

□ March 28, 2011
Hon. Mary F. Walrath
United States Bankruptcy Court
District of Delaware
824 Market Street, 5th Floor
Wilmington, DE 19801
Re: In re Washington Mutual, Inc., et al. Case Number 08-12229 (MFW) (Jointly Administered)

Supplemental Objection to the Modified Disclosure Statement

Dear Judge Walrath,

I am writing on behalf of myself as a shareholder of various Washington Mutual securities (and those similarly situated). I have been tracking the progress of this case since its inception. I hold PIERS units, preferred and common equity of WMI as well as junior bonds in WMB.

As an objecting party to the Disclosure Statement, I discussed multiple concerns with the asset disclosures of the estate. At the conclusion of the hearing, the court requested a number of actions in response to shareholder objections and requested the changes be circulated among objectors. Council for WG&M e-mailed the blacklined DS to me after 3 PM, central time on Thursday and stated that all suggestions need to be submitted by 8 am central the following day. My request for more than 17 hours to review the document was denied. (See exhibit A).

Notwithstanding the fundamental disrespect for shareholders attempting to preserve out economic interest, the Disclosure Statement does not represent the information the court requested.

First request:

“ there has to be a disclosure as to the ranges of value of the NOLs.
I don't think it's sufficient to limit it to what the debtor is projecting will be the use of the NOLs.”

Regarding the effect of the WMB NOL tax refunds on the capital contribution amount from WMI, the debtor has chosen once again to ignore the Court which had asked for a range of NOLs. This continued indifference to the adequacy of the disclosure requirements in general, and in response to the order of the Court in specific regard to capital contributions to WMB as a result of these bankruptcy transactions, also continues to expose the debtor to significant, material and potentially sanctionable intentional fatal disclosure flaws that will jeopardize the debtor's confirmation of its Plan of Reorganization once again. Since it appears that the debtor will not make these required or Court ordered disclosures, I ask that the Court make clear notation of such continued obfuscation by the debtor and, upon submission of significant and material evidence to the contrary at confirmation to be determined by the Court, that the Court then consider the appropriateness of sanctions in addition to the denial of the confirmation of the Plan of Reorganization at such time.

Second request:

“ And with respect to the objections raised by some of the shareholders, I think the debtors does have some information that it should be including in the DS as to the value of the assets of its



non-debtor subsidiaries, as well as the value of WMMRC. The debtor has filed public filings which disclosed some of those values and I think the debtor should include those in the disclosure statement.”

The debtors have again failed to disclose the basis for the disparity in WMMRC value. According to the debtors’ own 2008 filing, WMMRC had an estimated value 330 to 395M based upon 390M in trust values. The trusts had grown to 460M as of December 2009 (2010 is still undisclosed) yet the value along with proposed tax assets has been more than halved. Again, the debtors have chosen to deliberately defy the court’s requests.

Third Request:

“I’m not going to require the debtor to attach appraisals to the DS and the reference to book values is not helpful either. But I would suggest that since the debtor is going to include values with respect to the non-debtor subs that there be a clear indication of the debtor’s estimate of the value of those rather than simply a reference to book value. “

As one example of the decision to pretend these assets have no real value—Marion insurance has paid 60 million in dividends since September of 2008 but is listed at a surreal market value of 99M (including all other entities merged into WMI Citation).

Closer inspection reveals the reason for these estimates—market value is defined not by some rational estimate of what a business yields in revenue and thus would garner in an open bidding process but rather the sum of “where applicable, (i) cash, (ii) notes receivable being paid by JPMC, carried at current market value, and (iii) in some cases, certain other *de minimis* assets and liabilities.”

Thus, a company such as 1031 Exchange, that is reported to have over twice the transactions of a similar company sold for over 29 million in 2005 (TimCor) is valued at a mystical 1.25M. It is also noted that TimCor was expressly mentioned in the first Global Settlement (announced on March 12, 2010) to remain with the debtors but does not appear in the subsidiary listing at any point. If the debtors will so brazenly pretend assets sold for 29M and bartered for within these proceedings have disappeared, what else is unnamed?

Fourth Request:

“ The analysis or the information given by the debtors should also include any real estate owned by WMI or any of the non-debtor subs. I think that’s self-evident. And since you’re doing an analysis which includes the range of values of the NOL, I think that would include any *tax consequence of the capital contribution* with respect to the WMB tax refund issue. “

The debtors reply”

“For the avoidance of doubt, and as set forth in more detail below, with the exception of a few *de minimis* residential real estate properties held by AOC (defined below) as a result of mortgage foreclosures, neither the Debtors nor their non-Debtor subsidiaries hold any real estate.”

While it is difficult to fathom that multiple subsidiaries, active at seizure and incorporated strictly to deal with real estate investment and development held no real estate, it would be no stranger than any other detail in the corporate subsidiary structure.

As an example, in the September, 2000 10Q (**November 14, 2000**), WMfsB is listed as having Washington Mutual Inc (and not Washington Mutual Bank) as its immediate parent. Additionally, in the prospectus supplement for the mortgage pass through certificates dated February 21, 2002, the following is written:

"Instead, to facilitate servicing and reduce administrative costs, Washington Mutual Bank, fsb, an affiliate of Washington Mutual Bank, FA, the servicer of the mortgage loans, will retain possession of and will review the mortgage notes and mortgages as custodian for the Trust."

It is possible, but unlikely, that perhaps the second largest asset of Washington Mutual Inc would have been silently moved under Pike Street Holdings, a subsidiary with so minimal a role at WMI, that it merited 16 total references in over 5,000 filings spanning a decade and a half. None of these filings, searchable within Morningstar's database mentioned any relationship with WMfsB.

Again, it is possible, but considering the debtors had difficulty producing a corporate structure as referenced in exhibit A, I have serious doubts that the debtors know exactly what WMI held at seizure and any finding that would prove fatal to the GSA would exist within a buried footnote at best.

Last, it is important to note that the debtors flatly refuse to acknowledge the contributions of 4B in trust securities and over 3B to JPM and the FDIC will result in any usable tax assets so they simply don't include them in their analyses (see page 99/1723 of the disclosure statement).

The debtors wish to ask retail holders to vote on this plan and have our economic interest locked up after the vote despite massive inconsistencies in data reporting as well as evidence they simply haven't bothered to locate the corporate structure of a 300 billion dollar company after two and a half-years as lead counsel.

Relief Requested:

1. I request the debtors follow through with the court's stated expectations on March 21st, 2011 and include the information I and others requested in order to make an informed vote.

As a matter of equity and fairness to all creditors and interest holders, a debtor in possession should not be allowed to hide and/or obfuscate details about the assets and liabilities of the estate.

Sincerely,

Ben Mason

Exhibit A

Compose mail

Revised Supplemental Disclosure Statement - Return all comments by tomorrow @ 9:00 a.m. (ET) Inbox | X

Litvack, David to me Mar 24 (4 days ago) Reply

Attached, please find a near final draft of the Supplemental Disclosure Statement. There is a clean copy of the current draft, as well as a blackline against the version of the Supplemental Disclosure Statement that was available in court. We continue to proofread the document, as well as to clean up a chart setting forth WMI's organizational structure prior to the FDIC's seizure of WMB. This chart will be inserted once finalized. Please provide any and all comments no later than tomorrow at 9:00 a.m. (ET).

Note there are now two charts in the liquidation analysis (Exhibit D). I've been told that this is not entirely clear from the blackline version.

Weil

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Ben Mason to marcia.goldste., brian.rosen, ssusman, mwillingham1, David Mar 24 (4 days ago) Reply

David,

I've been given very short notice here and it appears the changes do not appear to meet the judge's mandates.

May I have more time to review this?

Best,

Ben

- Show quoted text -

Reply Reply to all Forward

Litvack, David to me, Marcia, Brian, ssusman, mwillingham1 Mar 24 (4 days ago) Reply

Hi Ben,

Unfortunately the Debtors cannot extend the deadline. If for some reason this changes, I will surely let you know, but all parties are working under tight deadlines.

Weil

David G. Litvack

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