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Joseph M. Sullivan

[redacted]

May 31, 2013

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, D.C. 20549

RE: File Number 81-939
W2007 Grace Acquisition I, Inc.
Application under Section 12(h) of the Securities Exchange Act of 1934

Ladies and Gentlemen:

I am writing to oppose the subject application for exemption, File Number 81-939, Application of W2007 Grace Acquisition I, Inc. under Section 12(h) of the Securities Exchange Act of 1934 (the "Exchange Act").

The Commission has authority to grant the exemption if it finds that doing so would be consistent with the public interest and the protection of investors. For the reasons set forth in this letter, I believe the applicant does not meet the burden established by the statute. I also believe that the past conduct of the applicant toward public investors provides more than sufficient justification for the Commission to conclude that the public interest and the protection of investors are best served by denying the subject application.

W2007 Grace Acquisition I, Inc. is a subsidiary of Goldman Sachs. The board of directors, officers and employees of the company are all employees of Goldman Sachs. Thus, I will refer to the company and the applicant throughout this letter as Goldman Sachs.

The securities at issue (the "Securities") were sold by Equity Inns, Inc. in registered public offerings for total proceeds of approximately $146 million. The Securities were marketed and sold largely to retail investors seeking a steady and secure

dividend. As a result of these registered public offerings, the issuer of the Securities became subject to the reporting requirements of Section 15(d) of the Exchange Act.

Goldman Sachs assumed the issuer's Section 15(d) reporting obligations in 2007 following a merger in which Goldman Sachs provided the common equity and debt financing necessary to complete the merger transaction. Instead of cashing out the Securities as part of the merger transaction, the Securities were converted into Securities of W2007 Grace Acquisition I, Inc.

Prior to announcement of the merger, the Securities had a market value of approximately $146 million and were actively traded on the New York Stock Exchange. Following the merger, the Securities were voluntarily delisted from the New York Stock Exchange. Because there were only 102 record holders of the Securities as determined pursuant to Rule 12g5-1 (under which beneficial holders of securities are disregarded), Goldman Sachs was able to simultaneously suspend its Section 15(d) Exchange Act reporting obligations.

The publicly announced intention to delist the Securities and to cease Exchange Act reporting resulted in an immediate and substantial decline in the value of the Securities following the merger announcement. Goldman Sachs discontinued dividend payments on the Securities beginning in the second quarter of 2008 and continuing to this day. The suspension of dividend payments caused a substantial further decline in the market value of the Securities.

Goldman Sachs did not disclose any ownership of the Securities as of the merger date. On September 17, 2012, Goldman Sachs announced that an affiliate had recently acquired approximately 35% of the Securities and that they may consider buying or selling additional Securities at any time in the future.

As of today, the total market value of the Securities is approximately $50 million, an amount less than the amount of the unpaid dividends in arrears. The approximately $146 million of public investor capital invested in the Securities has, at least for now, been effectively wiped out. In light of the circumstances, it is reasonable to regard this loss as a direct transfer of wealth from public investors to Goldman Sachs.

Goldman Sachs has now come before the Commission posing as a victim seeking protection from actions taken by someone who is by any measure a small investor. The stated goal of the subject application is to avoid the "unfair burden" of providing financial information to the very same public investors who have fared so poorly under Goldman Sachs' stewardship. To the contrary, I believe that subjecting Goldman Sachs to the Exchange Act reporting requirements is entirely fair as a means of preventing Goldman Sachs from largely avoiding public scrutiny of the way it manages the issuer and enhancing the liquidity of the issuer's securities. I suggest that Exchange Act

reporting will restore to the Securities a significant portion of the stockholder value that has been diminished by Goldman Sachs's actions.

I, along with many others including at least one former chair of the Commission, have criticized Rule 12g5-1 defining the holders of securities in a way that ignores the beneficial holders of securities held in street name. The one and perhaps only virtue of this outdated rule is that it establishes a "bright line" test that issuers can apply without reliance upon third parties. Goldman Sachs seeks to blur that bright line by imposing an entirely new burden on the holders of securities.

Goldman Sachs suggests that the burden for determining whether a stockholder is counted as a holder for the purpose of Rule 12g5-1 should be transferred from the issuer to the holder, at least when trusts are the holders in question. Notwithstanding my written assurance to Goldman Sachs that each of the 300 JMS Trusts has a unique beneficiary; Goldman Sachs has come before the Commission on the basis of its "belief" that the JMS Trusts constitute a single trust for the benefit of a single beneficiary and should therefore be counted as a single holder of record.

In addition, Goldman Sachs goes on to make the wholly unfounded allegation that I formed the JMS Trusts "solely for the purpose of attempting to cause the termination of the suspension of [Goldman Sachs'] reporting obligations . . . under Section 15(d) of the Exchange Act." As Goldman Sachs well knows from the registration information provided to their transfer agent, the JMS Trusts were formed in 2010, a full 2 years before the transfers at issue were made.

The subject application is easily distinguished from BF Enterprises, Inc., Release No. 34-66541 (Mar. 14, 2012). It was admitted in that case that all of the trusts had the same beneficiary. The subject application is more similar to the situation presented in In the Matter of Bacardi Corporation, File No. 3-7019 (Feb. 15, 1990). In Bacardi, the administrative judge disagreed with the issuer's argument that 238 revocable trusts established by a single shareholder with multiple different trustees and beneficiaries should be counted as a single holder.

Goldman Sachs asserts that Bacardi is distinguishable from the subject application because it involved a large public company with an active trading market that was seeking to terminate its registration. I submit, however, that, based on issuer's size and the amount of trading that has occurred in the Securities, Bacardi continues to have precedential value. Goldman Sachs admits that the issuer of the Securities has total assets of approximately $1.6 billion as of December 31, 2012. It strains credulity to argue that any enterprise with $1.6 billion in assets is not a large company.

Goldman Sachs further asserts that trading in the Securities was not active because there was trading activity on less than half of the trading days for the Series B issue of the Securities and less than a quarter of the trading days for the Series C issue of

the Securities out of the more than 1,000 trading days between January 1, 2009 and December 31, 2012.

This assertion is misleading for several reasons. First, given that the Series B and Series C issues of the Securities constitute a single Security for the purpose of the subject application, it is misleading to cite the trading statistics for each series of the Securities separately as Goldman Sachs has done. It is more useful to evaluate the combined trading activity of each series of the Securities as presented in the following table:

	Trading		Shares Traded	
Year	Days	Trades	Number	Value
2012	130	358	2,588,436	$ 9,511,130
2011	127	311	1,382,172	2,571,493
2010	128	247	784,113	358,848
2009	136	274	6,557,818	1,968,132
Total	521	1190	11,312,539	$14,409,603

The table shows that there was trading in the Securities on more than half of the trading days each year during the four year period between January 1, 2009 and December 31, 2012.

Second, the number of reported trades and the number and value of shares traded during this period are significant by any measure, and especially in view of the absence of any public financial disclosures about the Securities. Many securities with less trading activity are subject to the Exchange Act reporting requirements, and many of those securities trade on the New York Stock Exchange.

Goldman Sachs expresses an opinion that no trading interest in the Securities is likely to develop in the future even if the Securities were to once again become subject to the Exchange Act. However, it offers no basis for that opinion. On the contrary, given the importance of publicly-available information to an active trading market, I believe that it is much more likely increased trading interest in the Securities will develop as a result of the resumption of Exchange Act reporting.

The subject application is further distinguished from BF Enterprises by the number of beneficial holders of the Securities. BF Enterprises emphasized in its application that the total number of holders including both record and beneficial holders was less than the reporting threshold when the trusts at issue in its application were disregarded. Goldman Sachs is unable to make this assertion in its application and conspicuously fails to disclose even an approximate number of beneficial holders of the Securities.

Subject to a confidentiality agreement, I obtained a list of non-objecting beneficial owners of the Securities as of February 3, 2012. I was informed by Goldman Sachs as recently as December 3, 2012, that this was the most recent list in its possession. Based on this list, there are approximately 868 beneficial owners of the Securities in addition to the approximately 280 record holders admitted to by Goldman Sachs in the subject application. Combining the beneficial holders of the Securities with the record holders demonstrates that there are approximately 1,148 public investor holders of the Securities without counting the JMS Trusts. (I concede that there may be some overlap between the record holders and the beneficial holders of the Securities.) Although Rule 12g5-1 looks only to the number of record owners rather than beneficial owners, the number of beneficial owners is relevant to Section 12(h) of the Exchange Act, which cites the number of public investors as a factor to be considered in determining whether to grant an exemption from the Exchange Act reporting requirements.

Many companies that suspend or otherwise discontinue Exchange Act reporting continue to provide regular financial reports to shareholders and to publish such financial reports on their websites and elsewhere. Following its deregistration, for example, BF Enterprises continued to mail annual reports including audited financial statements to both record and beneficial holders of its securities.

By contrast, Goldman Sachs has taken unusual steps to make it inconvenient for holders of the Securities to obtain financial statements. Holders of the Securities must (a) sign a confidentiality agreement, (b) pay a $.10 per page copy charge, and (c) submit payment by bank cashiers check (personal checks or money orders not accepted). By restricting the availability of financial information and preventing the holders of the Securities from communicating financial information about the Securities to third parties, Goldman Sachs has acted to depress investor interest, trading activity and the market value of the Securities. As described above, these actions have taken place at a time that Goldman Sachs was buying the Securities for its own account

The subject application is further differentiated from BF Enterprises because the applicant, unlike BF Enterprises, is and has continuously been subject to the Exchange Act. The clear and unambiguous language of Section 15(d) is to suspend the issuer's reporting obligations when the number of holders is less than 300. Congress knows the difference between "terminate" and "suspend". "Suspend" means temporary. It does not mean or even imply "permanent", and for Goldman Sachs to suggest otherwise is mere wishful thinking.

Goldman Sachs finds itself in this situation in large part because of its own decisions and choices made following the merger. Many issuers avoid the situation that Goldman Sachs is now facing by issuing preferred stock and other similar securities as a global security that is held of record only by the nominee of DTC pursuant to Rule 12g5-1. Many other issuers have established trusts as separate entities to issue preferred shares and other debt-like securities for the benefit of the issuers.

Goldman Sachs admits in the subject application that "Following the Merger, DTC transferred the [Securities] it held for the benefit of individual holders to those holders' accounts in early 2008. Upon such transfer from DTC to the individuals, the records of the Company in March 2008 reflected approximately 260 holders of record of the [Securities]." Goldman Sachs by its own actions increased the number of record holders from 102 holders at the time the Section 15(d) suspension became effective to approximately 260 holders a short time later. 260 holders represent fully 87% of the 300 holder threshold that Goldman Sachs is now trying so hard to avoid.

Goldman Sachs also admits in the subject application that "As of January 1, 2013, and deeming the JMS Trusts to be only one holder of record, the [issuer] has approximately 280 holders of record . . ." In other words, 93% of the 300 holder threshold is already met before considering the 300 JMS Trusts that are being challenged by Goldman Sachs in the subject application.

At the core of Goldman Sachs' application there is, I believe, an unstated and unwarranted belief that notwithstanding the clear and unambiguous language of Section 15(d) issuers should have unfettered discretion to determine when and if delisted securities will be subject to Exchange Act reporting regardless of the number of record holders. I hope the Commission does not share this belief.

I believe the Commission had done too much to relieve the issuers of delisted securities from the obligation of Exchange Act reporting while giving too little attention to the public interest and the protection of public investors in delisted securities. For a variety of factors including dematerialization, the trend is unmistakably toward making Exchange Act reporting voluntary for the issuers of delisted securities. I suggest that it is inconsistent with both the clear language and the intent of the Exchange Act for the Commission to take any further steps toward making Exchange Act reporting voluntary for the issuers of delisted securities.

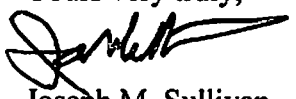
I urge the Commission to carefully weigh the plight of the public investors in the Securities against the resources and conflicts of interest of Goldman Sachs. I suggest that Goldman Sachs' effort to deny investors access to publicly available financial information is motivated by far more than the cost of compliance. After considering all relevant facts in this matter, I am hopeful that the Commission will reach a decision that places the interests of the public investors in the Securities before the convenience of Goldman Sachs.

I also urge the Commission to act with dispatch on the subject application. The interests of Goldman Sachs are almost as well served by delay as they are by approval of the subject application.

If for any reason the Commission is inclined to grant Goldman Sachs' request for exemption, I would very much appreciate the opportunity to confer with members of the Commission staff prior to there being any written response to the subject application.

Please contact me at 916.849.7698 with any questions or comments you may have regarding this matter.

Yours very truly,



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