

**For Immediate Release****July 5, 2005**

WLF FILES LAWSUIT AGAINST SEC TO RELEASE DOCUMENTS

(Washington Legal Foundation v. SEC)

The Washington Legal Foundation (WLF) filed suit in U.S. District Court for the District of Columbia against the Securities and Exchange Commission (SEC) for failing to provide certain documents WLF sought under the Freedom of Information Act (FOIA) relating to abusive practice of short-selling stock of companies that are subsequently sued by class action attorneys.

As part of WLF's INVESTOR PROTECTION PROGRAM, WLF filed several complaints with the SEC requesting an investigation into the questionable relationship between short-sellers of stock (those who profit when the price of a stock drops) and class action attorneys who later sue the targeted company. Such suits usually cause the stock price to drop. One complaint filed with the SEC by WLF in 2003 involved the short-selling of stock in J.C. Penney Co. that occurred shortly before and after the filing of a class action lawsuit against Eckerd Drug Store, which was then owned by J.C. Penney Co. WLF's Complaint was based on a front-page WALL STREET JOURNAL story by David Armstrong and Ann Zimmerman, *Suit Batters Penney Shares, But Serves Short-Sellers Well*, WALL ST. JOURNAL (Jan. 6, 2003). The Complaint requested that the SEC investigate whether there may have been a violation of the securities laws and regulations with respect to the timing of the lawsuit and the communications between the short-sellers of the company's stock and class counsel suing the company.

WLF then filed a FOIA request with the SEC seeking documents relating to WLF's Complaint and similar short-selling practices. In April 2005, the SEC informed WLF that no documents responsive to WLF's request could be located. WLF appealed the denial with the SEC in late April and a response was due by late May. WLF subsequently filed suit last week against the SEC for violating FOIA's time requirements for providing a response as well as for failing to release documents that WLF requested. The SEC has thirty days within which to respond to WLF's lawsuit.

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For information, contact Paul Kamenar, WLF's Senior Executive Counsel at 202-588-0302. A copy of WLF's SEC Complaint is posted on its website at www.wlf.org.