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Overstock CEO Patrick Byrne Sends Open Letter to President Bush

October 11, 2008

Enact a market-wide mandatory pre-borrow requirement for all short sales writes Byrne

SALT LAKE CITY, Oct. 10 /PRNewswire-FirstCall -- Overstock.com, Inc. (Nasdaq: OSTK) chairman and CEO Patrick M. Byrne sends an open letter to President George W. Bush.

October 10, 2008

Mr. George W. Bush
President of the United States of America
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Bush,

I was pleased to hear you say today that the SEC is taking action to stop manipulative practices in our markets. One such practice that the SEC must stop immediately is the insidious practice of naked short selling. In order for our stock settlement system to work so that trades actually settle, the SEC (or Congress) must take the following steps:

1. Enact a market-wide mandatory pre-borrow requirement for all short sales;
2. Put in place a market-wide hard-delivery requirement on T+3 for all sales;
3. Require that for any failure-to-deliver, broker-dealers must force a mandatory buy-in;
4. Track each trade cradle-to-grave, so that prosecutors can go after naked short sellers;
5. Require regular and timely disclosure by naked short sellers of when and how many shares they are failing to deliver; and
6. Enforce these rules, including significant monetary penalties and jail time.

In addition, I believe that Washington must conduct a 9-11 Commission kind of investigation into our nation's entire clearing and settlement system.

Naked short selling is a significant issue. It has contributed to the recent fall of some of our financial institutions and exacerbated the current market crisis.

A well functioning capital market should settle trades. Only when there are laws in place that ensure settlement of all trades and when those laws are vigorously enforced, will the scourge of manipulative naked short selling stop.

Sincerely,

Patrick M. Byrne, PhD, Chairman and Chief Executive Officer

cc:
Senator Harry Reid, Senate Majority Leader
Senator Christopher J. Dodd, Chairman, Senate Banking, Housing, and Urban Affairs Committee
Senator Richard Shelby, Ranking Member, Senate Banking, Housing, and Urban Affairs Committee
Representative Nancy Pelosi, Speaker of the House of Representatives
Representative Barney Frank, Chairman, House Committee on Financial Services
Representative Spencer Bachus, Ranking Member, House Committee on Financial Services
Christopher Cox, Chairman, Securities and Exchange Commission
Kathleen L. Casey, Commissioner, Securities and Exchange Commission
Elizabeth Warren, Commissioner, Securities and Exchange Commission
Luis A. Aguilar, Commissioner, Securities and Exchange Commission
Troy A. Pendergast, Commissioner, Securities and Exchange Commission
Eric R. Sini, Director, Division of Trading and Markets, Securities and Exchange Commission
Henry "Hank" M. Paulson, Jr., Secretary, Department of Treasury

About Overstock.com

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This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, statements regarding whether the proposed solutions can solve the current financial crisis or stop naked short selling. Our Form 10-K for the year ended December 31, 2007, our subsequent quarterly reports on Form 10-Q, or any amendments thereto, and our other subsequent filings with the Securities and Exchange Commission identify important factors that could cause our actual results to differ materially from those contained in our projections, estimates or forward-looking statements.

SOURCE: Overstock.com, Inc.