

Subject: File No. 81-939
From: Thomas F. Linn
Affiliation: Shareholder of Preferred Shares

May 14, 2013

Regarding Notice of an Application of W2007 Grace Acquisition I, Inc. under Section 12(h) of the Securities Exchange Act of 1934
File No 81-939

I hold 1818 Shares of Grace Preferred Series C in a retirement account.

I write in opposition to the exemption sought by the Company [W2007 Grace Acquisition I, Inc].

All economic interests in the Company are aligned with The Goldman Sachs Group, Inc., its shareholders, investors, principals, subsidiaries or affiliates ["Goldman"], excepting only those of us who are preferred shareholders. The value of preferred shares has been much damaged by the Company's actions and those of its alter ego, Goldman.

In 2007, Goldman orchestrated the acquisition of Equity Inns, Inc. by the Company and paid to the common shareholders a substantial premium over the market price. Goldman then arranged financing using Goldman's mortgage company, Goldman Sachs Mortgage Company, as lender, and provided [and continues to provide] all management services for the Equity Inns' assets through Goldman's real-estate company, Archon Group. As one observer familiar with the transaction put it:

"Goldman's debt arm lends to the [Goldman Sachs' acquiring] partnership; its investment bankers do its deals; and its asset-management arm collects monthly asset-management fees, disposition fees, and incentive fees". See, "At Goldman, Conflicts as Opportunity, Wall Street Journal 5-11-2010

The entire transaction was highly leveraged and virtually all the equity was taken out of the Company's predecessor, Equity Inns, leaving little value in the Company. When the real estate markets began to decline a short time later, preferred dividends ceased [up to and including today] with Goldman explaining that it could no longer pay dividends owing to certain loan arrangements ...with its own mortgage company, Goldman Sachs Mortgage Company.

All economic interests in the Company became aligned [and continue to be aligned] solely with Goldman excepting only the interests of we individual preferred shareholders. At the time of the transaction in 2007, Goldman merely

issued new preferred shares in the Company identical to the Equity Inns preferred shares, rather than retiring the preferred shares altogether.

Goldman's own employees, got a great deal. They participated, but they were offered an "out" when things got bad. See, "At Goldman, Conflicts as Opportunity", Wall Street Journal 5-11-2010. No such relief was accorded we individual preferred shareholders.

Goldman has made every effort to hide its conduct from scrutiny and now seeks to do so again under Sec. 12[h] of the Exchange Act. However, the Commission should bear in mind that the exemption sought is the exception rather than the rule and is grounded on the notion that an such exemption "is **not inconsistent** with the public interest or the protection of investors". [Emphasis supplied]

Exemption in this instance is plainly inconsistent with the public interest for it would hide from scrutiny essential information for the investing public. Indeed, we learn only now that the Company has acquired substantial amounts of preferred shares.

The Company's acquisition of Equity Inns destroyed the value of preferred shares. Apparently the Company used the loss in value as an opportunity to purchase many shares for its affiliates [Company Petition at 3] ...a new and startling fact that we only now discover. This was precisely my fear when I wrote Goldman Attorney Dan Smith in 2008 summarizing our telephone conversation [attached as Exhibit A] saying, among other things:

I noted to you that the preferred shares do in fact trade in current markets [and are now trading at about a 70% discount to their face value]. I pointed out to you that those insiders, knowledgeable of the financial statements of the company, including Goldman Sachs and the company itself, may trade the preferred shares in the open market providing opportunity for self-dealing or other mischief. . Disclosure of the company's financials would help avoid such mischief or appearances of impropriety that might otherwise result. [emphasis supplied]

It may well be that the destruction of value of preferred shares was more than fortuitous and the present ownership of substantial quantities of preferred shares by the Company is, and always has been, precisely the desired result of Goldman's acquisition of Equity Inns in 2007. Granting the exemption would allow the Company [and Goldman] to escape scrutiny contrary to the public interest and further Goldman's focused effort to destroy the value of the preferred shares based on Goldman's inside information. It may well be that Goldman and/or its alter ego, the Company, have committed violations of Sections 10 [b] and 16 [b] of the Exchange Act and I invite the Commission to investigate.

The Company claims that preferred shareholders have “a limited interest in trading for over five years” and suggests that the stock is not actively traded. The chart attached as Exhibit B belies that statement.

I respectfully request that the exemption **not** be granted and that the fullest disclosure and transparency be required of the Company and that the Company, as well as Goldman and each of their alter egos be investigated for possible misconduct.

Very truly yours,

/s/ Thomas F Linn.

Exhibit B

Screenshot 5-14-13 of Grace Preferred C

<http://www.otcmarkets.com/stock/WGCCP/chart>



Thomas F. Linn

file

August 15, 2008

Dan Smith Esq.
Shareholder Relations Contact
Equity Inns, Inc./Grace Acquisition I Inc.
7700 Wolf River Boulevard
Germantown, TN 38138

Certified Mail, Return Receipt Requested

Dear Mr. Smith

Thank you for your call late yesterday returning my calls and my letters of July 18 and August 6 to you and some directors respecting the matter of the suspension of dividends on my preferred stock.

As I mentioned at the conclusion of our call, this letter is written to memorialize our discussion so that I am clear on your position. I requested from you financial information for the company so that I could evaluate the worth of my shareholding and understand the decision of the board of directors to suspend dividend payments for my preferred shareholding. You declined to provide the requested information.

My understandings from our telephone conversation are as follows:

1. You are an attorney and an employee of Goldman Sachs Group, Inc., working for the Arcon Group, which is the real estate arm of Goldman Sachs. You are also the responsible investor contact respecting the preferred shares I hold in Equity Inns, now Grace Acquisition I, a subsidiary or affiliate of Goldman Sachs
2. Equity Inns' debt was retired and replaced by new debt upon the closing of the transaction by which Goldman Sachs acquired Equity Inns; the new debt has different covenants than the covenants of the debt it replaced.
3. The new debt covenants have caused Goldman Sachs to suspend dividends to preferred shareholders of Grace/Equity Inns
4. You refused to provide the financials of Grace/Equity Inns surrounding the decision to suspend payments for the following reasons:
 - a. Disclosure is not legally required; you confirmed this determination with your legal [securities] counsel.
 - b. It is cost prohibitive to make such information available
 - i. One of the elements of cost you mentioned was the high cost of further consulting with securities counsel in order to more fully respond to my request for an understanding of

August 15, 2008

your statement that no disclosure was legally required; I proffered that Goldman likely has internal ["house"] securities counsel that might be consulted, an assertion you did not deny.

- ii. Another element of cost you mentioned was the cost of making the material publically available. You said that if you made the materials available to me you must make it available to the public. The fact that I am a shareholder of preferred shares makes no difference in your view.
 1. I believe that at this point I suggested again consulting your securities legal counsel [you stated that securities law was not your area of expertise].
 2. I also expressed my willingness to discuss the matter directly with your securities counsel.
- c. You mentioned that you believed that the company had no duty to preferred shareholders not expressly contained in its Articles/Charter or Bylaws but had duties only to the holder of the common stock which is a Goldman Sachs subsidiary or affiliate. I raised the question of whether your thinking extended to Federal securities laws, or those state securities laws which may be relevant including those of Tennessee, Texas, New York, Delaware or Colorado [where I live] and when you equivocated, I invited you [or me] once again to consult with your securities legal counsel.
5. I requested information respecting any changes to the Articles/Charter/Bylaws and you responded there were none except the creation of an additional class of stock solely for the purpose of meeting legal requirements for REITS. You represented that such shareholding was junior to my preferred shares.
6. I noted to you that the preferred shares do in fact trade in current markets [and are now trading at about a 70% discount to their face value]. I pointed out to you that those insiders, knowledgeable of the financial statements of the company, including Goldman Sachs and the company itself, may trade the preferred shares in the open market providing opportunity for self-dealing or other mischief. Disclosure of the company's financials would help avoid such mischief or appearances of impropriety that might otherwise result.

I realize your responsibility is narrow and quite limited. I reiterate my offer to speak with your securities counsel. I also now offer to speak with any others to whom you might refer the matter whether that be your superior or any Goldman Sachs Managing Director.

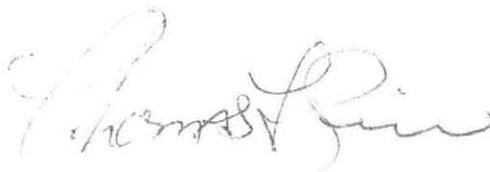
I wish to fully understand Goldman Sach's views for its denial of my request for information. As I mentioned at the conclusion of our call, I request your response to this letter and any suggestions for more fully understanding your denial of my requests for financial disclosures. I believe the above fairly, completely and

August 15, 2008

accurately reflects the substance of our conversation, but invite you to point out any inaccuracy or incompleteness.

Thank you again for speaking with me. I look forward to your response.

Sincerely,

A handwritten signature in cursive script, appearing to read "Phillip H McNeil Sr.", written in dark ink.

Phillip H McNeil Sr., Director
Grace Acquisition I Inc.
7700 Wolf River Blvd
Germantown, TN 38138

Jonathan A. Langer, Director
Grace Acquisition I Inc.
c/o Goldman Sachs
85 Broad Street
New York, NY 10004 USA