
**ASENSIO
& COMPANY
INC.**

Investment Banking

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VIA FACSIMILE # (202) 226-0371

November 2, 2000

The Honorable John D. Dingell
United States House of Representatives
Committee on Commerce
Rayburn House Office Building, Room 2125
Washington, DC 20515-6115

Re: Failure of the American Stock Exchange ("AMEX") to de-list Hemispherx Biopharma, Inc. and regulate the activities of AMEX members involved in the Hemispherx stock fraud.

Dear Representative Dingell:

I have read the letter from Arthur Levitt and the memorandum from Annette Nazareth in response to your September 18, 2000 letter regarding the quality of the AMEX's listing and regulatory screening procedures. Please find to follow a letter that details a much larger fraudulent scheme involving recent listings on the AMEX.

We believe that the AMEX's leaders have intentionally protected certain stock scams. The AMEX's failure to halt trading in fully exposed stock frauds, such as Hemispherx Biopharma, Inc. in which AMEX members are known to be intimately and publicly involved, is the AMEX most egregious regulatory failure.

John Hatsopoulos, an AMEX Governor, has promoted his profits from trading in the Hemispherx stock fraud. Joseph Giamanco privately purchased 250,000 shares of Hemispherx before its 1995 initial public offering. Richard Syron, the former AMEX President, has defended Mr. Giamanco's trading and promotion of the Hemispherx stock fraud.

A Business Week article dated April 26, 1999 reported that Mr. Giamanco traded for his own profit in shares of stocks in which his firm specializes. We have found that Mr. Giamanco had an ownership interest in three companies that were underwritten by Patterson Travis. Judah Wernick, who runs Patterson Travis, has been charged by federal prosecutors of stock manipulation. Mr. Giamanco helped Stratton Oakmont, whose leaders have plead guilty to criminal fraud charges, organize the Hemispherx stock fraud.

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Representative Dingell
November 2, 2000
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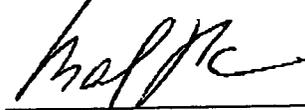
Arthur Levitt was appointed Chairman and CEO of the AMEX in November 1977. He served as Chairman until 1989. At the time Mr. Levitt was appointed Chairman, nine member brokers of the AMEX had recently been charged by the SEC with manipulation and fraud. These charges included fictitious trading. The SEC filed the charges in reaction to what it regarded as a series of light disciplinary actions by the AMEX involving these charges. One of these member brokers was Mr. Giamanco.

We believe individuals like Dr. William A. Carter, the Chairman and CEO of Hemispherx, who has been accused of fraudulently selling \$1 million of his stock to an AIDS patient who was seeking treatment and of scientific fraud by E.I. Du Pont de Nemours and Company, are among the most dangerous elements of our free society. They are well educated, connected, resourceful, and experts at taking advantage of the democratic system. When allowed to run their schemes without constraints, they are capable of abusing the very institutions meant to serve our society: the SEC, the FDA, the U.S. Patent Office and the U.S. Federal and State justice systems.

Six Federal and State judges in three states are being unwillingly and expertly used by Hemispherx to harass and damage its critics. The justice system fell prey to Hemispherx's ability to retain corrupt lawyers to purposefully fabricate bogus pleadings. The FDA has tried to act to protect U.S. consumers. It has recently charged Hemispherx three times with issuing false medical information and has controlled the use of Hemispherx's non-reproducible medical studies in its approval process. But the FDA cannot prevent Hemispherx from filing false statements with the SEC or prevent Hemispherx insiders from selling their stock under these misleading statements to the U.S. public.

Please contact me if you have any questions. Thank you for your attention to this matter.

Sincerely,
ASENSIO & COMPANY, INC.



Manuel P. Asensio
Chairman, President and
Chief Executive Officer

ASENSIO

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November 2, 2000

David Levine
Special Advisor to the Director
Enforcement Department
Securities and Exchange Commission
450 5th Street NW
Washington, DC 20549

Dear Mr. Levine:

We have read SEC Chairman Arthur Levitt's and Annette Nazareth's responses to Representative John D. Dingell's letter dated September 18, 2000 concerning the quality of recently listed American Stock Exchange ("AMEX") publicly traded companies. I am concerned with the SEC's reply, which focuses solely on the AMEX's failure to comply with its own minimum quantitative listing requirements. While this regulatory failure is very troubling, and easy to document, it is not the only or nearly most important problem with the AMEX's listing compliance. More important to the integrity of the marketplace are those many companies that do not pass qualitative tests, yet are allowed to continue to trade on the AMEX long after they have been exposed as frauds. Certain AMEX leaders have been linked to the most notorious fraudulent underwriters and stock frauds. When leaders of a major institution are engaged in fraud, any scheme is possible.

I would like to illustrate that any scheme is possible by showing that 8 recent AMEX listings seem to have been manipulated for the special purpose of defrauding Russell Stock Index mutual funds. Numerous mutual funds seek to mimic the composition and performance of the Russell Index. Inclusion into the Russell Index is done mainly on the basis of a stock's stated market capitalization.

Once a stock is included in the Russell Index, it is then automatically purchased by Russell mutual funds. In the cases I am about to mention, the insiders owned a significant portion of the shares outstanding. Therefore, the stock purchased by the Russell mutual funds mostly came from the AMEX stock promoters.

In the time that followed the inclusion of these AMEX companies into the Russell indexes, their price has imploded, causing large losses for the funds and their investors.

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Mr. Levine
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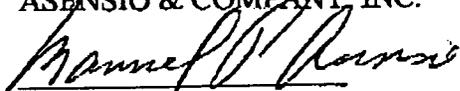
The stock performance of these companies in the three months and four months immediately after inclusion in the Russell is as follows:

AMEX Symbol	Date of AMEX Listing	Closing Stock Price 6/30/00 (1)	AMEX Price 9/30 % Change	AMEX Price 10/31	% Change
AI	02/15/00	\$6.31	\$2.31 -63%	\$1.56	-75%
CLN	05/31/00	\$2.88	\$2.44 -15%	\$2.00	-31%
MED	01/11/00	\$8.00	\$2.63 -67%	\$1.50	-81%
EMA(2)	03/17/00	\$12.81	\$10.74 -16%	\$8.65	-32%
EDV (3)	09/29/99	\$22.00	\$11.00 -50%	\$3.62	-84%
EDG	12/01/99	\$23.00	\$2.75 -88%	\$1.18	-95%
RCF	05/14/00	\$23.00	\$16.50 -28%	\$15.38	-33%
ONT (2)	06/30/99	\$5.13	\$2.49 -50%	\$2.28	-56%
Average Loss			-47%		-61%
Russell 2000 return in same period			1%		-3.40%

- (1) June 30, 2000 is the annual deadline for inclusion and removal from the Russell Index. Russell Index mutual funds can commence their automatic purchase prior to the deadline.
- (2) Controlled by Vancouver stock promoter Ajmal Khan.
- (3) Controlled by convicted bank felon Andrew Evans.

Thank you for your attention to this matter. If you have any questions please call.

Sincerely,
ASENSIO & COMPANY, INC.



Manuel P. Asensio
Chairman, President and
Chief Executive Officer

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DIVISION OF
ENFORCEMENT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

00 NOV -6 AM 11:30
JOHN D. DINGELL
U.S. HOUSE OF REP.

October 31, 2000.

Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
U.S. House of Representatives
2322 Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Congressman Dingell:

Chairman Levitt forwarded me your letter to him of September 18, 2000 for careful review and response. Your letter encloses correspondence from Mr. Manuel Asensio reporting an alleged securities fraud involving Hemispherx Biopharma, Inc. You have asked for our views on this matter, including Mr. Asensio's further assertion that the American Stock Exchange has failed to halt this alleged fraud.

As you know, Commission policy generally prohibits comment concerning any particular matter that is or may be the subject of any possible Commission investigation or any enforcement recommendation which the staff may make to the Commission. In addition to protecting the privacy of individuals and entities whose activities are under investigation, this policy is designed to ensure the integrity of the investigative process in appearance as well as in fact.

I can state generally, however, that my staff has had an ongoing dialogue with Mr. Asensio since at least 1998. During this time, we have spent a great deal of time carefully listening to what he has to say. I can also report that Hemispherx disclosed in a Form 10-K filed with the Commission in March 2000 that the SEC was investigating whether the company or any of its officers had committed securities fraud.

If I can be of further assistance, please do not hesitate to contact me. I apologize for the delay in responding to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard H. Walker".

Richard H. Walker
Director

TOM BLILEY, VIRGINIA, CHAIRMAN

W.J. "BILLY" TAUZIN, LOUISIANA
MICHAEL G. OXLEY, OHIO
MICHAEL BILIRAKIS, FLORIDA
JOE BARTON, TEXAS
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RALPH M. HALL, TEXAS
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TED STRICKLAND, OHIO
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THOMAS M. BARRETT, WISCONSIN
BILL LUTHER, MINNESOTA
LOIS CAPPS, CALIFORNIA

JAMES E. DERDERIAN, CHIEF OF STAFF

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

September 18, 2000

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

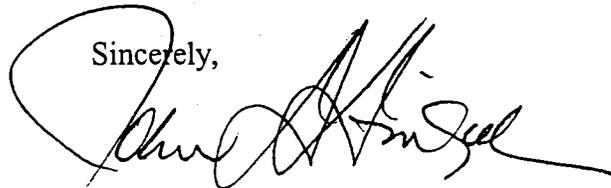
Dear Chairman Levitt:

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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VIA FACSIMILE # (202) 225-0371

September 12, 2000

Representative John D. Dingell
United States House of Representatives
2328 Rayburn House Office Building
Washington DC 20515

Dear Congressman Dingell:

Please find enclosed a copy of my letter of today to Securities and Exchange Commission Chairman Arthur Levitt. The letter discusses a serious breakdown in securities regulation due to the NASD/AMEX's failure to stop a major stock scam and the SEC's failure to regulate the NASD/AMEX. The stock scam is Hemispherx Biopharma, Inc. The Chairman and Chief Executive Officer of Hemispherx is Dr. William A. Carter. In 1989, under your Chairmanship, the Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce investigated Dr. Carter for scientific fraud.

We have notified Congressman Michael G. Oxley of this issue. However, in light of your past investigation of Dr. Carter and as a member of the Subcommittee on Finance and Hazardous Materials Ex Officio, we believe the issues discussed in this letter are extremely important. We feel that this matter should be raised in an entirely separate hearing or as a point of discussion at the next scheduled hearing of the Subcommittee. Please contact me at your earliest convenience.

Thank you for your attention to this matter.

Sincerely,
ASENSIO & COMPANY, INC.


Manuel P. Asensio
Chairman, President and
Chief Executive Officer

Enclosure

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VIA FACSIMILE (202) 942-9646

September 12, 2000

Arthur Levitt
Chairman
Securities and Exchange Commission
450 5th Street N.W.
Washington, DC 20549

Dear Chairman Levitt:

I am writing to inform you of a very serious breakdown in securities regulation. The NASD/AMEX has allowed a group of long-time stock swindlers to sell over 15.7 million shares in a bogus company at values as high as \$800 million to small U.S. retail investors. This would be an unfortunate occurrence under any circumstances. However, in this case, the NASD/AMEX had a sufficiently complete record to prove that these fraudulently sold shares were entirely worthless long before they were sold to the public. Even more alarmingly, some prominent NASD/AMEX members have been found to have helped the U.S.'s biggest fraudulent penny stock promoter (Stratton Oakmont) organize and perpetrate this fraud on the public. Even worse, an NASD/AMEX leader, who is charged with protecting U.S. investors from just such a scam, was found to be a director and officer of a company that helped fund this stock swindle scheme.

As incredible as all this may sound, it even gets worse. The NASD/AMEX leader is its former President and the stock fraud that the NASD/AMEX has failed to stop has already been found to have lied to investors by the U.S. Food and Drug Administration, has an officer who pled guilty to felony charges for funneling National Cancer Institute contracts, has already been the subject of four criminal indictments by U.S. government prosecutors and has already been investigated by a U.S. Congressional committee for using scientific fraud to obtain government grants. In fact, E.I. DuPont de Nemours and Company, one of the world's largest companies, sued this stock scam after it was defrauded of over \$30 million before it was allowed to become an NASD/AMEX public stock scheme.

How do I know these things? Because I run an NASD/AMEX member firm that is in the business of telling investors about bad companies. And because we are the ones who gave the information to the NASD/AMEX over two (2) years ago. We later discovered that certain NASD/AMEX leaders were involved with the very fraud we had exposed. These NASD/AMEX officials have done nothing to protect the public and instead have elected to harass us. The fraudulent company's name is Hemispherx Biopharma, Inc.

ASENSIO
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Mr. Levitt
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We have already brought this matter to the attention of your agency. Enclosed is a copy of our letters dated July 14, 1999 and August 28, 2000 informing the appropriate director at your agency about the NASD/AMEX's scandalous behavior. The director failed to take corrective action. This has allowed the Hemispherx fraud to continue to rage in an uncontrolled fashion. An uglier situation could not exist.

Hemispherx is a 34-year-old alleged drug company that has never filed a New Drug Application ("NDA") with the FDA or completed a Phase III trial, despite having some Phase III approvals that are 8 years old. These trials were to have lasted only one year. It has claimed potential efficacy based on pre-clinical and Phase II testing in many different diseases including the controversial Chronic Fatigue Syndrome, hepatitis, two types of cancer and HIV. Simultaneously with failing to complete any Phase III test or file an NDA, Hemispherx has used irregular and non-reproducible medical studies, authored by individuals with long-term ties to Hemispherx, to perpetuate the fraudulent promotion of a 30-year-old drug it calls Ampligen. Ampligen is a 1970s substance once studied, along with many other failed dRNAs, as a potential interferon inducer before interferon itself became available as a prescription drug.

Hemispherx was a defunct company before it was brought public in 1995 by Stratton Oakmont, Inc. Hemispherx was one of Stratton's last fraudulent initial public offerings ("IPO") before Stratton was shut down for fraudulent sales and trading practices. In fact, Stratton's principals pled guilty in September 1999 to a number of charges, including using HEB's IPO to defraud the public. Since its fraudulent IPO, Hemispherx has continued to pay U.S. and international stock promoters to create investor demand for its fraudulent AMEX-listed shares. As of June 30, 2000, Hemispherx's insiders and stock promoters had bought at least 15,721,560 shares directly from Hemispherx at below market prices, which could then be sold to the public at inflated prices. After concluding a preliminary investigation, the U.S. Securities and Exchange Commission commenced a formal securities fraud investigation of Hemispherx's Ampligen-based stock promotion in April 1999. The investigation has not stopped Hemispherx from making malicious false medical claims or selling fraudulent stock to the public.

Hemispherx has been allowed to steal from the public for over five years. Its founders have used their loot and the courts to silence its critics, which have included DuPont, a medical graduate student, a New York State Hospital, an AIDS patient who was defrauded of \$1 million and us. Hemispherx has caused us over \$5 million in damages and two years of constant aggravation. All of our employees and customers have been harassed through discovery demands that violently violated our privacy and threats of litigation. In the midst of this battle for survival we have also had to fend off a highly suspicious NASD/AMEX inquiry, which was commenced shortly after we had started writing about the Hemispherx fraud without any probable cause. We may be the only firm on Wall Street that has never had a single customer complaint.

ASENSIO
& COMPANY
INC.

Mr. Levitt
September 12, 2000
Page 3 of 3

The Hemispherx fraud should be stopped. Leaders of the NASD/AMEX should not be involved with stock frauds. They also should not use their powerful position to harass someone who speaks out against a stock fraud. The SEC's Market Regulation division should not allow these things to happen. I ask that you vigorously investigate this matter.

Sincerely,
ASENSIO & COMPANY, INC.


Manuel P. Asensio
Chairman, President and
Chief Executive Officer

cc: Representative Carolyn B. Maloney
United States House of Representatives
Fax: (212) 860-0704

Representative Michael G. Oxley
United States House of Representatives
Chairman-Subcommittee on Finance and Hazardous Materials
Fax: (202) 226-0577

Senator Rod Grams
United States Senate
Chairman-Subcommittee on Securities
Fax: (202) 228-0956

Senator Charles E. Schumer
United States Senate
Subcommittee on Securities
Fax: (202) 228-3027

Representative Lincoln Diaz-Balart
United States House of Representatives
Fax: (202) 225-8576

Enclosures