

Chairman Christopher Cox
Securities & Exchange Commission
Washington, DC

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CHAIRMAN'S
CORRESPONDENCE UNIT

RE: REG SHO, Proposed Rule 10B-21

Dear Chairman Cox:

Thank you for addressing the "naked short selling" issue. Naked short selling is a very important issue to the retail investor.

There is no discipline with naked shorting and repeat offenders have no fear of the SEC because the chances of a violator being caught and disciplined is negligible. Most of the repeat offenders take the same cavalier attitude as that of a serial killer. Once you have killed, the penalty is no greater for repeat killings. So illegal manipulation of stocks continues daily by repeat offenders with impunity.

Case in point: CMKM Diamonds (a/k/a Casavant Mining, now revoked former stock symbol: CMKX). The SEC has had an ongoing investigation for years titled: In the Matter of CMKM Diamonds, Inc., LA-3028. This case goes back to 2002 and involves nearly ONE TRILLION Shares of stock, a majority of which were illegally issued without pre-requisite restrictions, legal opinions, or legal opinions issued from deceased attorneys and/or were naked shorted in the market with counterfeit shares. To date the SEC has not taken any known action in this egregious multi-million dollar fraud upon the investing public.

However, FINRA nearly a year ago in the CMKX matter sanctioned NevWest Securities Corp (CRD # 46464) of Las Vegas and Sergey Rumyantsev and Anthony Santos \$100,000 and \$75,000 each respectively, for laundering over \$58 million of John Edwards and over 20 of his sham shell trusts and companies that were used to perpetrate the alleged fraud and benefit from the naked shorting. NevWest reportedly received over \$2.4 million in commissions. So the alleged manipulators got away with \$58 million and the sanctioned stock broker facilitators were slapped on the wrist and got away with nearly \$2 million in profits. Where is the justice in this "discipline"???

Another case in point: In the Matter of SEC vs. Pinnacle Business Management and Jeffrey G. Turino, Case No. 8:02-cv-00822-EAK, US Dist Ct, Tampa Div. Judge Elizabeth Kovachevich found Turino guilty of violating the Securities Act and prohibited Turino from trading stocks for five years (which ends December 5, 2008). Within five (5) days subsequent to Judge Kovachevich's Order, Turino allegedly had established one or more sham sell corporations to trade the CMKX stock and scores of other stocks since that time, all in violation of the Order and in full contempt of court. Where is the SEC?

The SEC is impudent, under staffed and overwhelmed by the avalanche of stock fraud. You, Mr. Cox admitted in your March 4, 2008 statement that the SEC had received over 400 complaints in the past year alleging stock fraud. That is over one complaint per day. In my opinion: When will enough be enough? How much evidence do you need?

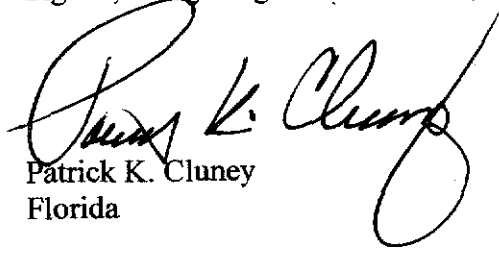
I have a copy of a letter from the Jefferies brokerage firm where they admit that they handled over 111 Billion shares of CMKX, which were handled ex-clearing, and were not reported under ACT. If Jefferies admitted to this, then can you imagine how many billions of shares ex-cleared through Knight (NITE) and SHSB now Citigroup?

A representative of OTCBB commented regarding their SHORT REPORTING. It is FLAWED. The OTCBB representative stated that a) there is no guarantee as to 100% compliance, b) offshore non NASDAQ brokerage firms are not required to report shorting, c) offshore brokerage firms permit a higher ratio of shorting stock against restricted shares and d) sophisticated shorters can circumvent reporting by getting out of their short position on the short reporting days and get back in the next day.

My recommendations

- 1) **PROHIBIT ANY AND ALL SHORTING OF PENNY STOCKS PERIOD!**
These fledging companies have enough mine fields to get through to become successful. By the SEC allowing legitimate and illegitimate parties to run a penny stock price up and then short it to profit from taking it down is just not fair to the investing retail market.
- 2) **REQUIRE THE POSTING OF A 25% BOND BY ANY PARTY SHORTING ANY STOCKS ON ANY MAJOR EXCHANGE.** The bond would be proportionate to the amount of stock shorted. For example: If John Doe wants to short XXXX –NASDAQ or AMEX shares, he must post a cash bond with the brokerage firm of Twenty-five Percent (25%) of the shorted value. The bond must be held by the brokerage firm for a term of a minimum of six (6) months subsequent to the last shorted trade. Any public company that alleges improprieties files a Suspicious Trading Activity Report and a mandatory arbitration hearing must take place within sixty (60) days. If the public company prevails in arbitration, they receive the cash bond, plus any other award granted by the arbitration. The shorter will be prohibited for life from shorting again.
- 3) **REQUIRE A SUBSTANTIAL AND IMMEDIATE PENALTY FOR NON-REPORTING BROKERAGE DEALERS IN THEIR FAILURE TO REPORT THE SHORTING OF STOCK** (i.e. \$100,000 first offense, \$500,000 second).
- 4) **REQUIRE THE REPORTING OF ANY SHORT POSITION DURING ANY THIRTY (30) DAY PERIOD WHEN THE SHORTING IS IN EXCESS OF ONE HUNDRED SHARES OR THE VALUE EXCEEDS \$100.**
- 5) **BROKERAGE FIRMS AND THIRD PARTIES WHO AID AND ABET A KNOWN ADJUDGED STOCK FRAUDSTAR WILL BE FINED \$1 MILLION PER TRADING DAY.**
- 6) **IF THE SEC FAILS OR REFUSES TO TAKE ACTION ON A REPORTED ALLEGED VIOLATION OF SECURITIES FRAUD WITHIN SIX (6) MONTHS FROM THE DATE OF THE FILING OF A COMPLAINT, AN INDIVIDUAL MAY SEEK REDRESS IN FEDERAL COURT AND IF THE PARTY PREVAILS THEY WILL RECEIVE TREBLE DAMAGES, PLUS LEGAL FEES AND COSTS.**

Signed, a very disgruntled investor,



Patrick K. Cluney
Florida