



# 8000inc

**Josephine Tao, Associate Director  
Division of Trading and Markets  
Securities and Exchange Commission  
Washington, D.C. 20549**

**May 31, 2011**

**Re: Albeit Nominal on Records SEC Has, You Have Previously Confirmed the Existence of Short Positions in EIGH.pk, a Stock Not Eligible for Short Sales. This is Consistent with Brokerage Admissions—But of Much Larger Numbers. Using Verified Shareholding Records, EIGH Believes an Empirical Count of the Minimum Short Position Existing Can Be Proven. Note That the Records of Only 13 Brokerage Firms Were Used and In Our Opinion Confirm a Minimum Short Position of Over 16MM Shares. Please Help EIGH Deal With This Matter, Something Beyond Its Own Ability to Remedy**

**Dear Associate Director Tao:**

Due to the belief by the Company in the naked short position held in the stock of 8000 Inc. (EIGH.pk), and the exceptional relationship and support received from its shareholders, the Company has engaged in an analysis which we are convinced establishes empirically the true minimum naked short position in EIGH.pk and to ascertain finally whether or not it exists. In line with several confirmations from the SEC that it takes naked short selling seriously and the public admission by E\*Trade that they hold short positions in EIGH.pk, we expect, if one will take the time to look at the data and not the messenger, this analysis will hold up.

Preliminarily, we have to say that one of the reasons that our concerns are not being taken seriously is that Boston Regional Office has told us we on our own, have scared away the NY Times, our consultant's counsel, as confirmed by communications to a shareholder, and it's now time to look at the facts, not just accept the BRO story (as recently as 5 days ago reference letter by John T. Duggan) tinged with the foolish mistakes and your opinion on PR disclosures, public dissemination of information, reference to the issues of the investigation into the matter of Monks Den and the Company correctly cancelled dividend. As indicated a number of times, a number of ways, errors and misjudgements have been admitted, but we again reiterate no illegal wrong-doing for profit.

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This analysis compares differences between the certified TA records and the shareholder count for only 13 brokerage firms and the shares held within their accounts evidenced by shareholder records and testimony. Those brokerage firms are the following:

E\*Trade  
Option Express  
RBC Dominion  
TDA  
Wells Fargo

Fidelity/National Financial  
Penson  
Schwab  
USAA

Merrill Lynch  
Pershing  
Scottrade  
Vanguard

Please note, 13MM shares are being cancelled through the rescinding of the Southbridge and Sky Villas acquisitions in line with the Company's new business focus—forced because we have been forced to without regulatory assistance!

## Data

The data used for the analysis was the transfer agent ("TA") certified shareholder reports and the verified testimonies and shareholder account records. Both sets of data are deemed to be accurate. The greatest number of shares recorded by the 13 broker since, as outlined in Assumptions below, when the data is compared, is taken as the absolute shareholding. It is assumed that neither brokerage nor shareholder would claim to hold more shares than they actually hold and as, and in any event, is confirmed through certified and verified records. As the Company is only assessing the difference, the analysis only identifies shares greater than the total number of shares issued by the company confirmed through the TA certified records.

Any difference between the two sets of figures (just the 13 brokerage firms) is then added to the total as any certified record of a greater number must be correct based on the certified records and only counting 60% of the total number of share holders.

## Assumptions:

We assume for this analysis that (i) the shareholder records and written testimony are true and (ii) using the "TA" "certified" shareholder records (that is, the mandatory TA record of shares held by named individuals and brokers).



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- If that is true:
  - Any difference between the two sets of figures must be added to the total number of shares counted because, simply, given both sets of data are verified, any greater verified figure must be deemed as more reliable; and
  - Added because the figures given to the TA, as absolute by the brokerages must be deemed correct and minimal based not the fact that the short positions held and admitted by E\*Trade are not included in the TA records.
- The figure calculated can only be assumed to be the minimum naked short position held in EIGH.pk, as the analysis only uses the facts from 13 brokerage firms and from 60% of the shareholders.
- Based on our experience (see below), it is assumed that the illegal practice of naked shorting:
  - Is not recorded officially and absolutely not made available to the regulators and public alike;
  - Thus those naked short positions are not included in this analysis;
  - Will undoubtedly, in the Company opinion, be significant, certainly a lot more than the nominal number reflected just last week in official REGSHO and SEC records;
  - As stated by the SEC, there are short positions held in EIGH.pk; and
  - If there were a fair and orderly market then the identified naked short position would be zero.

## Process

Using the TA certified report for all other recorded brokerage firms holding EIGH stock and representing 40% of the total number of shareholders of 8000 Inc.

Simply adding the total number of confirmed and demonstrable shares held in shareholder accounts shown through account details and testimony, plus the accepted total number of shares held in the brokerages not included in the shareholder count and then adding the difference between the 13 brokers figures in the shareholder count and the TA records will give the total minimum number of shares sold or available in the market. Taking the confirmed number of shares issued away from the total count will give the absolute minimum naked short position based on 60% of the shareholders and for only the 13 brokerages listed above.

Total shareholding by shareholders using only those figures that could be unquestionably proven  
**(A) 136,379,047**

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Total shares recorded by the TA certified records for the brokers **NOT** counted in the shareholder brokerage share count

**(B) 10,251,585**

Positive difference (excess shares) between the 13 brokerages counted for the shareholders and the certified records provided by the TA for the 13 brokerages. Simply, the higher number recorded must be correct

**(C) 21,236,048**

Total number of shares verified and accounted for (verified shareholder count plus certified TA figures for the 13 brokers plus the positive difference ((A) + (B) +(C))

**(D) 167,866,680**

The data for this analysis is available through the TA and the Company, all of which has been supplied or can be supplied again to the regulators by the Company.

#### **Data Excluded:**

- To clarify, this analysis does not include the records of 45 brokers, or 40% of the total number of shareholders, listed on the certified TA reports of shareholders and records.
- Based on the above, there is an excess or, we believe, naked short or "stock imbalance" or "discrepancy" of 16,041,980 shares [being sold and recorded—right phrase or delete].
- Furthermore, as proven by E\*Trade's admission of some 173,000 [Right?] failures to deliver and or receive, not recorded or known to the SEC—and, we assert, significantly understate such shorting as outlined below.
- Very specifically, the 173,000 figure do not include the shares sold to the public under naked short rules (RegSHO) as it assumes they are not recorded, or are not available or recorded in any system or documentation to the SEC, the Company or the shareholders. This is proven by E\*trades e-mail admissions already submitted being 6 times greater than the SEC's quoted number based on the share records.

#### **Key Points:**

- There are now 101 distinct named brokers and individuals holding shares/certificates in EIGH.pk., increased from 89 recorded on September 30, 2010.
- Based on the above analysis in "Assumptions" above, if a broker claims to hold a higher number of shares than has been counted by the Company, then it is assumed the brokerage firm is right. Based on the above analysis in "Assumptions" above, if the Company's shareholder count by



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broker, evidenced by shareholder records and written testimony to confirm their shareholdings, is greater, then the shareholder count is assumed to be correct.

- The two points above ensure equal treatment: accepting only proven records and using certified shareholder records to correct any discrepancies.
- No interpretation, assumptions or opinion other than the statements of treatment above are made.

## Findings:

1. The total number of common shares issued by the Company is **151,824,700** (of which 13,000,000 are in the process of being cancelled relating to two cancelled acquisitions noted above).
2. The difference between the total number of shares claimed by the brokerage firms assessed using the shareholder records and the certified TA records, and thus assumed to be holding naked short positions, is **21,236,048**.
3. Using only the verified figures for just **60%** of the total number of EIGH.pk shareholders and only the certified figures for **13** brokerages, the minimum number of EIGH.pk shares counted in the market is **167,866,680**.
4. Therefore, we submit the minimum empirical number of naked shorts held in EIGH.pk (based on factual records from the TA , selected brokers whom we believe are carrying illegal short positions and shareholders is **16,041,980** being confirmed and verified.



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## Excess Share Count for 13 Brokers

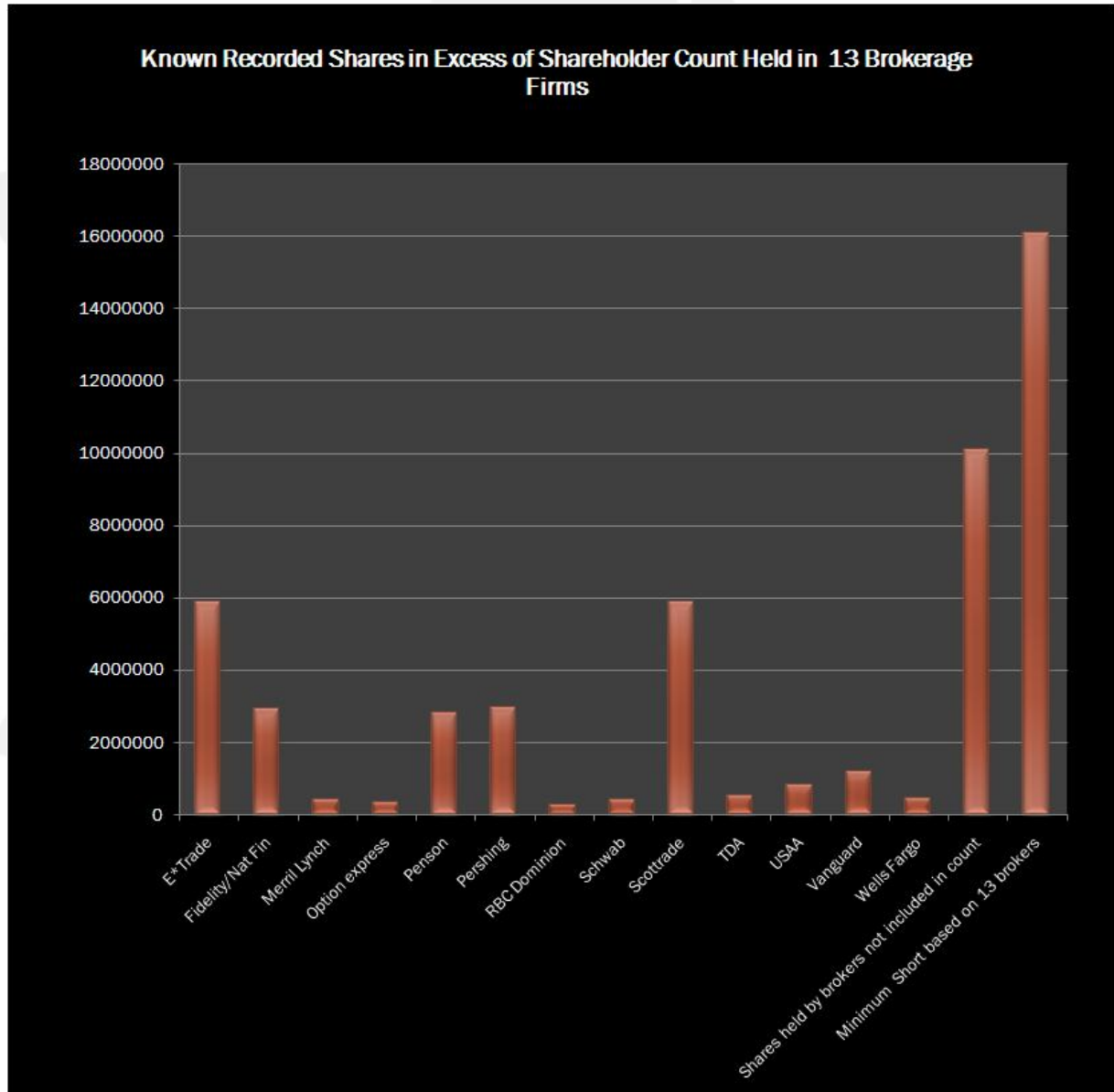
## Absolute totals

E*Trade	5815602
Fidelity/Nat Fin	2861733
Merril Lynch	368572
Option express	279097
Penson	2,770,054
Pershing	2891057
RBC Dominion	223957
Schwab	344470
Scottrade	5812360
TDA	459,578
USAA	775464
Vanguard	1131280
Wells Fargo	387371
Shares held by brokers not included in count	10,251,585
Excess shares counted on certified TA records in the 13 brokers	21236048
Total Shares Issued by Company	151,824,700
Total verified absolute shareholder count in the 13 brokers	136,379,047
Minimum shares sold into market	167,866,680
Minimum Short based on 13 brokers	16,041,980





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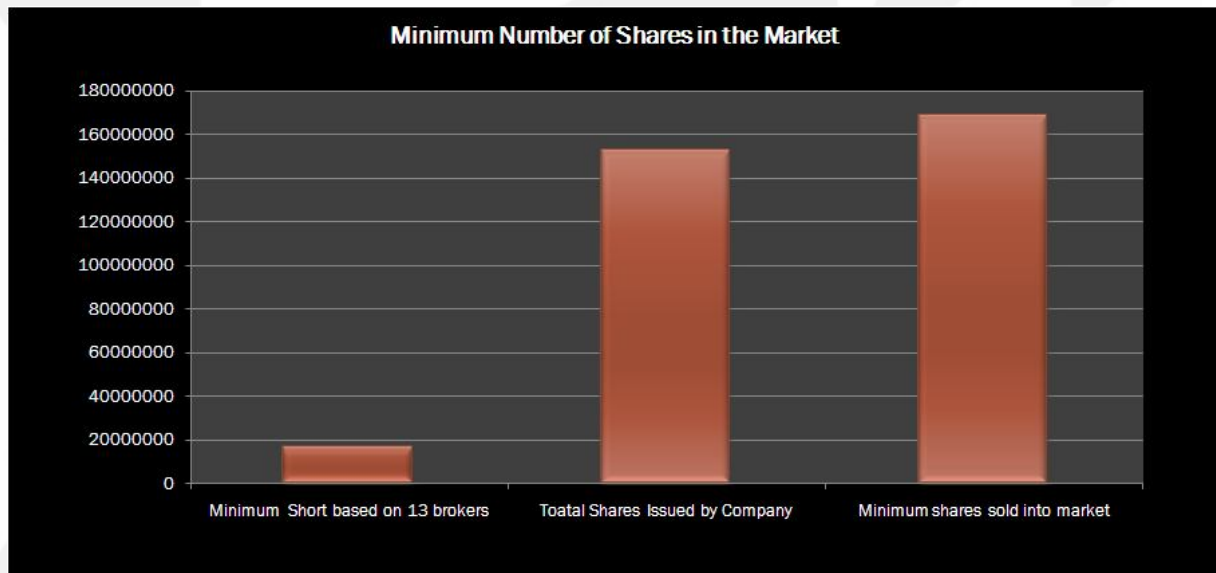


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In the Company's opinion (and based on shareholder communications with not less than 489 shareholders), there can be only one explanation to the above data: there is an illegal short position

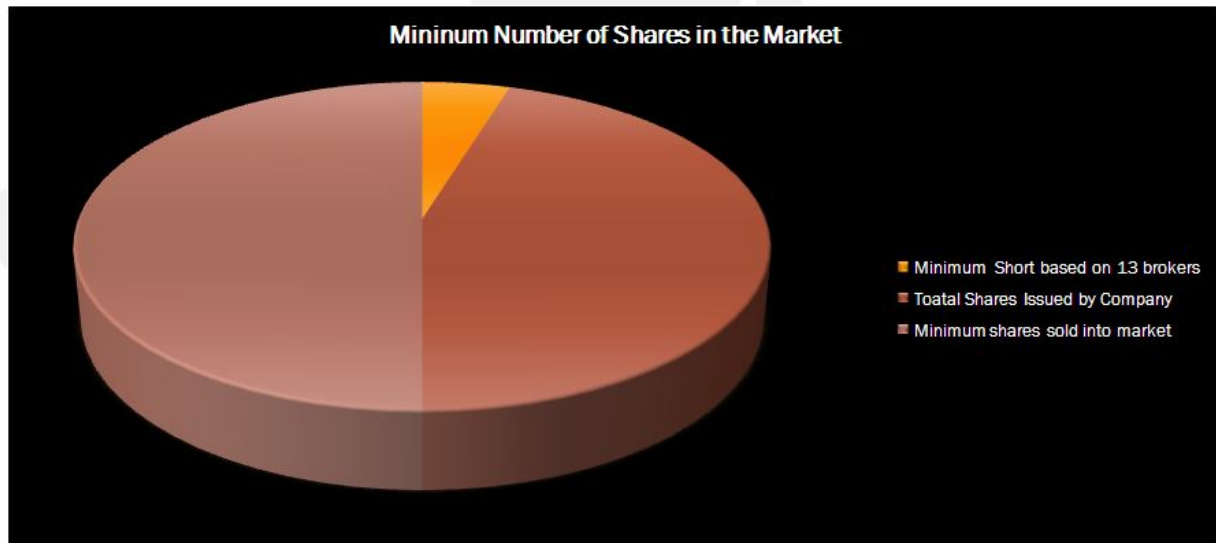


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held in the stock of EIGH.pk. EIGH estimates such illegal naked short at **minimally** 16,041,980 shares. The number of shorts has to be much than the SEC's claim of 30,034 short positions when E\*Trade admitted to 173,000! After all, there should be zero shorts in the stock of EIGH.pk. Is it not time for the SEC and/or FINRA to address the issues, to take action, to prove either the Company or its shareholders are wrong or, more importantly, to deal with a situation that goes to the core of the SEC's mission, if not existence?

We submit that it will be hard, if not impossible, to argue against these facts and this analysis. The Company has diligently provided the information, its opinion and evidence. Notwithstanding being maligned based on the Consent the Company is quite prepared to enter into relating to its prior careless press releases, the figures and diagrams issued within this statement are based on facts and, we submit, are unassailable. We believe that all non-provable, incomplete, inexact or interpretative data has been removed. **The Company, its CEO and its consultant state categorically that any shorting is not due to their actions, participation or condoning and, in fact, challenge the SEC and/or FINRA to prove otherwise!** The figures and the facts are based specifically on the maximum provable and demonstrable figures provided by the named brokers, the Company and a significant number of our shareholders. No figure is included that, in our considered judgment, cannot be proven. Therefore, the



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conclusion of 16,041,980 naked short shares sold in 8000 Inc., in our opinion, can be relied upon as the minimal number of naked shares sold to the public.

Candidly, we believe the only reason the Company could establish this analysis is its close relationship with its shareholders who are incensed about this fraud. **Moreover, this has led to the trail between brokerage firms cooperating with this shorting against EIGH.pk, the import of which suggests that brokerage firms participating in shorts do not report illegal naked shorting in any available format (other than internally), thereby successfully hiding behind REGSHO and SEC records.** As an example, the Company asked E\*Trade to clarify its naked short positions. Since E\*Trade is a self-clearing firm as well as an on-line brokerage firm, one would assume E\*Trade would use their own internal clearing capability. But, because they do/did not, it raises these very fundamental questions:

- ~ Why then, when specifically asked, (i) did E\*Trade include Ridge clearing into the communication and (ii) why does a clearing firm use the services of another clearing form for the purchase of stock through its own E\*Trade client accounts?
- ~ Should the Company (or preferably the SEC and/or FINRA) ask E\*Trade how many shares does it hold in its E\*Trade client accounts and how many shares does it hold in its client accounts routed through external clearing such as Ridge?
- ~ And why does E\*Trade blatantly admit a short position in a stock ineligible for **short sales (including Ridge Clearing into the conversation) in an amount 6 times more than you quoted just last week?**
- ~ Does this not suggest that the records provided publicly by the brokerage firms are inaccurate, not true, misleading and/or hidden and camouflaged?

We ask the SEC to take action as this information suggests (and, in our opinion, dare we say, proves). We believe the SEC and the public have been misled, probably defrauded and your rules (and those of FINRA) have been ignored. And for these reasons plead that the SEC and/or FINRA require a buy-in and/or take other pre-emptive regulatory action that will reverse this fraud upon both EIGH specifically and, more generally, the public markets.

For more information with regard to the concerns expressed here and over the last 3+ months, the undersigned requests that you contact our counsel, Carl Duncan (301-263-0200) and, as to the asserted illegal shorts, our consultant, Jonathan Bryant (246-. 235-9623). We (i) would remind the staff that Mr. Duncan and I have testified and Mr. Bryant is ready, willing and able to testify in this matter as well as to the EIGH suspension and In re Matter of Monks Den and, in fact, (ii) are puzzled that our information about this fraud upon the markets generally and against EIGH specifically is evidently not believed. Is

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there any surprise that this Company is having a hard time trying to address this fraud in such an environment?

**Please help!**

**Thanking you in advance, Ms. Tao, I am**

Yours truly,

A handwritten signature in blue ink that reads "Thomas Kelly".

Thomas Kelly, CEO  
8000 Inc.