

I am David Nelson of the CMKX Shareholders Coalition for Justice, I represent a large group of investor in CMKM Diamonds Inc. who would like an investigation into Canadian firms knowingly selling unregistered securities in CMKX stock, a company listed on the pink sheets of the OTC market in the United States, but revoked by the SEC in October 2005. Tens of thousands of shareholders, many Canadians, are victims of corrupt insiders of their company, corrupt brokers, including Canadian brokers, and victims of a completely corrupt regulatory system.

The fact is the Securities and Exchange Commission was well aware massive naked shorting was occurring in Canada as a part of a fraud ring with cohorts on Wall Street. The authorities were also fully aware of the massive naked shorting in CMKX stock in particular. In evidence entered to the Honourable Vic Toews, the Coalition documented the massive collusion between the SEC and Canadian brokers to directly sell unregistered or counterfeit securities in the market in general and to knowingly facilitate the sale of unregistered or counterfeit shares in CMKX stock.

The coalition has asked the Honourable Vic Toews to call for a public inquiry into the largest fraud ever and its cover up, as CMKX was only one stock out of thousands of victims. The RCMP has the coalition evidence now and Mr. Toews response to the coalition is forth coming per Mr. Ron Cannan, my personal MP. The evidence entered into the Minister of Public Safety clearly shows that the stock market was naked shorted into the trillions, the SEC admits it themselves in their own meeting notes entered to Mr. Toews by the Coalition. The evidence entered clearly shows that the SEC allowed thousands of companies to get counterfeited until they were ruined, then made sure they would never recover by grandfathering their shares, and as they say themselves, prevented any runs in those stocks (short squeezes, the natural correction to being shorted or naked shorted). If the general public understood what that meant they would lynch all involved. Given the SEC was fully aware this was happening, allowed it, then covered it up, makes the coalition believe the same thing will happen to the shareholders who bought CMKX stock.

The coalition is asking IIROC to do their duties and be the first agency who steps up to the plate and publicly investigates the largest counterfeited stock in history, CMKM Diamonds Inc, investigates why TD Waterhouse and all other Canadian firms directly sold or facilitated, knowingly, the sale of hundreds of billions of unregistered shares of CMKX stock, investigate why all brokers in Canada who committed felonies had their crimes covered up by all authorities involved, investigate why TD Waterhouse and other Canadian brokers are not included in any DOJ or SEC actions like NevWest Securities who facilitated the sale of only a fraction of what the other firms left out of the indictments sold, investigate why the SEC okayed the sale of certificates brought in by who they call the masterminds of the fraud inside CMKX Urban Casavant and John Edwards (phone records show the SEC okayed hundreds of billions of illegal share sales by the corrupt insiders of CMKX), investigate how ever single cent sold by all Canadian brokers was stolen from CMKX shareholders when the authorities were fully aware not one share sold by TD Waterhouse and other Canadian brokers were even on the NOBO list therefore would be unregistered.

Kevin West, ceo of CMKM Diamonds Inc. identified three brokerages who had naked shorted CMKX stock in conference calls with shareholders, namely , TDWaterhouse, Ameritrade, and Etrade. These same perpetrators where identified in Owners Group Updates (shareholders lawyer group, Bill Frizzell was on the CMKM Task Force which did the largest cert pull in history to prove the largest counterfeit in history), in emails, and in private phone calls. Bill Frizzell also confirmed the identification of the perpetrators when he mailed letters to TD Waterhouse, Etrade, Ameritrade, among others. Clearly, these companies sold several hundred billion unregistered shares of CMKX stock and stole almost two hundred million dollars from CMKM shareholders, but these companies are as yet, still not included in any law suits, they are not included in the SEC actions, and are not indicted along with the other perpetrators.

These companies are all members of SIFMA and the DTCC, who colluded with the SEC to invoke the notorious Grandfather Clause, which gave them immunity from their crimes, and concealed their fraud. This illegal clause was used to hide trillions of dollars in strategic fails in the market (Leslie Boni's paper on strategic fails was entered to the RCMP and Mr. Vic Toews) so it should be no surprise that all Canadian firms who contributed to creating the

largest counterfeit stock in history in CMKX should feel invincible and immune from having to cover the billions of illegal shares they helped enter the market, it is just standard practice.

To show modus operandi of the SEC and other authorities the coalition entered evidence from EagleTech Communications, it is one of hundreds of companies that were found to be counterfeited by Wall Street and Canadian firms, even their known felonies were grandfathered by the SEC in concert with the perpetrators. TD Waterhouse, Etrade, and Ameritrade alone illegally sold or facilitated the sale of hundreds of billions of shares of CMKX stock that was grandfathered. This resulted in the theft and concealment of almost two hundred million dollars from CMKM shareholders as every penny from those sales was stolen per the SEC. Every penny from the sale of illegal shares the SEC Okayed was stolen in fact, in the most red flagged stock ever, in the most heavily traded stock ever, a stock that traded more than the entire market combined many times.

These are quotes from the Owners Group regarding what they have called the largest proven naked short ever:

1. I have presented a Motion to Judge Murray requesting her permission to allow us to file our evidence which proves significant naked shorting of our stock. (From: jmartin@cmkxownersgroup.com, Date: Tue, 28 Jun 2005).
2. There is evidence of billions of failed deliveries in this stock at the time the trading in this security was halted by the sec. (NASD complaint letter).
3. Due to the indisputable evidence of large numbers of failed deliveries in this stock, CMKM elected to distribute the 45,000,000 shares of Entourage stock to all bonafide shareholders in what was described at the time as a windup distribution. (NASD complaint letter).
4. The Task Force has now received certs in the name of certain brokerage companies. Our investigation reveals a potentially huge naked short position in at least two of the very companies that have sent us certs. The certs sent to the Task Force by the brokers represent billions of shares of CMKM stock. (NASD complaint letter).
5. It is clear from the Regulation SHO records in conjunction with other sources (ADP, the transfer agent and the DTCC) that huge fails to deliver in this stock currently exist. It would be a breach of the fiduciary duty of the company to distribute these assets to a broker in lieu of its true beneficial owner when there is evidence of known fails to deliver occurring at the same brokerage house. (NASD complaint letter).
6. It will be my recommendation to the Task Force that we use all means necessary to assist the shareholders in obtaining their certs. We are most concerned with the legions of Ameritrade, RBC, and TD Waterhouse customers (to name a few) who have been trying since November to obtain certs for their accounts. (May 15th 2006 Owner's Group Update)
7. Ameritrade holds 7.9 % of Knight Trading Group? If you knew that, I'm sure you knew that Knight Trading group stated in Feb 2004 they traded 3.6 billion CMKX shares a day, which accounted for 44% of their average trading volume. 19 trading days in Feb 2004 at 3.6 billion shares is a total of 68,480,000,000 shares. At that time the o/s was 100 billion. (current bod member of CMKM Diamonds Inc letter to Judge Murray).
8. CMKM Diamonds, Inc. has received letters from a broker requesting that larger CMKX certificates (held in the same broker's name) be broken down into several smaller certs. The written request contained the notation FOR FAILS PHY. The broker confirmed that the request was to cover a fails to deliver in the stock. In a separate incident, one major brokerage firm requested the transfer of a bulk certificate from another major brokerage firm. (September 25th 2008 CMKM corporate update).
9. To the SEC Commission and Financial Industry at Large: Naked shorts in the United States = "counterfeit shares." The case of CMKX represents the greatest "counterfeit shares" fraud in the UNITED STATES. CMKM DIAMONDS,

INC. suffered THE LARGEST NAKED SHORT IN HISTORY. (per Al Hodges comment letter to the SEC, March 27th 2008).

Here is the letter from CMKM Diamonds Inc shareholders lawyer Bill Frizzell to TD Waterhouse asking why none of their shares they sold made it on the NOBO list, meaning none of those shares were registered. Note that Mr. Frizzell states in the letter that the SEC was watching this very closely and note the attachment of the JEFF letter where they explain how they sold over one hundred billion counterfeit shares in 2004.

<http://fbruham.proboards.com/index.cgi?board=tick&action=display&thread=2197>

TD's response:

<http://fbruham.proboards.com/index.cgi?board=tick&action=display&thread=2176>

It is clear that even after being warned they were either directly selling unregistered shares in CMKX stock, or facilitating the sales of billions of unregistered shares, TD continued to sell billions of shares in CMKX. In fact many other firms in Canada continued to sell billions of shares in CMKX stock with the SEC watching very closely. SEC Deposition of Attorney Bill Frizzell:

From Page 150 of transcript of 01/06/2006 deposition (link to transcript at bottom of post):

Leslie Hakala: Do you believe the stock of CMKM Diamonds have been subject to significant naked short selling?

Attorney Bill Frizzell: Absolutely.

Leslie Hakala: Who first told you that?

Attorney Bill Frizzell: Nobody first told me. I made that decision myself when I pulled 12,000 broker statements from shareholders. I know based on the NOBO list and based on at that time the cert list from the transfer agent there was already over 50 billion shorted shares just by the information we have from just the NOBO list and the cert list from the transfer agent back in June (2005). There was [sic] 50 billion shorted shares.

Bill Frizzell to sec:

“We also found out when we did that broker statement faxing back in the summer that your NOBO list does not contain all the shareholders. It does not contain most of the foreign exchanges or the foreign stocks. T.D. Waterhouse doesn't even show up on the NOBO list, T.D. Waterhouse Canada. There are Canadian brokerages that are not listed on there. We knew this because we would see broker statements. We'd go to the NOBO list. It's not on there and it's not on the cert list from the company.”

“We would find out that it was through some weird broker out there in never never land that either doesn't report through the DTCC or does not go through the traditional reporting channels that are picked up by ADP. So we know that you can't just say we'll get the NOBO list and add in the cert list from the TA and that's out shareholder list. We know that's not accurate.”

Source: Transcript of Deposition dated 01/06/2006 - Page # 112.

Mr. Frizzell says never never land, but in fact in evidence entered to the RCMP and others we know that it wasn't never never land, it was fraud. Here is from EagleTech's Rod Young, commenting on Canadian firms, letter attached:

8 The New York State Supreme Court granted Eagletech its DTC and NSCC trading records. The unprecedented ruling denied the DTCC's request for a protective order. NSCC CNS (Continuous Net Settlement) Reports confirm that those short sales failed delivery for 252 trading days (one calendar year), making them illegal Naked Short Sales.

9 DTC participant 5099 reportedly a secret account at the CDS (Canadian Depository for Securities, the CDS is a subsidiary of the DTCC) failed delivery for 212 days. DTC Participant account 5099 is reportedly a special account that clear(s)(ed) through Euroclear for seven Canadian brokerages: Thompson Kernaghan, Wolverton Securities, Global Securities, Pacific International, Canacord Capital, Yorkton Securities, Research Capital, with now defunct TK being replaced by TD Waterhouse.

Also it is clear from quotes from the largest class action in history, <http://cmkx.info/Hodges-3.87Trillion-Bivens-Lawsuit.pdf>, that not only did the SEC facilitate the sale of hundreds of billions of illegal shares in CMKX, they also knew that no Canadian brokers and other foreign brokers were not even on the NOBO lists, they were all selling unregistered shares in other words:

31. During the period of June 1, 2004 through October 28, 2005 a total of 2.25 Trillion "phantom" shares of CMKM Diamonds Inc, was sold into the public market through legitimate brokers, illegitimate brokers and dealers, market makers, hedge funds, ex-clearing transactions and private transactions. The sales of the majority of such shares were at all times known to the Securities and Exchange Commission, including Defendants herein.

20. From March 17, 2005 through April 29, 2005 CMKM traded publicly in the US under the trading symbol "CMKX," a total of 551,756,751,833 shares, an average share volume of more than 17 billion shares per day, reaching a maximum on April 21, 2005 of 94,654,588,201 shares. These figures do not include foreign trades nor trades made on an ex-clearing basis such as those disclosed by Jefferies & Company, Inc. on May 6, 2005: between March 25, 2004 and September 21, 2004 Jefferies traded 111,780,681,204 shares of CMKX stock on an ex-clearing basis.

So the question the coalition has to IIROC is how TD Waterhouse obtained a certificate for me, as I have a registered certificate with the transfer agent of CMKM Diamonds Inc. None of the shares TD sold me were registered, and since the company did not allow firms to buy shares after it was revoked, how did they get a certificate for me, what transaction happened to allow that, and why it is not made public. Some shareholders I represent had to wait months on end to get their certs, and then finally did, indicating a transaction took place. The evidence is clear that TD Waterhouse and other Canadian brokers paid for the certificates they produced given all shares sold in Canada were not even on the NOBO lists, so had to be unregistered. Evidence of this is also given by Mr. Al Hodges in his Bivens class action and in particular in his court testimony on Aug. 2<sup>nd</sup> in California.

In court that day, Mr. Hodges claimed that TD Waterhouse was one of the perpetrators who victimized CMKM shareholders and their company, he also claimed that he had a witness to the fact that TD Waterhouse paid for their crimes. He stated that TD Waterhouse paid into a trust fund for the shareholders who were sold illegal shares. He also said that the trust fund those monies were paid into were suppose to be released to the shareholders of CMKX four years ago. Here is a transcript, which is available upon request, was Mr. Hodges identifies TD Waterhouse:

"AH: As I started to say, here is the simple answer, your Honor, as I started to say a few minutes ago and I probably did not finish. The original agreement, there was a war that ensued after the sting got under operation because what the sting always contemplated was that Mr. Maheu would collect all of these bad doers, the hedge fund people and

people like T.D. Waterhouse and all the other stock brokerage houses around who were naked shorting this company, collect them all in a big room and offer them a deal for two reasons. First of all to collect money for CMKX for what had been done to them, and second of all to teach these people a lesson that there were people out there watching what was going on. Hopefully that would head them off from continuing in such illicit and illegal and improper behaviour. That was in fact done and I have a witness that was there when it was done. They had a room about three times the size of your courtroom in which they had representative from all of these brokerages from all over the world. They watched a video presentation, because Mr. Maheu, as the court may be aware, was at one time closely associated with the CIA, Howard Hughes and all kinds of other people.

Judge: I was going to ask you whether that was the same Bob Maheu.

AH: It is indeed the same one, a gentleman I happened to make acquaintances within the 70's to my good fortune. At any rate all of these people were in this room and were shown a video and a slide presentation of all of the evidence of their wrongdoing and they were offered an opportunity to either step up and sign away your money and pay a reasonable amount for each transaction you did illegally and improperly or go walk out of here and get prosecuted and go to jail because what you did was criminal. Every single person in that room stepped up and made a deal. After that time there became a big conflict between the SEC commissioners and the other governmental entities who were supporting the SEC commissioners about who was going to have the right to release this money to the shareholders and when, My understanding is that it went on for some number of months but ultimately the SEC commissioners prevailed and convinced Mr. Maheu and his associates that it had to be their decision because only they and the rest of the government could determine when this sting had fulfilled its function. That was the basis on which he gave them the power to make this decision about when the money is to be released. It is my understanding that every trust that is currently being held for release of this money is being held by a person who is sworn to observe that requirement. That the SEC, the US government whoever is to make this payment, goes first. Since my information is that was the SEC commissioners that have this power, this is why they are the defendants in this case.”

AH: this money was supposed to have been released within a year of the time the company was originally de-listed in October of 2005. This is now almost October of 2010, some 4 years past that time. It is taking only because they refuse, notwithstanding information they have continued to give to the shareholders, they continue to refuse to release this money. If they don't release they money then it is a taking. Because they are preventing what is rightfully ours for us to receive. That is why it is a taking.

To this day the money paid by TD Waterhouse has not been released to the shareholders, despite endless promises by officials in the United States to do so. Shareholders in Canada have been damaged by Canadian firms like TD Waterhouse, those firms paid into a fund to allow them to escape criminal indictments, now those Canadian shareholders are being damaged by the very authorities which are suppose to protect them as they will not release that money. In fact, Mr. Hodges, who is a direct party to the proceedings, claims that several international crimes are being committed which prevent the conclusion of his Bivens case, which means those crimes are preventing the lawful distribution of monies collected by Canadian firms who IIROC overseas.

The Coalition asks that IIROC conduct an immediate investigation into the status update of the money TD Waterhouse and other Canadian firms paid into trust for the damage they inflicted on CMKX shareholders. Correspondence and allegations Mr. Hodges has made have already been entered into evidence to the RCMP and Mr. Vic Toews, and can be found here, it includes a recent history of allegations made by Mr. Hodges and a direct time line of the crimes currently happening to all CMKX shareholders and all Canadian firms your organization overseas that paid into the fund mentioned: <http://cmkx.info/CMKX--To%20Whom%20it%20May%20Concern%20for%20all%20shareholders%20use.pdf>.

To update the IIROC as to current events the Coalition presents the latest update to all shareholders, again this should be an update sent to TD Waterhouse and others, as it is their money Mr. Hodges is referring to here:

As all are by now well aware, we have been battling a serious headwind, obtaining Economic Receipt. Although I have previously stated that I would not provide an "update" until we had confirmation of economic receipt or, I became convinced that payment to CMKX shareholders would not be forthcoming in a timely manner, I believe a further update is called for due to the status of the CMKX litigation and due to the unreasonable length of time resolution is taking. Please be advised as follows:

- As previously indicated, the August 2 Court hearing was utilized, in part, as a means of conveying to the Judge and to the defendants, some of the additional information which could be added to the originally filed Complaint; this information has now been included in a First Amended Complaint which, out of an abundance of caution, has been filed and served today, September 16, 2010. We will continue to aggressively pursue this matter until such time as all shareholders have been paid.
- It has been a very unreasonable period of time since we first began this litigation. Shortly after filing the original Complaint, I advised you of my opinion that resolution was imminent. I am confident that many of you are now convinced that I either don't know the meaning of that word or am certifiably non compos mentis. Unfortunately, neither is the explanation; in point of fact we, and many others involved in bringing this matter to resolution, have been consistently lied to and 'played' by our own government.

I do remain convinced that we will prevail. I know that the SEC is anxious for this to be over; however, it is not particularly the SEC that has held things up, IMO. We are, like it or not, tied to the World Global Settlements payouts. Until that process has been concluded, I do not believe that you will receive your payment.

As always, inquiring minds want to know: what is our status; what has been going on; what is holding up economic receipt; when will our money be released; etc. etc.? I will try to address some of these concerns, to the extent I am able, separately:

1. Our Status – Our status remains pretty much the same as before. We remain literally on the thresh-hold. This means that the "work" remaining to be finished will not consume more hours than can be accomplished within one day; we have been at this point now for way too many months. However, progress in consummating the World Global Settlements has been made, which is a substantial improvement. I have now been advised that nearly all of the BASEL list items [some 20 in number] have been paid out; only one or two items remain IMO.
2. When is Release – The CMKX distribution funds will be released within a very short time after there is confirmation of Economic Receipt. What does that mean? There is in process a massive shift of wealth within the US and the world community which includes: pay-out of all the domestic prosperity settlements; institution of the US dollar re-funding project; pay-out of world settlements; and, distribution of funds to many other programs. This involves a total of more than \$42 Trillion. Economic Receipt occurs when all trustees have access to all of the funds they are responsible for. When the last BASEL item is paid, we will have ER and the CMKX trustees can begin distribution, IMO.
3. Goings On – What's been going on behind the scenes is a war. As I said before, there is an economic war raging in the background; this war is between those who have controlled this planet for the last hundred and fifty years, and we who think that it must stop. It is a war which, as much due to world circumstance as anything else IMHO, we seem slowly, inexorably winning. Because the naked corruption in D.C. is so endemic, it takes time. These miscreants are, in effect, fighting for their lives – at least that part of their lives that secures an environment in which they can continue to lie, cheat, steal, and mortgage your progeny's lives, all for their personal gain. Accordingly, they will fight until the doors are all closed by a power that they cannot subvert. The good news is, we are winning the battle.
4. When - When will it be over, you ask; when will we get paid? I have suggested dates in the past, each of which was based upon information that I had received from the people on the scene and in the trenches. I am unwilling at this point to say anything more than I believe it will be soon: 1) because of the status of the World Global Settlements; 2) because I have received anecdotal information regarding movement of CMKX funds; and 3) because of additional information received concerning the status other related payments being made.

I again want to extend my heartfelt thanks to those of you who continue to demonstrate support and

encouragement for our efforts; I am especially thankful for all of the IM good wishes and thank-you's. I remain very optimistic for the long term; rest assured that the fight will continue until we succeed. We will prevail!

Given Mr. Hodges says in this update that TD Waterhouse's money will not be released to the victims until all parties have received ER in the World Settlements, it is the duty of the IROC to investigate the allegations put forth here by Mr. Hodges in a public letter to Ben Bernanke and the Board of Governors of the Federal Reserve alleging they are committing RICO fraud, which is preventing the conclusion of the world settlements, and are in fact using money illegally to gain interest. It should also be IROC's duty to investigate why TD Waterhouse and other Canadian firm's money paid for their crimes against CMKM shareholders is even a part of the World Settlements. A public inquiry into the allegations put forth in this letter is warranted given Mr. Hodges has intimate knowledge of what he writes about and is a direct party to the facts in this case, this letter should also be forwarded to the Honourable Stockwell Day, as he is the President of the Treasury Board:

## HODGES AND ASSOCIATES

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September 22, 2010

VIA FACSIMILE; FED-EX; AND U.S. MAIL (202) 452-3819

Ben S. Bernanke  
Chairman of the Board of Governors  
Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Re: World Global Settlements

Dear Mr. Bernanke:

I represent Mr. Lindell H. Bonney, Sr. with respect to collection of certain funds currently being held by the Federal Reserve System; Mr. Bonney has both a personal ownership interest and a fiduciary interest in such funds. I also represent certain other payees of the World Global Settlement funds; each of these payees have exhausted their ability to continue waiting for distribution of the funds to which they are entitled.

We have been able to ascertain that these funds have been utilized, apparently with the approval and consent of the FED, for short term lending/hypothecation cycles which have allowed recovery of substantially more than 3% per day of the principal in addition to the FED transaction fee of 10%; we have now received confirmation that the FED has in fact received payment. These actions are obviously in violation of several Treaty agreements, as well as a plethora of Federal Laws and banking regulations, and expose each participant to both criminal and civil RICO actions.

The purpose of this correspondence is to put you and each member of the Board of Governors on notice of these illegal actions in connection with the continued refusal of the FED to disburse monies due to be paid to Mr. Bonney in his personal and fiduciary capacity. Although we have previously been advised that the funds were available for disbursement, "something" has always been amiss when the scheduled time has arrived. On each such occasion, Mr. Bonney was ultimately advised that the money had, for unexplained reasons, become unavailable.

Please be advised that we intend to hold you and each member of the Board of Governors jointly and severally responsible for a minimum of 10% per day recovery on the entire balance of the funds currently held for distribution to Mr. Bonney in his personal and fiduciary capacity. In the event that you and/or any of the Board of Governor members wish to discuss possible resolution of this issue please contact the undersigned directly; in the event that I fail to hear from anyone I will pursue all available remedies, including immediate disclosure of these defalcations to the media.

Very truly yours,

**HODGES AND ASSOCIATES**

A. CLIFTON HODGES

Cc: Mr. Lindell H. Bonney, Sr.  
Lynwood Maddox, Esq.  
Kevin M. Warsh  
Elizabeth A. Duke  
Daniel K. Tarullo  
Comptroller of the Currency  
Federal Reserve Bank, Richmond, VA  
Federal Reserve Bank, Cleveland, OH

In conclusion, every single shareholder in Canada deserves and is owed an investigation into the allegations put forth by the Coalition. Every single shareholder deserves to know their money is safe; every single broker who placed money in that trust to allow them to escape indictment deserves to know that money went to the victims of their crimes. There will be many Canadian victims who will send in requests for an investigation; I am hoping the IIROC can make a public statement for all shareholders as to their findings. Given crimes are currently happening as I type the shareholders expect the authorities to stop these crimes and release our money immediately. In the United States we have a joint action that currently has thirty three state coordinators ready to file a mass complaint to their Attorney Generals; many Canadians across Canada are ready to file complaints with the

authorities. My question is why do the shareholders have to take these actions, why are the authorities just not protecting us and enforcing the law.

Included as evidence is a letter written to Special Agent Jerald Burkin of the Nevada FBI (he notified me personally that he read this letter and is fully aware of all evidence introduced to him regarding the crimes currently being committed against all CMKM shareholders).. Also included is a letter written to the SEC which illustrates the crimes of the SEC and the fact that Canadian authorities need a full public inquiry into the Harmonization Act, which would harmonize the SEC with Canadian Regulators and Rod Young's open letter to all which deserves a public inquiry itself:

I am David Nelson of Kelowna, British Columbia, Canada. I have been in contact with Jerald Burkin of the Nevada FBI who has had an investigation into my allegations going since late 2009. The FBI ran a parallel investigation into the fraud in CMKM Diamonds Inc with the SEC. He stated in an Oct. 27th 2009 email to me; Dave, per your last pr, you can state you have filed a complaint with the FBI but unfortunately I cannot provide you with a file number or complaint number. Thanks."

In that complaint Mr. Burkin was presented with evidence gathered by shareholders and experts who have investigated the counterfeiting of the stock market. Some of that evidence will be attached to this email as well, and includes not only the specific case of CMKM Diamonds Inc, the most counterfeited security ever, but also includes allegations that this fraud has been occurring with the full knowledge and support of the Securities and Exchange Commission, the DOJ, the FBI, the RCMP, Canadian Regulators, the DTCC, and other agencies.

In the evidence and quotes from experts involved in the CMKM Diamonds Inc case presented to Mr. Burkin, I and others who formed a coalition of shareholders asked him to investigate fraud committed by not only wall street firms, but fraud committed by the SEC, FBI, and DOJ going as far back as Operation Uptick. In the decade that has passed since Operation Uptick took place and identified wall street firms working with crime families to counterfeit and money launder the proceeds, there has been no indictments of any of the wall street firms caught committing massive fraud. Companies that were victims of those crimes have had to fend for themselves like EagleTech Communications and many others. The crimes completely cover up by all authorities involved to this day.

In CMKM Diamonds Inc case in particular evidence was entered to Mr. Burkin which clearly showed the SEC, FBI, DOJ, and IRS were complicit in the crimes which took place and the cover up of the fraud by all of the wall street firms involved, a mirror image of Operation Uptick. Here is a list of the crimes alleged to have been committed by the SEC, FBI, DOJ, and IRS, further known as The Authorities in the CMKM Diamonds Inc case alone;

1. The Authorities investigation was well under way by May 2004, before hundreds of billions of shares were sold to investors in a publicly traded company and the money laundered. Corporate insiders were aided and abetted in their crimes by high-powered attorneys, accountants, transfer agents, major banking institutions, brokerage houses, and clearing firms. It occurred right under the noses of the SEC and NASD (now FINRA), both agencies ignoring dozens of blatant warning signs, allowing the scam to go on for years.
2. The Authorities were fully aware before over 550 billion shares were sold in CMKX stock that John Edwards and other insiders were laundering money from the sale of unregistered shares. CMKX laundered their money through no less than 35 bank accounts, and Edwards, alone, had 36 trading accounts and dozens of fraudulent companies set up to hide the money trail. Many of these companies and accounts were set up in Canada with the full knowledge of The Authorities, who allowed the money to be stolen.
3. Leslie Hakala conspired with ex-SEC attorney D. Roger Glenn (who wrote opinion letters allowing over 300 billion shares of stock to be dumped into the market) to facilitate the sale of hundreds of billions of shares of CMKX stock, all proceeds from those sales were apparently stolen right under the nose of The Authorities while they watched. D. Roger Glenn was not indicted by the DOJ for his role in this fraud.

4. Co-conspirators John Edward Dohnau, Michael Williams, and Rendal Williams, plus a cast of numerous other associates, have not been charged at all for their part in this massive fraud.

5. The phone records from NevWest, which show that they contacted the SEC each time Edwards came in with CMKX certs to sell, many of which were clearly forged and fraudulent, some even “signed” by an individual who had been deceased for months. Instead of taking action to halt the obvious fraud against innocent shareholders, the SEC and NASD (FINRA) ignored the evidence and dozens of other red flags, allowing the scheme to continue unabated, costing unsuspecting buyers of CMKX stock hundreds of millions of dollars. Furthermore, NevWest is not a self-clearing firm. Instead, it must clear its certs through clearing firms such as Wells Fargo and Dain Rauscher that have a contractual relationship with DTC.

6. Clearing firm Computer Clearing Services (now owned by Penson Worldwide, Inc.) helped John Edwards trade over 250 billion shares of CMKX stock totalling over \$53 million. Clearing firms and brokers weren’t the only ones who ignored red flags that should have triggered the filing of Suspicious Activity Reports. Several Nevada banks, most prominently Silver State Bank and Wells Fargo Bank, allowed CMKM Diamonds and related fraudulent companies to run hundreds of millions of dollars through dozens of accounts.

7. The Authorities subpoenaed the Silver State Bank regarding suspicious activities on September 5th 2004 (the Silver State Bank had no action taken against it for its role in this fraud), before hundreds of billions of shares were sold in CMKX stock. The evidence gathered from that subpoena showed 64 million dollars went through the Silver State Bank, among the transactions executed by Silver State Bank after those subpoenas include:

- Wire transfers totaling hundreds of thousands of dollars were executed with only the notation “transferring to Personal Acct. per cust. transfer via phone”.
- Checks from various accounts set up as shell companies and controlled by Casavant and Edwards written out only to “CASH”...including one for \$350,000.
- Multi-million dollar wire transfers between Edwards and Casavant run through dozens of accounts they controlled there.
- Millions of dollars written out of company accounts to Casavant and his wife Carolyn, and several family members, often on temporary checks.

8. The Authorities allowed Robert Maheu, Urban Casavant and other management to promote the sale of CMKX stock through various means, including a drag racing team, after they were fully aware of the fraud inside CMKM Diamonds Inc. Robert Maheu was not indicted for his role in this fraud.

9. In letters to other brokers in mid 2005, shareholders lawyer Bill Frizzell not only identified the brokers who sold over 300 billions shares of CMKX stock, those brokers continued to sell unregistered shares for months while The Authorities watched. The money from the sale of hundreds of billions of shares, approximately 190 million dollars, was stolen by these brokers, with none of those known brokers being indicted.

10. In Bill Frizzell's letter to TD Waterhouse in Canada he explains that none of the shares sold by them were even on the NOBO list, meaning they were sold unregistered. TD Waterhouse continued to sell unregistered shares of CMKX stock for months, as did all other Canadian brokers. In his letters Mr. Frizzell also stated that the SEC was watching this very closely. Mr. Frizzell stated in his deposition to the SEC that none of the Canadian brokers had shares on the NOBO list, indicating all shares sold in Canada were sold unregistered. There has been no action against any Canadian brokers from The Authorities, and all illegal shares sold by Canadian brokers were grandfathered so they would not have to cover their fraud.

11. According to Bill Frizzell, Andrew Petillion (Branch Chief of Enforcement at the Pacific Regional Office for the SEC) warns in regards to his evidence of the naked short in CMKX stock: "By the way, if this is an orchestrated short squeeze against the brokerage houses to make the stock price go up, we will come after those who are responsible. We would not look kindly on a cert pull because it would cause market manipulation." The Authorities allowed CMKX stock to be manipulated down, but would not allow the natural correction for this, a short squeeze. This mirrors what the SEC said to David Patch regarding the Grandfather Clause, it was to stop runs in stocks who had been manipulated by wall street firms who counterfeited trillions of shares and dollars of stock in hundreds if not thousands of publicly traded companies. An example of this is EagleTech Communications who Authorities knew was the victim of counterfeiting by walls street firms and crime families, but grandfathered those counterfeit shares so they would never have to be covered, and protected the criminal firms.

12. The Authorities and alleged corrupt Judge Brenda Murray (see evidence of modus operandi of Brenda Murray in evidence presented regarding the Gary Aguirre cover up) would not allow evidence of massive naked shorting in CMKX stock in the administrative hearing 5-10-5 that eventually ended up in the revocation of CMKX stock. Expert Jim DeCosta analyzed the naked short in CMKX stock and found it to be 14-1. No evidence of any other brokers fraud or the fraud already detected by The Authorities was entered into the hearing, and billions of shares of CMKX stock traded after, all monies stolen from shareholders.

13. In Civil Action No. 2:08-cv-0437, 4-7-08, United States District Court for the District of Nevada, Leslie Hakala alleges that "To divert attention from their own dumping of CMK shares, Casavant persuaded CMKM's investors that the reported high trading volume in CMKM stock reflected extensive "naked short selling" rather than ordinary stock dilution." Leslie Hakala was fully aware that there was massive naked shorting in CMKX stock by wall street firms, she concealed that fact and any other perpetrators other than the insiders of CMKM Diamonds Inc. This is a mirror image of the victims of Operation Uptick. From March 2003 through May 2005, using approximately 34 different brokerage accounts at NevWest Securities Corporation, John Edwards sells almost 260 billion shares of the purportedly 622 billion registered/unrestricted CMKM shares. That leaves approximately 362 billion purportedly registered/unrestricted CMKM shares that Leslie Hakala fails to account for in said civil action.

14. On 6-24-09, the Securities and Exchange Commission filed Motion for Summary Judgment Against Defendant John Edwards (#991), Motion for Summary Judgment Against Defendant Daryl Anderson (#102), and Motion for Summary Judgment Against Defendants Kathleen and Anthony Tomasso pursuant to Civil Action No. 08- CV 0437, 4-7-08, United States District Court for the District of Nevada. In said Motion for Summary Judgment, the Securities and Exchange Commission alleges, "CMKM provided investors with phony maps and fabricated videos of alleged mineral claims in North and South America." The following was left out of the Administrative hearing; The following are excerpts from Regional Triaxial Aeromagnetic Survey Assessment Work Report by N. Ralph Newson, William Jarvis on the Fort a la Corne Diamond Project: "Drilling results and additional ground magnetic and gravity surveys have shown the best known kimberlite bodies to be bedded, and to have a very different shape from most known kimberlite bodies. In most of the well-known diamond mines in Africa, for example, and in those in the NWT in Canada, the upper portions of the kimberlites bodies have been eroded, leaving only the feeder pipe, which has a "carrot" shape, getting smaller in diameter with depth. However, in the Fort à la Corne swarm, the tops of the kimberlitic volcanic edifices are COMPLETELY PRESERVED [emphasis added by author], and they are shaped more or less like a soup bowl, with two larger horizontal dimensions, and one smaller vertical dimension. Several of these have an inferred geological resource (based on a few holes and on geophysical modeling) in excess of 100 million tonnes, one has nearly a billion tons, and one group of five which are close together, or perhaps coalescing, contain about 2 billion tons of kimberlite. There are thus HUGE VOLUMES OF KIMBERLINE WITHIN A FEW HUNDRED METRES OF THE SURFACE." [emphasis added by author]

15. A fax dated 5-26-03, from Lindsey S. McCarthy, staff attorney for the Securities and Exchange Commission, to 1st Global Stock Transfer that mentions James Kinney, a defendant in the subsequent Civil Action No. 08- CV 0437 of 4-7-08, United States District Court for the District of Nevada, proves that the Securities and Exchange Commission was aware of James Kinney's suspicious activities pertaining to CMKM FIVE YEARS BEFORE FILING SAID CIVIL ACTION AGAINST HIM.

16. In its Grand Jury Superseding Indictment 2-09-CR-00132-RLH-RJJ, 5-27-09, United States District Court, District of Nevada, the Grand Jury charges that:

"...To create the appearance of an active and established market for CMKM stock, and to disguise the fact that the conspirators were virtually the only sellers of CMKM stock..."

How can "the conspirators" be "virtually the only sellers of CMKM stock," when John Edwards, "the scheme's mastermind," allegedly sold ONLY 260 billion purportedly registered/unrestricted CMKM shares out of the 622 billion purportedly registered/unrestricted CMKM shares? Who are the sellers who sold the unaccounted for 362 billion purportedly registered/unrestricted CMKM shares? Why did the Grand Jury fail to charge those sellers in its Grand Jury Superseding Indictment 2-09-CR-00132-RLH-RJJ, 5-27-09, United States District Court, District of Nevada?

17. In its Grand Jury Superseding Indictment 2-09-CR-00132-RLH-RJJ, 5-27-09, United States District Court, District of Nevada, the Grand Jury charges that:

"...To create the appearance of an active and established market for CMKM stock, and to disguise the fact that the conspirators were virtually the only sellers of CMKM stock..."

DONALD STOECKLEIN DEPOSITION, 1-24-06

In said deposition, Donald Stoecklein testifies that a naked short expert from Oregon with 25 years experience told both Bill Frizzell and him that a 14 to 1 short position exists in CMKM stock.

That means that for every one legitimate share that exists, 14 naked short shares exist, which in turn means that numerous naked short sellers exist. In said deposition, Donald Stoecklein testifies that they obtained a NOBO list and the number of CMKM shares on that NOBO list exceeded the number of CMKM shares on the list of 1st Global Stock Transfer, which in turn means that naked short sellers exist.

18. The SEC revoked CMKM Diamonds Inc on October 28th 2005 knowing that would prevent the perpetrators from ever having to cover their naked short positions in CMKX stock and would ensuring that the shareholders

would never recover the damages they suffered, a mirror image of the victims of Operation Uptick who received no compensation from the fraud that happened to them.

LETTER TO SEC WHICH HAS SEVERAL EXAMPLES OF THE MODUS OPERANDI OF THE SEC, IT IS CLEAR THEY HAVE BECOME A CRIMINAL ARM OF WALL STREET FIRMS WHO HAVE COUNTERFEITED THE STOCK MARKET INTO THE TRILLIONS

To the Securities and Exchange Commission as a Whole

The CMKX Shareholders Coalition for Justice (Coalition) respectfully submits to the court that the Coalition seeks relief from filing an administrative claim with the Securities and Exchange Commission (SEC) in the case: CMKX Shareholders Coalition for Justice, Plaintiff and The US Securities and Exchange Commission, Defendant. The Coalition has submitted evidence that shows that the SEC has covered up its ineptness and corruptness in the aforementioned case in particular. Furthermore, the Coalition has submitted evidence that shows that the SEC has covered up its ineptness and corruptness in the financial markets in general. During numerous congressional hearings, the members of congress who have questioned various higher-ups of the SEC, have not only proven that employees of the SEC have incessantly failed to perform their sworn/fiduciary duties which are to oversee the securities markets, to enforce the federal securities laws, and to protect investors, they have actually become perpetrators against the very investors whom by law they are mandated to protect.

Furthermore, the Coalition requests that the court immediately take jurisdiction of said case. Unfortunately, the ineptness and corruptness of the SEC continues unabated. Even the United States Senate has become unwilling to put up with the ineptness and corruptness of the SEC any longer, and therefore has introduced SB605, a bill that would require the SEC to reinstate the uptick rule and effectively regulate abusive short selling activities -- In other words, said bill would force the SEC to perform its sworn/fiduciary duties that, by law, it is already mandated to perform. By refusing to enforce the Securities Act of 1933 and the Securities Exchange Act of 1934, the SEC has aided and abetted the crime of counterfeiting of the stock market. The SEC purposely allows RULE17A to be contravened daily by those they collude with on Wall Street. The SEC allows billions of shares to be counterfeited daily. Therefore time is of the essence. To put an end to this worldwide fraud, the Coalition demands that the SEC perform its sworn/fiduciary duties and begin to immediately enforce RULE17A as it is mandated to do.

The SEC purposely makes rules, clauses, and exemptions that directly contravene its constitutional mandate to protect investors, an example of which is the market maker exemption, or the Madoff exemption, which allows mass counterfeiting of the stock market. The SEC purposely created that exemption and the Grandfather Clause to protect the naked shorters and to conceal their illegal naked short sales. These actions by the SEC prove they are not capable of being unbiased. By its corruptness, the SEC facilitates pandemic counterfeiting of the stock market.

The Coalition presents clear evidence the SEC not only broke its constitutional mandate to protect investors, but also engaged in criminal cover-ups in different cases involving counterfeiting of the stock market in general and CMKM in particular. These cases clearly show the SEC is incapable of being unbiased, as they are protecting their own culpability. The evidence will show that Judge Brenda Murray was directly involved in the cover-ups of both CMKM and Gary Aguirre, who was investigating market wide corruption. The Coalition presents the following examples that clearly show the SEC is incapable of being unbiased, and in fact has been involved in worldwide criminal cover-ups that warrant a Special Prosecutor or International Tribunal to investigate:

Here Rep. Ackerman (D-N.Y.) is referring to the SEC when investigating the cover-up of the Bernie Madoff case, "Your contribution to this proceeding is zero. We thought the enemy was Mr. Madoff. I think it's you."

Senator Charles Grassley (R-Iowa), who spearheaded the investigation (into the Gary Aguirre cover-up) with Specter, said, “[I]t looked like the lawyers for the wrongdoers wrote the decision.” In January 2007, the Senate released a preliminary report. Marcy Gordon of AP News summarized it: “an official review raises serious questions about the Securities and Exchange Commission’s handling of an insider- trading investigation and the possibility of a cover-up amid allegations of political interference....After taking testimony and reviewing thousands of documents, many of them provided by the SEC, the judiciary panel’s preliminary findings show ‘extraordinarily lax enforcement by the SEC and ... may even indicate a cover-up by the SEC,’ [Senator Arlen]

Specter said. The SEC’s handling of the matter, including a review of the attorney’s allegations by the agency’s inspector general, has all of the earmarks of the obstruction of justice’, he said.” The Senate’s report stated the following conclusions (emphases in the original): “Staff Attorney Gary Aguirre said that his supervisor warned him that it would be difficult to obtain approval for a subpoena of John Mack due to his ‘very powerful political connections.’ Aguirre’s claim is corroborated by internal SEC emails, including one from his supervisor, Robert Hanson. Hanson also told Aguirre that Mack’s counsel would have ‘juice,’ meaning they could directly contact the Director or an Associate Director of Enforcement. “SEC management delayed Mack’s testimony for over a year, until days after the statute of limitations expired. After Aguirre complained about his supervisor’s reference to Mack’s ‘political clout,’ SEC management offered conflicting and shifting explanations. “The SEC fired Gary Aguirre after he reported his supervisor’s comments about Mack’s ‘political connections,’ despite positive performance reviews and a merit pay raise.

“After being contacted by a friend in early September 2005, Associate Director Paul Berger authorized the friend to mention his interest in a job with Debevoise & Plimpton. Although that was the same firm that contacted the SEC for information about John Mack’s exposure in the Pequot investigation, Berger did not immediately recuse himself from the Pequot probe. Berger ultimately left the SEC to join Debevoise & Plimpton. When initially questioned, Berger’s answers concerning his employment search were less than forthcoming.

“The SEC’s Office of Inspector General failed to conduct a serious, credible investigation of Aguirre’s claims.”  
<http://www.deepcapture.com/wall-street-captures-the-sec/>

From Investigatethesec.com, the Judge that is referred to in these comments is the same Judge Brenda Murray who colluded to keep vital information out of the CMKM Administrative Hearing, which directly damaged all shareholders. This evidence would have proved the SEC colluded with the previous CMKM management that masterminded the pump and dump scam. It would have also disclosed the names of the other brokers that counterfeited CMKM stock, the names of which are still being covered up. The following is from investigatethesec.com: “Then the agency’s cover-your-ass team went into action. An administrative law judge, one Brenda Murray, was assigned to second-guess Kotz’s report (Inspector General of the SEC). Just a few weeks later, her 15-page paper exonerated the two officials who Kotz said should be disciplined. Kotz was shocked and said so publicly.”

"Now we get to the heart of the agency’s double-dealing. As Senator Specter stated, Brenda Murray “was described in press accounts as an administrative law judge, and it was not until further inquiry that the SEC admitted she was not acting in a judicial capacity in issuing her decision.” In short, the agency picked a loyal staffer who happened to have the title “administrative law judge” and had her exonerate the officials who had been sharply criticized by the Senate committees and by the inspector general. But she was not acting as a judge at all — just a soldier taking orders.

"Murray’s quickie report “was completely irregular in every detail,” says Aguirre. “It was outside the jurisdiction of an administrative law judge. The SEC pulled a scam.”

"In the same report in which she cleared Aguirre’s nemeses, Brenda Murray vindicated an agency official who

closed an investigation into the derivatives dealings of Wall Street's Bear Stearns in 2007. Early the next year, the Wall Street firm was rescued from bankruptcy when it was forced into J.P. Morgan, backed by \$29 billion of federal money. Bear's derivatives gambling was to blame. The agency missed it and then exonerated itself. And the agency is going to look into whether it did its job properly in the Madoff case? Come now."

<http://www.investigatethesecc.com/drupal-5.5/?q=node/567>

The following are examples from the Bernie Madoff cover-up. The SEC is currently being sued by Madoff Victims by Howard Elisofon for their negligence in this case:

Referring to the SEC in the Madoff case, Rep. Ackerman (D-N.Y.) "Your contribution to this proceeding is zero. We thought the enemy was Mr. Madoff. I think it's you." From whistle blower Harry Markopolos

"FINRA is definitely in bed with the industry." Asked later by Rep. Kanjorski about those comments as well as which one Markopolos thought was better, "a corrupt regulator or an incompetent one," Markopolos answered, "I'd give the SEC an A+ for incompetence and FINRA an A+ for corruption.

The current head of the SEC, Mary Shapiro, was head of FINRA, and who Harry Markopolos said was in bed with the industry. She was also a dear friend of Bernie Madoff. According to Bernie Madoff: Madoff also told Kotz that SEC Chairwoman Mary Schapiro was a "dear friend," although she "probably thinks, 'I wish I never knew this guy.'"

<http://www.sec.gov/news/studies/2009/oig-509/exhibit-0104.pdf>

One last example, from literally hundreds the Coalition could use, is the Global links cover up by the SEC. It is linked directly to CMKM as at least one of the perpetrators in this case was a perpetrator in CMKM's case. The connection is also evident in the fact that it is the SEC's modus operandi to go after the victim company, as they did in CMKM's case, EagleTech's case, and in the cases of thousands of other victim companies who got their companies de-registered by the SEC. David Patch's Freedom of Information Act data is in the sanity check link below:

According to Mark Faulk, CEO of CMKM Diamonds at the time:

"Now, Dave Patch has received, through the Freedom of Information Act, SEC records confirming that over ten million counterfeit shares of Global Links stock were dumped into the market immediately after the company did a reverse split and reduced the total share count to just over one million real shares. The brokers sold millions upon millions of fake shares, and the SEC covered it up.

"The SEC knew, they were fully aware of the Global Links situation, and they covered it up. In fact, while they allowed brokers to sell millions upon millions of counterfeit shares, they were busy investigating Global links-trying to discredit the company itself"

<http://www.faulkingtruth.com/Articles/Commentary/1064.html>

Per Bob O'Brien: "The SEC ignored Bennett's instruction to Donaldson to look into Global Links and figure out what was going on. We could just pretend that it wasn't being discussed for many months after that Senate Banking Committee hearing...Demand a special prosecutor, now. Enough is enough. "The evidence is clear on this one, and presidents have seen impeachment headlines over far less. If the SEC is violating its mandate to act in the public interest and protect investors to this degree, it deserves to be dismantled, and the Justice Department brought in to put the cuffs on those responsible."

<http://www.thesanitycheck.com/Portals/0/Patch.pdf>

In conclusion, the Coalition respectfully requests that the court grant it relief in filing an administrative claim to the SEC and further requests that the court immediately take jurisdiction of said case to ensure that future damages are mitigated. Moreover, the Coalition respectfully requests that the court take emergency action to prevent future losses by individual investors who are the unwitting victims of worldwide illegal naked short selling.

Quotes from Rod Young of EagleTech in an article in The Herald-Star and Rod Young's Silent Lynch Mob letter. The fact is the government proved the allegations of rico violations with 11 organized crime people going to jail in the EagleTech case, the fact is not one of the people that worked with them on Wall Street or one Canadian firm, or the banks in Canada got indicted, in fact their crimes have been completely covered up, including the SEC grandfathering known felonies to hide the crimes of their cohorts.

By Paul Giannamore  
The Herald-Star  
Steubenville, Ohio  
April 27, 2007

"The RICO violations alleged in the suit won't have to be proven by Young and Eagletech and its investors. Young said the government already has proven the violations, with 11 organized crime people to be sentenced during the summer in New Jersey."

"Eagletech is not unique in that regard," Rod Young said in a Friday afternoon interview. "Back in 1999, there were 12,500 companies listed on the OTC Bulletin Board. Now, there are 2,700. The question has been, how long can you eat your children and expect to have a family?"

"What the industry has done to development-stage companies and the future of our economy, and our country, employment and all the negative things that go along with destroying companies and their employees — it's just incomprehensible that these people can do this."

With that in mind, Young says he didn't merely roll his company over and die when Eagletech was facing accusations from the SEC. He admits the firm wasn't filing required documentation but he said it could no longer afford to do so and eventually had to defend itself against the SEC.

Young said the SEC went after hundreds of companies during the past three years, but Eagletech is the only one he knows of that defended itself.

"Virtually every one of those companies came from a higher exchange or were once successful or were on the way to being successful and ended up victims of this crime. Either the SEC doesn't get it or doesn't want to get it and they are on the defensive," he said. "The SEC hoped to put companies out of their misery to sweep the evidence under the rug forever. But the SEC was culpable here."

Uncovering the evidence

As a result of the defense Eagletech undertook as the SEC moved to de-register the company's stock, the SEC was pushed to hand over every record that had been amassed and every investigative material ever gathered with regard to Eagletech.

Young ended up with more than 50,000 pieces of paper and electronic trading records for a 17-month period, including what he says is when the worst manipulation of Eagletech stock was taking place.

He said the law firm that has undertaken his firm's defense has spent more than \$3 million to date on Eagletech's case.

"It's 'take no prisoners,'" Young said. "They're prepared to spend up to \$100 million before they recoup a single cent."

Amid those documents, which have taken six analysts, forensic accountants and economists five months to analyze, Eagletech has put together evidence, from e-mails and financial and stock trade records, it says proves that the firm was taken for a ride at the hands of organized-crime controlled firms doing business with major Wall Street firms that simply looked the other way or never uncovered shady dealings.

The RICO violations alleged in the suit won't have to be proven by Young and Eagletech and its investors. Young said the government already has proven the violations, with 11 organized crime people to be sentenced during the summer in New Jersey.

"No one saw fit in those 50,000 pages of documents from the SEC to do anything with plenty of evidence showing who among the 26 firms were doing what. We have 81 bank wires showing how they laundered money and moved it back and forth," Young said

The suit alleges 81 accounts were addressed to a single Bahamian post office box, failing to raise a red flag for either the securities company that was facilitating most of the clearing and trading of Eagletech stock, Lewco Securities and its affiliate Schroeder & Co., or for major firms overseeing the money, including Chase Manhattan, Citigroup/Salomon Smith Barney, the Bank of New York and JP Morgan Chase. Also failing to raise red flags along the chain of stock sales and money transfers were the use of accounts through the Bryn Mawr financing firm, alleged in the suit to have been overrun with organized crime figures.

The suits allege a man named Harry Leopold, who owned a firm called LBC Capital, acted as a finder for two financing packages, one from Bryn Mawr Investment Group and the second with several Salomon Smith Barney managing directors and companies. Under the financing, Eagletech stock was exchanged for cash. The suit alleges several organized crime family members or associates controlled Bryn Mawr and that a Smith Barney vice president coordinated plans to manipulate Eagletech's stock into a death spiral.

The operations of organized crime families in Wall Street was documented through a fraud investigation called "Operation Uptick," that resulted in indictments of 21 people in a RICO prosecution against members and associates of the Bonnano and Colombo organized crime families. Testimony from those trials is included in the Eagletech suit to back up the claims about Bryn Mawr and Solomon Smith Barney's John Dorocki.

The suit alleges 83 percent of Eagletech's stock ended up supplied by organized crime-controlled firms and 83 percent of the stock was resold into the marketplace on trades cleared through Merrill Lynch.

The suit alleges that, had the major firms done proper due diligence, they would have discovered Lewco and Schroeder were manipulating Eagletech stock.

Other opportunities to uncover organized crime manipulating Eagletech's value came, too, with a firm called Grady & Hatch clearing Eagletech trades through Man Financial and Fiserv Securities Inc. Grady & Hatch was identified in Operation Uptick as a brokerage controlled by organized crime whose chief operating officer was a member of the Luchese crime family.

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Schroeder were manipulating Eagletech stock.

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A complex web of offshore transfers using banks in Nova Scotia and the Bahamas are detailed in the suit, which alleges that at one point, Fiserv sold 709,300 more Eagletech shares than it had purchased, none of the sales being marked as short sales.

Stocks, including some going through accounts at the Bahamian post office box were alleged to have been valued for less than their market price on the day of trades.

Merrill Lynch is alleged in the suit to have been in a position to note the price discrepancies on large blocs of Eagletech shares.

Eagletech also is alleged to have fallen prey to organized crime using American bank connections to launder money through offshore accounts, with compliance departments not catching the discrepancies or the fact that 81 accounts were using the one Bahamian post office box. This part of the suit alleges Citibank failed to catch suspicious transactions through the Bahamas and that at least three Bahamian banks, Scotiabank(Bahamas), Ansbacher Bank and Barclays Bank held accounts for money used in the stock operation.

The scheme also is alleged to have involved the Madison Bank in Blue Bell, Pa., and was being carried out in a fashion designed to avoid taxes or to launder money from criminal operations.

In the process of it all, the number of Eagletech shares ballooned through the sale of short shares that were listed as long shares and registered through the SEC for issuance to the public. The trades would not clear for 252 trading days and were represented as shares issued by Eagletech.

The suit alleges that as much as 4.1 million shares of Eagletech were sold in such fashion into the market, with some brokerage firms selling more than they purchased, meaning shares were being sold that Eagletech neither issued or registered, from at least 81 different firms.

The suit details that in a legitimate short trade, a seller borrows a stock to be sold or has a documentable arrangement to borrow it so it can be delivered to the buyer by the required settlement date. A "naked" short sale, which is alleged to have destroyed Eagletech, occurs when the seller does not have the share or has not borrowed it to deliver it by the settlement date. Such sales, the suit says, allow naked short sellers to manipulate the market for riskless profits, increasing the supply of shares in a given stock for sale without the company actually issuing or registering the stock. Prices can thus be depressed through a virtually unlimited stock supply until the price of the stock is down to zero at the end of the death spiral.

The suit alleges the financial industry deals in a pattern and practice of stock manipulation by organized crime and others in the financial services industry.

In the aftermath

Young said Eagletech doesn't sell its product anymore as a result of the financing actions.

"I've become a consultant for other companies facing this same plight. In addition, I do some consulting within the telecom industry," Young said. "I'm making a living, but little more than that."

He continues to pursue the cases because he said there is \$1 billion at stake and he has a fiduciary duty to 2,400

shareholders to get their money back.

"I take that very seriously. Yes, I'm one of the largest shareholders and I will benefit, too, but the biggest thing is that, in my mind, justice must prevail," he said.

Young said similar tactics have migrated from the fringe stocks of startup companies right out onto the New York Stock Exchange.

"These people are ruining our country. It has to be stopped, or it's all going to blow up in our face. They honestly believe it's their God-given right to do this," Young said.

A Silent Lynch Mob - An Open Letter From Rod Young  
by Rodney Young

I am requesting the presence of all who have the ability to attend Oral Arguments in front of the SEC commissioners on 10:00AM Monday February 13, 2006, at 100 F Street, NE, Washington DC (The SEC's Main Headquarters) in the Auditorium on the Lower Level (Room L-002), where I will argue Pro-Se Eagletech Communications, Inc.'s affirmative defense that the SEC has violated the Constitutional 5th Amendment property rights of shareholders by Regulation SHO's 'Grandfathering' of pre-Regulation SHO delivery failures. The SEC has ruled the Company's publicly traded shares shall be De-Registered for not filing timely reports. That ruling is stayed pending appeal to the full Commission and pending further appeal to the U.S. Federal District Court and its appeal processes.

An astonishing sequence of events has presented us with this unprecedented opportunity! Fifteen minutes eyeball to eyeball with the five Commissioners appointed by the President of the United States to send any message we wish. This isn't about whether Eagletech Communications filed its reports and everybody knows it! This opportunity to stand before the Commissioners in my opinion may be the first, last, and only that most of us may ever have. Let's together figure out a way to use it to our greatest advantage!

This is a public meeting in a 300 person auditorium. Documentary film maker Hugo Cancio has agreed to film this meeting and the Secretary's office has confirmed that filming such meetings is a common occurrence. The Commission will supply a court reporter; the transcript will be available for purchase the next day. Enforcement division attorney and my opponent Anthony Byrne has told me that Oral Argument hearings are typically available as real time streaming audio on the Commission's website at [www.sec.gov](http://www.sec.gov).

Eagletech has alleged in its affirmative defenses that the SEC has illegally taken the property of shareholder's in violation of the 5th amendment to the U.S. Constitution. By 'Grandfathering' pre-regulation SHO delivery failures this agency of our Federal Government has conducted an 'inverse taking' of shareholder's property without due process and without compensation when 'Grandfathering' suspended the settlement process which they are mandated to maintain in the Securities Exchange Act of 1934. By Grandfathering and then by De-registering Eagletech shares the SEC has taken shareholder's property and given it to the criminal perpetrators who have sold counterfeit shares to the public with no intention of, and now no requirement to ever deliver them.

To everyone's astonishment Administrative Law Judge Kelly gave leave to appeal his decision on this theory (see pages 4 and 5 of his opinion attached to this email).

The SEC's Enforcement Division has chosen to blatantly ignore evidence of criminal Naked Short Selling misconduct and instead has chosen to sweep the crimes under the rug by De-Registering the Company's stock. Eagletech has provided to the SEC the following evidence of criminal misconduct:

1 A toxic PIPE financing was organized by five managing directors of Salomon Smith Barney.

2 Ten days after the initial meeting at Salomon's World Trade Center offices the now convicted Anthony Elgindy and his Short Selling Cartel appeared on chat boards claiming that Eagletech's was a scam and that its press releases announcing its patent were false. The patent was issued 30 days later as well as a second patent a year later. Within the year Eagletech successfully deployed its technology in the three largest telecommunications markets in the Southeast U.S., making its "Eagle1Call" product available to 9.5 million people who could purchase provision and maintain the product from the Internet in a matter of minutes.

3 Elgindy associate Peter Michaelson testified in the Elgindy trial that he and others routinely contacted the SEC with tips of "Scam Companies" his organization had targeted.

4 Within a few months SEC enforcement attorney Justin Arnold issued a subpoena for information parroting nearly word for word Michaelson's false allegations.

5 In an article published by author James Cummins, former 15 year former SEC Enforcement Attorney Brent Baker was quoted "For years the SEC was unable to control the infamous 'pump-and-dump' schemes of stock market criminals across the country, and actually developed a culture that believed that illegal naked short selling may be a counterbalancing force to the pump-and-dump." A stunning admission!

6 On July 10, 2002 Forbes Magazine published the first national 'expose' of the 'Naked Short Selling/Toxic Financing' problem wherein Rod Young and Eagletech Communications were the lead subjects of the article. Three days later Washington DC lobbyist Jack Wynn told me that Steve Forbes was contacted by someone asking him to back off the story. A year later an unconfirmed source identified that someone as then SEC chairman Harvey Pitt. Wynn would later be drafted to author a position paper on the Naked Short Selling scandal for the Busch re-election campaign. They know!

7 Two Licensed Broker/Dealers at the CBOE (Their money ended up in the same escrow account with the five managing directors at Salomon Smith Barney) who didn't disclose that they were Broker/Dealers invested in the PIPE financing, and began short selling Eagletech stock prior to the closing of the funding (Insider Trading).

8 The New York State Supreme Court granted Eagletech its DTC and NSCC trading records. The unprecedented ruling denied the DTCC's request for a protective order. NSCC CNS (Continuous Net Settlement) Reports confirm that those short sales failed delivery for 252 trading days (one calendar year), making them illegal Naked Short Sales.

9 DTC participant 5099 reportedly a secret account at the CDS (Canadian Depository for Securities, the CDS is a subsidiary of the DTCC) failed delivery for 212 days. DTC Participant account 5099 is reportedly a special account that clear(s)(ed) through Euroclear for seven Canadian brokerages: Thompson Kernaghan, Wolverton Securities, Global Securities, Pacific International, Canacord Capital, Yorkton Securities, Research Capital, with now defunct TK being replaced by TD Waterhouse.

10 Forensic Economist and former Undersecretary of State Robert Schapiro analyzed three years of Eagletech's CNS reports. He concluded that 37 DTC Participant firms used the NSCC 'Stock Borrow Program' to fail delivery of Eagletech stock in excess of the three day delivery rule and to continue delivery failures for up to 252 trading days. In light of DTCC Deputy General Counsel Larry Thompson's revelation that the NSCC 'Stock Borrow Program' is used to cure only 18% of daily aggregate fails, it could be reasonably concluded that these 37 DTC Participants manipulating Eagletech's stock represent only the tip of the iceberg, while the other 82% of daily aggregate fails promulgate through the Ex-clearing system.

11 The SEC produced discovery evidence to Eagletech in it's De-Registration action, 49,489 pages and an electronic trade journal of 43,723 Eagletech trades over a 17 month period. The trading documents chronicle nearly half of the trades during that period were for the proprietary accounts of the Broker/Dealers (Market Makers) presumably using the 'Bona Fide Market Maker' exemption. For example: the metrics of a single days trading, May

12, 2000 revealed: 110 persons bought Eagletech stock, 3 persons sold Eagletech Stock totaling 81,934 shares. 18 Broker/Dealers bought or sold Eagletech stock for their own account totaling 300,778 shares. The marketplace reported 176,300 share Volume that day. Assuming there were Zero shares available for sale and those 18 Broker/Dealers used their 'Bona Fide Market Maker exemption' to fill the orders there is still a discrepancy of 206,412 shares. Where did they come from? Why weren't they reported to the Marketplace? How's that possible? The Metrics for May 15, 2000 are similar. So are the Metrics for May 16, 2000 and on and on and on... This data was supplied by the SEC as discovery in Eagletech's De-Registration action. When it is put back in their face they won't even acknowledge it let alone explain it! (See the attached Excel spreadsheet - Note that the workbook file contains 21 separate sheets)

12 In 2002 Eagletech made three official complaints to the SEC that it was being manipulated by illegal Naked Short Selling. The second of those complaints resulted in a meeting with Enforcement Division attorney Justin Arnold at the SEC's Miami office where Eagletech's attorneys gave him a three inch binder of evidence showing the manipulation of 200 companies. The third complaint was made by U.S. Congressman Peter Deutsch on behalf of the Company. From the SEC, even being a U.S. Congressman doesn't get you the courtesy of a response.

13 In January 2004 FBI agents came knocking explaining that a New Jersey labor racketeering investigation turned up manipulation of Eagletech by its first Investment Banker Bryn Mawr Investment who had contracted Colombo family mobster Frank Persico's Staten Island brokerage firm to sell Eagletech shares. Eagletech's civil suit had been successful in procuring trading records from Bryn Mawr subsidiary brokerage firm Lloyds Bahamas Securities where the FBI had no jurisdiction. Eagletech's attorneys freely shared the records with the FBI. Immediately the FBI brought in the SEC, and Enforcement Division attorney Justin Arnold into its now joint investigation.

14 In June of 2004 the SEC announced proposed Regulation SHO to take effect six months later in January 2005. A threshold list of company's failing 3 day delivery would be established. Non Reporting issues would not appear on the threshold list (Pink Sheet stocks), not a mention of Grandfathering. In July 2004 the SEC announced to the media that they were "preemptively targeting shell companies ripe for manipulation for de-registration" (1300 now Pink Sheet companies almost all manipulated by illegal Naked Short Selling from the OTCBB or NASDAQ). How convenient, the most abused companies in history exempted from the new rule purported to stop such abuse, not because of the lack of transparency cited but because it sweeps the SEC's culpability in using their own words "delivery failures greater than a company's total public float" under the rug forever!

15 In an August of 2004 luncheon meeting with a potential witness in Eagletech's civil case a member of the CIA showed up un-announced to me wanting details of the involvement of Jonathan Curshen and his Costa Rican Offshore asset protection company Red Sea Management in the demise of Eagletech. I was encouraged to write a criminal referral to the U.S. Secret Service who is charged with investigating counterfeiting of corporate securities under 18-USC-514. I authored 15 pages with 100 pages of evidence implicating the SEC and the DTCC as accessories to the crime. That referral was hand delivered to the Secret Service in Washington DC as a courtesy by the agent.

16 The NBC Dateline Debacle. Does anyone doubt the power of the wealthiest entity on earth the DTCC, the real owner of most all of the shares of every company in America, and held for your benefit. OK when they are benevolent, but what about when they manipulate the media, and threaten their detractors. The public doesn't know it but at least half of the B-roll footage of me was shot after the cancellation of the April 10th scheduled airing. The story you saw on July 31st wasn't the story ready for broadcast on April 10th. Producer Sharon Hoffman who should have resigned in protest was rewarded with a promotion to senior producer at NBC News a week later. Between 2:48 PM on July 6, 2005 and 7:22 PM on July 31, 2005 I received 11 threatening phone calls, the final one just about five minutes after the conclusion of the Dateline broadcast. You can be sure it wasn't GE's attorneys doing due diligence on the story.

17 Grandfathering! The SEC didn't have the courage to make it a part of regulation SHO. Even they know how much it smells! They leaked it to the press in late December 2004 to an uproar of detractors, many of them still calling for a Constitutional test of their authority to suspend the settlement portion of their Congressional

mandate to oversee the maintenance of an efficient clearing and settlement system. To the SEC and the DTCC efficient means de-materialization. De-materialization without transparency (access to short sale data) would be the final step in the perfect crime. I don't know who to quote, reportedly somebody at NASAA said "Over my Dead Body." Boo-Yaa!

18 Which brings us back to the subject of this appeal before the Commission; every shareholder of any Company in America who purchased shares and can not get delivery has a cause of action against the SEC as an agency of the U.S. Federal Government for violation of their 5th Amendment Constitutional property rights. An action brought as a Constitutional Tort under the 'Federal Tort Claims Act' in multiple Federal District Courts across the country is governed by the State eminent domain law where the shareholder's property was taken (your home state). There is a multitude of case law in every state in the Union covering illegal inverse taking of property by Governments and their agencies. The governments successful defense using the discretionary exemption from Tort Claims in most cases since the 1947 case 'Elizabeth Dalehite, et al. v. United States' does not apply here. The SEC does not have discretion to suspend the settlement process (Grandfathering), even temporarily as they claim. The bottom line is they are vulnerable here. An agency with a strained budget, 1,500 mostly inexperienced attorneys, that brings 500 new enforcement actions per year would crack under the burden of 50 or 100 or 500 Constitutional Tort cases brought against it. The real benefit of such cases would be court ordered discovery of the short selling data that the SEC routinely denies shareholders, issuers and the media, under FOIA (Freedom of Information Act). The first survival of a motion to dismiss could alter the landscape.

In a perfect world: the SEC's auditorium on February 13th would be filled with a silent lynch mob of aggrieved shareholders (CMKX shareholders welcome), the 13 State Securities Regulators who I would introduce as dignitaries one by one to the Commissioners, CEO's of other victim companies, the media, congressional staff assistants, and our rock star advocates Byrne, Burell, Patch, Obrien (with or without the rabbit suit), Faulk, DeWayne, and Ferrara. My apologies if I missed somebody. My well rehearsed presentation would have had input from attorneys, State Regulators, and others and would have been released to the media ahead of time. I would have paper hand outs and a CD's of evidence documents for media and congressional staffers to take away with them. The 13 State NASAA Consortium would be holding a press conference at a nearby hotel at Noon that day announcing their Joint Initiative and possibly the filing of a few cases against the miscreants in a few states. Finally the SEC would admit they are outgunned beg the Senate Banking Committee for help, we get our hearings, new clearing and settlement and Hedge Fund legislation, and a workout plan to settle the trades once and for all.

In the real world: I'll take what I can get and I'll soldier on! I encourage and welcome your comments and your help. This is our fight! The future for our children may depend on what we do here today!

Sincerely,

Rodney E. (Rod) Young  
Eagletech Communications, Inc.