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**From:** Wayne Gannett [mailto:wjpgannett@verizon.net]  
**Sent:** Thursday, April 02, 2009 11:34 PM  
**To:** LLPComments  
**Subject:** Legacy Loans Program

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17th St., NW  
Washington, DC 20429

Dear Mr. Feldman:

In the free market system, the private concerns that make money in good times should bear the cost of mistakes, not the taxpayers. I am extremely concerned about the pending plan for toxic asset sales. Simply put, what needs to happen is **Stop this plan!** In the Treasury's plan, the taxpayers bear all of the risks and very little of the potential gain.

This plan is billed as partnership; it's not. Under the plan, when private investors bid on toxic assets, they only need to put up 7% of the bid value, and the government puts up 7%. But the taxpayers are also stuck with the non-recourse loan for the remaining 86% of the price. This guarantees that corporations can over-bid for toxic securities, and taxpayers bear 93% of the risk these assets are worthless, or worth nowhere near what the bid is. This transfer of risk to the taxpayer is insane.

Why should the taxpayers, who have not invested in these speculative derivatives, be forced to invest in toxic assets at this point, and be forced to pay for the banks' errors? It was recently shown that the Federal government can be careful with taxpayer funds - with the auto industry, even forcing out the CEO of General Motors. Yet why is the government willing to hand over a trillion to Wall Street corporations via loan guarantees with no questions asked?

There is absolutely no protection for the taxpayer in this Ponzi scheme. All of the risk is borne by the taxpayer, and all of the profits (via leverage with money borrowed from the government) goes to the private bidders.

Another problem is that only a few select firms are authorized by Treasury to conduct the toxic asset deal – the opposite of a truly competitive and transparent market which should have the maximum number of bidders.

A better way: let troubled banks with toxic assets on the books fail: let the shareholders and bondholders get wiped out, not the taxpayers. Then the FDIC can step in and re-organize for the benefit of the depositors. That is the way to clean out the system.

So, the way forward is simple:

1. Stop this plan by Treasury immediately.

2. Pass legislation and ensure Congressional oversight allowing banks with toxic assets to fail, while at the same time making sure that taxpayer's funds are not placed at risk, and depositors are protected with an orderly bankruptcy process.

If Treasury's plan goes forward, voter outrage will be directed not only at Wall St, but also at Congress and the Administration for allowing this transfer of taxpayer money to the banks. Shame on those who would burden future generations to indebtedness, rather than have the stockholders and bondholders of these financial institutions rightfully bear the costs.

Thank you for your assistance.

Sincerely,  
Wayne Gannett