

McElveen, Josephine

ES125202

From: Walter Cruttenden [walter@cruttendenpartners.com]
Sent: Monday, July 14, 2008 5:00 PM
To: CHAIRMANOFFICE
Subject: Re: Stock Price Manipulation

Christopher Cox
Chairman
Securities and Exchange Commission

Re: Stock Price Manipulation

Dear Chris

It has been sometime since we enjoyed lunch together in Orange County. I sincerely hope we can get together again next time you are in the Newport. Beach area as I would like to talk with you about a few points that I think are exasperating the decline in stock prices.

In summary, two of the issues that are exaggerating the declines of some stocks (beyond rumors) are the elimination of the short sale up-tick rule and the elimination of the requirement to make prompt delivery of borrowed shares in a short sale.

For most of my career in the securities industry these rules were intact and it made it difficult to short stock and thereby cause further damage to the market cap of a struggling company. Since the fairly recent elimination of these rules I have noticed that many companies are experiencing unprecedented declines in their stock price. What I think is happening is that some traders are taking advantage of the liberalized rules to short stocks and this action becomes a self fulfilling prophecy.

Therefore, I urge you to reinstate the up-tick rule and to once again make the stock delivery rules such that it discourages short sales. These two actions can be taken quickly (hopefully by executive action) and would do a lot to shore up stock prices and return integrity to the short sale process in the immediate future.

Once again I would welcome the chance to discuss this topic in person. Please call anytime.

Warm Regards

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