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,

THE CRITICAL ROLE OF THE "BUY-IN"

As many of you know the single most important deterrent to abusive naked short selling crimes is the FEAR of an untimely buy-in. Qualifying as an "untimely" buy-in would be one executed in the midst of a "short squeeze". The "buy-in" is also the ONLY cure available when the seller of securities absolutely refuses to deliver to the buyer that which he sold. The "buy-in" or the fear thereof is the ultimate provider of investor protection and market integrity when it comes to abusive naked short selling frauds.

Over the years the NSCC management has rather curiously attained a monopoly on 15 of the 16 sources of empowerment to execute buy-ins. The 16^{th} source of empowerment belongs to the brokerage firm of the buyer that failed to get delivery of that which he paid for. Unfortunately for investors NSCC policies essentially "bribe" the buying brokerage firm into NOT opting to exercise his empowerment to execute a buy-in when he does not receive delivery of that which his client purchased. This is done via allowing the buying brokerage firm to earn interest off of the funds of the investor UNTIL delivery occurs. This makes the buying brokerage firm the last party in the world wanting to execute a buy-in of a fellow NSCC participant.

Further to this the NSCC has introduced a failsafe mechanism to further circumvent buy-ins. They expressly forbid their participants from executing open market buy-ins on fellow NSCC participants. What they do is to mandate any NSCC participating brokerage firm contemplating executing a buy-in to file an "Intent to buy-in" with NSCC management. Management than has the right to deal with this "Intent" filing in any manner they so choose. They could deal with the associated delivery failure by utilizing their self-replenishing "stock borrow program's" lending pool of securities. They could also just "RECAP" the delivery failure out of existence as if by magic. They could also opt to just sit on it and do nothing.

Why is this THEORETICAL "securities cop" known as the NSCC management so obsessed with circumventing buy-ins? The 2003 study of Evans, Geczy, Musto and Reed revealed that only one-eighth of 1% of even mandated buy-ins ever occurs on Wall Street. For one reason or another NSCC management has gone to an awful lot of trouble to make sure that the crime deterrent effect as well as the mechanism to provide the only cure available when the sellers of securities refuse to deliver that which they sell do NOT get provided when they're needed to provide investor protection and market integrity. This is very questionable behavior for a "self regulatory organization" (SRO)

THEORETICALLY acting as “the first line of defense against market frauds” like abusive naked short selling.

The question becomes why would the NSCC with the congressional mandate “to act in the public interest, provide investor protection and to “promptly settle” all securities transactions as well as the party holding 15 of the 16 sources of empowerment to execute buy-ins mysteriously plead to be “powerless” to provide this crime deterrence and only cure available for intentional FTDs. Could it be that they are only doing the bidding of their employers namely the abusive NSCC participants that are the financial beneficiaries of all of these investor thefts and are the parties refusing to deliver that which they sold?

What are the repercussions for this rather peculiar “attitude” taken by the DTCC and NSCC management teams? The net effect of this malfeasance is that the investment funds of U.S. citizens will predictably flow into the wallets of the abusive NSCC participants committing these crimes despite the fact that they continue to absolutely refuse to deliver that which they previously sold.

Another consequence of this heinous behavior is that U.S. corporations SELECTIVELY have become singled out as the targets for worldwide abusive naked short selling attacks as the clearance and settlement systems in use in other countries have not yet been “captured” by the insatiable greed of their Wall Street “bankster” counterparts to the degree that ours has. The clearance and settlement systems in almost every other country still follow the foundational tenet recommended by IOSCO and the Bank for International Settlements (BIS) namely that the seller of securities is not allowed to access the funds of the purchaser of securities UNTIL “good form delivery” has been accomplished. This is also referred to as “delivery versus payment” or “DVP”.

The foundation for the DTCC-administered clearance and settlement system in use in the U.S. has been illegally converted to one based upon mere “collateralization versus payment” or “CVP” wherein the seller of securities is only asked to collateralize the monetary amount of the failed delivery obligation on a daily marked to market basis. This policy invites abusive naked short selling activity in that the failures to deliver shares results in the procreation of what are referred to as “securities entitlements” that are allowed to be readily sellable as if they were legitimate “shares” of a corporation due to the wording unfortunately incorporated into the text of UCC Article 8-501.

As these readily sellable “securities entitlements” invisibly accumulate in the share structure of U.S. corporations targeted for destruction then the share price by definition must tumble due to the interaction of supply and demand forces. This drop in share prices then results in a lessening of the collateralization requirements which in turn unconscionably allows the investment funds of unknowing U.S. investors to flow into the wallets of those that sold nonexistent securities and of course refused to deliver that which they sold.

The upshot of all of this is that this peculiar “attitude” adopted by the DTCC and NSCC management in regards to the critical role of buy-ins in providing meaningful deterrence to these crimes as well as the only cure available when the sellers of securities refuse to deliver that which they sold has resulted in the throwing of U.S. corporations and the investments made therein “under the bus” whenever the congressionally mandated behavior of the NSCC management “to act in the public interest, provide investor protection and “promptly settle” all securities transactions” butts heads with the financial interests of the abusive NSCC participating “banksters” that co-own the NSCC as well as the financial interests of their hedge fund “guests”.

The net result is that the share prices in certain U.S. corporations deemed to be an easy prey unfortunate enough to have been targeted for an abusive naked short selling attack have been essentially “rigged” to go nowhere but down. We saw this recently in the banking sector as the levels of delivery failures went absolutely through the roof as the share prices of certain banks targeted plummeted to near zero.

One of the more heinous aspects of this crime wave is that corporations integral to our national defense or to the stability of our financial system can easily be targeted by financial terrorists that are not particularly enamored with the freedoms we enjoy. When the insatiable greed of a handful of corrupt “banksters” and hedge fund managers butts head with issues of national security then greed will typically win out. To put it mildly this is very, very scary stuff that is incredibly easy to cure by just settling the trades via the buy-ins that provide not only the cure but also the meaningful deterrence to future acts of theft.