

Alexander Neihaus
Southborough, MA 01772

December 16, 2008

His Excellency Deval L. Patrick
Governor of the Commonwealth
State House, Room 360
Boston, MA 02133

Dear Governor Patrick,

I am writing to ask that your office request the Attorney General and Treasurer of the Commonwealth to work together to provide a resolution to Massachusetts residents who are also holders of now-illiquid Massachusetts auction rate securities (ARSs) purchased from broker/dealers who have not yet settled with customers.

The Attorney General has been aggressive in obtaining settlements from broker/dealers for Massachusetts cities and towns that bought ARSs. The AG has also obtained settlements for individuals who purchased ARSs from primary broker/dealers and has pressured companies like Fidelity Investments to settle with secondary buyers. But, surprisingly, the AG has not pursued a settlement for bondholders who, like me, who own Massachusetts general obligation ARSs purchased at secondary brokers other than Fidelity.

My contact with the Attorney General's office resulted in me being referred to the Illinois AG's office, a surprising result for a Massachusetts resident holding Massachusetts bonds. Repeated contacts with the Treasurer's office have produced no solution.

Governor Patrick, it seems inconsistent for the Commonwealth on the one hand to be aggressively pursuing auction rate securities settlements for some buyers – many of them out of state – while on the other hand continuing to use it as a funding mechanism and leaving its own bondholders holding the bag. This is especially true for Massachusetts residents like me who bought these securities because they were not only sold as “safe” and “like-cash,” but who also assumed the Commonwealth would stand behind its debt.

So far, nobody at the state level has made it his or her mission to provide liquidity for Massachusetts residents who invested in Massachusetts. I hope you will act on this apparent contradiction between enforcement by the AG and the fact that the Commonwealth itself used the ARS market to access funding.

Thank you for your efforts.

Best,

Alexander Neihaus

cc: Attorney General Martha Coakley
Treasurer Timothy Cahill