
From: CEG (Christopher E. Grant) [mailto:Chris@GGMWealthAdvisors.com]
Sent: Thursday, April 02, 2009 5:26 PM
To: LLPComments
Subject: Resale of Purchased Legacy Loans

Why hasn't the Treasury, FDIC, etc. considered repackaging the purchased legacy loans and selling them directly to the public (with, say a 5% coupon) with a government guaranty and ADDING A TAX PREFERENCE, E.G. QUALIFIED DIVIDEND TREATMENT WITH 15% MAX FED INCOME TAX. Private sector investors would use sidelined cash to purchase, the government could "mark up" the new securities, making a "profit" to offset losses on their purchase, fixed income retirees would welcome the investment opportunity, and the new tax revenue would potentially be positive vs. income tax collections on current money market income levels. Utilization of tax preference treatment has historically been used to encourage real estate (shortened depreciation) and capital investment (ITC) so there is plenty of precedent. This product could easily be sold to "single-type security" mutual funds, ETFs or directly via the direct Treasury purchase program. While there are many details that would have to be worked out, the utilization of a tax preference treatment "creates" value, which is ultimately delivered to tax payers while not adversely impacting tax revenues. Most importantly, the private sector would end up owning the securities (providing the investment dollars directly rather than having the govt. finance 96% of the purchase) rather than having a further ballooned Fed Balance Sheet. Politically, making the investment available to the general public would avoid the appearance of favoritism to a select number of institutional buyers/investors who "might" unfairly benefit from the combination of pricing and leverage.

Thank you for at least providing the opportunity for comments.

Sincerely,
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