
From: Steve Holman [mailto:sholman@westmorpartners.com]
Sent: Monday, April 13, 2009 9:59 AM
To: LLPComments
Subject: Legacy Loan Programs

To whom it may concern,

Westmor Partners intends to seek approval to become a Private Investor in the Legacy Loans Program (LLP). As such, we would like to comment specifically on the size of the offerings made by the FDIC under the LLP.

Westmor Partners has completed the FDIC's Interested Investor's Survey. This survey asked our preference for the size of offerings under the LLP. The smallest offering choice listed was between \$1 billion dollars and \$5 billion dollars in loan principal balance. We believe this size of offering is not small enough to realistically implement one of the FDIC's stated objectives: to include an array of different Private Investors and encourage participation by small, veteran, minority, and women-owned firms.

We propose the FDIC include offerings as small as \$250 million in loan principal balance.

Benefits of reducing the offering size:

1. Assuming the current debt/equity structure proposed by the FDIC and UST, a \$250 million offering creates opportunities for Private Investors with pools of equity in the \$10-50 million range. Furthermore, it allows Private Investors with equity between \$50 and \$500 million to participate in multiple offerings, creating larger pools of potential bidders for offerings later in the LLP's operation.
2. Larger pool of bidders should provide the selling banks greater confidence in accepting the bid, ultimately bolstering the credibility of the entire LLP program.
3. Along the lines of #2 -Smaller, regional Private Investors are characterized by their local knowledge, nimbleness, and entrepreneurial skill. Pricing these firms out of the bidding process hinders bidding quality, leaving only larger firms to employ standardized valuation and risk assessment.

We certainly recognize concerns the FDIC may have reducing the offering size and would like to address a few of these:

1. Pools too small will not receive attention from larger firms. This may certainly be the case, however we feel \$250 million is an appropriate balance. Perhaps the FDIC has statistical information to determine what amount can generate the largest pool of bidders. A \$1 billion floor certainly excludes a far greater amount of bidders.
2. Lack of critical mass for FDIC and UST to efficiently manage smaller pools. Again, \$250 million appears appropriate, but we would certainly defer to statistics that show otherwise. We believe one of the LLP's primary functions is to also bring investment money off the sidelines and put it back into the economy. Invested money tends to have a ripple effect beyond its initial value. We hope the FDIC considers this benefit when accounting for costs of the LLP operation.
3. Smaller Private Investors may not be as sophisticated/experienced to take on the responsibility of taxpayer money. On the contrary, for many smaller investors all their time and effort will be

focused on one or two successful acquisitions. They cannot afford to fail on behalf of their few equity partners and their own livelihood.

We certainly appreciate the opportunity to comment and look forward to receiving more detailed information on the LLP.

Sincerely,

Steven Holman
Westmor Partners
sholman@westmornpartners.com