

FOR IMMEDIATE RELEASE

Green Star Announces 2011 Special Shareholders Meeting

SALT LAKE CITY, UT (MARKET WIRE) December 13, 2010 – Green Star Products, Inc., (OTCPK: GSPI), today announced that it will be holding a 2011 GSPI Special Shareholders Meeting on January 2, 2011, at 2:00 PM at the Little American Hotel in Salt Lake City (500 South Main Street, Salt Lake City, UT 84101, <http://www.littleamerica.com>, (800) 453-9450).

We welcome all GSPI Shareholders to attend the 2011 GSPI Shareholders Meeting. Please email us at least one week in advance with the subject "Attending Meeting" to info@GreenStarUSA.com to assure we can accommodate all attending shareholders. Green Star also urges everyone to read the 2011 GSPI Shareholders Letter and a Personal Letter from the President available on Green Star's Web site at <http://www.GreenStarUSA.com/2011Meeting.html>.

Stockholders who cannot attend the meeting or, for any reason, do not get a copy of the Shareholders Letter they can still vote by filling out the voting proxy card available on our Web site (<http://www.GreenStarUSA.com/2011Meeting.html>) and submit it to GSPI by fax (619-789-4743), scan and email (info@GreenStarUSA.com) or mail to Green Star Products, Inc., 455 East 500 South, Suite 203, Salt Lake City, UT 84111. Shareholders can also take advantage of our ONLINE PROXY CARD FORM posted on our Web site (<http://www.GreenStarUSA.com/2011Meeting.html>) to instantly submit your vote without the use of paper.

This is a very important meeting and everyone should vote on the crucial issues which will shape the future business strategy for GSPI.

About Green Star Products

Green Star Products, Inc. (US OTCPK: GSPI) is an environmentally friendly public company dedicated to creating innovative, cost-effective products to improve the quality of life and clean up the environment. GSPI and its Consortium are involved in the production of green sustainable goods including renewable resources like algae biodiesel and clean-burning biofuels, cellulosic ethanol and other green products, as well as lubricants, additives and devices that reduce emissions and improve fuel economy in vehicles, machinery and power plants. For more information visit <http://www.GreenStarUSA.com>, or call (800) 741-7648, (800) 340-9784, (619) 864-4010, fax (619) 789-4743, or email info@GreenStarUSA.com.

Forward-looking statements in the release are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitation, continued acceptance of the company's products, increased levels of competition, new products and technological changes, dependence on third-party suppliers, and other risks detailed from time to time in the company's periodic filings.



GREEN STAR PRODUCTS, INC.

455 East 500 South, Suite 203, Salt Lake City, UT 84111
(619) 864-4010 Off. (619) 789-4743 Fax info@GreenStarUSA.com

NOTICE OF 2011 SPECIAL SHAREHOLDERS MEETING

I would like to announce that our 2011 Special Shareholder's Meeting will be held on January 2nd, 2011, at Salt Lake City's Little America Hotel at 2:00 PM (500 South Main Street, Salt Lake City, UT 84101, <http://www.littleamerica.com>, (800) 453-9450). In order to accommodate proper seating arrangements at the Shareholder's Meeting, we request that all those shareholders that plan to attend notify us by email at info@GreenStarUSA.com.

The 2011 Special Meeting of Stockholders of Green Star Products, Inc., will be held for the following purposes:

1. To elect a Board of Directors;
2. To vote separately on two issues:
 - A) Vote to increase GSPI's authorized shares by 50%;
 - B) Reverse split GSPI's authorized stock 10 for 1 (10 existing shares equal to 1 new share)(no new stock certificates need to be issued);
3. To transact any other business that may properly come prior to the meeting or any adjournment(s) thereof.

We welcome all of GSPI's Shareholders to attend and vote at the 2011 Special Shareholder's Meeting. The Letter to Shareholders will be posted on our website and we will have a press release asking our shareholders to please review this letter. Only those shareholders as of record on December 1, 2010, will be eligible to vote at the 2011 Special Shareholder's Meeting.

The Company is not soliciting any proxy votes. If you wish to vote and cannot attend the shareholders meeting please send GSPI your request via email at info@GreenStarUSA.com, fax (619) 789-4743 or call (619) 864-4010 and provide us your email or fax number or use the mailing address at Green Star Products, Inc., 455 East 500 South, Suite 203, Salt Lake City, UT 84111 and we will send you a voting form and instructions. We can also accommodate you if you wish to receive future news releases or reports from the Company.

Stockholders of record at the close of business on December 1, 2010, are entitled to vote at the meeting. Each stockholder is entitled to one vote for each share of common stock held at that time.

The presence in person and/or the representation by proxy of the holders of record of the issued and outstanding shares of stock are entitled to vote at the meeting. If you do not expect to be present at the meeting, you may vote your shares of stock by fax, email or US mail by executing and promptly returning the accompanying proxy.

By order of the Board of Directors

Joseph P. LaStella,
President



2011 GSPI Shareholders Letter

Green Star Products, Inc.

November 5, 2010

Dear Shareholders:

Green Star Products, Inc., (US OTC PK: GSPI), announced that it will be holding the 2011 GSPI Special Shareholders Meeting on January 2, 2011, at 2:00 PM at the Little America Hotel in Salt Lake City (500 South Main Street, Salt Lake City, UT 84101, <http://www.littleamerica.com>, (800) 453-9450). We welcome all shareholders to attend the 2011 Shareholders Meeting.

The entire 2011 GSPI Stockholders Letter is posted on Green Star's website at <http://www.GreenStarUSA.com>. GSPI Stockholders who cannot attend the meeting can vote by filling out the proxy voting form which will be available on the GSPI Web site on December 8, 2010. Please email us at least one week in advance with the subject "Attending Meeting" to info@GreenStarUSA.com to assure we can accommodate all attending shareholders.

Green Star urges everyone to read the 2011 GSPI Shareholders Letter and vote.

At our last Special Shareholders Meeting held on January 29, 2009, the attending stockholders and management spent a significant amount of time reviewing the future prospects of our Company and how it would be impacted by the general global recession that was then taking place. It was clear that the global economic financial markets were entering uncharted waters which would affect us all.

Presently, the U.S. and global leaders are still groping with unstable economies, skyrocketing debt, unemployment, tight credit, massive foreclosures, commercial real estate uncertainty, and the crises now spreading down to state, city and local governments.

The stock market in the U.S. has partially recovered because of the U.S. government stimulus program which must end soon, with few other fundamentals supporting stock prices thereafter.

All of us, as a nation, must be prepared for the next event.

The years of 2007 and 2008 were good for GSPI. Our Company's combined revenue was \$4,459,000 dollars with a net profit of \$693,000 dollars in the

same years. However, 2009 required some new strategies to cope with the economic situation. On December 29, 2009, I decided to issue a press release, outlining the “state of our Company” as of the end of 2009. This press release is available on the GSPI Web site.

GSPI stock price is now at an 18 year low, while the Company is at its strongest technology position in conjunction with its position as a consortium member in biorefinery energy projects, which includes algae to biodiesel projects.

GSPI remains in an energy sector that is receiving increasing support by the U.S. Department of Energy (DOE), with billions of dollars in additional grant programs becoming available in the next two years.

GSPI and its consortium partners expended considerable time and effort in 2009 to prepare extensive proposal documents that received promising responses from the DOE. Our last proposal advanced to the oral presentation level of the DOE platform. For those who are not familiar with the DOE funding program, this is a very high level of approval, although very minor issues kept us from the final awards.

The consortium has been urged by the DOE to resubmit our proposal in the next funding opportunity and address these minor issues.

GSPI's TVT Lubricant Division (“Green Star TVT”) continues to expand its global distribution network and has many large scale testing programs of its TVT products underway.

The TVT Product Line could be an excellent cash flow division. However, rapid expansion requires significant funding which GSPI must address to further launch the TVT line of products. GSPI is contemplating spinning off this division as a wholly owned subsidiary by GSPI to function as an independent company, with its own management and fund raising programs. This will be discussed at the Stockholders Meeting.

Presently, GSPI does not have the additional management personnel or required funding to properly support the TVT Product Line in a manner it rightly deserves.

In summary, GSPI must restructure itself to address our new market opportunities. GSPI management and its stockholders must face the future with an open mind. While many of our competitors have gone “belly up” we continue to remain in business with a strong technology portfolio (ourselves with our consortium partners). However, we are grossly underfunded and now

our stock is at an 18 year low. Our market cap is still at \$5,000,000, which means if GSPI had only 4,500,000 shares outstanding we would be at a respectable stock value of roughly \$1.00 per share. But at 450,000,000 shares outstanding, GSPI stock is trading at approximately one penny per share of stock.

Most financial experts tell us to reverse split the GSPI stock, like many other companies did in 2009 and 2010 to address the present global economic situation.

Please remember that GSPI shareholders have very strong opinions on both sides of this issue (as they had voiced in our last Special Shareholder Meeting on January 29, 2009) and only the shareholders can make this decision for GSPI.

However, before voting also consider that, apart from regaining respectability at a higher stock price, presently GSPI cannot efficiently function at the present price level because we cannot attract investment into our company and we cannot attract additional qualified and experienced personnel. We have nothing to offer new qualified personnel, no stock options that are meaningful and not enough funding to offer a reasonably high salary.

Furthermore, many investors will not fund a company where existing key personnel do not own a substantial stake (stock position) in the company, which reduces incentive.

In conclusion, I am your president and my job is to report the state of the company in these difficult times. The obvious conclusion is that in my opinion the company has huge opportunities and should restructure to take advantage of these opportunities.

We are asking the shareholders to increase the authorized stock in GSPI by 50% and to vote on a 10 to 1 reverse split in the company shares. These are two separate issues and will be voted on separately.

Many stockholders have told me that they believe that issuing additional treasury shares will water down (dilute) existing stockholders. They have suggested that additional treasury shares should be issued as sock dividend to existing shareholders. This I believe could not be further from the truth, as I explain as follows:

- 1) Issuing more shares to existing stockholders, without the company receiving anything of value will dilute the stock and nobody wins.

2) However, if additional treasury shares are used to acquire new experienced management; provide a funding source for the company; acquire new technology; secure professional advice and purchase equipment; then, the company TRULY has received value for its stock and can restructure itself financially to increase share value.

GSPI Management wants GSPI Shareholders to understand that most professional financial advisers have suggested that GSPI should reverse split its stock to 50 or 100 to one, and the level of authorized stock be increased by 100%. However, anything more than we have proposed may be difficult for the shareholders to understand and accept. The key is to strike the ratios and number of shares that can create the most capital. We believe the greater the ability for the company to create capital, the greater are its chances of success in increasing shareholder value.

Finally, we advise every shareholder to carefully consider all alternatives when voting on the above issues - GSPI must move forward as we always have done. After 18 years, we are still able to expand because of many loyal people who have supported our decisions in the past. In contrast, dozens of GSPI's competitors have long folded up or went bankrupt while our Company's Strategy allowed us to always move forward. Whatever the stockholders decide on January 2, 2011, the Company will accept and move forward.

Thank you all for your loyal support.

Your loyal president,

Joseph LaStella

A Personal Letter from GSPI's President

November 5, 2010

Dear Shareholder:

While going to print on the 2011 GSPI Shareholders Letter, I felt compelled to write a personal correspondence to our shareholders as an addendum to the 2011 GSPI Shareholders Letter. This decision is predicated on recent events which include the oil spill in the Gulf of Mexico and the spike downwards in the DOW average on May 6, 2010. Both of these events relate to previous press release editorials that GSPI has published in past years. Please note that this is not an official company document but a personal comment from myself to GSPI Shareholders.

First, I would like to comment on statements presented in the 2009 GSPI Shareholders Letter. I suggest everyone re-read that letter. As you recall, I spent a significant amount of time explaining the necessity to reinstate the Uptick Rule which was canceled in June 2007 by the previous SEC administration that was headed by Mr. Christopher Cox. The new SEC Chairman, Ms. Mary Shapiro, who took office last year, promised Wall Street investors that she would look into reinstating the 60 year old Uptick Rule that protected investors. More recently, the SEC did reinstate an extremely weak version of the Uptick Rule which was hundreds of times less effective than the original. This gave the investor a false sense of security. It offered virtually no protection at all to investors. This was very relevant during the 1,000 point dip the stock market took on May 6, 2010. People who were interviewed on Bloomberg Television were asked if this could have happened if the original Uptick Rule was in place and all of them stated emphatically that it could not have happened.

I certainly want to thank the many GSPI Stockholders that took portions of our 2009 GSPI Shareholders Letter and forwarded them to their representatives in Washington, D.C. Many of these people called and told me that they were doing so. In fact, in April 2009 six Senators wrote a letter to Chairman Shapiro stating almost verbatim the case that was outlined in our Stockholders Letter. I have added the Senators' letter and the excerpts from GSPI's 2009 Shareholders Letter to GSPI's Web site (under Uptick Rule Update on our home page) so that you may compare what was said by the Senators and what GSPI Shareholders forwarded to Capitol Hill. You can make your own conclusion as to the similarities of the case that was presented.

The second item I would like to comment about is the predictions on my

personal Web site - <http://www.JosephLaStella.com>. The site is a compilation of many press release editorials and comments predicting a variety of future events based on engineering and statistical analysis which have come to pass. The dates on the press releases corroborate with the events that followed and you will see that all of them pre-date the actual events. The reason I suggest you reading this is the fact that the Web site also contains statistical analysis of the oil/energy problems that have existed in the United States for more than 30 years which clearly indicates that we will never be able to drill enough oil to even come close to the oil/energy needs of the U.S. and the world.

Although I do believe in drilling for oil, to even think that drill, drill, drill is an answer to our energy problems is a fallacy as revealed by reviewing some statistics. The complete report is on my Web site, however, let's review some of the points very simply:

- 1) The U.S. consumes 25% of the total world oil production each day, however, we only have 2% of the world's known oil reserves (Fact: the U.S. is not listed on the 10 top countries with oil reserves).
- 2) Drill, drill, drill - There are more oil wells drilled in the U.S. than the rest of the world combined and we still only have 2% of the world's oil reserves. Drilling is not even a short term answer.
- 3) Oil shale and tar sands are enormously energy and capital intensive and almost double (CO₂) global warming gases in their processing. They can only add a small amount to the world energy output. For example, Canadian tar sands with 3 million barrels a day output predicted by 2015 contrast with the world consumption of 86 million barrels a day.
- 4) Some people think hydrogen is the answer. Hydrogen is not an energy source, it is only an energy transmitter. It takes a real source of energy (i.e., solar, geothermal, bioenergy, etc.) to make hydrogen and therefore hydrogen is not a solution to the world's energy problem.
- 5) Solar, wind and geothermal energy plants are capital intensive and will require huge investments and considerable time to make a significant impact.
- 6) For additional information, see Peak Oil Editorial written on December 1, 2005, at <http://www.JosephLaStella.com>

Also, an interesting fact is that today we consider as statistically relevant, big oil finds that are 1 billion to 2 billion barrels. These also give the public a false sense of security because they are not major oil finds. A 2 billion barrel oil find, which are few and far between, will only supply the world for

24 days. The U.S. strategic oil reserve supply in the salt domes approaches about 1 billion barrels and will only supply the United States for a measly 40 days. I don't think they will give that oil for people to drive to the beach. They will keep that for military purposes.

All the major oil finds in the entire world were discovered before 1970. Which proves that all modern technology including satellites and all the other high-tech equipment cannot find any oil deposits that come even close to the oil deposits discovered prior to 1970. Those oil finds were in Mexico, Saudi Arabia and Kuwait, and a major oil find in those days was considered in the 30 to 100 billion barrel range. There is no doubt that we cannot drill for oil to satisfy our needs. And the sooner we realize that the better off we will be.

My last comment is on Global Climate Change (Climate Shift) and Global Warming. It does not matter what side of the political debate you are on, it's not going to stop what is inevitable. My personal predictions on many of the subjects have been verified by actual events which came later and it is very clear that Global Warming is not a linear progression, it is an exponential progression that we do not have any computer models to mimic. At some point very soon, it will be a runaway and irreversible process. And I don't mean in 20 years or 30 years, I mean in just a few years.

Just consider one case in point, a research ice-breaker ship from Japan in the early 2000s was sent north to plant an instrument station on the ice and could not get passed the 80th parallel. The ice-breaker could not break the ice any further. However, just five years later the same ship going north went past the 80th parallel and when it got to the 84th parallel it could not find enough ice to even plant the new instrumentation. It's so unbelievable how these things are happening at an extraordinary pace that to ignore them is nothing more than suicidal. One day we will wake up and something catastrophic will have happened. Global warming is really climate change and climate change will not be gradual, it will be violent.

We have enjoyed for the past 60 years some of the best climatic years for earth and some of the best geological surface years for earth. You do not have to go back too long in geologic history to see that this is correct. However, we are now conducting an experiment on the global scale with no historical experience except to note that the atmospheric levels of CO₂ have never been this high in the past 750,000 years. Ice cores retrieved from Antarctica confirmed this fact. Which means that we are now on uncharted waters and if we don't do something very quickly we will not have much chance of survival. Violent change could be from a variety of things including one of the great ice sheets (Greenland or the North Pole) sliding into the ocean overnight and

immediately raising ocean levels, killing millions of people. This could happen very quickly, possibly within the next 5 years. Also, climate rise in temperature will not be uniform. A 2°F rise in average global temperature will result in 1°F rise at the Equator, however, a 12°F rise at the North Pole due to atmospheric prevailing wind conditions. This will not only melt the ice but also reduce the sun's reflection from the reduced amount of ice and thus increase to an additional level the Global Warming equation. Furthermore, warmer pole temperature is tremendously accelerating the thawing of the “permafrost” ground which is now releasing stored methane gas (several hundred thousand years worth) into our atmosphere. It should be noted that methane gas is 20 times more potent than CO₂ as a greenhouse gas. This adds still another unpredictable level to the Global Warming equation that no computer model can predict.

In summary, warmer temperatures globally means migration of every known species (animals, insects and the bacteria and viruses that they carry) north to new locations where the local environment has no immunity to the new species. Forests, agricultural crops and every living thing is now under attack by these new invaders and causing catastrophic destruction. God help us if the new A/H1N1(unstable) flu viruses links up with the bird flu virus, which kills 60% of those infected. The bird flu virus only needs a partner (like the new A/H1N1) to make it airborne.

I feel compelled to write this and I'm sure some of our stockholders are unbelievers, however, please remember this message when it does happen. My book “National Birthright” is many months late in publication, however, several chapters were released during the Summer of 2008 and I received some positive feedback. If you are interested in receiving timely updated reports please send your email information to josephlastella@earthlink.net for free insights to global events, and review 8 years of successful predictions at <http://www.JosephLaStella.com>

Thank you for reading my comments and I will see you at the 2011 Special Shareholders Meeting.

Sincerely,

Joseph LaStella

UPTICK RULE UPDATE

Excerpt from 2009 GSPI Shareholders Letter (December 29, 2008)

In summary, I am compelled to answer the single most frequently ask question by GSPI shareholders which is: If the company is doing great, why is the company stock not increasing? The answer to the question will surprise our shareholders. It is an industry wide problem called "naked short selling." Although many companies have complained to the SEC, their blight has been, for the most part, pushed under the radar until recently. During the credit meltdown, the SEC halted short selling and naked short selling in Freddie Mac and Fannie Mae stocks for a period of time. This catapulted this generally unknown practice into every home.

So, what is "naked short selling"? When you put your stock into a brokerage account, the stock goes into what is called a "street name" (not your name). You receive a statement each month that your stock (theoretically) is being held by your brokerage firm. This is what you are led to believe. Brokerage firms have the right and will rent out your stock to other firms or market makers who have sold stock in your company to their clients and are not required to actually buy the stock to put into their account. They collect the money from the sale and then rent your stock to cover the transaction at a minimal rental cost. Your brokerage firm makes extra free rental money on the thousands of company stocks they have in their customers accounts and the other brokerage that rented the stock never really has to buy stock. This in effect creates two shares of stock with only one real existing share. If all the brokers and market makers play the same game and cover each other (which they do) all make billions. Does this start to sound like the real estate game that is now destroying our economy?

Furthermore, in recent years market makers have decided that they don't need to even rent any stock, just sell stock and never cover the buy side, they just create the paperwork unless some incident forces them to buy the stocks. Some market makers and brokerages are shorting as many as 6,000 stocks. If a few stocks get away from them they have plenty of profit from the rest to cover a few losses.

The most recent incident occurred on October 27 and 28, 2008, Volkswagen caught their market makers short and forced them to cover their positions in the stock, i.e. buy the stock at any price. This launched a huge increase in Volkswagen stock prices and made Volkswagen the most valuable company in the world, passing Exxon-Mobil, VW market worth in just two days, gained over \$200 billion dollars and attained a

\$350 billion dollar market value. This violent market reaction in one stock, in just a few hours, was greater than the gross national product of 80% of the nations of the world – this is the result of market manipulation caused by short selling.

However, this is only a phenomenon that has emerged in recent times, which was not possible prior to May 2007. The real question is, why not? For over a half a century there was an SEC rule in place called the "Uptick Rule," which, in essence, stated that a brokerage firm or market maker cannot short a stock unless the last trade in that stock was higher than the previous trade. The original rule was implemented by Joseph P. Kennedy, Sr., the first SEC commissioner. The SEC eliminated the Uptick Rule on July 6, 2007.

On August 27, 2007, the New York Times published an article on Muriel Siebert, former state banking superintendent of New York, 'Wall Street veteran and financial sage', and, in 1967, the first woman to become a member of the New York Stock Exchange. In this article she expressed severe concerns about market volatility: "We've never seen volatility like this. We're watching history being made." Siebert pointed to the Uptick Rule, saying, "The S.E.C. took away the short-sale rule and when the markets were falling, institutional investors just pounded stocks because they didn't need an Uptick." On July 3, 2008 Wachtell, Lipton, Rosen & Katz, an adviser on mergers and acquisitions, said short-selling was at record levels and asked the SEC to take urgent action and reinstate the 70-year-old Uptick Rule. On November 20, 2008, they renewed their call stating "Decisive action cannot await ... a new S.E.C. Chairman. ... There is no tomorrow. The failure to reinstate the Uptick Rule is not acceptable." On October 17, 2008, the New York Stock Exchange reported a survey with 85% of its members being in favor of reinstating the Uptick Rule with the dominant reason to "help instill market confidence".

Hedge funds, banks and many other institutions after July 2007 started or expanded their divisions to take advantage of this easy money and began to blatantly short over 6,000 stocks. This is the single most important cause of present day turbulent market fluctuations. Present market instability has brought this practice into the legislature spotlight and (hopefully) will be corrected. The new administration replaced SEC Chairman Christopher Cox, on January 15, 2009, with Mary Schapiro.

News Update

SEC Chairman, Ms. Mary Schapiro, promised Wall Street investors that she would look into reinstating the 60 year old Uptick Rule that protected investors. More recently, the SEC did reinstate an extremely weak version of the Uptick Rule which was hundreds of times less effective than the original. This gave the investor a false sense of security.

It offered virtually no protection at all to investors. This was very relevant during the 1,000 point dip the stock market took on May 6, 2010. People who were interviewed on Bloomberg Television were asked if this could have happened if the original Uptick Rule was in place and all of them stated emphatically that it could not have happened.

Summary

The naked short selling practice is rampant on all exchanges, except it is worse on lower exchanges. This practice is crippling the U.S. companies and their shareholders because in effect its adding billions of shares (that do not exist) to the market and significantly lowering the real value of shareholder stock holdings. This is illegal, immoral and greed personified, and is destroying the R&D efforts of thousands of small companies which have always been the backbone of America's ingenuity.

Please read the attached letter below from six U.S. Senators to Ms. Shapiro dated April 1, 2009.

United States Senate

WASHINGTON, DC 20510

April 1, 2009

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

We were pleased to hear in January of this year that you were committed to a review of the uptick rule. More than two months have passed, and while we understand that the SEC has begun its review, the financial markets are still waiting to know if the SEC will restore an uptick rule, and whether it will take additional steps to address abusive short selling practices.

American investors are looking to the SEC's meeting on April 8 to address these issues. It is urgent that we restore the integrity, efficiency and fairness of our securities markets by preventing manipulative short selling. Investors need to know that the market fairly values the actual shares issued by a company and that their transactions will not be distorted by manipulative naked short sellers creating "phantom shares."

Because of our concern about abusive short selling practices, we were especially troubled by the response of the Division of Enforcement (the "Division") to a recent report from the SEC's Inspector General (the "IG") entitled "Practices Related to Naked Short Selling Complaints and Referrals," which detailed the results of an audit of the Division's policies, procedures, and practices for processing complaints about naked short selling.

In the report, the IG found that despite receiving more than 5,000 complaints about abusive short selling, the Division had brought no enforcement actions. Further, the IG made eleven suggestions for improvements in processing and analyzing naked short selling complaints, yet the Division agreed with only one of those eleven recommendations.

Equally troubling is the Division's reluctance to agree with the IG and the Commission itself that naked short selling is harmful. As the IG notes, the "SEC has repeatedly recognized that naked short selling can depress stock prices and have harmful effects on the market. In adopting a naked short selling antifraud rule, Rule 10b-21, in October 2008, the Commission stated, 'We have been concerned about 'naked' short selling and, in particular, abusive 'naked' short selling, for some time.'"

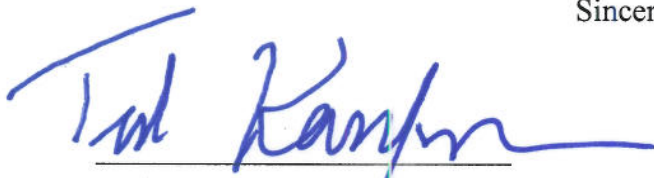
In response to the IG report, however, the Division stated "there is hardly unanimity in the investment community or the financial media on either the prevalence, or the dangers, of 'naked' short selling."

As the new leader at the SEC, you have an opportunity to clarify the Commission's commitment to end abusive short selling. We hope that your April meeting produces an unambiguous commitment to promulgate and enforce regulations that put an end to naked short selling. At a minimum, those regulations should address the need for an uptick rule, as well as a pre-borrow requirement to prevent naked short sellers from artificially depressing or diluting stock values.

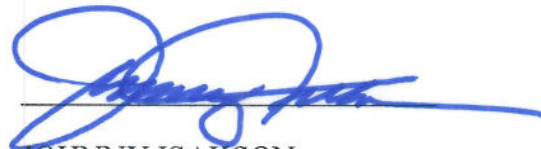
To be clear, we are not opposed to short selling itself, which can enhance market efficiency and price discovery. But naked or abusive short selling has gone unaddressed for too long and simply must end if the SEC is to restore investor confidence in the markets. In the absence of a strong message from the SEC, we believe Congress will need to consider legislation that directs the SEC to do so.

Thank you for considering our views.

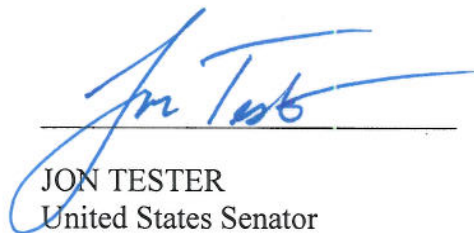
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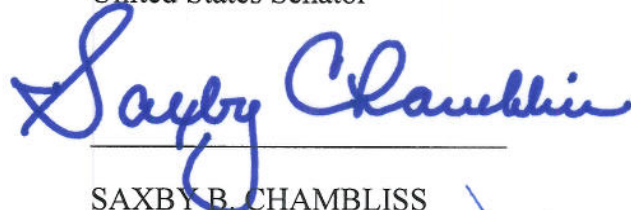
EDWARD E. KAUFMAN
United States Senator



JOHNNY ISAKSON
United States Senator



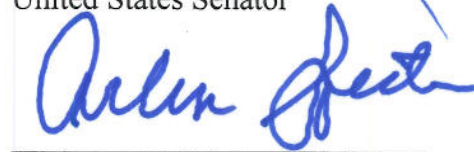
JON TESTER
United States Senator



SAXBY B. CHAMBLISS
United States Senator



CARL M. LEVIN
United States Senator



ARLEN SPECTER
United States Senator

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