

## **Facts and Research – How Illegal Stock Short Selling Harms America’s National Security and How the NASDAQ Stock Market Was Fooled by Short Sellers and Rigged Its Own Corporate Listing Process**

*“Capital has legs. Unless you have the right environment, it walks away from you...  
Reallocation of capital has shifted to Asia.” – Harvard Business School*

### **Readers Alert!: Unchecked Illegal Short Seller Market Manipulation in the U.S. Capital Markets Undermines Confidence in Investing in America**

**The Latest Updates:** The arrests of illegal short seller "Fatty Boy" [Jon Carnes \(link\)](#)'s gang members. Tabloid writer and market manipulator [Roddy Boyd \(background link\)](#); the global investigative firm "[Kroll \(link\)](#)" and its client - the [NASDAQ Stock Market's Listing Qualifications Department](#), headed by a notorious racist [Michael Emen \(link\)](#) were **implicated in several criminal probes in China**.

**The arrests of the Jon Carnes crime family – illegal stock short seller Jon Carnes and his gang members used 14 aliases and 42 various "Yahoo" chat room pseudonyms, duped the NASDAQ, FINRA, the SEC and the New York State Supreme Court:** According to investigations by former law enforcement agents, illegal stock short seller "Fatty Boy" [Jon Carnes \(link\)](#) uses a total of 14 aliases and 42 Yahoo chat room names to hide his criminal activities. Jon Carnes's aliases include "Alfred Little", "EOS Holdings", "Andrew Wong", "IFRA", "Quantum Asset Management", "Drew Bernstein", "IFRA Group" and others... In July 2012, Jon Carnes's illegal activities, including fabrication of photos and documents, theft, money laundering, tax evasion, lies to law enforcement officials and corporate espionage, led to the arrests of Jon Carnes's gang members and the incoming prosecutions in early 2013 by two prosecutors' offices against Jon Carnes. Jon Carnes, his Chinese wife Liu Li (a Chinese national) and their fellow criminals may face up to 12 years each in prison. "Fatty Boy" Jon Carnes is currently a fugitive hiding in Vancouver. Jon Carnes made at least **\$10 million** in illicit profits according to this [Bloomberg article \(link\)](#).

**Roddy Boyd, Manuel Asensio, a writer with the Barron’s magazine and NASDAQ’s notorious Michael Emen are also implicated in the criminal probes in China:** According to former FBI agents’ investigations, illegal stock short sellers [Roddy Boyd \(link\)](#) and his father [Michael Boyd \(a hedge fund manager whose \\$30 million trust accounts name his tabloid writer son Roddy Boyd as a beneficiary\)](#), are co-conspirators of the Jon Carnes crime family; [Manuel Asensio \(link\)](#), a known stock short seller permanently barred by the SEC from the U.S. securities industry ([link to the SEC website in its litigation against Manuel Asensio](#)) and a co-conspirator of [Roddy Boyd](#); Investigative firm [Kroll \(link\)](#)'s China practice by the name of [Kroll Advisory Solutions \(link\)](#), operating illegally in China without authorization (*under Chinese law, only law enforcement agencies are authorized to conduct investigative services*); A writer with the [Barron’s magazine \(link\)](#) who is a long term friend of Manuel Asensio and [Roddy Boyd](#), along with his buddy tabloid writer [Herb Greenberg \(link\)](#), are all co-conspirators of the Jon Carnes crime family; The [China head \(link\)](#) of the accounting firm [Marcum LLC](#), who shared the same office in Beijing with Jon Carnes is also involved. Marcum currently audits several U.S. listed China based companies. “Mysteriously”, 60% of them are sold short by the same group of illegal short sellers involving Jon Carnes and Herb Greenberg. One may suspect that collusion between illegal stock short sellers and an issuer’s auditor has been a highly profitable business model...

**Criminal implications involving the NASDAQ and the notorious Michael Emen.** The crime suspects blame the NASDAQ's Listing Qualifications Department, headed by a notorious NASDAQ bureaucrat Michael Emen, a racist alleged in a U.S. federal court lawsuit ([website link](#)) for their crimes. Chinese

media reports also revealed that the **NASDAQ has paid Kroll to spy** on all NASDAQ listed China based companies, directed by the racist [Michael Emen \(press release link\)](#) and his bosses at the NASDAQ.

**What is the NASDAQ “Spirit”? Is the NASDAQ practicing a religious cult?** In 2011, the NASDAQ bizarrely delisted a company CleanTech Innovations, Inc. The reason for the delisting was captured in a sworn testimony made by NASDAQ’s notorious **Michael Emen (website link)**: *“CleanTech has satisfied the letter of the NASDAQ listing rules however has violated the NASDAQ ‘spirit’... the company was delisted for discretionary reasons.”* The NASDAQ spirit? Discretionary reasons? What about complying with rules and laws?

**A reasonable mind should ask these basic questions: Is the NASDAQ a religious cult of some sort? Is the notorious Michael Emen a witch or has been on a witch hunt?** What is the NASDAQ spirit? As of today, NASDAQ has refused to explain to the American public about NASDAQ staff’s “spirituality”. Led by former U.S. senator **Arlen Specter**, the [NASDAQ was sued \(news link\)](#) for racism and discrimination. The lawsuit against the NASDAQ is [here](#).

**Barron’s magazine - Michael Emen’s “bible”:** The notorious Michael Emen is an alarmingly idiotic man who also stated on the record *“whatever is said in the Barron’s magazine must be the truth. It is in the Barron’s!”* Former law enforcement agents revealed that Michael Emen panicked under attack from illegal short sellers in collusion with a Barron’s writer Bill Alpert in a series of negative articles directed by Manuel Asensio, Roddy Boyd and Herb Greenberg, and as a result, the NASDAQ [rigged \(website link\)](#) its own delisting appeal process to justify its NASDAQ spirit. Brian Borders, the Chairman of NASDAQ Hearing & Review Council has been hiding from the public eye since the NASDAQ rigging. These facts are [here](#), revealed in various federal court and [SEC filings](#).

**Rigging of the “NASDAQ Casino” has broader implications for many U.S. companies:** In a study of more than 180 cases of NASDAQ’s delisting appeals, NASDAQ’s Listing Qualifications Department and **Michael Emen** won **100%** of the time against issuers, which is a better win ratio than any prosecutors in the world, and greater than the chances of one being struck by lightning! Such “excellent” results are statistically impossible, unless, the “NASDAQ casino” is rigged under Michael Emen and the NASDAQ’s Office of General Counsel. Is Michael Emen ready for more depositions on the record? Yes, some are coming... Also see [CleanTech vs. the NASDAQ](#) link (U.S. Federal Court). The notorious **Michael Emen** will soon be summoned to meet with prosecutors in China. According to Wikileaks ([website link](#)), NASDAQ staff was detained in China in 2007 for violating Chinese laws.

**The Latest U.S. Court Rulings: Perjury Charges Against Illegal Short Seller Jon Carnes:** **Permanent Injunction granted by the court (Sept 2012):** The New York Supreme Court (Judge Carol Edmead) issued a permanent injunction against "Fatty Boy" Jon Carnes and his various affiliates relating to their willful defamation of a NASDAQ listed company "DEER". **Jon Carnes committed perjury (Oct 2012):** Jon Carnes was found to have provided false sworn testimony to the New York Supreme Court (Judge Carol Edmead) about his [EOS Holdings](#)’s two trading accounts opened in New York with brokerage firms [Rodman & Renshaw](#) and [Legend Merchants Group](#). Jon Carnes had previously stated in sworn testimony that he and his activities had no contacts with the New York State.

## **THE FACTS AND MARKET ANALYSIS**

**There is nothing wrong with either reverse mergers or IPOs:**

Reverse merger or Reverse Takeover ("RTO") is a very simple concept: A private company is merged into a public company and the private company controls the combined public entity. That’s all. Reverse mergers take place regularly on all stock exchanges worldwide and are viewed favorably as a certain

access to public capital for an Emerging Growth Company ("[EGC](#)") while an Initial Public Offering ("IPO") may be more suitable for a larger company. Neither approach has any relevance to a company's financial accountability or management integrity. They follow exactly the same regulatory disclosure requirements. **U.S. regulators are the only people in the world that somehow perceive the reverse merger approach negatively. The facts however speak to the contrary:** About 20% of U.S. listed companies, 50% of companies listed on the Australian Stock Exchanges and about 35% of companies listed on the Canadian exchanges are reverse merger companies. The New York Stock Exchange itself went public through a reverse merger, as well as Warren Buffet's Berkshire Hathaway.

#### **The same disclosure requirements and the same end result as an IPO:**

In the U.S., in either a reverse merger or an IPO that involves a consummated financing, exactly the same set of SEC disclosure documents is used, which is the Form S-1 registration statement filed with the SEC, subject to full reviews by the SEC staff. Therefore from a legal perspective or from a public disclosure point of view, Reverse Merger + Capital Raise = IPO. An IPO or a reverse merger achieves the same result - a public company with potentials to raise public capital. Institutional fund managers generate 90% of all daily trading volumes on U.S. stock exchanges and they do not distinguish between them. These basic facts are clear: 1) In the United States, more than 1,500 companies (about 20% of all public companies in America) have used the reverse merger process; 2) 74% of all reverse mergers in the U.S. markets involve U.S. based, 100% "home grown" American companies that are in good standing; 3) The second largest pool of reverse merger companies in the U.S. are from Israel; 4) Approximately HALF of all companies listed on the New York Stock Exchange are non-U.S. companies.

#### **"Burger King" is a very recent \$3.5 Billion reverse merger company on the NYSE:**

In June 2012, the global fast food company "Burger King" became public on the New York Stock Exchange through a \$3.5 billion reverse merger. Burger King avoided an IPO "to list itself without going through the time-consuming process of a traditional initial public offering... allows management to focus on running the business", stated its Chief Financial Officer as quoted in a [Wall Street Journal article interview \(link\)](#). Many other well-known reverse merger companies in the U.S. include the New York Stock Exchange, Texas Instruments, Inc., RadioShack, and the legendary investor Warren Buffett's Berkshire Hathaway Inc. These American icons have all been created via reverse mergers and there is nothing wrong with them.

#### **The NASDAQ CEO stated: "Reverse merger, IPO disclosure and audits, they are identical"**

On February 2, 2011, in a [CNBC TV interview \(video link here\)](#), Mr. Robert Greifeld, the CEO of the NASDAQ OMX Group candidly discussed the NASDAQ's views towards listing reverse merger companies, particularly those from China. Mr. Greifeld stated on the record: "Let's make it clear – they are identical, the accounting firms that audit the Chinese companies have to be approved by PCAOB just the same as US company has to be. So those are identical and there are no differences." Mr. Greifeld continued: "...understand that when you do a reverse merger you are in no way, shape, or form bypassing any listings standards. You are trying to just save some time getting the shelf registration approved. But you still have to have your books and records approved. So that's not a shortcut or backdoor..." The fact: 100% of U.S. listed companies are already audited by accounting firms licensed by the PCAOB (Public Company Accounting Oversight Board) and registered with the SEC.

#### **Short sellers and tabloid writers and corrupt reporters have manipulated the markets:**

In the U.S., the negativity about reverse mergers is promoted by stock short sellers. Here is their scheme: Self-serving short sellers first build large short positions against a company. They then pay off propaganda published by their allies in the financial media to tarnish the company with lies. While short sellers, corrupt reporters, tabloid writers and internet bloggers "join forces" to repeat the same lies, eager regulators, including those ignorant and racist folks at the NASDAQ are pitched the same "doomsday"

stories. An example, regulators have recently been misled for years by a convicted felon, stock short seller and a so-called "whistleblower" [Barry Minkow \(article link\)](#) against a Fortune 500 company which has cost the innocent company \$20 million dealing with government investigations. This article concludes that [collusion between market manipulators and certain financial reporters \(website link\)](#) is a troubling market reality in the U.S. capital markets. As detailed below, several short seller conspirators with close ties to tabloid writer/short seller [Roddy Boyd \(background link\)](#), and his hedge fund manager father [Michael Boyd](#) shorts against the companies which [Roddy Boyd](#) touts negatively in the media, were recently **arrested** by law enforcement.

#### **A small company IPO in America is a high stake gamble:**

**Due to over regulation, the number of boutique U.S. investment banks (underwriters that typically raise less than \$20 million in capital via IPOs) shrank by more than 50% in the last 5 years.** Meanwhile, the number of well intentioned, however often poorly educated and poorly compensated regulatory personnel in the U.S. securities industry has ballooned, which has led to many brokerage firms quitting the costly securities business. Who is then left to underwrite small company IPOs? No one. An IPO attempt is a year-long exercise with many risks. If market conditions are not ideal, an IPO is often cancelled or poorly priced as seen in the [Facebook's disastrous NASDAQ IPO, the NASDAQ listing wiped out billions of dollars of the American public shareholders wealth \(link\)](#). Attempting an IPO is a gamble. The odds of successful IPOs are stacked against Emerging Growth Companies which provide more than 90% of all jobs in America. A [Wall Street Journal](#) article dated September 1, 2011 titled [More IPOs Pulled In August than Any Month In 10 Years \(website link\)](#) accurately describes how IPOs were doomed by negative markets.

#### **Research statistics: IPO Vs. Reverse Merger**

|   | <b><u>IPO</u></b>   | <b><u>REVERSE MERGER</u></b>                         |
|---|---------------------|--|
| 100% Guaranteed Public Listing Success:                                       | NO                  | YES  |
| <b>100% Success in Raising Capital /Timing of Successful Public Listing :</b> | <b>NO/Uncertain</b> | <b>YES (via a successful PIPE financing)/1 Month</b> |
| Must Hire Underwriters:   | YES                 | NO   |
| Must Pay Underwriters Fees (7%-10% of total proceeds):                        | YES                 | NO (If no placement agent)                           |
| Must Engage Law Firms, Apply the Same Legal Standards:                        | YES                 | YES  |
| Financials Audited Under the Same U.S. GAAP standards:                        | YES                 | YES  |
| Auditors Follow the Same SEC and PCAOB Requirements:                          | YES                 | YES  |
| Comply With the Same SEC Reporting and Disclosure Requirements:               | YES                 | YES  |
| Listed on a Stock Exchange:   | YES                 | YES  |
| Filings Reviewed by the SEC, the same review process:                         | YES                 | YES  |
| Estimated Costs involving a \$10 Million Financing:                           | \$1.5 Million       | Less than \$500,000                                  |

**U.S. Listed, China-based Companies (Feb 4, 2011): Total number of companies: 258**  
Reverse merger companies represent 43% of all public companies:

|                         | <b>Exchanges</b>     |                    |                         |
|-------------------------|----------------------|--------------------|-------------------------|
|                         | <b><u>NASDAQ</u></b> | <b><u>NYSE</u></b> | <b><u>NYSE AMEX</u></b> |
| <b>Reverse Mergers:</b> | 82                   | 11                 | 16                      |

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>Reverse mergers as % of all companies:</b>      | <b><u>51%</u></b> | <b><u>14%</u></b> | <b><u>80%</u></b> |
| <b>IPOs (Initial Public Offerings):</b>            | 79                | 66                | 4                 |
| <b>IPOs as % of all companies on the Exchange:</b> | <b>49%</b>        | <b>86%</b>        | <b>20%</b>        |
| <b>Total On Each Exchange:</b>                     | 161               | 77                | 20                |
| <b>Total Market Capitalization:</b>                | \$14.9 bn         | \$42.1 bn         | \$2.2 bn          |
| <b>Median Market Capitalization:</b>               | \$158 mln         | \$185 mln         | \$95 mln          |

(SOURCE: NASDAQ.com, NYSE.com, AMEX.com, Bloomberg)

### **The real problem – rampant illegal stock short selling in the U.S. capital markets and lack of law enforcement actions**

In November 2011, NASDAQ listed China based company [Harbin Electric, Inc. \(article link\)](#) was acquired in an \$850 million merger acquisition and generated 1,200% in investment returns for its initial U.S. investors since its initial listing via a reverse merger. The successful transaction was advised by Goldman Sachs, global law firms Davis Polk and Skadden Arps. The NASDAQ listed stock was the most heavily shorted stock of all China-based companies in the entire U.S. markets in 2011. Rampant illegal short selling occurred in HRBN and U.S. regulators and NASDAQ did nothing to deter those activities: tabloid writer and stock manipulator [Roddy Boyd \(link\)](#) was the front man for the market manipulators. [Roddy Boyd](#) used fabricated data, including extensive doctored photos and false reports to mislead the investing public. Illegal short sellers [Roddy Boyd](#), [Manuel Asensio](#) and other short sellers pounded U.S. regulators at the SEC, FINRA and the NASDAQ with anonymous letters and broad accusations, crying frauds at Harbin. The NASDAQ panicked, however the SEC staff was courageous. The SEC approved the transaction. U.S. investors benefitted tremendously.

### **Tabloid writer, illegal short seller [Roddy Boyd](#) exposed, the [Boyd](#) father – son mob team:**

[Roddy Boyd](#) (real name: Roderick Stewart Boyd) is a stressed and balding 44 year old white male, born 04/18/1968, living in North Carolina and uses a New York cell phone to hide his location. [Roddy Boyd](#) is totally illiterate in the Chinese language, Chinese culture and has never been to China. However, [Roddy Boyd](#) makes a living shorting and bashing Chinese companies. How so? As discovered by law enforcement and former FBI agents, [Roddy Boyd](#) is one of the "guns" for the mobs of illegal short sellers, and his father [Michael Boyd](#) is one of the illegal stock short selling "ring leaders". [Roddy Boyd](#) is the beneficiary of a \$30 million trust account set up by [Michael Boyd](#). Tabloid writer [Roddy Boyd](#) trashes companies that [Michael Boyd](#) has built short sale positions against.

### **The illegal short seller hedge funds exposed:**

According to Harbin management who got several government agencies involved and hired former FBI agents to investigate the short sellers, [Roddy Boyd](#) and other tabloid writers were paid or benefited from several short seller hedge funds including [Tiger Asia Management \(link\)](#) – an admitted criminal ([Bloomberg article link](#)), [Valiant Capital Partners \(link\)](#), [Kingsford Capital Management \(link\)](#), [Dialectic Capital Management \(link\)](#) and several others. Through their clearing custodian firms including Goldman Sachs, JP Morgan and Merrill Lynch, these hedge funds engaged in the classic acts of illegal "short and distort (link)" schemes in coordinated efforts to drive down HRBN's share price, which led to a loss of more than \$400 million in market capitalization for HRBN's U.S. public shareholders in June 2011. Harbin shares were on the list of the SEC's anti-naked-shorting [Regulation SHO \(link\)](#) for 5 months in a row, revealing rampant illegal [naked short selling \(link\)](#) in HRBN and broad failures by clearing firms to timely settle trades – all were blatant violations of U.S. securities laws.

A recent example of these clearing firms' brazen acts is reported by Bloomberg in an article titled: "[Goldman, Merrill Emails Show Naked Short Selling, Filing Says \(link\)](#)". Regulars may not be

smart enough to recognize the harms that those highly profitable "[Stock Loan Departments \(link\)](#)" within these clearing firms have caused to markets. Tabloid writer [Roddy Boyd \(link\)](#) and his father [Michael Boyd](#), a hedge fund manager with a checkered history of associating with convicted felons, orchestrated many illegal short selling schemes.

### **Roddy Boyd "The Short":**

The investigation has revealed that for years, [Roddy Boyd](#) has had some "close friends" within the FBI in New York who often timely "update" Roddy Boyd of ongoing government investigations. Roddy Boyd, his father Michael Boyd and their hedge fund friends then build short positions against the companies after receiving such non-public "tips".

### **Roddy Boyd "The Distort":**

While building short positions, Roddy Boyd aggressively pitches regulators and federal law enforcement officials with fabricated data by "[shouting fire in a crowded theater](#)" to "expose" imaginary "corporate frauds", just like what the convicted felon and short seller [Barry Minkow \(link\)](#) has misled law enforcement officials for years. [Roddy Boyd](#) is the modern-day Barry Minkow.

### **Michael Boyd Exposed - the "Godfather" of Short Sellers Exposed:**

Investigative reports provided by former FBI agents have indicated that Roddy Boyd's father Michael Anthony Boyd (age 72, white male, born 10/24/1941, CRD #: 27695), the founder and affiliate of several Connecticut based hedge funds Forest Investment Management, Forest Fulcrum Fund, Forest Performance Fund, Forest Alternative Strategies Fund, and Boyd Family Holdings LLC colluded with other identified tabloid writers and hedge funds and together had built heavy short positions in HRBN shares that was subsequently followed by coordinated "[short and distort](#)" negative article attacks on HRBN stock led by his son, Roddy Boyd, who disseminated knowingly false and fabricated data involving Harbin. Michael Boyd has a history of securities law violations involving illegal naked short selling. Michael Boyd is a partner of convicted felon [Santo Maggio \(Bloomberg article link\)](#), CEO of Refco Securities' offshore unit, who has defrauded investors out of \$2.4 billion.

### **The Roddy Boyd Family's Offshore Accounts, Illegal Money Flow Exposed:**

Investigative reports from former FBI agents also revealed a curious fact that the various parties associated with Roddy Boyd and his wife [Laura Ann Boyd](#) (aka Laura Ann Caprioglio, age 44, white female, born 03/20/1968), living in North Carolina (Address: 513 John S. Mosby Drive, Wilmington, North Carolina 28412) maintain more than a dozen bank accounts in various locations from North Carolina to Connecticut, as well as more than 15 addresses for the Boyds, and various suspected U.S. and offshore trust accounts with Roddy Boyd and his affiliates as beneficiaries.

### **"Fatty Boy" Jon Carnes Arrested:**

Law enforcement in China has taken actions against short sellers involved in the illegal shorting of HRBN and other U.S. listed China based companies including NYSE listed billion-dollar company [Silvercorp Metals \(link\)](#) - China's largest silver producer. In July 2012, several individuals tied to a [EOS Holdings \(aka EOS Global Holdings\)](#) and its owner - Vancouver and Las Vegas based illegal short seller "Fatty Boy" Jon Carnes, a co-conspirator of Roddy Boyd ([link: lawsuit in a New York court against Jon Carnes and his gang](#)) were arrested in China.

### **The Incoming Prosecution of the Jon Carnes Crime Family:**

The government evidence: During the arrests of several short seller conspirators involving Jon Carnes's gang members, China's national intelligence agency – the Ministry of State Security (MSS) uncovered extensive evidence of collusion, distortion of basic facts, computers with extensive doctored photos, spy equipment, emails and Skype communications, bank records and secret espionage listening/video devices,

payments made to write knowingly false and negative articles among illegal short seller hedge funds, kickbacks and curious close relationships with the head of China practice at a New York based accounting firm, which audits more than a dozen U.S. listed China based companies, of which, mysteriously, a high percentage were attacked by the same group of short sellers. Also discovered by law enforcement were collusion and payments made to tabloid writers/conspirators including Roddy Boyd, Jon Carnes, [Andrew Left \(link - mug shot from his arrest\)](#) and [Andrew Left's history of defrauding investors \(link\)](#), as well as their links to many coordinated articles written by identified reporters at several financial media organizations including the Barron's magazine, a self-promoted broadcaster at CNBCTV, a reporter at the Financial Times and Israel headquartered Seeking Alpha.com. Such massive and coordinated naked short selling schemes that took place in the U.S. markets against China have cost American public shareholders billions of dollars.

### **The Jon Carnes Fugitives, Jon Carnes's Offshore Funds Exposed:**

Investigations reveal that short seller Jon Carnes, his Chinese wife Liu Li (a fugitive, co-conspirator and the Chief Financial Officer of Carnes' EOS Holdings, aka EOS Global Holdings) and several others are currently [fugitives wanted by the Chinese national police \(link\)](#). Jon Carnes and EOS Holdings' bank accounts at the Mutual of Omaha Bank in Las Vegas, RBC Bank in Canada, brokerage accounts in New York City (accounts opened at Rodman & Renshaw, Vfinance and others), revealed their frequent transactions with offshore entities. Jon Carnes, a U.S. citizen, evaded more than \$2.39 million in U.S. taxes through fictitious loan arrangements with a Dominica (a tax shelter island nation in the Caribbean) entity registered in November 2010 under the same name of EOS Holdings owned by Jon Carnes, payments received from short seller hedge funds, payments made to Carnes's associates and other criminals in the U.S., Dominica, Canada, Hong Kong, Europe and China... Jon Carnes's partner and co-conspirator Shawn Jason Rhynes (address: 14343 Kendal Town Meadow Drive, #D Charlotte, North Carolina) is a man with a history of criminal law violations, including in 2008, Shawn Jason Rhynes was charged with carrying a concealed deadly weapon, and in 2007, he was charged with assault and communicating a threat (threatening to physically injure a person or a person's family and/or threatening to damage the person's property). Shawn Rhynes's purported Quantum Asset Partners and at least 5 other shell companies owned by him and Carnes received substantial payments from Jon Carnes and other short sellers disguised as "investors". As revealed in court papers in the New York Supreme Court, Jon Carnes admitted his contacts with a hedge fund [Ray Shi Capital Group \(link\)](#) and the fund's managers Sophie Tao and Wei Li, who have also participated in his short selling schemes.

A Business Week article titled [Short Seller Drops Muddy Waters Model for SEC \(article link\)](#) describes the brazen acts of illegality and "short and distort" schemes orchestrated by these illegal players. In the article, Jon Carnes admitted what former FBI agents have uncovered - Jon Carnes is short seller "Alfred Little.com," a fictitious name that had published false articles against many companies in his admittedly successful effort to make millions of dollars in profits while causing at least \$500 million in losses to American shareholders of [Silvercorp \(article link\)](#) alone.

### **Roddy Boyd and Other Illegal Short Sellers Harm the U.S. National Security:**

" Chairman Mary Schapiro, please come back to us after the SEC has enforced its own securities laws against illegal short sellers in America," stated officials from a Chinese government agency. Since 2011, the lacking of law enforcement actions against illegal short sellers has become a critical issue of bilateral tensions between U.S. and China, resulting in China's repeated rejections of the SEC Chairwoman Mary Schapiro's multiple requests, during her numerous well intended, however unproductive recent trips to China.

Vigorous enforcement of U.S. federal securities laws against illegal short seller gangsters such as "Fatty Boy" Jon Carnes and Roddy Boyd promotes market integrity and is a matter of U.S. national security.

Without such enforcement, the integrity of the U.S. justice system and the U.S. national interest is severely harmed.

#### **Additional Research against Illegal Short Selling in America:**

- 1) [David Feldman, Esq.](#), a leading legal expert on the subject of reverse mergers and an author of several books on this subject. His website [www.reversemergerblog.com](http://www.reversemergerblog.com) provides some highly insightful viewpoints.
- 2) [Mitchell Nussbaum, Esq.](#), Chairman of Securities and China Practice Group at law firm Loeb & Loeb. Attorney Nussbaum provided an insightful [TV interview with Washington Post / Bloomberg](#) on the subject of reverse mergers. Loeb & Loeb represents the most China based companies in the U.S. capital markets.
- 3) [Timothy Halter, CEO of Halter Financial Group](#) has executed more reverse merger transactions than any others in the world. His family owns a stock transfer agency in Dallas and he owns the website: [www.reversemerger.com](http://www.reversemerger.com)