characterize them as "smoking guns". Since the NSCC refuses to allow anybody to see them then perhaps "invisible smoking guns" would be more accurate. If they weren't diagnostic of a fraud having been committed then why would the "securities cops" break the law ('33 Act) in order to make them invisible?
2) They represent the right to demand back the shares loaned at a time of the lender's choosing. Since the lending firm whose shares were chosen to cure a delivery failure is allowed to earn interest off of the cash value of the securities loaned then we can be sure that this demand for the repayment of the borrowed shares will never be made unless it is forced upon the lender. Recall that one "parcel" of shares might be earning rental income for a dozen different NSCC participants. We're talking some serious cash here. These are very happy lenders but their clients that bought the shares and paid them a commission as their "agent" wouldn't be so happy if they learned that what they purchased first of all never existed but is somehow being loaned to those trying to destroy the corporation invested in and the "long positions" created in NSCC "C" sub accounts because of this loan are very damaging to the share price of the invested in company. Why? Because they were allowed to procreate readily sellable "securities entitlements". Why? Because the authors of UCC 8 couldn't imagine

in their wildest dreams that the NSCC management could be conned by their bosses into pleading to be "powerless" to buy-in delivery failures. The conflicts of interest between commission paying investors and their "agents" are financially enormous.

3) They can be generated by the sale of nonexistent shares. Why? Because of the "generosity" of the NSCC in being willing to bail out FTDs, both legal and illegal, with a loan. Their default assumption is that all FTDs are caused by a legitimate delivery delay until proven otherwise. By the time it can be proven that the seller of the shares never did intend on delivering anything it is too late because those "long positions" have found safe refuge in the NSCC "C" sub accounts wherein the NSCC management will plead to be "powerless" in buying in the FTDs that have now been proven to be intentional/illegal.
4) There is absolutely no limit to the amount of "long positions" the NSCC is willing to create. A different way of framing that is that there is absolutely no limit to the amount of nonexistent shares a crook can sell and then later refuse to deliver due to these NSCC policies. Why? For 2 reasons. Firstly the lending pool at the SBP is self-replenishing. The shares borrowed to cure an FTD can be immediately replaced back into the same lending pool of shares as if they never left in the first place. In the above example the lending pool of Acme went from 20 million shares to 18 million shares for the blink of an eye and then back to 20 million shares. Secondly, the ONLY way to cure these FTDs when the seller of shares absolutely refuses to ever deliver that which it sold is to buy-in that delivery failure.

   When the ONLY parties able to provide the ONLY solution to this dilemma pretend to be "powerless" to provide this ONLY cure then there is absolutely no limit to the number of "long positions" that can be created in these "C" sub accounts. Since no prospective investor or management team is allowed to visualize the number of "long positions" in these "C" sub accounts perhaps it would be more accurate to characterize them as "C" secret accounts.
5) These "C" sub account "long positions" are reflected on the monthly brokerage statements of investors that incorrectly thought they were buying real shares as "securities held long". Just where are these mere accounting measures associated with the sale of nonexistent shares being "held long"? In the NSCC "C" sub accounts, silly! Perhaps an investor's monthly brokerage statement should come with a "black box" warning stating that: "Due to NSCC policies the securities annotated as being "held long" in your account may not exist and may only reflect a delivery obligation that is impossible to collect upon since the ONLY parties with the ONLY power to provide the cure for this failed delivery obligation are pretending to be "powerless" to do so".
6) The NSCC that operates the SBP pleads to be "powerless" to buy-in these "long positions" no matter how long the sellers of the bogus shares refuse to deliver that which they sold. Recall that the previously agreed upon date to exchange funds for the delivery of shares was T+3. These "long positions" can be essentially perpetual unless the lender involved gets tired of earning interest from the cash value of the securities failing to be delivered. The concept of nonexistent shares

giving rise to interest earnings for the “fraternity brothers” of the party refusing to deliver that which it sold is unconscionable. Note how NSCC management looks after the financial needs of all of its “participants”/bosses not just those that refuse to deliver that which they sell. ALL NSCC PARTICIPANTS MAKE AN ABSOLUTE FORTUNE WHEN NSCC PARTICIPANTS REFUSE TO DELIVER THAT WHICH THEY SELL. Of course the NSCC management isn’t going to end this gravy train by following its congressional mandates. They’d get fired in a heartbeat.

7) The shares giving rise to these rather unique “long positions” were actually loaned to the NSCC proper which in turn loaned them out to their NSCC participant that refused to deliver that which it sold. Since the NSCC pleads to be “powerless” to buy-in this debt from the party refusing to deliver that which it sold then the NSCC can pay the lender back ONLY if excess securities enter the NSCC above and beyond those being delivered after being sold. Where in the world are shares over and above those being delivered from sales going to come from? If an investor takes paper-certificated shares out of his safe deposit box and puts them into “street name” isn’t it fairly obvious that he’s about to sell them? The NSCC solution to this dilemma is easy. They allow their participants owed the delivery of shares to sit around and wait for the “eventual” delivery of the missing shares while they enjoy earning interest off of the cash value of the missing shares. How can the party with the congressional mandate to “promptly settle” all transactions essentially “bribe” their participants NOT to force the “prompt settlement” of the trade involved by opting for a buy-in?
8) The NSCC refuses to tell prospective investors or the management team of the corporation involved how many of these incredibly damaging “long positions” exist in these “secret accounts”. What’s their reason for breaking the law in regards to the ’33 Act’s mandate to release all information “material” to the prognosis for an investment? What could possibly be more “material” to the prognosis for an investment than the existence of gazillions of incredibly damaging “long positions” held in “C” sub accounts that may have preordained the corporation involved to an early death? It theoretically has something to do with “privacy” issues and not revealing the “proprietary trading methodologies” of their “bankster” participants and their hedge fund guests. Why would the absolute refusal to deliver that which you sell deserve these “privacy” measures? Isn’t this tantamount to the NSCC management’s facilitating and then covering up a fraud? Aren’t they supposed to be the SRO/”securities cops acting as “the first line of defense against abusive naked short selling frauds”?
9) How many of these “long positions” have been allowed to invisibly accumulate in the share structures of corporations and still exist there providing a massive depressant effect on share prices? The DTCC, NSCC and DTC say hardly any at all and it’s no big deal. The SEC says that there are enough FTDs/securities entitlements in the system right now (back in 2005) that they could not be addressed without inducing “market volatility issues”. When the only cure to addressing these “long positions” now irrefutably proven to have been created for fraudulent reasons by criminals refusing to deliver that which they sold is a buy-in and the DTCC, DTC and NSCC having established a monopoly on the

empowerments to execute buy-ins has the audacity to plead to be "powerless" to do so then one could surmise that the accumulations over time of these "long positions" and the "securities entitlements' they procreate would be substantial. This would be more in line with what the SEC says and not the DTCC or NSCC. The amounts of these "long positions" currently poisoning the share structures of U.S. corporations would be indirectly proportional to the risk incurred in having your naked short position bought in by those with the power to do so. The NSCC management's actions have removed any perceptible risk.

10) Theoretically only shares held in margin accounts with pre-signed margin agreements in place may be "donated" to the SBP but the NSCC management thinks it wise after creating this humungous financial temptation to commit fraud to put their participants on the "honor system" as to the types of shares they donate into the SBP. Just how frequent are these loaned shares being "recycled/counterfeited/ churned? In other words how frequently is that red dyed parcel of shares being used to cure delivery failures? Recall that a lot of the companies under attack are development stage corporations (a relatively defenseless prey) whose securities are non-marginable and thus the number of shares held in margin accounts would be very limited. The NSCC allows any shares held in a participant's "general unpledged account" to be donated into the SBP lending pool. Just because these shares have not been previously pledged or hypothecated in a certain direction doesn't mean that they are legal to be loaned out.
11) How can the DTCC and NSCC with the Section 17 A mandate to "act in the public interest, provide investor protection and "promptly settle" all securities transactions as well as having 15 of the 16 sources of empowerment to execute buy-ins when their abusive "participants" absolutely refuse to deliver that which they sold have the audacity to plead to be "powerless" to execute these buy-ins when they're the ONLY cure available to these thefts? An SRO is supposed to be a part of an overall regulatory structure designed to utilize the various skills and visibilities of any one regulator for the maximum desired effect. Who within the regulatory system could have a better view of all of these "long positions" in "C" sub accounts and shares held in the SBP lending pool? In reality the management teams of the DTCC and NSCC are only doing the bidding of their "bankster" bosses that own the DTCC and NSCC.
12) How dare the SEC congressionally mandated to provide "comprehensive oversight" over the activities of "registered clearing agencies" like the NSCC as well as endowed with "plenary rulemaking authority" as well as the mandate to provide "investor protection and market integrity" not be all over the rescission of the SBP after mistakenly endorsing it many years ago which provides the NSCC with the excuse that if it were flawed and being abused then the SEC obviously would have made us rescind it by now?

SUMMARY

To create some context the abuses within the self-replenishing “lending pool” of the NSCC’s SBP are but one aspect of the current abusive naked short selling pandemic. The DTCC informs us that 15% of all FTDs they see are “cured” by the SBP. Since they are theoretically “powerless” to execute the buy-in cure then this means that 85% of all FTDs they see are either not addressed at all or addressed by allowing their participants that failed to receive delivery of that which their clients purchased to sit around and wait for the “eventual” delivery of that which was purchased.

The DTCC and NSCC with the Section 17 A mandate to “act in the public interest, provide investor protection and “promptly settle” all securities transactions as well as having 15 of the 16 sources of empowerment to execute buy-ins BY DEFINITION cannot allow their participants buying securities for their clients to sit around and wait for this “eventual” delivery especially when this purchasing firm has been essentially “bribed” to do so by the NSCC policy that the buying firm opting NOT to execute its option to buy-in of undelivered shares gets to earn the interest off of the monetary value of the undelivered shares UNTIL delivery occurs. What’s the obvious result of this policy? Buying firms will intentionally direct buy orders to market intermediaries LIKELY to naked short sell into the buy order and then later refuse to deliver that which it sold. Are there many of these market intermediaries around?

In a clearance and settlement illegally converted to a foundation of mere “collateralization versus payment” (CVP) instead of “delivery versus payment” (DVP) wherein those refusing to deliver that which they sold can still gain access to the investor’s funds there are plenty of parties willing to naked short sell into any buy order they have visibility of. This represents a conflict of interest beyond description. Due to these heinous policies one can only wonder how much of the wealth of U.S. investors has been illegally transferred to the NSCC participants that simply refuse to deliver that which they sell without facing the risk of an untimely buy-in. The removal of the natural market deterrent to abusive naked short selling frauds known as a buy-in by the NSCC management (a “securities cop”) to facilitate the theft of the funds of investors by their own bosses is unconscionable.

To prevent the intentional sale of nonexistent shares to result in the procreation of incredibly damaging “long positions” in “C” sub accounts the NSCC willing to follow its various mandates OBVIOUSLY must buy-in the associated delivery failures the moment it becomes obvious that the seller of shares had no intent whatsoever to deliver that which it was selling. Otherwise all U.S. corporations no matter what their importance is to homeland security or the financial infrastructure of our nation could easily be taken down by acts of financial terrorism due to the DTCC and NSCC management teams’ willingness to look after the insatiable greed of its abusive “bankster” owners and their hedge fund “guests”.

IT’S REALLY PRETTY SIMPLE

1) There are investors and then there are those that administer our clearance and settlement system whose co-owners act in a “gate-keeping” capacity as market

intermediaries in our clearance and settlement system. Let's refer to the two parties as the investors and their DTCC and NSCC participant "hosts".

2) The investors come to the table with an awful lot of money but not much financial expertise as to how Wall Street operates.
3) The hosts come to the table with a vastly superior knowledge of, access to and visibility of the rather complex inner workings of our clearance and settlement system.
4) The hosts are forbidden by many laws to "leverage" this superiority over the investors they serve such as in making an effort to reroute the funds of less financially-sophisticated investors into their own wallets. Instead the hosts are mandated "to act in good faith".
5) On Main Street the delivery of that which you sell is a no-brainer. There is transparency present and business people know whether or not that which they purchased was delivered on time and whether or not that which was delivered was that which was "advertised" for sale.
6) On Wall Street the hosts have taken away transparency. Usually this is theoretically associated with "privacy issues" or "proprietary trading methodologies".
7) Due to this lack of transparency, investors on Wall Street are forced to rely on their brokerage firms to whom they paid a commission, the SROs and the regulators to make sure that what they paid did indeed get delivered.
8) Massive monetary amounts of conflicts of interest arise between the hosts and the investors when it comes to the delivery of that which investors buy. The hosts are very, very heavily financially incentivised to make sure that the securities that investors purchase do not get delivered on time or preferably at all.
9) After an investor tenders his funds for the purchase of securities the seller of securities has the option of delivering or not delivering that which he sold. The problem is that once the funds of investors are accessible to the would be sellers of securities the impetus to deliver that which was sold goes down immensely.
10) If the would be seller chooses not to deliver that which he sold the investor always has the failsafe device to "buy-in" the delivery failure so that those securities purchased can finally be delivered to him albeit in a better late than never fashion.
11) The problem is that over the years the hosts (the DTCC and NSCC participants) have gone out and secured all of the sources of legal empowerment to effect these "buy-ins". They are now in the enviable position of being the ONLY people to be empowered to provide the ONLY solution available when the sellers of securities absolutely refuse to deliver that which they sold.
12) The management teams of the hosts (the DTCC and NSCC) have decided to LEVERAGE this attaining of a monopoly on the sources of empowerment to provide the ONLY cure available on behalf of the financial interests of their abusive bosses that co-own the DTCC and NSCC.
13) With the refusal by the ONLY party left with these sources of empowerment to deploy the ONLY cure available when the seller of securities absolutely refuses to deliver that which he sold (a buy-in) the NSCC participants that so choose

may sell all of the nonexistent securities they choose to while counting on their employees to continue to refuse to provide the ONLY cure available. Recall the research of Evans, Geczy, Musto and Reed (2003) revealing that only one-eighth of 1% of even “mandated” buy-ins ever occur on Wall Street. Now you know why these seemingly aberrational statistics now make a lot of sense.

14) The DTCC and NSCC management teams have found themselves in a bind. When the NSCC participants whose behavior these management teams are mandated to regulate refuse to deliver that which they sell they can either follow their congressional mandates to “act in the public interest, provide investor protection and “promptly settle” all securities transactions” by executing buy-ins OR they can LEVERAGE this monopoly they have attained and look after the financial interests of their abusive bosses that have chosen to misbehave because of their employees’ willingness to shirk their congressional mandates. These management teams simply chose the latter which has resulted in a transfer of investor wealth to these hosts of unfathomable proportions.

15) This becomes a very troubling issue when the management teams shirking these congressional mandates just happen to be the “self-regulatory organizations” (SROs) mandated “to as the first line of defense against abusive naked short selling frauds”. If this is the behavior being displayed by the “securities cops” just think of what the really bad guys must be doing on their own turf devoid of this “first line of defense”.

Except when it is concerning the cesspool that Wall Street has become in what other business on the planet could we even be engaging in a conversation as to the appropriateness of delivering that which you sold after having gained access to the purchaser’s funds?

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