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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

April 5, 2005

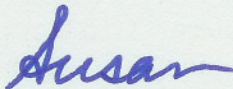
Thank you for contacting me with your concerns regarding the destructive and illegal practice of "naked short selling"--specifically, your view that the Security and Exchange Commission (SEC) is not providing sufficient oversight. This is a matter that greatly affects investors and small public companies.

The practice of naked short selling, which manipulates the borrowing of stock by selling nonexistent shares on the expectation that the price will fall, has been illegal since the SEC was founded in 1933. On January 7, 2005, the SEC implemented Regulation SHO (for "short selling"), with the intent to curtail the practice of naked short selling by requiring companies to issue a daily listing of short-selling abuses. Unfortunately, the rule has not yet had a significant influence on the stock market. More must be done to reduce and, I hope, eliminate abuses in the markets system.

During my service in the Senate, I have worked on a number of fronts to implement reforms of the SEC and marketplace trading. We must ensure good corporate governance so that abuses such as naked shorting, late-trading, and market timing will not occur in the future. I am committed to the reform and enforcement of existing laws in order to restore public confidence in our capital markets and to ensure that investors have access to complete and accurate information to guide their investment decisions. I will continue to do everything I can to help our markets operate as efficiently, transparently, and fairly.

Again, thank you for contacting me. I appreciate having the benefit of your views as Congress continues to study the financial services industry.

Sincerely,



Susan M. Collins
Chairman

SMC:mw