



#### Overstock CEO Comments on President Bush's Speech Outlining Bailout Plan

September 25, 2008

Is Something Not Worth Doing Worth Doing Well? asks Byrne

SALT LAKE CITY, Sept. 24 (PRNewswire-FirstCall) -- Overstock.com, Inc. (NASDAQ: OSTK) chairman and CEO Patrick M. Byrne comments on President Bush's September 24, 2008 speech outlining the President's market rescue plan.

Dr. Byrne commented: "This bailout is necessary to save the backbone that is our US financial system. However, at the core of the administration's plan is the assumption that Wall Street is worth saving. It is not. For years Wall Street has bossed Washington, DC around like they're hired flunkies, while preying on Main Street businesses and investors. The federal government should use this opportunity to extract from Wall Street concessions that could never be extracted were Washington in its customary subordinate position.

"If American taxpayers are to bailout the Power Elites, they should attach conditions. Taxpayers should share in any upside, and gaping flaws in the current system should be fixed. Towards that end, I believe that any bailout legislation should include at least the following protections:

1. Taxpayers need to share in the upside if the bailout works, to compensate them for the risk that the administration is forcing them to take. This could be accomplished through warrants on shares in the firms being bailed out, such as those Mr. Buffett extracted from Goldman Sachs.
2. The government should impose a tax on those that benefit most from bailout -- Wall Street itself. Perhaps a 0.25% transaction tax on all securities trades is in order? Such a tax would be insignificant to investors, who be largely borne by those that are merely speculators - including those that churn trades in an attempt to manipulate the markets.
3. Bailout or none, the government must fix underlying problems in our capital market. The fixes include:
  - a. Reforming our stock settlement system so that trades actually settle promptly, precisely as Congress stipulated in 1934. This can be accomplished by putting in place a market-wide mandatory pre-borrow requirement (like the SEC did in the 30-day July 15, 2008 emergency order that protected the 19 financial institutions);
  - b. Creating the obligation that if a naked short seller fails to deliver a share, the broker-dealer must force a mandatory buy-in (as is done in civilized countries, such as Canada);
  - c. Tracking trades cradle-to-grave (rather than net blocks of trades against each other), so that it is obvious who the naked short sellers are and the total amounts they are stealing;
  - d. Providing regular, timely disclosure of when and how many shares have failed to deliver;
  - e. Enforcing the rules, including significant monetary penalties and jail time.

"Byrnes said that an ocean of productivity can support a bubble of speculation, but an ocean of speculation cannot support a bubble of productivity. Washington has been captured by speculators at the expense of producers. I have been talking about systemic risk and potential financial crisis (see <http://www.youtube.com/watch?v=SHa7C73aIE> for a three- minute video from as early as October 2005). I am proposing specific steps to fix the system. For those that agree with these fixes which protect Main Street Americans, I ask you to sign the electronic petition at <http://mainstreetamericans.info>."

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SOURCE: Overstock.com, Inc.

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