

February 23, 2011

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X
In re: :
WASHINGTON MUTUAL, INC et al., :
Debtors :
-----X

Chapter 11

Case No. 08-12229 (MFW)

Docket #6786 Date Filed: 2/24/2011

From

Name of Objecting Party: Kubera Yaksha Williams, In Pro Per

Address of Objecting Party: 1009 East 84th Street
Los Angeles, CA. 90001

Claim

Nature Of Interest Of Such Party: I am a "Retail" Shareholder who owns only shares of WMI Common Stock (WAMUQ)

To: The Honorable Judge Mary Walrath, Chief Judge
Bankruptcy Court
824 North Market Street
5th Floor
Wilmington, DE 19801

Subject: Objection To The Modified Sixth Amended Joint Plan Of Affiliated Debtors And Related Proposed Supplemental Disclosure Statement

This is an addendum to my previous objection, dated May 12, 2010.

Dear Honorable Judge Mary Walrath,

I hereby strongly object to The Modified Sixth Amended Joint Plan Of Affiliated Debtors And Related Proposed Supplemental Disclosure Statement. However, I must first take this opportunity to thank The Court for the following:

- Approving the appointment of our Equity Committee (EC) by the U. S. Trustee. Because without the efforts of Joyce Prenell and her staff, and The Courts' approving the appointment of our Equity Committee (EC) by the U. S. Trustee, --- we WMI Equity Sharholders would have lost ,i.e., our adversaries' plan to jettison we WMI Equity Sharholders would have worked to perfection (like in the **Kmark**



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Case). However, The Court's approving the appointment of our Equity Committee (EC) by the U. S. Trustee gave us Equity Shareholders a "fighting chance".

- Denying the Debtors' Plan Of Reorganization (POR) #6. Here again. The Court by denying the Debtors' Plan Of Reorganization (POR) #6 kept us Equity Shareholders "in the game".
- Granting Discovery to our EC regarding "Insider Trading" by the Hedge Funds/Note Holders; and for
- In essence, ruling that we WMI Shareholders must receive compensation for any "releases" we give.

Next I will give WAMU Background Information **as I see it.** Then I shall give my objection about the glaring deficiencies of the Enterprise Valuation of the Reorganized Debtor by Blackstone. In addition, I will give what I think is an appripo and relevent observation by The Honorable Judge Rosemary Coyer; Discuss the "extreme value" and "substantial" Cash and "Cash Equivalents" that was WMI and WMIs' Subsidiaries; And I shall conclude with my comments about Shareholder Releases and request to our Equity Committee and Attorney, Susman Godfrey, L.L.P. to sue The FDIC for \$145 to Billion to \$500 Billion, for the real value of WMB seized by the FDIC.

WAMU Background Information As I See It

As I see it, this case is about two "thefts", i.e., the stealing of private property without "Fair Market Value" compensation being paid to its' owners. The first theft occurred when the FDIC seized WMB and "gifted" it to JPMC for \$1.88 Billion. The other is the current attempted theft of the WMI "equity" from us WMI Equity Shareholders by WMI Noteholders. Both of these thefts involve the stealing of private property without "Fair Market Value" from WMI Common Shareholders, the "proper" owners of WMI.

Regarding first theft (the biggest bank heist in The History of The World), --- It is important to note that WMB was "well capitalized" and "solvent" (Assets being greater than Liabilities) at the time of the theft. Thus according to John Reich, recent head of the OTS, **Washington Mutual Bank should not have been seized to begin with.** And according to Neel Kashkari, a U.S. Treasury official, **"The shutdown of Washington Mutual "was a mistake"** (THE FINANCIAL CRISIS INQUIRY REPORT Submitted by THE FINANCIAL CRISIS INQUIRY COMMISSION Pursuant to Public Law 111-21 January 2011). Granted, it is possible that because of the "fractional reserve" nature of our banking system that WMB (and all other banks) was "illiquid", i.e., not having enough cash to pay possible depositor withdrawals upon demand (so called "run on the bank"). However, WMB never was insolvent, i.e., never were WMI Assets less than its' Liabilities.

After the FDIC stole WMB, WMI did what Kevin J Delaney calls a "Strategic Bankruptcy"*: WMI sought protection of the Bankruptcy Court by filing Chapter 11 Bankruptcy and suing the FDIC in The D.C. Court.

Regarding the other current attempted theft of the WMI "equity" from us WMI Equity Shareholders by WMI Noteholders, --- The Debtor has done everything humanely possible to minimize the value of the estate (Washington Mutual Inc.) and jettison us WMI Equity Shareholders. The Debtor has the fiduciary responsibility to maximize the value of the estate for both Creditors and Shareholders. However, Weil, Gotshal and Manges, and Quinn Emmanuel has steadfastly tried to maintain the fiction that WMI Assets are less than its' Liabilities. They have not done an efficient or proper job of maximizing the value of the estate. In fact they seem to be doing the reverse. They appear to be giving away any value that remains. A perfect example is the approximately \$5.5 Billion (\$5.2 already received by the Debtor) of refunds to be received from the IRS as a results of Net Operating Losses. Those refunds **by law**, under the Internal Revenue Code passed by Congress, belong to and are suppose to go to the Debtor. However, the Debtor has given those refunds to the FDIC and JPMC under the Debtor's Plan of Reorganization/Global Settlement Agreement that The Court deems to be "fair and resonable".

An Appripo And Relevent Observation By The Honorable Judge Rosemary Coyer

The Honorable Judge Rosemary Coyer, in the D.C. Court, observed the similiarities of the FDICs' actions regarding Wachovia and WAMU. In both instances, the court observed that the FDIC undervalued the companies. In the case of Wachovia, the court observed that the FDIC was going to sell Wachovia to Citi Bank for an undervalued amount (for I think around \$2 Billion). However, Wells Fargo "jumped in" and purchased Wachovia for a much higher value (for I think around \$13 Billion). However, unlike in the case of Wachovia, the FDIC actually sold WMB for an undervalued amount of \$1.88 Billion to JPMC. JPMC later showed negative "Good Will" on its' Balance Sheet recognizing its' "Bargin Purchase".

Glarring Deficiencies of the Debtors Disclosure Statement/Plan of Reorganization and Glarring Deficiencies of The Enterprise Valuation of the Reorganized Debtors by Blackstone.

Blackstone used the Discounted Cash Flow Analysis (DCF) as the primary methodology to estimate Reorganized WMI Value and the NOLs. The Discounted Cash Flow Analysis (DCF) is an excellent methodology that is accepted by courts to value a company. Blackstone "...estimates the range of value of reorganized WMI, excluding the value of NOLs assumed to be available to Reorganized WMI, is approximately \$115 to \$140 million". Blackstone also states that based on its' projections, the estimated "...range of value of NOLs used to shelter future taxable income generated by Reorganized WMI...is approximately \$10 to \$20 million... for a total value of approximately \$125 to \$160 million. However, Blackstone's DCF Analysis is "defective" and "undervalues" Reorganized WMI for the following reasons:

- The 13% to 15% range of discount rates used by Blackstone is "too high" is today's low interest rate enviroment. Sri Dr. Sankarshan Acharya Finance Professor with specialty in valuation of latent assets (published in prestigious

journals like the Journal of Finance), in his first letter of objection to the court dated May 11, 2010 argued that 5% discount rate was extremely conservative. Sri Dr. Acharya later, in his letter dated June 8, 2010 to the court, stated that the 5% discount rate that he previously used in valuing WAMU was "too" conservative, that 2 ½% was more reflective of today's interest rates environment. Thus using 2 ½ % to 5% range of discount rates as suggested by Sri Dr. Acharya would give us approximately \$395 to \$728 million estimated range of value of reorganized WMI, excluding the value of NOLs assumed to be available to Reorganized WMI. And adding the \$395 to \$728 million above to the approximately \$10 to \$20 million for NOLs gives us a total value of approximately \$405 to \$748 million for Reorganized WMI.

- And actually, it seems that the NOLs should be added to the cash flow amounts and that increased cash flow amount should be discounted by 2 ½ % to 5% range of discount rates. And that of course would give an even higher value for the Reorganized WMI.

Other glaring deficiencies of the Debtors Disclosure Statement/Plan of Reorganization and the glaring deficiencies of The Enterprise Valuation of the Reorganized Debtors by Blackstone include the following:

- The Debtor nor Blackstone give a list of assets and Fair Market Value(s) thereof.
- The Debtor nor Blackstone give audited and Certified Financial Statements by a C.P.A.
- Blackstone did not independently verify the Projections in connection with preparing the estimates of Reorganized WMI
- Blackstone sought nor obtained appraisals of the Debtors
- The Debtors submitted no Business plan for the Post Reorganization Debtor
- Blackstone's Projections do not take in account the possibility of the Debtors raising future capital nor the potential future taxable income stream that could be generated from investment of that capital.

In other words, because of the above reasons, the Enterprise Valuation of the Reorganized Debtors by Blackstone is not to be relied on nor trusted for its' accuracy.

The "Extreme Value" and "Substantial" Cash and "Cash Equivalents" That Was WMI and WMIs' Subsidiaries

The "Extreme Value" That Was WMI And WMIs' Subsidiaries

As previously stated above, Sri Dr. Sankarshan Acharya Finance Professor in his first letter of objection to the court dated May 11, 2010 in arguing that 5% discount rate was extremely conservative arrived at a valuation of \$145 Billion for the value of WMB.

Later, in his letter to the court dated June 8, 2010, Dr. Acharya stated that the 5% discount rate that he previously used in valuing WAMU was "too" conservative, that 2½% was more reflective of today's interest rates environment. Using the 2½% discount rate, the value of WMB is more than \$500 Billion.

The "Substantial" Cash and "Cash Equivalents" That Was WAMI and WAMIs' Subsidiaries WMB, Pike Street Holdings, and WMBfsb)

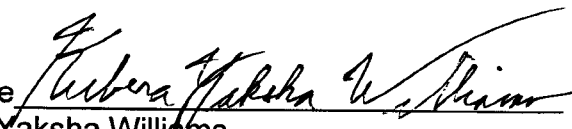
	<u>(in \$Billions)</u>
Cash	4.5
Refunds From NOLs Already Received From IRS	5.2
Cash and "Cash Equivalents That Was Going To Be "Uploaded" From WAMI Subsidiaries WMB, Pike Street Holdings, and WMBfsb ...	20.0
BOLI/COLI (Cash Surrender Values)	5.5
 Total Cash and "Cash Equivalents"	 35.2

Question: "What Happened to the \$35.2 Billion? If The FDIC and/or JPMC has it, then why isn't it accounted for in WMI's Estate? Or if not then it seems that we WMI Shareholders have a case for Fraudulent Conveyance against The FDIC and/or JPMC.

Shareholder Releases

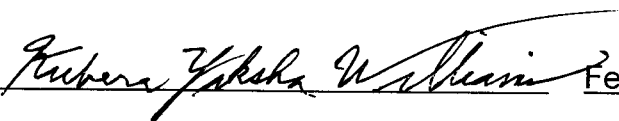
In my opinion, The Debtor did us WMI Equity Sharholders a tremendous favor by not paying us for our releases. Now we WMI Equity Sharholders can sue the FDIC (JPMC, et al). I therefore, hereby request our Equity Committee and Attorney, Susman Godfrey, L.L.P. to sue The FDIC for \$145 Billion to \$500 Billion, i.e., the real value of WMB seized/stolen by the FDIC in the District Court for Fraudulent Conveyance (among other things). See Exhibit A and Exhibit B for valuations of WMB by Sri Dr. Sankarshan Acharya, for additional information. I think our attorney, Stephen D. Susman, Esquire, Litigator par excellence, would love to sue the FDIC (JPMC et al) on a contingency basis. I strongly suggest we have a "trial by jury" and expose to the American Public the many mistakes and corruption that has occurred in this case at the highest levels of Banking, Finance, and our U.S. Government.

Respectfully submitted,

signature  February 23, 2010
Kubera Yaksha Williams Date

P.S. Certification Of Service: I have sent by First Class USPS mail today a copy of this letter to the attorneys of record in this case..

signature

 February 22, 2010

***Strategic Bankruptcy by Kevin J. Delaney - How Corporations and Creditors Use Chapter 11 to Their Advantage**
University of California Press
Berkeley and Los Angeles, California
First Paperback Printing 1998
ISBN 0-520-07359-2

EXHIBIT "A"

Valuation of Washington Mutual Assets Conveyed to JPMC

In Letter To The Court Dated May 11, 2010

May 11, 2010

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:

WASHINGTON MUTUAL, INC, et. AL,

Chapter 11

Case No. 08-12229 (MFW)

Debtors

**From: Dr. Sankarshan Acharya
17636 West Neuberry Ridge Drive
Lockport, IL 60441**

**To: The Honorable Mary Walrath, Chief Judge
United States Bankruptcy Court
District of Delaware
824 Market Street, 5th Floor
Wilmington, DE 19801**

Claim: I own 20500 common shares of WAMUQ

Objection: I strongly object to the Joint Plan of Affiliated Debtors and the related proposed Disclosure Statement for the Joint Plan of Affiliated Debtors, slated to be heard on May 19, 2010.



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Dear Honorable Judge Mary Walrath,

I strongly object to the "Joint Plan" and "Disclosure Statement" of Affiliated Debtors of WMI. I received today the notice from Debtors' Attorneys, Weil, Gotshal and Manges, LLP and Richards, Layton & Finger, P.A.* I have served copies of my objection to all parties as stated in the notice by first class mail and hope that they will receive the same before the deadline of May 13, 2010 set by the Debtors' Attorneys.

I object because the asset value of WMI parent company is significantly more than its liabilities. This makes the value of common stock of WMI very significant. The Joint Plan of Affiliated Debtors does not include valuation of WMI assets to deduce no value to WMI equity. The Debtors have not provided a list of all assets of WMI purchased by JPMC. Neither have they given the fair values of all WMI assets in their Disclosure Statement.

As a finance professor with specialty in valuation of latent assets (published in prestigious journals like the Journal of Finance), and as someone who has accurately predicted the current crisis and have proposed preemptive policies to avert the crisis since 2003, I can rationally value the consolidated assets of WMI transferred to JPMC through FDIC receivership, based on the cash flow data publicly

** Please see the attached envelope. My brokerage (Ameritrade) assured me that they did not send it and did not have a trace of it.*

disclosed by JPMC and included in JPMC CEO's statement to shareholders. If certain subsidiaries of WMI holding company were indeed insolvent at the time of FDIC seizure, the legally valid value of WMI parent company's assets will be greater than that derived from the consolidated value of assets transferred to JPMC:¹

1. JPMC has stated its 2009 Earnings: \$100.434 Billions²

JPMC has reported its 2009 EBIT: \$64.390B²

JPMC has reported 2009 Tax: \$4.415²

JPMC's 2009 Cash flow (for Debt & Equity) = EBIT - Tax = \$59.975B

JPMC's 2009 Cash flow as a percent of earnings = $59.975/100.434 = .6$

JPMC's CEO states in his March 26, 2010 memo to shareholders about \$30B of earnings from WMI assets it received through FDIC Receiver in 2009. JPMC can be asked to reconfirm this figure.

JPMC's incremental cash flows from the acquired WMI assets is approximately = $.6 \times 30 = 18B$. This assumes that the cash flow attributable to debt and equity is the same fraction (0.6) of earnings for JPMC as for the acquired WMI Assets.

A conservative estimate of the cost of capital in a low interest rate environment is about 0.05. It should be a risk adjusted weighted cost of capital for debt and equity. But since the equity stake in the acquired WMI assets is nil, debt dominates the cost of capital estimate in fair valuation.

The fair consolidated value of acquired WMI assets is equal to $\$18B/.05 = \$360B$ using the Gordon formula given in finance textbooks for cash flows with no growth.

The acquired WMI debt and deposits is about \$220B including senior WMB bonds. The value accruing to WMI parent company from the assets transferred to JPMC is thus equal to $\$360 - 220 = \$140B$.

This makes the acquired WMI parent company's assets worth $360 - 220 = \$140B$. In addition, WMI parent company has a cash deposit of \$4B in WMB, tax refunds of \$5.6B, and trust preferred securities valued at \$4B or a total of \$13.5B that belongs to WMI parent company. The value of assets of WMI parent company is thus $\$140 + 13.5 = \$153.5B$. Out of this value, \$13.5 is the pure liquidation value of WMI parent company's assets. The parent company's debt obligation is reported as \$8B.

Thus, on liquidation basis, the parent holding company's equity holders (common and

¹ "Holding Company Organization and Capital Structure," <http://pro-prosperty.com/Research/OptimalHoldingCompanyOrganizationCapitalStructure.pdf>

² <http://finance.yahoo.com/q/is?s=JPM&annual>

preferred) have $\$13.5-8 = \$5.5B$. On financial valuation basis, WMI parent company's equity holders have, in addition, $\$140B$, derived from cash flows on the WMB assets acquired by JPMC or a total of $\$140+5.5 = \$145.5B$. The legally admissible value of parent company equity of WMI would be still higher if some of the subsidiaries of WMI were insolvent at the time of seizure. The Debtors' Joint Plan of Organization is thus outlandish with no economic basis.

2. At the time of takeover, when I purchased some shares of WMI, the true value of equity would have earned me a very high rate of return. JPMC knew it too, as the facts presented by its CEO's letter to his shareholders now prove. The FDIC nevertheless seized this true WMI equity value from me and many other real families in USA and around the world to hand over the same to JPMC with an alibi that some bank run of $\$16B$ from WMB had taken place. But the FDIC confidentially communicated to JPMC about three weeks before the date of seizure that JPMC could receive the valuable WMI assets, as per news reports published later. Such confidential communication may have ruffled some uninsured depositors to transfer their funds, maybe to JPMC that was known to them as the acquirer of WMB.
3. WMI had an enormous cash balance, access to the Federal Reserve discount window funds, and impending TARP money at the time of seizure. The flimsy alibi of FDIC about deposit withdrawals is simply untenable at best. At worst, it amounts to an unconstitutional usurpation of private wealth, like my hard-earned household savings, to someone favored by a regulatory agency that utterly failed to serve the taxpayers due to perpetuation of manmade banking shenanigans that have caused the crisis, as per my analysis.³
4. At the beginning of the case, the Debtors promised to pursue with the FDIC and JPMC to recover the value of all WMI assets, but have utterly failed to perform their fiduciary duty of increasing the value of the bankruptcy estate by purposefully giving away any remaining value of WMI to JPMC and FDIC to close the case with no regard to all the legitimate claimholders like equity holders and the lawsuits currently pending in Washington DC. Even the Board of Directors of WMI is not obviously functioning to serve the best interest of the rightful owners, equity holders, of the company.
5. The Office of Thrift Supervision had maintained and the FDIC had signed till the seizure that the Washington Mutual Bank (subsidiary of WMI) was solvent and well-capitalized and that it should not have been seized.

With best regards,


SANKARSHAN ACHARYA

³I have proved that the current system of money and finance is unconstitutional and presented a constitutional system. <http://pro-prosperty.com/Research/Constitutional-Monetary-Finance-System.pdf>. I have also written about the "Mythology of Market Discipline Unrevealed by Market Crash," memo written to the President and Congress on March 7 and February 27, 2010, available on the internet here <http://pro-prosperty.com/Mythology%20of%20Market%20Discipline%20Unrevealed%20by%20Market%20Crash.html>

EXHIBIT "B"

Justification of Valuation of Washington Mutual Assets Conveyed to JPMC

Letter To The Court Dated June 8, 2010

June 8, 2010

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

U.S. BANKRUPTCY COURT
DISTRICT OF DELAWARE
JUN 11 2010 11:09 AM
EMFW

In re:

WASHINGTON MUTUAL, INC, et. AL,

Chapter 11

Case No. 08-12229

Debtors

**From: Dr. Sankarshan Acharya
17636 West Neuberry Ridge Drive
Lockport, IL 60441**

**To: The Honorable Mary Walrath, Chief Judge
United States Bankruptcy Court
District of Delaware
824 Market Street, 5th Floor
Wilmington, DE 19801**

Claim: I own 20500 common shares of WAMUQ

Sub: Response to the objections filed by the FDIC and Department of Treasury to the Equity Committee's motion on investigation and examination.

Justification of valuation of Washington Mutual assets conveyed to JPMC.

This is an addendum to my previous objection, dated May 11, 2010, to the Debtors' Plan of Reorganization and Disclosure Statement.

Dear Honorable Judge Walrath,

The responses filed by the FDIC and the Department of Treasury to the Equity Committee's motions on investigation and examination reinforce my strong objection to the latest Plan of Reorganization and Disclosure Statement (POR & DS) of the Affiliated Debtors of WMI.

Issues Facing the Court

The issues facing the court are (a) potential collusion among government regulatory agencies (FDIC, Department of Treasury and Federal Reserve), public rating agencies (Moody's, S&P and Fitch) and a few top bankers (JP Morgan & Chase, Goldman Sachs and other keepers of capital markets) in seizure of WMI assets by FDIC and transfer of the assets to JPMC, and (b) fair compensation to various claimants of WMI assets seized by FDIC and transferred to JPMC.

Acharya: Examination of government agencies and valuation of WMI assets

June 8, 2010 Page 1 of 6



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A scenario of potential collusion

1. A few market making financial institutions (MMs) like JP Morgan & Chase and Goldman Sachs want to usurp the valuable assets of WMI by paying little to those who own the assets purchased by their hard earned capital.
2. The MMs are on the board of the New York Federal Reserve Bank and on the advisory board of the Board of Governors of the Federal Reserve System. The MMs even have one of their friends directly control the Treasury Department.
3. The Security and Exchange Commission licenses the MMs for unlimited short selling of securities like the common stock, preferred stock and debt issued by WMI. The MMs control the federally insured deposits of *We the People* and have access to the Federal Reserve's discount window lending to short sell the WMI securities to decimate their market prices at will, at least temporarily.
4. The MMs can cajole the rating agencies like Moody's and S&P to downgrade the WMI securities. The market prices of WMI securities fall precipitously in response to the downgrades, thanks to the sway of the MMs over the market prices. The MM short selling action increases the supply of WMI securities, beyond the quantities outstanding under the Company Act, to facilitate a steep fall in their prices.
5. The broader credit market then restricts lending to WMI and to its subsidiary banks after precipitous fall in WMI security prices.
6. The MMs are privy to a confidential agreement signed by the WMI preferred stockholders based on which new preferred equity capital will be raised for down streaming to WMI's subsidiary banks as soon as needed to meet the minimum regulatory capital requirement. The WMI preferred stockholders cannot unilaterally publicize this agreement, lest they will be sued for breeching it, to counter the publicly announced downgrades of WMI securities.
7. The FDIC initiates a scrutiny of WMI to seize its valuable assets to transfer the same to a top MM (JPMC), notwithstanding unfettered regulatory access to the capital infusion agreement signed by WMI preferred stockholders. The FDIC gives an alibi that bank runs at WMI banks leads them to seize and transfer WMI assets to JPMC, despite capital crunch at most top banks with no automatic capital infusion agreements of the type WMI has.
8. The Congress readies a new act to infuse TARP funds to save many failing banks including those of WMI. The WMI banks have, in addition, agreements in place to receive new capital as soon as needed.
9. The FDIC Receiver seizes WMI assets to transfer the same to JPMC. The FDIC and JPMC do not disclose the list of WMI assets thus seized.

Within the above scenario, JPMC indeed colludes with the government regulatory agencies and the

public rating agencies to usurp valuable WMI assets from those who have invested their hard earned capital to own the assets.

Examiner with Full Authority

Whether or not the above collusive scenario factually unfolded in 2008 to make WMI fail to facilitate usurpation of its valuable assets by JPMC can be ascertained only by an independent examiner with full authority to issue subpoena and take depositions under oath.

Collusion or lack thereof has not been ascertained so far in any investigation by the Congress or Court.

The Equity Committee's request for an examiner with complete authority is thus legitimate.

An examination with complete authority is paramount for the Court too in order to determine whether the assets of WMI, which rightfully belonged to the WMI security holders, have been seized and transferred to JPMC via collusion among MMs, government regulatory agencies and public rating agencies. Establishing whether or not collusion has occurred should be paramount to the Court for two reasons:

- (i) It will prove or disprove if a fraudulent conveyance of WMI assets to JPMC has occurred. If a fraudulent conveyance has occurred, the court's ruling will be dramatically different from the standard allocation of assets, based on fair valuation, to various claimholders of WMI.
- (ii) Which constitutional rights of *We the People* have been transgressed due to JPMC's acquisition of WMI for pittance will depend on whether collusion occurred. For example, if the WMI assets were really transferred to JPMC through collusion, it would be a case of violation of the constitutional right to property of WMI security holders whose assets were usurped collusively. Otherwise, it would be a simpler case of the constitutional right to fair compensation for WMI security holders whose assets were seized by the FDIC Receiver and transferred to JPMC.

Valuation of WMI assets transferred to JPMC

My objection sent to you on May 11, 2010 to the POR & DS uses a cost of capital of 5% for valuation of annual cash flows from WMI assets acquired by JPMC. It also uses annual cash flow estimates attributable to the debt and equity of WMI derived from the incremental earnings statements issued by JPMC as referenced in my original objection letter.

The value of WMI assets transferred to JPMC will be higher (or lower) than derived in the objection letter if (i) the cost of capital is lower (or higher) than 5% or (ii) the cash flows are higher (or lower).

In this section, I argue that the cost of capital of 5% used in my analysis is sufficiently high to derive a conservatively lower value of WMI assets. One cannot, however, be absolutely certain about the cash flows attributable to WMI debt and equity without having access to internal JPMC data.

The cost of capital can be determined by two consistent approaches. The approach articulated in my objection letter is the cost of debt funds (Federal Reserve discount rate and interests on bank deposits) that were primarily used to fund WMI assets. On this cost of funding approach, the cost of capital of 5% is significantly higher than that prevailing in the environment of low cost and abundant supply of fiat money. This means that the value of WMI assets transferred to JPMC, as presented in my May 11, 2010 objection, is lower than it should be if a properly lower cost of capital than 5% were used.

The cost of capital can be determined, alternatively, as the credit market expected rate of return consistent with the risk of WMI assets transferred to JPMC. The WMI assets transferred to JPMC are primarily mortgage loans. Losses on most of the delinquent loans have been already provisioned by discounting (reducing the value of) these assets on the book. The banks currently ask about 4.9%, on average, to fund the types of mortgage loans included in WMI assets and acquired by JPMC. The banks' creditors expect to receive less (by the spread earned by banks for their service to creditors) than the 4.9% rate collected from mortgage borrowers. The spread is about 2.5%. This implies that the credit market expected return consistent with the risk of mortgage loans is about 2.4% which is equal to the mortgage interest of 4.9% minus bank spread of 2.5%. Even in September 2008, when WMI's assets were transferred to JPMC, the mortgage interest rate was also about 5% and the credit market expected rate of return was about 2.5%. This means the true value of WMI assets transferred to JPMC is significantly higher than that presented in my objection letter of May 11, 2010. Again, the exact composition of WMI assets transferred to JPMC, not yet disclosed by the FDIC, is necessary to ascertain the cost of capital for valuation of the cash flows generated from these assets.

Either approach indicates a lower cost of capital than the 5% used in my valuation of WMI assets transferred to JPMC. This means a truly higher value of acquired WMI assets than the conservatively lower figure presented in my valuation analysis dated May 11, 2010.

Intuitively, when money is being created virtually by the Federal Reserve and supplied to banks at negligible cost, the price of everything real skyrockets in terms of the fiat money. The WMI assets transferred to JPMC are primarily either mortgage loans in good standing that earn income as reported by JPMC or real estate properties possessed from the defaulting mortgage holders. The possessed real estate properties may have no current cash flow and may have been written off from the book, but they are worth a lot in terms of fiat money. These assets have not entered into my valuation of WMI assets transferred to JPMC. These assets will further raise the value of transferred WMI assets beyond that presented in my objection of May 11, 2010. One needs to have the complete portfolio of properties and loans in WMI assets transferred to JPMC to obtain a more accurate value of these assets.

Credibility of my analysis

My limited claim to WMI assets, as an equity holder, is truly incidental to me as a selfless researcher.

If I were not a claimholder, the court would not have entertained my objection to the POR & DS of Affiliated Debtors of WMI. Being a claimholder thus allows me to send valid communication to the court on the issue of moral hazard and economic theory of constitutional governance on which I have

researched and published since 1989.¹

Is a claimholder's analysis necessarily biased? Could my analysis be deemed to be prejudiced simply because of my legitimate claim on WMI assets, notwithstanding my consistent record of selfless research and absolute integrity since childhood?

Well, if I did not purchase any WMI security, despite my own determination of a great value of investment in this company, anyone (including I) would credibly impugn my conviction about my analysis. If I did not invest my hard earned capital in WMI, my analysis would be rightfully deemed to lack conviction and credibility. My ownership of WMI security, based on its significant valuation as compared to the market price, should rightfully enhance credibility of my analysis.

My ownership of WMI equity is not a case of first buying a security through speculation and then rationalizing the investment through some analysis. It is rather a case of credible investment based on a thorough ex ante analysis.

My analysis includes a deep conviction that the government (Judiciary, Legislative and Executive) of *We the People* will be ultimately impelled (a) to preserve the integrity of *our* system to let people prosper based on own perseverance and (b) to penalize indolent usurpation of the fruits of labor (stored as capital in banks and capital markets) of those who persevere to prop and secure the nation and government.

My analysis, thus, does not posit the government institutions, created and funded by *We the People* through acts of *our* Congress, as *our* adversaries. If policies and procedures of these institutions are not constitutional, *We the People* can pursue for reforming the same through the normal democratic process.² *We the People* can and should actively seek to run our government institutions to serve, not some selfish agenda of individuals who run them, but to fulfill the *common longing* of people, namely, absolute integrity and fairness in governance.

Investigating Government Regulatory Agencies

The Equity Committee has sought to examine and investigate the role of the FDIC, Department of Treasury and Federal Reserve Board in the failure of WMI. The widely known events that unfolded during the Great Recession (as described in the Scenario above) raise serious concerns that the individuals in charge of these institutions during the time did not fulfill the common longing of *We the People*. Their actions rather accomplished selfish agenda of indolent usurpation of capital earned through perseverance of *We the People*.

The cause for investigation/examination of the acts of the individuals running the government agencies is not only good, but also seriously important for these institutions and for American nationhood. The argument of the FDIC and Department of Treasury, contained in their objections filed with the court, that the cost of examination/investigation will outweigh any benefits is specious.

¹ See "An Economic Theory of Constitutional Governance" and the references cited in it, available on the internet here: <http://pro-prosperty.com/Research/MoralHazardLiberty.pdf>.

² See "Constitutional System of Money and Finance" available on the internet at <http://pro-prosperty.com/Research/Constitutional-Monetary-Finance-System.pdf>

- The benefits of examination/investigation are unfathomably enormous because the seizure of WMI has potentially (a) trampled on the constitutional rights to property of *We the People*, (b) demised the ethos of free market economy on which a great nation has been founded, and (c) destroyed the trust between institutions and people that is very necessary for social stability amid prosperity based on perseverance.

Trust is the basis of credit which is the capital earned by persevering individuals. The institutions like banks, government regulatory agencies, public rating agencies and other keepers of capital markets must preserve trust with utmost integrity for stable constitutional functioning of a nation. Trust is the crux of banking. The Congress has established bankruptcy courts and laws to preserve trust for stable functioning of financial and non financial corporations.

Erosion of trust leads to (i) destruction of hard earned capital and (ii) debilitation of a constitutionally mandated capitalist economy. Trust was decimated due to the seizure by the FDIC of a very large solvent institution (WMI) for potentially avarice-driven transfer of private assets to JP Morgan & Chase. WMI was a repertoire of hard earned capital of many persevering households.

Collusive transfer of WMI assets to JPMC appears obvious to me after reading the filing in the Bankruptcy Court of a confidential agreement between the preferred stockholders of WMI and a subsidiary of WMI to downstream sufficient amount of new capital by raising the same freshly from involved investors of WMI contingent on the capital levels of the seized WMI banks receding below the regulatory requirements. Under this agreement, WMI banks could never be undercapitalized, unlike most major banks that did not have such agreements in 2008. The individuals running the FDIC ought to be aware of such confidential agreements. Yet, they seized the solvent WMI banks which faced no threat due to their capitals dropping below the regulatory minimums.

Again, the truth can be established through an independent examiner with unfettered access to all the communication among government agencies, public rating agencies and bankers and with the power to subpoena and to depose involved individuals under oath.

With best regards,



SANKARSHAN ACHARYA

PS: Certification of service: I have sent by first class USPS today a copy of this letter to the attorneys of the concerned parties in this case.

