

Attorney General's Office
California Department of Justice
Attn: Public Inquiry Unit
P.O. Box 944255
Sacramento, CA 94244-2550

January 4, 2005

Dear Honorable Bill Lockyer

I am a private investor who is OUTRAGED about blatant fraud and corruption on Wall Street. The clearing and settling process for stock trades on all of the exchanges has totally run amok. There is clear evidence of a multi-trillion dollar investor rip-off known as "**naked short selling**" or "**failure to deliver**" (FTD). Everything regarding these failures, including the clearing and settling within the DTCC, is shrouded in secrecy. Letters to Federal officials including, SEC, Senators Barbara Boxer and Dianne Feinstein are acknowledged but seem to be ignored.

The SEC, on the one hand, says "trust us" and claims that there is no FTD problem, or that the FTD problem is so small that we don't need to worry about it. On the other hand, the SEC refuses to reveal any of the data regarding the magnitude of the failed trades. Under the rules of the "**Freedom of Information Act**" the government owes the citizens verifiable evidence, not just their word.

I believe in the wisdom of the process of "trust but verify". There is no way to verify what the SEC is saying, but there is plenty of evidence that indicates that they are protecting the criminals who are profiting from this strategic illegal trading. There is no reasonable explanation for maintaining secrecy on this FTD matter other than to protect the criminals.

The SEC is stalling, stonewalling in fact. With enough delay, the Statute of Limitations can take effect. This is why the States must become involved. The States can move the process forward, overcoming the impediments encountered by private citizens. Leading the disclosure charge is Ralph Lambiase, Director of Connecticut Division of Securities Ralph.lambiase@ct.gov. More states need to become involved. Please contact Mr. Lambiase.

Compounding the FTD dilemma, the securities industry is campaigning for dematerialization of paper stock certificates, claiming that clearing and settling trades will become far more efficient. This would be OK if the system were fair and honest, however, right now, the private investor's ONLY assurance that they own legitimate shares of a company is the paper stock certificate. Examination of this criminal FTD fraud will show the linkage of FTD to dematerialization. If the industry can eliminate paper certificates then they can sweep the entire FTD rip-off under the rug. There will be no physical evidence of a crime if dematerialization comes to pass.

Please take the time to visit www.ncans.net which has links to numerous other websites and podcasts. Also listen to Dr. Patrick Byrne's concise and compelling slide presentation on www.businessjive.com. The link is located in the upper-left of the page [Slideshow #2: The depth of the problem](#)

Thank you for taking the time to look at this serious problem.

Robert W. Hallam, private investor
850 Heritage Place
Tracy, CA 95377
H 209-832-1473
W 209-463-9577
e-mail: bobh@avenuecoin.com
website: www.avenuecoin.com