

May 14, 2013

Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, DC 20549-1090
Attention: Elizabeth M. Murphy, Secretary

RE: FILE NUMBER 81-939 Application for exemption by W2007 Grace Acquisition I, Inc.

Ladies and Gentlemen:

W2007 Grace Acquisition I, Inc (“Grace”) is requesting an exemptive action under Section 12(h) of the Exchange Act that they believe is “consistent with the public interest for the protection of investors.” Nothing could be more arrogant and further from the truth.

In their application Grace states they *believe* that the 300 trust entities were formed solely for the purpose of forcing Grace to resume their reporting obligations to the SEC. I’m not a lawyer, but I don’t think the premonitions or superstitions of Grace should factor into this process. It seems as if throughout the application Grace is crying foul and calling out a technicality on one hand, but then relying on arcane technicalities to justify its position with the other.

I’ll start with the biggest technicality of all: There are many more than 300 shareholders in Grace. These shareholders hold these shares in brokerage accounts and are represented by Cede & Co. Cede & Co. counts as only a handful of registered shareholders, depending on how many direct participants hold the stock. In reality Cede & Co. represents many shareholders. This was a determination adopted by the SEC in 1965, when Bill Gates was only 10 years old, and only a few universities had access to computers. Most investors requested certificates at this time because it was before SIPC was created. At the time access to a quality color printer was limited and thus counterfeited certificates were not much of an issue. Cede & Co is the nominee name for The Depository Trust & Clearing Corporation which is pursuing something they call “Dematerialization.” This program effectively makes it cost prohibitive for the average investor to become a registered holder. Requesting a certificate from DTC can cost as much as \$500 per certificate. Dematerialization effectively blocks Grace shareholders from being able to be recognized as record holders. Undoubtedly this is an unintended consequence of the program, but something that Staff should consider when evaluating the nonsensical and very antiquated view that Cede & Co represents only several shareholders. In light of the Dematerialization initiative, Staff should consider this a mitigating factor and rule in favor of the many hundreds of individual shareholders who originally purchased a SEC reporting security.

Grace distinguishes itself from Bacardi by claiming that Bacardi was “large” with an active market and that somehow the passage of 5 years of keeping their preferred shareholders in the dark is actually a favorable factor. The reality is that Grace is very “large” and that for the last 5 years the preferred

shareholders have been stuck with zero options or recourse available to them and no way to evaluate their investments. Grace also distinguishes themselves from Bacardi by saying they properly terminated their reporting obligations. I disagree. Nothing about this process was proper. The common stock holders were given cash consideration of \$23.00 per share for their interests. The preferred shareholders were manipulated by Grace to a point where the shares trade at a fraction of their par value. In the "Great Recession" it was a common strategy to acquire 100% of the common stock of a REIT, state that the rights and privileges of the preferred remain, but then leave the preferred issue outstanding. The preferred was typically relisted on the Pink Sheets, with no financial information available, and dividends left permanently in arrears (seemingly). New preferred stock issuance now commonly, and thoughtfully, contains a provision stating that if the common stock is acquired by another entity the preferred shares must be fully redeemed. Presumably many of these shareholders were originally attracted to the preferred stock because it paid a dividend, was traded on an exchange, was an SEC registrant, and was considered safer than the common stock due to its senior position in the capital structure. I suggest to Staff that the typical original Grace preferred shareholder is a risk averse retail investor, based solely on the characteristics of preferred stock and how it was originally marketed. Grace preferred shareholders actually have very little in common with the shareholders of Bacardi or BF Enterprises.

Grace purports that they maintain a website for investors with "Frequently Asked Questions." I have reviewed those "FAQs" and I thought they were good questions. The problem is that Grace doesn't really answer any of the questions. Not thoroughly enough for an investor to evaluate their investment at least. An "affiliate" of Grace has acquired 29% of the Series B and 41% of the Series C preferred. I believe that Grace has purposely created an asymmetrical distribution of information designed to benefit their affiliate at the expense of the less informed shareholder. I'd be fairly comfortable wagering that this affiliate built a position in the two preferred shares using material and nonpublic information. I have no evidence of this, but I highly doubt any investor would spend millions of dollars on a security based on the "FAQs" portion of Grace's website, or by viewing the Company's charter and bylaws. By their own admission Grace makes the Preferred shareholders acknowledge that they are in receipt of confidential information. By what right can Grace make this demand?

The board of directors of Grace, I believe, should have a fiduciary duty to the shareholders of the preferred stock. Rather than adopting a fiduciary duty, Grace has pursued a very loosely defined and conveniently interpreted legal obligation to the preferred shareholders. Until now they have abused this authority, entirely to their own financial advantage. Now shareholders of the preferred have created a situation that closes this loophole for them by following the same antiquated definitions that Grace has relied on to manipulate the situation. Simply put, Mr. Sullivan is fighting fire with fire.

I urge Staff to rule in favor of the stranded preferred shareholders and against a manipulative corporation only seeking to benefit themselves at the expense of others.

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