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New York, NY 10017

Mr. Vincente Martinez
Chief, Office of Market Intelligence
Division of Enforcement
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

March 4, 2015

Subj: *In the matter of File 81-939, W2007 Grace Acquisition I. Inc (the "Company" or "Grace")*

Dear Mr. Martinez:

I am writing as a follow-up to my letter of November 12, 2014. I wish to bring new developments to the attention of the SEC.

Background

The SEC Staff has deemed the Company to be the successor reporting entity to Equity Inns, Inc. (NYSE: ENN).¹ In April 2013, the Company filed an Application (File 81-939) for an exemption from SEC reporting, as of December 2012. In response to the Application, in April 2013 the SEC released a Notice for public comments and offered a public hearing in the matter. All of the public responses opposed the Application. Many of the responses contained specific allegations of wrongdoing by The Goldman Sachs Group, Inc., which is the controlling parent of the Company.² To date, the SEC has not ruled on the Application nor has it scheduled a public hearing.

Grace's Reporting Status

Public commentators in the subject File have alerted the SEC that the number of public shareholders of the Company expanded during 2013, which probably supersedes and moots the 2012 controversy at issue in the Application. My review of shareholder data reveals that the Company was above the regulatory threshold at year-end 2013. The Company has not requested exemptive relief based on shareholder calculations at year-end 2013 or 2014, and no financial reports for 2013 or 2014 have been filed with the SEC.

¹ See File 81-939 Application dated April 4, 2013, page 8

² See my letters dated: November 12, 2014; September 26, 2014; March 11, 2014; July 1, 2013; June 20, 2013; May 20, 2013; and letters from other commentators. It should be noted that all of Grace's officers and directors are Goldman Sachs executives and Goldman Sachs is the controlling majority shareholder.

Developments

On February 27, 2015, Grace issued the enclosed press release announcing the completion of the sale of 116 hotels for \$1.808 billion. The announcement states that \$447 million in securities were received as consideration. Additionally, \$457 million of cash was received, for a total of \$904 million in cash and securities.

Despite claims in the Application that Grace's net assets were minimal (see below), and thus not sufficient to warrant SEC reporting, public commentators alerted the SEC that Grace's net real estate assets were extensive. In light of the enclosed announcement that 116 hotels have now been monetized for a net \$904 million in cash and securities (with a total purchase price of \$1.808 billion), there is no longer any ambiguity that Goldman Sachs's assertion that Grace's net assets were minimal was untrue, because the net value is nearly \$1 billion.

Moreover, in the press release Goldman Sachs employees attempt to justify why \$904 million in cash and securities will be withheld from distribution to public shareholders, and thereby held by Goldman Sachs:

"Grace no longer owns any hotels" and they do not intend to "distribute the net proceeds from the sale transaction, but instead expect[s] to use the net proceeds for general corporate purposes, including satisfaction of liabilities, and to retire outstanding debt."

However, the 2013 Application, as referenced above, described that Grace had no operations to justify SEC reporting:

*"The Company is not directly engaged in extensive active operations as it is simply a real-estate investment firm with a **small economic interest in 130 hotels and no employees**".³*

Contrary to the earlier claims to the SEC of minimal assets and minimal operations, this new announcement by Goldman Sachs that it will withhold from distribution all \$904 million because those funds are needed for "general corporate purposes" when Goldman Sachs previously reported that Grace had no employees and "is not engaged in extensive active operations" means that either Goldman Sachs was not telling the truth in its Application or it is now attempting to conceal how it disposes of nearly one billion dollars without any statutory disclosure to public shareholders.⁴

³ Application, page 11

⁴ It should be noted that the enclosed press release states that \$903.9 million of existing debt financing was assumed by the buyer, ARC Hospitality. In an absence of SEC disclosure, it is unclear what liabilities, if any, remain at Grace.

Insider Trading Activity by Goldman Sachs Entities

The 2013 Application noted that entities of Goldman Sachs had acquired 34.5% of the outstanding public shares of Grace⁵, albeit in unreported insider trades that occurred after Grace suspended its SEC reporting in 2008. Furthermore, during the pendency of this 2013 Application for a reporting exemption, entities of Goldman Sachs made additional unreported insider purchases of Grace's public shares totaling 24.5%.

As of today, entities of Goldman have acquired a total 59% of Grace's (previously) public shares. While the SEC should investigate the propriety of insider trading during the period of suspended reporting, this insider activity is particularly troublesome in light of the claims made in the Application for a reporting exemption. Specifically, the Application claimed that a reporting exemption should be granted because (i) the number of public investors in Grace was below the regulatory threshold to warrant SEC reporting and (ii) Grace's public shares do not have a sustained trading interest.⁶ These claims should be insulting to the SEC in view of the fact that, during the pendency of the Application, Goldman Sachs entities have been surreptitiously removing the majority of Grace's shares from public ownership and from the public trading markets via unreported insider trading.

Number of Public Shareholders Exceeds the Regulatory Threshold for Resumption of SEC Reporting

Despite efforts by Goldman Sachs to remove Grace shares from public ownership and trading, thereby perfecting, after-the-fact, its aforementioned claims for a reporting exemption, public commentators alerted the SEC that in 2012 Grace had in excess of 300 public shareholders of record and over 1,000 beneficial shareholders whose ownership is held by registered broker-dealers or by custodians. Furthermore, the SEC was advised by public commentators that despite Goldman Sachs's insider trading and its removal of additional public shares in 2013, Grace's record and beneficial shareholder bases expanded in 2013. It is my understanding that these levels increased further in 2014, and the shareholder bases remain well-above the regulatory thresholds for SEC reporting today.

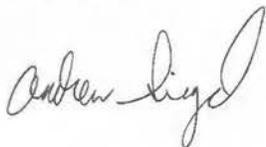
⁵ Application, page 3

⁶ Application, page 10

Conclusion

As noted above, entities of Goldman Sachs that control Grace are now sitting on \$904 million in cash and securities, and the number of public shareholders of Grace are in excess of the minimum regulatory requirements for resumption of SEC reporting. Without the resumption of SEC reporting, public shareholders will have no ability to monitor how Goldman Sachs exercises its complete control over the \$904 million in assets. For the protection of public investors, I urge the SEC to deny the Application and order that Grace resume SEC reporting immediately.

Sincerely,



Andrew R. Siegel

CC: Chair Mary Jo White
Commissioner Luis Aguilar
Commissioner Kara Stein
Commissioner Michael Piwowar
Inspector General Carl W. Hoecker
Director Andrew Ceresney, Division of Enforcement
Special Counsel Jennifer Gowetski, Division of Corporate Finance
Rick Fleming, Investor Advocate

W2007 Grace Acquisition I, Inc. and WNT Holdings, LLC Complete Sale of 116 Hotels for \$1.808 Billion

February 27, 2015 05:03 PM Eastern Standard Time

IRVING, Texas--(BUSINESS WIRE)--W2007 Grace Acquisition I, Inc. ("Grace") and WNT Holdings, LLC ("WNT") announced today that certain of their subsidiaries have completed the sale of 116 hotels to affiliates of American Realty Capital Hospitality Trust, Inc. ("ARC Hospitality") for a combined purchase price of approximately \$1.808 billion. ARC Hospitality is a publicly registered, non-traded real estate investment trust. In connection with the sale, ARC Hospitality assumed \$903.9 million of existing financing secured by the 96 hotels owned by WNT's subsidiaries and the remaining 20 hotels owned by Grace's subsidiaries were delivered unencumbered by any financing. In addition to the debt assumption, the \$1.808 billion purchase price includes receipt of (i) \$99.8 million of preferred equity interests in the entity controlled by ARC Hospitality that acquired the 20 hotels from Grace's subsidiaries and (ii) \$347.3 million of such preferred equity interests in the entity that acquired the 96 hotels from WNT's subsidiaries. WNT now owns a portfolio of 10 hotels for which it is evaluating various strategic alternatives. Grace no longer owns any hotels but continues to hold a 3% interest in WNT and the \$99.8 million of preferred equity interests referred to above. Grace does not expect to commence payment of dividends or to otherwise distribute the net proceeds from the sale transaction, but instead expects to use the net proceeds for general corporate purposes, including satisfaction of liabilities, and to retire outstanding debt.

Goldman, Sachs & Co. and Deutsche Bank Securities Inc. acted as financial advisors to the selling subsidiaries. RCS Capital, the investment banking and capital markets division of Realty Capital Securities, LLC, a subsidiary of RCS Capital Corporation (NYSE: RCAP), acted as financial advisor to ARC Hospitality. Ladder Capital Finance, LLC and Deutsche Bank AG, New York Branch provided ARC Hospitality financing in connection with the acquisition.

Important Notice

The statements in this press release that are not historical facts may be forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause the outcome to be materially different. In addition, words such as "will," "should," "may," "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words.

Contacts

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