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U.S. House of Representatives
 Committee on Commerce
 Room 2125, Rayburn House Office Building
 Washington, DC 20515-6115

September 18, 2000

JAMES E. BERDEMAN, CHIEF OF STAFF

The Honorable Arthur Levitt, Jr.
 Chairman
 Securities and Exchange Commission
 450 Fifth Street, N.W.
 Washington, D.C. 20549

Dear Chairman Levitt:

I am writing with respect to the enclosed correspondence from Mr. Manuel P. Asensio concerning alleged violations of the federal securities laws in connection with a major stock scam involving Hemispherx Biopharma, Inc. Mr. Asensio complains that there has been "a serious breakdown in securities regulation" due to the failure of the American Stock Exchange (Amex) to stop the scam and failings by the SEC in its regulation of the Amex.

Please have someone look into this matter and provide us with your views by the close of business on Friday, October 20, 2000.

Thank you for your cooperation and attention to this request.

Sincerely,



JOHN D. DINGELL
 RANKING MEMBER

Enclosure

cc: Mr. Salvatore F. Sodano, Chairman and CEO, Amex
 Mr. Manuel P. Asensio

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U.S. House of Representatives
 Committee on Commerce
 Room 2125, Rayburn House Office Building
 Washington, DC 20515-6115

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October 30, 2000

The Honorable David M. Walker
 Comptroller General
 U.S. General Accounting Office
 441 G Street, N.W.
 Washington, D.C. 20548

Dear Mr. Walker:

This is with further reference to my letter of September 18, 2000 regarding a recent Business Week article that questioned the quality of American Stock Exchange (Amex) issuers and, by implication, the application by Amex of its listing and regulatory screening procedures. I asked GAO to update its May 1994 report on Amex's screening procedures.

I am transmitting copies of the October 20, 2000 responses of the chairmen of the American Stock Exchange and of the Securities and Exchange Commission to assist you in designing your audit.

The Chairman of the Amex writes that "we have taken many steps to improve the quality, integrity and reliability of our marketplace" in the two years since Amex's acquisition by the NASD. A three-page synopsis attached to his letter discusses the enhancements that have been made to Amex's initial and continued listing review processes and the regulatory screening process. I commend the Amex for these actions.

However, the Chairman of the SEC has submitted a disturbing memorandum from the directors of the Division of Market Regulation and of the Office of Compliance Inspections and Examinations (OCIE). It reveals that OCIE is in the process of completing an inspection of Amex's initial and continued listing program, which began several months ago. Among other things, OCIE is examining whether and how often Amex listed companies did not meet Amex's quantitative guidelines. The directors' memorandum notes that, from January 1, 2000 to August 31, 2000, Amex advised the SEC that it listed 86 companies, 29 of which did not satisfy the quantitative standards set forth in section 101 of the Amex Company guide. Eleven of these

The Honorable David M. Walker
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noncomplying companies had previously been quoted on the controversial Over-the-Counter Bulletin Board while 18 were non-OTCBB companies. The directors' memorandum notes that:

"It would be inconsistent with the purposes of the Exchange Act if an SRO applied its quantitative standards in an inconsistent and arbitrary manner. ... Although OCIE has not completed its inspection, these numbers indicate a need for more consistency in the application of Amex's quantitative and qualitative listing criteria."

I share the SEC's concerns and look forward to commencement of GAO's work on this important market integrity issue.

Sincerely,



JOHN D. DINGELL
RANKING MEMBER

Enclosures

cc: The Honorable Tom Bliley, Chairman
Committee on Commerce

The Honorable Michael G. Oxley, Chairman
Subcommittee on Finance and Hazardous Materials

The Honorable Edolphus Towns, Ranking Member
Subcommittee on Finance and Hazardous Materials

The Honorable Arthur Levitt, Jr., Chairman
Securities and Exchange Commission

Mr. Salvatore F. Sodano, Chairman and CEO
The American Stock Exchange

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Room 2125, Rayburn House Office Building
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November 13, 2000

JAMES E. BERGERMAN, CHIEF OF STAFF

The Honorable David M. Walker
 Comptroller General
 U.S. General Accounting Office
 441 G Street, N.W.
 Washington, D.C. 20548

Dear Mr. Walker:


This is with reference to my letters of September 18, 2000, and October 30, 2000, regarding the serious issues raised by a Business Week article questioning the quality of American Stock Exchange (Amex) issuers. The Securities and Exchange Commission recently confirmed that Amex failed to follow its own guidelines in listing more than two dozen stocks this year.

I am transmitting correspondence regarding seemingly serious and credible allegations raised by Mr. Manuel P. Asensio, Chairman, President and Chief Executive Officer of investment bank Asensio & Company Inc. concerning Amex's listing and screening procedures and the oversight of its market. Mr. Asensio describes an alleged fraudulent scheme in the stock of Hemispherx Biopharma Inc. that includes allegations about the possible involvement of Amex leaders and members. Hemispherx disclosed in a Form 10-K filed with the SEC in March 2000 that the SEC was investigating whether the company or any of its officers had committed securities fraud. Mr. Asensio also describes a separate alleged scheme in which eight recent Amex listings purportedly have been manipulated for the purpose of defrauding Russell Stock Index mutual funds. There is no public information available on whether the SEC is looking into that matter as well.

To the extent appropriate, I respectfully request that you include these matters as case studies when you conduct the update and review that I previously requested.

Thank you for your cooperation and attention to this matter.

Sincerely,



JOHN D. DINGELL
 RANKING MEMBER

The Honorable David M. Walker
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