
From: Russell Abrams [mailto:Russell@titancapital.net]

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To: LLPComments

Subject: legacy loans Program

This program is absurd for the following reasons

- 1) normally the FDIC wipes out equity and bond holders BEFORE COMMITTING ANY TAXPAYER MONEY- THIS HAS WORKED FOR 75 YEARS
- 2) bank management maintains upside instead of being replaced due to failure
- 3) the banks can sell themselves the assets and this is just another way of insuring the worst assets so the govt will take the risk while the bank will not have to suffer and can continue to make money on good loans
- 4) the public is very close to losing confidence in the govt. with each new plan written by the banks for the banks, it becomes harder to believe the govt is not run by the banks
- 5) new credit creation is the goal and it is much cheaper for the govt to provide direct assistance for new credit creation and let the banks that made bad decisions fail and auction off the assets as what worked with the RTC
- 6) the banking sector is over 30% of the economy with the long run average of 20%. This plan does not help to bring the banking sector down, but instead expends tremendous resources to keep the banks at unsustainable levels.
- 7) People are not stupid. The banks will cherry pick which assets to sell. Negative selection hurts the taxpayer
- 8) The role of the FDIC is to protect the depositor NOT THE BANK AND ITS EQUITY AND BONDHOLDERS- _
- 9) You cannot keep asset prices above what incomes can support – the pricing should be based on an income model, not a leverage model that allows prices to be artificially high due to the optionality of the investor not having the downside.

Russell Abrams
President, titan capital
NY NY
212 750-5700