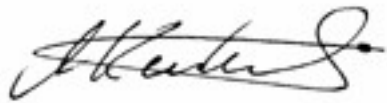


November 18, 2005

Dear Member of NASAA,

It is with great satisfaction that I heard of the announcement to hold hearings on the “naked short” issue in Washington on November 30. I am very concerned about this issue, below you will find a letter I wrote to all my friends and E-mail contacts. A fraud of enormous proportions is being committed against ordinary investors, and is threatening to undermine confidence in the markets. I hope and urge you as a participant in this Forum to help put and end to this debacle.

Sincerely and hoping for swift change,

A handwritten signature in black ink, appearing to read 'Andreas Kaubisch', with a stylized flourish at the end.

Andreas Kaubisch.
Private Investor

Dear Friends,

I am extremely pissed and quite worried over something called "naked shorting". Other terms used for this Wall Street Fraud are "failure to deliver", or "Stockgate".

Through an existing loophole, many Wall Street brokers are allowing unscrupulous hedge funds to sell stock they do not own or did not borrow. In a legal short sale, the seller has to locate and borrow the stock to be sold short. Market makers, brokers and the giant clearing house for stock trading the Depository Trust Corporation (DTCC, or Cede) have evolved a method for "covering" for short sales for which no shares could be located, through its stock borrow program. This has the effect of creating a virtually unlimited amount of supply in victim companies' stock, which inevitably depresses the stock price. Wall Street tolerates this as the all important fees are generated when a stock is sold. Delivering the goods (actual stock) does not seem to matter so much. This is covered up by writing a bunch of IOU's which are created by the DTCC "stock borrow program" or by shifting stock delivery privately out of the established system. Imagine not getting what you paid for in a store; guess what, your nest egg may contain some worms (counterfeit shares). This results in:

- 1) Creating new fake/ counterfeit shares, resulting in stock dilution and lower share prices.
- 2) The ability of unscrupulous short sellers to drive down target stocks at will. (Stock Manipulation)
- 3) Driving small companies out of business, resulting in significant economic damage. (eg Lost jobs, transferring money from honest working folks to crooks)
- 4) Blurring the ownership of stock (Did you buy a real share, or do you own one of the fakes? - How do you know? Your brokerage statement? That could be an invention of the ex-clearing scam- Did anyone notice how Patrick Byrne of OSTK could not get the stock he bought in his own company delivered? (<http://bobosrevenge.blogspot.com/>)

How does this affect you personally?

1) You may not own the shares in your brokerage account! Particularly if you own one of the stocks on the Regulation SHO list of stocks. (A list of stocks with a high (but unspecified) number of trades where shares could not be located! (for NYSE stocks: <http://www.nyse.com/Frameset.html?displayPage=/threshold/> , for NASDAQ stocks: <http://www.nasdaqtrader.com/aspx/regsho.aspx>). If there were a "run on stocks" your broker may not be able to actually deliver shares! All you own at the end of the day is a claim against a bankrupt broker. This is happening now to customers of REFCO.

2) The people/ hedge funds/ criminals who are selling such fake shares are reaping billions of dollars from such sales. Once forced to cover (return those borrowed shares), these same crooks may chose to take those billions to the Bahamas, rather than face the attorney general and tight quarters at St Quentin. Guess who pays: you and I and the government which is now failing to protect us from this monumental fraud. Simple enforcement of existing laws would suffice!

3) Collapse of the financial markets could result if the chips fall just the right/ wrong way. If there is a sudden realization by enough market participants that the game is rigged, and some crooks are allowed take out money at will through illegal naked short selling, a meltdown of 1929 proportions is indeed in the cards. Hence the very strenuous efforts by the SEC, the DTCC and the brokerages to keep this under wraps!

What can you do?

1) Educate yourself. Take a look at the list of links below and browse at your leisure. If you should become as concerned as I am, then:

2) Educate others: Send this to friends, contacts who you think might care.

3) Turn up the heat! Complain in any form you see fit to those in charge of keeping the system honest:

Your Governmental Representatives:

http://www.senate.gov/general/contact_information/senators_cfm.cfm?OrderBy=state&Sort=ASC/t_blank <http://www.house.gov/writerep/>

<http://www.congressmerge.com/onlinedb/index.htm>

<http://banking.senate.gov/>

The market regulators:

<http://www.sec.gov/about/concise.shtml> (Useless, but let them know you know)

<http://www.usdoj.gov/atr/>

<https://tips.fbi.gov/>

Your state attorney general, and anyone else you can think of.

4) Donate to, or volunteer for those fighting this fight on your behalf:

<http://www.ncans.net/>

<http://www.faulkingtruth.com/>

Reading/ Links/ Documentation:

<http://www.ncans.net/>

<http://www.faulkingtruth.com/>

<http://www.buyins.net/stockgate10-27-05.pdf>

<http://www.unm.edu/~boni/RPAWP/FailsPaperJun25.pdf>

<http://bobosrevenge.blogspot.com/>

<http://www.time.com/time/insidebiz/article/0,9171,1126706,00.html>

Read and be amazed! This whole scheme makes The Godfather look like a shoe- shine boy. We don't yet know the full scale of this fraud, but judging from the 10 billion dollar line item at the now bankrupt REFCO (only one broker) this is likely to be unbelievable, really!

If you got this far, thank you for your attention.