

# **EXHIBIT 7**

**FPL  
Group  
Capital  
Inc**

FPL Group Capital Inc, 700 Universe Boulevard, Juno Beach, Florida 33408

**COPY**

July 23, 2009

Hon. Paul G. Gardephe  
United States District Judge  
United States District Court for the  
Southern District of New York  
500 Pearl Street  
New York, NY 10007  
F: (212) 805 – 7986

RECEIVED  
7/24/09

Re: SEC v. Reserve Management Company, Inc., et al;  
No. 09 Civ. 4346 (PGG)

Dear Judge Gardephe:

As a claimant against the assets of the Reserve Primary Fund (the “Primary Fund”), FPL Group Capital Inc (“FPL Group Capital”) respectfully files this Objection pursuant to the Court’s Order of June 8, 2009, regarding the proposed Plan of Distribution submitted by the Securities and Exchange Commission (the “Commission”) with respect to the assets of the Primary Fund.

**BACKGROUND**

FPL Group Capital is an investor in the Primary Fund and had \$50 million invested in the Primary Fund as of the close of business on September 15, 2008. Prior to 11:00 a.m. on September 16, 2008, FPL Group Capital, through its agent SunGard, sent an electronic trade order to the Primary Fund calling for the redemption of FPL Group Capital’s entire investment in the Primary Fund. Such redemption request was not honored at the time it was made.

## OBJECTION

While FPL Group Capital acknowledges the intent underlying the Securities and Exchange Commission's proposed Plan of Distribution as filed with the Court on May 26, 2009 (the "Proposed Distribution Plan"), it is FPL Group Capital's view that the proposed Plan of Distribution would be improved by incorporating the following changes, set forth in the alternative:

1) **N.A.V.**

An investor who made a redemption request prior to the Primary Fund "breaking-the-buck" should have its redemption request processed in accordance with the Primary Fund prospectus, which would mandate that each such investor be redeemed at the net asset value ("N.A.V.") at the time of such investor's redemption request. However, the Proposed Distribution Plan only adheres to this mandatory redemption protocol in some (but not all) circumstances, and thus fails to treat all investors who made their redemption requests when the N.A.V. was at \$1.00 in a uniform manner. Specifically, while certain investors who made their redemption requests on September 15, 2008—when the N.A.V. had not fallen below \$1.00—received their full redemption amount, other investors (including FPL Group Capital) who made their redemption requests on that same day or before 11:00 a.m. on the following day (September 16<sup>th</sup>)—when the N.A.V. had still not fallen below \$1.00—will not receive their full redemption amount under the current version of the Proposed Distribution Plan. These investors are now being treated as though they redeemed after the Primary Fund "broke-the-buck," despite the fact that no distinction should be made between these investors and the other investors who made their redemption requests before the N.A.V. fell below \$1.00 per share.

FPL Group Capital respectfully submits that any investor who made its redemption request while the Primary Fund still had a \$1.00 N.A.V. should receive its respective redemption based upon a \$1.00 per share N.A.V.

2) **\$10 Billion Claw-back**

If the Commission rejects (and the Court thereupon determines not to order) a modification of the Proposed Distribution Plan consistent with FPL Group Capital's proposal, then FPL Group Capital respectfully requests that the Proposed Distribution Plan be made more equitable by incorporating the following change:

All investors who made their redemption requests on September 15, 2008—irrespective of whether they have or have not yet received their full redemption amount based upon a \$1.00 per share N.A.V.—should be subject to the Commission's Proposed Distribution Plan and share *pro rata* in the distribution of the assets of the Primary Fund. If—despite the Primary Fund's contractual obligation, as memorialized in the Primary Fund's prospectus, to redeem shares at the last reported N.A.V.—the Court determines that the Primary Fund will not be bound to respect, and implement redemptions in strict accordance with the N.A.V.s that the Primary Fund reported to its investors on September 15<sup>th</sup> & September 16<sup>th</sup>, then equitable principles dictate that all investors who made their redemption requests on September 15<sup>th</sup> (as well as all investors who made their redemption requests before the Primary Fund “broke the buck” on September 16<sup>th</sup>) should be treated in an identical manner regardless of whether such investors were successful in their redemption requests.

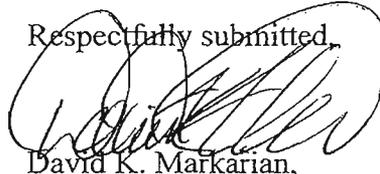
Accordingly, if the circumstances being addressed in this Section 2 pertain, FPL Group Capital respectfully requests that all portions of the \$10 billion in assets of the Primary Fund that were redeemed on

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September 15<sup>th</sup> be clawed back to the extent necessary for investors that were actually redeemed on September 15<sup>th</sup> to be treated equitably with other investors who likewise made their redemption requests either on September 15<sup>th</sup> or before the Primary Fund “broke the buck” on September 16<sup>th</sup>, but who did not receive the full redemption amount to which they were entitled.

FPL Group Capital expresses its appreciation to the Court and the Commission for their consideration of the foregoing comments to and associated equitable principles concerning the Proposed Distribution Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David K. Markarian', is written over a circular stamp or seal.

David K. Markarian,  
Litigation Counsel for FPL Group Capital Inc

Cc: Nancy A. Brown, Esq. (Counsel for the Securities and Exchange Commission)