



March 6, 2017

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE Washington, DC 20549

Re: File No. SR-CHX-2016-20; Notice of Filing of Proposed Rule Change in Connection with the Proposed Transaction involving CHX Holdings, Inc. and North America Casin Holdings, Inc. (Release No. 34-79474; File No. SR-CHX-2016-20)

Dear Secretary Fields,

We thank the Securities and Exchange Commission ("SEC") for the opportunity to share a summary and observations in connection with the proposed sale of CHX Holdings, Inc. - the parent company of the Chicago Stock Exchange ("CHX Holdings") to various opaque Chinese shell companies ("Transaction") controlled by another empty shell company North America Casin Holdings, Inc. ("NA Casin.").

Our reviews are in response to the many public comment letters and news articles posted on the SEC's website: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620.shtml>

NA Casin is indeed an empty shell that has no history, no assets and no operations

A comment letter submitted on March 1, 2017 by a purported Yong Xiao, CEO, North America Casin Holdings, Inc. ("NA Casin letter") has raised far more new concerns over the Transaction than providing the SEC with any comfort.

1) It's curious that the NA Casin letter was printed on a blank piece of paper with a MicrosoftWord-generated "letterhead" that shows *no phone numbers, no contact information, no executive bios, no employees or other business activities, no email addresses, no company website and no physical address on earth*. Such an extreme level of obscurity in a serious SEC filing is rare and perhaps unprecedented. It has raised significant public interest concerns and invited more probing questions than answers: what in the world is this NA Casin trying so hard to hide? Perhaps the truth that reveals common Chinese ownership and voting collusion to misguide our regulators.

NA Casin's foggy representation is the epitome of haziness that directly contradicts the spirit of transparency and openness required in the domain of America's securities law, enforced by the SEC. Such extreme opacity can frustrate the SEC to draw one conclusion: this "North America Casin Holdings, Inc." is indeed an empty shell that orchestrated a scheme in a dark closet.

2) There is additional proof. Located on the lower left corner on every page of the NA Casin letter submission is an identifier "OHSUSA: 766494724.4." It wouldn't take a genius to know this is the abbreviation for a law firm Orrick, Herrington & Sutcliffe LLP, Chinese Casin's lawyer¹. Putting aside any speculation whether this is embarrassing to the law firm or just sloppy legal work, it begs another serious question: who wrote this NA Casin letter? And whose views does this letter reflect? It's not clear to what extent Orrick, Herrington may have colluded with NA Casin to get a deal done. Even more unsettling, the NA Casin letter's signatory is a "Yong Xiao," another mysterious and unrecognized foreign name. Does this "Yong Xiao" speak or understand English? Is this his/her real name? Does this person understand what he or she is signing here? Where's his/her letter of authorization or power of attorney? Does he/she understand misleading the U.S. government may have serious consequences? Is this person a U.S. or Chinese national? Is this person subject to the U.S. or Chinese jurisdiction? Does this signer accept responsibilities under the penalty of perjury? The public doesn't know. Neither does the SEC. Such a deliberate effort made by NA Casin to blind our regulators may suggest a rigged deal that appears highly risky to the investing public: How could the SEC properly enforce the securities law of the land without knowing who they are dealing with or who is ultimately being held accountable?

A suspicion of NA Casin fraud may be warranted. Here are the issues with NA Casin's problematic comment letter sent to the SEC: It was purportedly submitted by a Chinese individual that may or may not exist on earth, signed by a mysterious entity that couldn't be located anywhere (no address, no website, no phone numbers...), was apparently written by a law firm, was produced on a piece of paper that could arguably come from a Kinko's printing shop - it's incredibly sloppy work that deserves no credibility.

Concerns over possible money laundering are not addressed by NA Casin, therefore are conceded

Here's a quote from a recent Wall Street Journal article that outlined the current money transfer challenges faced by Chinese firms²:

"Chinese companies that want to invest internationally typically submit applications to at least two regulators: the Ministry of Commerce and the National Development and Reform Commission, the country's top economic planner. Once those applications are approved, the decision moves to a third regulator, the State Administration of Foreign Exchange (SAFE)."

Here, money laundering worries come to light: None of the China Casin or NA Casin affiliated entities identified by NA Casin or CHX Holding has made fund transfer approval requests with the three key Chinese government entities identified by The Wall Street Journal. Such filings, if made, are publicly available. What does that action (or lack of) tell the SEC or CHX? Give it's public knowledge that a currency transfer request made with the Chinese government could take well over a year just to get a

¹ See Law 360, Chinese Investor Group to Buy Chicago Stock Exchange, February 5, 2016. "A team of Orrick Herrington & Sutcliffe LLP [OHS] attorneys provided Casin with legal advice on the deal": <https://www.law360.com/articles/755725/chinese-investor-group-to-buy-chicago-stock-exchange>

² The Wall Street Journal article. "Hollywood is Left Hanging as China Reins In Investments." February 24, 2017. <https://www.wsj.com/articles/capital-control-policy-puts-brakes-on-chinese-investment-in-hollywood-1487965450>

"yes" or "no" answer, how viable is this NA Casin - CHX Holding transaction? It sounds like a money laundering problem under the cover of a suspected, sophisticated con job pulled together by some opaque Chinese names to skirt the law and evade regulatory approvals in the U.S. and in China.

NA Casin conceded the so-called "investment companies" are indeed empty shells, which acted in voting collusion among its China-based opaque owners

Let's start by recapitulating what NA Casin has informed the SEC of the identities of the underlying owners of the various "investment group" participants³:

"As of the closing of the Proposed Transaction, the Investors in NACH will be as follows:

- **North America Casin Group, Inc. ("NA Casin Group")**, a corporation incorporated under the laws of the State of Delaware and wholly owned by Chongqing Casin – **20%: A \$5.4 million investment**. The NA Casin letter revealed this is a brand new, empty shell that has no employees, no address, no phone numbers and no website. Also, no filings of any sort have been made to any relevant Chinese government agencies seeking approvals to legally transfer investment proceeds out of China.

- **Chongqing Jintian Industrial Co., Ltd. ("Chongqing Jintian")**, a corporation incorporated under the laws of the PRC – **15%: A \$4.1 million investment**. **This opaque name has no website, no contact address, no employees and no phone numbers**. This is a so-called real estate developer in Western China. Also, no filings of any sort have been made to the relevant Chinese government agencies seeking approvals to legally transfer investment funds out of China.

- **Chongqing Longshang Decoration Co., Ltd. ("Chongqing Longshang")**, a corporation incorporated under the laws of the PRC – **14.50%: A \$3.9 million investment**. NA Casin conceded this is a small Chinese interior decorator. Also, this outfit has not made filings of any sort with the relevant Chinese government agencies seeking approvals to legally transfer funds out of China.

- **Castle YAC Enterprises LLC ("Castle YAC")**, a limited liability company organized under the laws of the State of New York, the sole member of which is Mr. Jay Lu, a U.S. citizen and Vice President of NA Casin Group – **19%: A \$5.2 million investment**. NA Casin conceded this "business" is indeed located in an empty house in Queens, New York and its so-called owner "Jay Lu" is actually a college kid attending a university. This is quite a smoke screen. Calls to the Johns Hopkins MS program in Finance confirmed the University does NOT have a "Jay Lu" enrolled in its business program.⁴

- **Raptor Holdco LLC ("Raptor")**, a limited liability company organized under the laws of the State of Delaware – **11.75%** - **Saliba Ventures Holdings, LLC ("Saliba")**, a limited liability company organized under the laws of the State of Illinois – **11.75%: \$6.4 million investments between them**. **The CHX board member Anthony Saliba orchestrated "put agreements" to control almost 24% of CHX,**

³ NA Casin's comment letter, dated March 1, 2017: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

⁴ Johns Hopkins Carey Business School, Office of the Registrar: <http://carey.jhu.edu/life-at-carey/office-of-the-registrar>

exceeding the SEC's regulatory ceiling of 20% voting power for voting collusion. Both NA Casin and Anthony Saliba have conceded this voting block of 24% is related to and controlled by Saliba, a CHX board member who did NOT recuse himself from the proposed Transaction. It's now clear Mr. Saliba is acting as a conflicted "double agent" in this Transaction: a CHX board member who stands to earn a risk-free windfall profit should the Transaction goes through which shall permit Saliba to "put" his "investment" to the Chinese or any other third party at any price, at any time as Salibait wishes. A nice deal for you, Mr. Saliba! By the way, are the other 170 CHX shareholders aware of his double-dipping and conflict of interest in a deal that only enriches him? Mr. Salida did not dispute the validity of this proposition in his response letter to the SEC.

- **Xian Tong Enterprises Inc. ("Xian Tong")**, a corporation incorporated under the laws of the State of New York – **6.93%: A \$1.9 million investment.** NA Casin concedes Xian Tong is located in a cheap apartment in Flushing's Chinatown, facing an empty lot covered with weeds. For the SEC's analysis, \$1.9 million would buy at least 20 these types of apartments purportedly being used as a "Xian Tong" headquarter. It's incredulous that this opaque "Xian Tong" would have this large sum of money sitting in cash in a U.S. bank account opened under its name. The SEC should demand Xian Tong's bank statements.

- **Cheevers & Co., Inc. ("Cheevers")**, a corporation incorporated under the laws of the State of Illinois – **0.18%: A \$50,000 investment.** NA Casin concedes this immaterial, tiny holding represents the so-called "U.S. broker dealer" touted by CHX CEO John Kerin in his Jan 5, 2017 comment letter.

- **Management of CHX owns 0.88%:** These are free gifts given to CHX management to help facilitate the closing of this Transaction. This tiny amount is immaterial.

NA Casin's self-confession has confirmed the worst nightmare suspected by Members of Congress, members of the media and members of the public: Using the various shell companies, China Casin engaged in voting collusion to control, mislead and potentially manipulate a major U.S. stock exchange.

Casin now concedes, through NA Casin's own comment letter that the Chinese group would own 99% of CHX, which is a shocking, 180-degree deviation from CHX's misleading public filing made with the SEC on December 6, 2016. The SEC would have to break from its well-established 40% ownership restriction to provide accommodations to Casin's 99% ownership requirement. That would be a big stretch of the law that the SEC should not let happen.

The allegations against NA Casin can be supported with facts: This is what CHX and Casin told the SEC in their Dec 6, 2016 filing: "These Casin related Chinese shell names *are independent, bona fide investors who acted independently, without communications among themselves and without voting collaboration.*" But the latest comment letter dated March 1, 2017 from NA Casin has revealed just the opposite: These opaque Chinese names swim in even murkier waters than previously suspected. Here's a fair question: Did these Chinese shell owners just happen to come from different corners of the world, bumping into each other in a Chinatown restaurant somewhere on their way to Chicago to acquire the Chicago Stock Exchange? As illogical or ridiculous as this hypothesis may sound, that's the fake story CHX and NA Casin have told the SEC through their public filings!

Additional unanswered questions from other commenter:

- Anthony Saliba's conflict of interest and his double-dipping of the Transaction wasn't disclosed until he was caught by some of the commenters. Mr. Saliba himself dodged the question in his own comment letter. He had no valid defense.
- CHX CEO John Kerin has retracted from his previous position touting the opaque names as unrelated, unaffiliated "investment companies."⁵ The facts just don't support his story.
- CHX has walked back from its dogged position that since "CIFIUS has approved the CHX/Casin deal, the SEC must also approve the deal." In fact, CHX has provided no rebuttal to this theory.
- The so-called "U.S. companies" are in fact empty home addresses surrounding Queens New York's Chinatown in Flushing, based on Google search results.
- The purported "Chinese investors" in Chongqing China are nothing more than street vendors peddling home decorations, land deals or fixing used cell phones in Laos, as described in NA Casin's comment letter.
- These shell entities have no employees.
- They have provided no tax or corporate records/filings either in the United States or in China .
- None has any verifiable corporate history. None has any proven financial capabilities to act on its own, spending millions of dollars in cash buying into controlling stakes in CHX.
- None has any real operations.
- None has any corporate officers and owners with verified credentials.

These are just some of the identified problems that could easily derail the opaque CHX - China Casin deal. The SEC urged caution by issuing its own decision on January 12, 2017, seeking greater inputs from the public. As members of the public, we applaud the SEC for their prudence. We appreciate our SEC regulators for their rigorous enforcement of the law.

No one disputes the fact that the world's economies are indeed inter-connected. If Casin truly wants to deal with American regulators, it cannot blindside them with inaccurate statements or outright lies. America may be generous and open to the world, but that friendliness by no means suggests it's an open door to let in fraudsters so that they could mislead the SEC and harm the American public. This proposed Transaction and the colorful players involved are not proper for our capital markets.

Respectfully yours,
David Ferris
Senior Research Analyst

⁵ CHX CEO John Kerin comment letter to the SEC. Dated January 5, 2017: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1463514-130293.pdf>