SEPTEMBER 11, 2006

(An acknowledgment of financial terrorism against the United States of America, individual investors in its equities markets and companies publicly traded on its Exchanges)

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D C 20549-0609

Re: Amendments to Reg. SHO Release No.: 34-54154, File No. S7-12-06

Ladies and Gentlemen:

I was reluctant to take the time to compose this letter. Why? I strongly believe the decision on how Regulation SHO will be amended has already been pre-determined. This comment period represents yet another masquerade. It provides a venue for further delays in order to aid and abet criminal activity. It allows those who have violated securities laws an opportunity to settle without incurring any losses.

Once again the decision makers at the SEC have chosen form over substance. It is all about appearances.

> Appear to have a genuine concern for individual investors
>
> Appear to recognize the need to regulate hedge funds
>
> Appear to acknowledge hedge funds pose a systemic risk to our global economy
>
> Appear to be enforcing The Securities Act of 1933 and The Securities Exchange Act of 1934
>
> Appear to realize Regulation SHO has been an abysmal failure
>
> Appear to assess substantial fines

Where is the substance? It appears to be nonexistent.

Individual investors who file complaints receive nothing in return other than a meaningless form letter. There is no transparency afforded to them.

Voluntary registration by hedge funds is no substitute for regulation
We don't need another hedge fund failure like LTCM to fully understand the systemic risk hedge funds pose. If hedge funds were a nation they would be the eighth largest in the world

In most cases a FTD represents a counterfeit share. An FTD is an unregistered security. The sale of an unregistered security is a violation of Section 5 of The Securities Act of 1933 and a violation of Section 10 (b) 5 of The Securities Exchange Act of 1934. Section 8 (a) of the 1934 Act prohibits the hypothecation of securities. Section 8 (b) prohibits the lending of securities carried for the account of any customer without the written consent of such customer. Sections 9 and 10 of the 1934 Act prohibit the manipulation of securities prices and the use of deceptive devices. Section 17 (a) requires the prompt and accurate clearance and settlement of securities transactions and the linking of all clearance and settlement facilities. NOT A SINGLE ONE OF THESE CITED SECTIONS IS BEING RIGOROUSLY AND UNIFORMLY ENFORCED BY THE SEC.

Fines levied against prime brokers amount to pennies on the dollar. They are merely a cost of doing business. The following except from a *Forbes* article published April 29, 2003 illustrates my point:

"At the press conference yesterday announcing the settlement with the major Wall Street banks, New York Attorney General Eliot Spitzer compared his work to that of President Theodore Roosevelt, and the U.S. Securities and Exchange Commission called the deal "historic."

But there are reasons for skepticism.

First, the fines, while large in absolute terms, are tiny compared to the big banks' revenue. Merrill Lynch, for instance, will pay $200 million. But last year, the company reported revenue of $28 billion (down from $45 billion in 2000). That works out to $112 million a day, not counting weekends. So the total fine, only half of which is a penalty, represents 1.8 days of Merrill's revenue. Since the conduct Merrill and the others are accused of took place over at least four years, it's fair to say that Merrill is paying less than a day's pay for its transgression. The Salomon Smith Barney unit of Citigroup will pay a bit more relative to revenue, as will Bear Stearns. Morgan Stanley and Goldman Sachs will pay a bit less. (The amounts of the fines are supposed to reflect generally the degree of wrongdoing, but none of the banks admitted fault.) The fines themselves, though, are something like a day's pay. It's as if a man earning $50,000 was fined $200 two years in a row. That's a speeding ticket."

NOT ONLY DOES CRIME PAY, IT PAYS EXTREMELY WELL

Individual investors have been afforded virtually no protection from having their investments and retirement accounts systematically looted (defined as: to **rob** especially **on a large scale** and usually **by** violence or **corruption**. Those perpetrating these acts of fraud do so with impunity and make a total mockery of our rules of law. Where is the accountability? I have yet to read a single instance of a prime broker-dealer being fined in which there was any admission of guilt.

I have read each and every letter posted to date. I strongly agree with and support the proposals and comments made by:

Wayne Jett, Managing Principal and Chief Economist, Classical Capital LLC

David Patch (2 letters)

Dr. Jim DeCosta (2 letters)

International Association of Small Broker Dealers and Advisors

The Honorable Rodney Alexander, U. S. Representative – Louisiana

The Honorable Rick Renzi, U. S. Representative – Arizona

Thomas Reilly (3 letters)

Susanne Trimbath PhD, STP Advisory Services LLC

Thomas Vallarino

Governor Jon M. Huntsman Jr. – Utah

Francine Giani, Executive Director, State of Utah Chamber of Commerce

Patrick M. Byrne, Chairman and CEO of Overstock.com

The yet to be submitted letter from the National Coalition Against Naked Short Selling (NCANS) – Failing To Deliver Securities, to which I have affixed my signature.

While I support the proposals and comments made by the foregoing, I would prefer the following:

1) Abolish Regulation SHO in its entirety.
2) Immediately repeal each and every Rule and Regulation promulgated by The Securities and Exchange Commission, The Depository Trust Company, The Depository Trust & Clearing Corporation and The National Securities Clearing Corporation that are in direct conflict with The Securities Act of 1933 and The Securities Exchange Act of 1934.
3) Strictly and uniformly enforce The Securities Act of 1933 and The Securities Exchange Act of 1933.
4) Make fines a substantive deterrent to any future acts of fraud. I propose 100% disgorgement of all illegally obtained revenues plus a 10% penalty. For a second offense of the same violation, assess the same 100% disgorgement plus escalate the penalty to 25%.
5) Appropriate all necessary resources to insure all penalties assessed are collected.
6) Create no exemptions that would not serve and protect the best interest of individual investors.
7) Require those who have violated securities laws to admit guilt.
8) In cases where the SEC has found a party guilty of fraud, immediately refer the case to DOJ for further investigation and criminal prosecution, when warranted.
9) Publish the total number of FTDs daily of all publicly traded securities when the threshold level has been reached or exceeded.
10) Restore the Mission Statement of the SEC as follows:

"Since its creation in 1934, the SEC's mission has been to administer and enforce the federal securities laws in order to protect investors, and to maintain fair, honest, and efficient markets."

The Mission Statement currently states:

"The mission of the Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation."

How is the SEC going to protect investors if it no longer considers enforcing the federal securities laws part of its mission? Did the SEC eliminate "Since its creation in 1934" to disavow the Securities Acts of 1933 and 1934? Does the SEC believe orderly markets serve a higher purpose than honest markets? It appears to me the only capital formation the SEC is facilitating is for prime broker dealers, hedge funds and institutional investors.

"No man is above the law and no man is below it; nor do we ask any man's permission when we require him to obey it." "Obedience to the law is demanded as a right; not asked as a favor."

Theodore Roosevelt

Restoring integrity and confidence in our securities markets is long overdue.

Enforce the Securities Laws!

Settle the Trades!

Send the Criminals to Prison!

Respectfully submitted,

Virginia Strang, Individual Investor and Fraud Victim