

SECURITIES & EXCHANGE COMMISSION

AUGUST 8, 2006

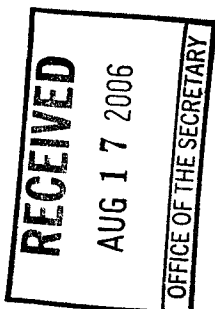
REQUEST FOR COMMENTS, FILE NO. 57-12-06RECEIVED
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I APPRECIATE THE OPPORTUNITY TO COMMENT ON YOUR PROPOSED CHANGES TO REGULATION SHO.

CHAIRMAN'S PROPOSED
CORRESPONDENCE UNIT

1. THE CURRENT VERSION OF SHO WAS OBVIOUSLY NOT DESIGNED TO PROTECT THE INTERESTS OF THE SMALL INVESTOR. AS FINALIZED, AFTER SIGNIFICANT PRESSURE FROM WALL STREET, IT DOES PROTECT THE INTERESTS OF WALL STREET PRIME BROKERS, MARKET MAKERS, AND HEDGE FUNDS. TO THE DETRIMENT OF THE SMALL INDIVIDUAL INVESTOR.
2. NAKED SHORT SELLING (FAILURE TO DELIVER) IS FRAUD AND AS SUCH IS ILLEGAL AND CONTRARY TO THE SECURITIES ACTS OF 1933-34, WHICH CALLED FOR THE PROMPT CLEARING AND SETTLEMENT OF ALL TRADES NO EXCEPTIONS. THE BUYERS MONEY IS TAKEN AND MADE AVAILABLE TO THE SHORT SELLER AND THE BROKERS WHILE THE SELLER DOES NOT DELIVER THAT WHAT WAS PAID FOR. IN ANY OTHER BUSINESS THIS WOULD BE RECOGNIZED AS FRAUD AND GRAND LARCENY.
3. SELLERS OF STOCK, EITHER LONG OR SHORT, MUST NOT RECEIVE THE SALE PROCEEDS UNTIL THE STOCK IS DELIVERED. IF THE SHORT SELLER DOES NOT DELIVER AT T+3, THE SELLER MUST BE "BOUGHT IN" OR THE SALE "BUSTED" AND THE MONEY RETURNED TO THE BUYER. T+3 IS ADEQUATE TIME TO CLEAR AND SETTLE ANY TRADE, IN THIS ~~THE~~ ERA OF HIGH SPEED TRANSACTIONS AND THE FACT THAT DTCC CONTROLS OVER 97% OF ALL STOCK CERTIFICATES, THE COMMISSION SHOULD MOVE TO T+1 OR EVEN T+0. THAT IS THE TIME FRAME THAT THE CASH BUYER IS HELD TO.
4. THE GRANDFATHERING ~~THE~~ PROVISION OF SHO EXCEEDS THE AUTHORITY OF THE SEC AS GRANTED BY THE CONGRESS. IT IS ALSO UNCONSTITUTIONAL AS IT VIOLATES THE "TAKING" CLAUSE OF THE CONSTITUTION. THE "GRANDFATHER" CLAUSE WAS DESIGNED TO PROTECT THE MISCREANTS FROM MARKET VOLATILITY, I.E. SHORT SQUEE



(2), CONCERN
 WHERE WAS THE COMMISSIONS ~~WILL~~ WHEN THE SMALL
 INVESTORS WERE BEING RAPED BY NEGATIVE VOLATILITY
 AS THEIR STOCK VALUES PLUMMETED AS RESULT OF STRATEGIC
 NAKED SHORTING

ELIMINATION OF THE GRANDFATHER CLAUSE SHOULD START
 TO RESTORE EQUILIBRIUM TO ~~THE MARKET~~ SUPPLY AND
 DEMAND OF THE MARKET. AND SHOULD BE EFFECTIVE AT
 ONCE, BEFORE EVEN MORE COMPANIES AND INDIVIDUALS ARE HURT.

6. THE "LOCATE" PROVISION SHOULD BE REPLACED WITH
 A STRICT "BORROW" REQUIREMENT FOR ALL SHORT SALES.
 UNLESS ~~THE~~ SELLER ACTUALLY HOLDS THE BORROWED SHARES
 NO SALE SHOULD BE PERMITTED. THE OLD (PRE SIO) ADAGE -
 "HE WHO SELLS WHAT ISN'T HISN MUST GO TO PRISON" STILL HOLDS.
7. MAKE PROVISIONS TO ASSURE THAT A BORROWED SHARE MAY NOT
 BE REBORROWED MULTIPLE TIMES THEREBY CREATING NAKED
 OR FRAUDELENT SHARES.
8. ELIMINATE THE STOCK BORROW PROGRAM (SBA) OF THE DTCC.
 THIS ONLY FACILITATES NAKED SHORTING AND MULTIPLE
 BORROWING OF THE SAME SHARE.
9. ESTABLISH THE SAME LEVEL OF TRANSPARANCY FOR
 SHORT SALES AS EXIST FOR LONG SALES. DAILY SHORT SALE
 VOLUMES FOR ALL STOCKS SHOULD BE AVAILABLE ON A
 NEXT DAY BASIS. SIMILARLY, ANY "FAILURE TO DELIVERS"
 MUST ALSO BE REPORTED TO THE PUBLIC ON A DAILY
 BASIS.
10. ANY "FAILURE TO DELIVER" MUST BE SUBJECT TO A DAILY
 FINE SO AS TO DISCOURAGE NAKED SHORTING. (TAKE A
 LOOK ~~AT~~ RECENT LEGISLATION BY THE STATE OF UTAH.)
11. ENFORCE THE PROVISIONS OF THE SECURITY & EXCHANGE ACT.
ALL TRADES MUST BE PROMPTLY CLEARED AND SETTLED.
 SEVERE FINANCIAL PENELTIES AND BANNING FROM THE
 INDUSTRY OF ALL VIOLATORS. CAIMINAL PROSECUTION IS ALSO
 APPROPRIATE FOR FLAGRANT VIOLATORS/CRIMINALS.

12. ELIMINATE THE "MARKET MAKER" AND "OPTION MARKET MAKER" EXEMPTION FROM NAKED SHORTING. LET UNIMPAIRED SUPPLY AND DEMAND DETERMINE STOCK OR OPTION PRICES. THE CURRENT EXEMPTIONS ONLY SERVE TO EXASPERATE THE FRAUDELENT SALE OF STOCK AND PROVIDES PROTECTION AGAINST LOSS FOR THE SO CALLED "MARKET MAKERS."
BETTER YET — ELIMINATE ALL MARKET MAKERS.
13. TRAGICALLY, THE ENTIRE SUBJECT OF NAKED SHORTING AND EVEN STRATEGIC SHORTING TO DRIVE DOWN ("MANIPULATE") SHARE PRICES IS A BLIGHT ON THE U.S. FINANCIAL SYSTEM. IT IS A CANCER THAT MUST BE REMOVED, LEST THE ENTIRE SYSTEM COLLAPSES.
14. THE COMMISSION APPEARS TO BE FULLY SUPPORTIVE OF THE INTERESTS OF WALL STREET PRIME BROKERS AND HEDGE FUNDS AND AT THE EXPENSE OF PROTECTING THE SMALL INVESTOR. SOME MIGHT EVEN SAY THAT THE COMMISSION HAS BEEN HOPELESSLY COMPROMISED AND IS INCAPABLE OF ENFORCING A FAIR AND NEUTRAL MARKETPLACE WHICH WOULD REASSURE THE WORLD OF ITS HONESTY AND INTEGRITY.
15. THIS COMMENT "PROCESS IS PROBABLY A WASTE OF TIME FOR PEOPLE LIKE ME, MEMBERS OF THE SEC STAFF (SOME OF WHOM HAVE BEEN PROMOTED TO COMMISSIONER) HAVE BEEN QUITE ARROGANT IN PROCLAIMING THEIR DISDAIN FOR THE SMALL INVESTOR. I FEAR THIS PROCESS IS A FOREGONE CONCLUSION IN WHICH A COMPROMISED, COMPLICIT COMMISSION REFUSES TO CARRY OUT ITS SWORN DUTIES AND RESPONSIBILITIES.
16. MY COMMENTS MAY BE SUMMARIZED AS:
- SETTLE ALL TRADES PROMPTLY
 - REQUIRE A FIRM BORROW BEFORE ANY SHORT SALE
 - PROHIBIT ANY NAKED SHORTING. LEVY SEVERE FINES AND PENALTIES AGAINST VIOLATORS.
 - CREATE TRANSPARENCY ~~AND~~ THE ENTIRE SHORT SALE MARKET
 - RETURN TO THE BASIC ROLE OF THE SEC TO PROTECT INVESTORS.

CARL STUEHRK

P.S. I AM A 79 YEAR OLD W.W.II VETERAN WHO HAS LOST ALMOST $\frac{1}{2}$ OF MY RETIREMENT FUNDS BECAUSE I INVESTED IN A GOOD HONEST COMPANY THAT PAYS AN EXCELLENT DIVIDEND — BUT WHICH HAS BEEN TARGETED FOR DESTRUCTION BY THE NAKED SHORT/HEDGE FUND CABAL. IT HAS BEEN ON "THRESHOLD LIST" SINCE ITS INCEPTION EXCEPT FOR A SHORT RECESS. ITS NORMAL "LEGAL" SHORT INTEREST IS CURRENTLY MORE THAN 33% OF ITS TOTAL AUTHORIZED SHARES. THE NUMBER OF ILLEGAL SHORT SHARES INCLUDED ON THE THRESHOLD LIST PLUS THE COUNTLESS NUMBER OF PHANTOM SHARES CREATED BY EX-CLEARING SCAM ARE UNKNOWN BUT MIGHT WELL APPROACH THE LEVEL OF "LEGAL" SHORTS.

WHERE DO I GO TO GAIN RESTITUTION FOR MY ILLEGAL LOSSES? WHO IS MY PROTECTOR

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