

May 18, 2005

Jonathan G. Katz  
Secretary, Securities Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Dear Mr. Katz,

I am a 63 year old stock investor and I am getting ready to retire. I have stock in Nasdaq as well as the OTC and the pink sheets. At the time of investing I have never heard of the term Naked Short Shares.

However, some of the shares I am involved in have been shorted from dollars to pennies and penny stocks to sub-penny. Some of these stocks are companies with evaluation and daily trades are in the millions, some even in the billions of daily shares traded. The strange thing about this is that with all this trading going on the price either does not move or goes lower, even on a good news PR. This is when is discovered the NSS.

I am witting this note to implore you to do whatever you can to revise the rule 3360 so that the small investor can compete on an even playing field. It is the duty of the SEC and other departments to protect the investors from illegal share selling which is akin to counterfeiting stock certifications. Why is this practice allowed to go on?

Please, for millions of investors, see that teh NASD Rule 3360 is changed to improve the marketplace.

Thank You,  
Ron Vergilio  
Murrieta, California