

December 2, 2017

The Hon. Chairman Jay Clayton
The Securities and Exchange Commission
Washington D.C.

Re: Release No. 34-81435;1 In the Matter of the Chicago Stock Exchange, Inc.
("Exchange" or "CHX") - Proposed Rule Change Regarding the Acquisition of CHX
Holdings, Inc. ("CHX Holdings") by North America Casin Holdings, Inc. ("NACH") (File No.
SR-CHX-2016-20)

Dear Honorable Chairman Clayton,

I submit this comment letter objecting to the sale of CHX to the opaque, Chinese government-controlled Casin group.

Where there is smoke, there is fire. The smoke released from the fake "Chinese buyers" of CHX threatens to burn down America's capital markets. It's time for the SEC to put out the "Casin fire," rescuing public investors from another fraudulent Chinese invasion of our markets, preventing a horrific CHX/Casin transaction orchestrated by self-serving CHX insiders, whose personal enrichment contravenes America's law and order. Or, even better, the SEC should shut down this small stock exchange and order it back to where it truly belongs: a yellow page in a 135-year-old history book collecting dust in Chicago. If the Chinese purchase of CHX were approved, it would send a wrong message that misleading the SEC and insider trading is permitted, and such illegality could even be rewarded.

For almost two years, CHX and its curious board member Anthony Saliba have tirelessly and flagrantly misled the U.S. government (CFIUS), the SEC, members of Congress and the public. It was only because of the SEC's rigorous enforcement of the law that three fake Chinese "Casin" buyers from Chinatown recently dropped out of the Casin rat race. The sudden Chinese exodus occurred only after the SEC had challenged CHX/Casin to reveal the real Chinese identities behind those empty corporate shells located in Chinatown, responding to public outcry and opposition from SEC Chairman Jay Clayton, according to the Wall Street Journal. ¹ The SEC deserves credit for its prudence: it turned out the Chinese money behind the so-called "independent" Chinese investors was sourced behind closed doors out of the same Chinese boss Shengju Lu, the mysterious Chinese puppet master behind China Casin. When Casin's CHX fraud surfaced, the fake Chinese shell nominees expectedly dumped the CHX/Casin deal, but not before charging the SEC and Congress with "anti-China bias."

These Chinese fraudsters by their nature are brazen. Yet in a renewed scheme to slip another fake Saliba-orchestrated "Put" through the SEC, the self-dealing CHX board member Anthony

¹ Wall Street Journal. Opaque Chinese Firms Bidding for Chicago Exchange Withdraw From Controversial Deal. Oct 13, 2017: Chinese exits after SEC sought more details about bid: <https://www.wsj.com/articles/two-chinese-firms-bidding-for-chicago-exchange-withdraw-from-controversial-deal-1507923339>

Saliba made a stunning admission in his own SEC comment letter² that he's the one who has orchestrated the fake Casin acquisition of CHX from the start:

How much of the purported Chinese Casin money would be invested in Chicago to create jobs?

None. All the purported Chinese money (*it's unconfirmed if the money exists*) would flow straight into the pockets of Anthony Saliba and four Wall Street banks. Zero dollar would be invested into CHX. Not a single new job would be created for the city of Chicago. This is a critical fact that CHX has never denied.

Insider trading: Anthony Saliba bought CHX shares for \$1 in December 2015. The same shares would be sold to the Chinese for \$14 if the deal were approved

According to CHX's "I-Board" share trading record on its website,³ CHX board member and insider Anthony Saliba bought 27,000 shares of CHX stock between \$1 and \$3 a share in late 2015 while he sat on CHX's board promoting the CHX/Casin scheme. In his own admission, Saliba stated he had stitched together the various fake Casin buyers tied to empty places in Chinatown. **If the Casin deal were approved, Saliba would cash out his \$1 stock for \$14 a share, generating nearly half a million dollars in illicit profit. Not a bad gig for an insider job.**

Anthony Saliba is a familiar cartoon character who enjoys casting aspersions on the SEC review process and mocking members of Congress and public commenters. But Anthony Saliba has never denied he was involved in insider trading, a potential crime. After two years of audacious touting of a fraudulent Chinese deal, it's not surprised Mr. Saliba is perceived as the "fox guarding the CHX hen house."

Free CHX shares for CHX management, A \$2.5 million bribe and a FCPA violation, is the DOJ investigation looming?

The latest CHX Amendment dated Nov 6, 2017 encompasses a crushing new reality show⁴: the Chinese have agreed to give CHX's top brass - headed by CEO John Kerin a 9% CHX ownership stake for FREE, worth \$2.7 million. Is there free lunch in America from such enviable Chinese generosity? The gimmick is deeply troubling to say the least: Chinese Casin's "generous," multimillion-dollar freebie tailored for CHX's top brass came with strings attached: without the free stock giveaway, the Chinese father and son co-conspirators Shengju Lu and Jay Lu (*a college kid with a mug shot and a fake bio.*⁵ *Jay Lu was a teenager who barely graduated from Pasadena City College, not a Johns Hopkins grad*) would control a prohibitively high 95% stake

² Comment letter from Anthony Saliba. Dec 1, 2017: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-2743754-161579.pdf>

³ The Chicago Stock Exchange website, stock trading history: <http://www.chx.com/chx-holdings/i-board/>

⁴ CHX comment letter from Albert Kim, CHX GC, Nov 6, 2017: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-2673135-161449.pdf>

⁵ See comment letter dated Nov 9, 2017, Samuel Garland, Regulatory Policy Group: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-2678498-161417.pdf>

in CHX. It's obvious CHX management are complicit place holders for the Chinese. Bribes paid to these Chicago businessmen should alarm the SEC, pique the interest of the DOJ, FBI under the Foreign Corruption Practices Act.⁶

Anthony Saliba, the mastermind behind the fake "Saliba" and "Raptor" puts

Commenters have raised precise concerns over the fake Saliba and Raptor "Puts," fraudulent derivative instruments that would oblige the Chinese to repurchase Saliba and Raptor's 50% ownership in CHX at any time and at price. Since the public exposure, Anthony Saliba has tried to distance himself from the scheme, denying his and his crony Raptor's roles as place holders for his Chinese bosses at China Casin. The fake Saliba and Raptor "Puts" are nothing more than risk-free transactions particularly designed to aid and abet the Chinese Casin fraud. They don't bear any of the hallmark of bona fide investors: putting money at risk without any guarantee of a positive outcome. Sorry Mr. Anthony Saliba, your "bad milk from Bangalore" cannot "poison" the vigilant SEC staff and SEC Commissioners.

It truly stinks: the CHX Amendment contains no shareholders proxy, no transparency, no corporate governance

Nowhere in CHX's latest Amendment is the mentioning of an updated shareholders proxy indicating CHX's 200 American shareholders were given an opportunity to weigh in on Casin's \$2.7 million bribe in the form of FREE stock to CEO John Kerin and the other CHX fat cats. Equally amiss is any disclosure of Anthony Saliba's wildly profitable insider trading and double-dipping as a CHX board member. Such apparent abuses of corporate governance at a regulated stock exchange are just appalling, affronting to CHX shareholders.

No one is yet accusing CHX management and Anthony Saliba of committing treason against the nation by aiding and abetting a massive Chinese fraud. But their self-enriching tactics are at least unsavory under the guise of promoting bilateral trade with China. China is not America's friend. China will never be our friend. CHX should stay in the hands of Americans or be shut down.

For two years, the SEC has tolerated CHX's fake stories, fake updates, fake Chinatown buyers, fake Anthony Saliba and Raptor "puts," insider dealings and now bribes for CHX management... The list of CHX/Casin/Saliba malfeasance could literally extend to the moon.

Dear SEC, shut down this CHX/Casin Chinese fraud.

Peter Strauss
Fraud Examiner
Fraud Detection Network

⁶ See DOJ's website. Foreign corruption is a federal crime. <https://www.justice.gov/criminal-fraud/foreign-corrupt-practices-act>