

Honorable Judge Mary F. Walrath  
824 North Market Street  
5th Floor  
Wilmington, DE 19801

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US BANKRUPTCY COURT  
DISTRICT OF DELAWARE

July 17th, 2011

**RE: 08-12229-MFW Washington Mutual, Inc.**

**Request for physical share certificates to be offered to owners of equity interests if revision 6 of the plan of reorganization is confirmed; and applying Federal Judgment rate to post petition interest**

Dear Honorable Judge Mary F. Walrath;

My name is Stephen Noftall, and I own various equity shares in Washington Mutual. I write to you today to humbly request that you grant equity interests the right to receive their physical share certificates (for a nominal fee) if revision 6 of the plan of reorganization is confirmed. I realize this request is probably outside your jurisdiction and abilities to grant, and if so then I humbly request this letter still be docketed so that this issue is recorded for future reference.

I am the same Stephen Noftall that wrote to Honorable Judge Allan L. Gropper about my concerns with the CIT Group bankruptcy, and the same Stephen Noftall that had his 15 minutes of fame in the following Wall Street Journal article. In the CIT case, BNY Mellon (CIT's share certificate issuer) has refused to issue my broker (Scotia iTrade) the physical share certificates, even though I am willing to pay their standard \$70 fee and accept them with a big "CANCELLED" inked onto them.

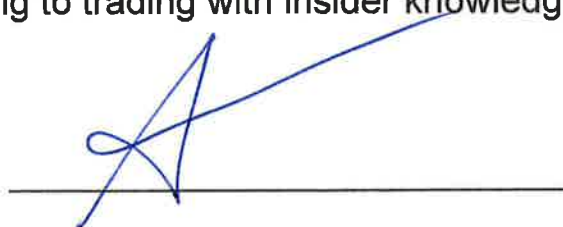
I know it is not a well traveled area of law your honor, but I would think that allowing retail investors the option to frame these certificates as a reminder of just exactly how the stock market works, would be a significant benefit to society at large.



You honor, when deciding the Federal Judgement Rate versus the Contract Rate, I would highly recommend reading the article "Absolute priority rule violations and risk incentives for financially distressed firms" by Allan C. Eberhart and Lemma W. Senbet. While it is heavy on the math (and "old" being from 1993), the section titled "APR Violations as Implicit Features of Bond Contracts" is, I think, important to this case. It argues that APR violations are implicitly factored into the bond's contract rates. I believe this implicit nature should be accounted for in this bankruptcy, and that the bondholders themselves should be held (ever so slightly your honor) responsible for a portion of the previous bank's performance (or lack thereof). Setting the post-petition interest rate to the Federal Judgment Rate is not as severe as an APR violation, and thus is, in my humble opinion, a fair and reasonable outcome.

Now having addressed the main issues, I would like to just make a few observations on this bankruptcy case and to compare it with CIT. First, this case's multi-week confirmation hearing is a welcome change to CIT's 50 minute confirmation hearing. When I wrote my letter for CIT, I didn't know exactly how the student loans were going to play out, but now that the dust has settled it is easy to see why the US Government negotiated a full wipe on their \$2.3B TARP investment. The current administration took credit for the \$1.6B in student loans that CIT wrote off after emergence, and the IRS probably liked the \$1B in reduced NOLs caused by the ownership change. But CIT is CIT, and WAMU is, well, a completely different other bankruptcy. I just wish I could afford the \$35,800 per plate that the Hedge Funds recently paid just so they could chat with Obama. I admit it will be tricky to get that amount of cash without resorting to trading with insider knowledge.

Regards



Stephen Nofall  
705 Athol Street  
Regina, SK  
S4T-3B4, Canada  
Phone: 1 (306) 501-1197  
Email: stephenn1@gmail.com