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**From:** Benjamin N. Dover III [mailto:benn.dover.iii@gmail.com]

**Sent:** Sunday, April 05, 2009 3:48 PM

**To:** LLPComments

**Subject:** Legacy Loans Program

Ms. Bair:

I'm confident that I speak for most Americans when I note that the proposed PPIP is grossly unfair to the banks, investors and asset managers. This sweetheart deal for taxpayers would penalize banks for finding themselves in an unforeseeable predicament for which they bear no responsibility. It would also require selfless investors and asset managers to bear an unconscionable portion of the risk in return for minimal reward. If we're going to get through this crisis, everyone's going to have pitch in and sacrifice -- and that includes the taxpayer.

So, unless you want the global financial system to be Lehmaned again, I suggest you change the terms of the program as follows:

1. Given that the underlying loans are sound, performing and cash flow positive, they should be priced at the banks' "mark-to-model" valuations plus, of course, a premium in order to induce the banks to make the sacrifice of parting with these valuable legacies. I suggest that market-driven price discovery occur in a range of 120-140% of par depending on the specific assets at issue.
2. The Government would put up 100% of the capital plus 100-1 leverage in the form of non-recourse financing funded by a combination of the FDIC fund for deposit protection and the Social Security endowment. (Medicare and Medicaid could also be asked to chip in as necessary -- I see no reason why the poor and elderly should not pay their fair share here).
3. Once bought, these assets would then be gifted to large hedge funds and private equity firms. In order to properly allocate risk, they would be forced to accept 100% of any profit and 0% of any loss. (And remember: hold your ground if the investors try to haggle over this.)
4. A small number of asset managers should be selected in secret to manage the assets in return for guaranteed fees to be paid by the Government. Typically, hedge funds are paid 2% of the value of the assets under management plus 20% any gains. That seems fair here. Because investors will be entitled to 100% of any gains, the Government will need to come up with the extra 20% for the asset managers. (I suggest diminishing handouts to socialist programs like Head Start and AIDS-research organizations.)
5. Obviously, you'll need to guarantee all parties that in exchange for rescuing the taxpayer they won't be subject to any Government meddling before, during or after the transactions are completed. I suggest you lobby Congress to pass a law prohibiting it and all regulators (you too, Ms. Bair) from engaging in any interference or exercising any

oversight over the program or the parties involved. In addition, Congress should grant a pre-emptive amnesty and pardon to all parties for any wrongdoing that they later may be unfairly accused of in connection with the program. (Remember, contrary to what certain populist muckrakers may claim, "gaming the system" is just another word for "nothing to lose".) I hope it goes without saying that none of the fees or profits resulting from the PPIP should be subject to any ordinary (much less special) taxes.

Finally, I think it would be appropriate for you, Mr. Geithner and Mr. Bernanke to send letters of gratitude to all parties involved for their generous effort to bail out the American taxpayer. Their magnanimity, propriety and responsible leadership during this crisis should be examples to every American.

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