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**March 27, 2008**  
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MSRB  
1900 Duke Street, Suite 600  
Alexandria, Virginia 22314

Attention: Justin R. Pica, Uniform Practice Policy Advisor

Re: MSRB Notice 2008-15

Dear Mr. Pica:

Pursuant to MSRB Notice 2008-15 (March 17, 2008) requesting comments on the plan to increase information on Municipal Auction Rate Securities, I enclose a letter that I wrote to MSRB on March 11, 2008 which summarizes my observations regarding Auction Rate Securities.

### **RECOMMENDATIONS FOR INCREASED INFORMATION**

The individual investors should be provided with an information form written in plain language alerting them that their ability to liquidate these securities (1) is dependent on the continuing participation of the banks, brokers-dealers and financial institutions in the auction process, and (2) that if the institutions decided of their own volition to abandon the market, the auctions would fail, and the investors would be left holding long term bonds which would be inconsistent with the concept that these securities were intended to provide a temporary repository on a short term basis for the investors to place their money until they decided how they should invest these funds in accordance with their long term financial goals.

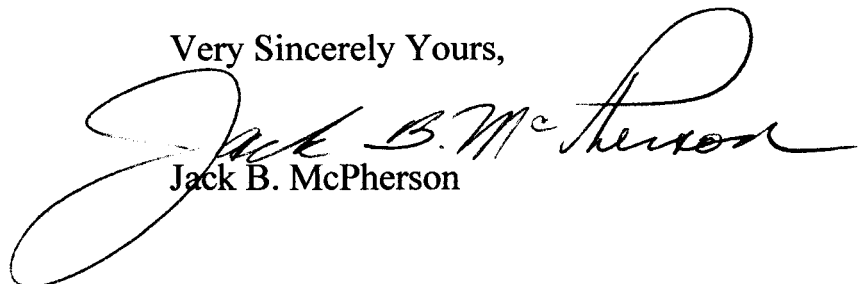
An information form is necessary for the following reasons: (1) the prospectuses are very voluminous, thick booklets couched in language not

easily understood by anyone who does not have specialized knowledge of the unique, technical aspects and dynamics of the auction rate securities market; (2) that by virtue of their superior knowledge on precisely how this uniquely specialized market actually functions, the banks, financial institutions and brokers-dealers knew that the auctions would succeed only if they continued to participate in the auction process by providing the liquidity necessary for successful auctions; (3) the banks, financial institutions and brokers-dealers were well aware that if they abandoned participation in the process, the individual investors would be left stranded and saddled with these bonds for an indefinite term which is contrary to the very intention and purpose for which the auction rate securities market was created in the first instance; (4) the success of these auctions over the years owing to participation in the market process by the financial institutions created an atmosphere which induced individual investors to purchase these securities on the good faith belief that they would be able to liquidate their bonds in 7, twenty eight, or 35 day cycles.

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The most perplexing aspect of these auction rate failures is the fact that most private persons who purchase municipal bonds are conservative investors who believe that they are investing in public utility systems, schools, hospitals and similar projects. That was the case when these folks invested in Municipal Auction Rate Securities. They were certainly not interested in purchasing securities that were backed by high risk sub-prime mortgages. However, unbeknownst to the individual investors, these very same financial institutions were investing in securities that were backed by high risk sub-prime mortgages which, quite predictably, went into default. As a result of this debacle, the financial institutions abandoned the auction rate securities market thereby resulting in a lack of the necessary liquidity to assure that the auctions will succeed. As a consequence, there has been a succession of failed auctions, thereby depriving the individual investors of their ability to liquidate these securities in a prompt and timely manner as contemplated when the same were purchased by them.

Very Sincerely Yours,



Jack B. McPherson

**Jack B. McPherson**  
**P.O. Box 515**  
**New Port Richey, Fl 34656-0515**  
**March 11, 2008**  
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1900 Duke Street, Suite 600  
Alexandria, Virginia 22314

Re: Florida Municipal Power Agency (Municipal Auction Rate Securities).

Dear Folks:

I purchased a substantial amount of seven day Municipal Auction Rate Securities that were issued by the Florida Municipal Power Agency in reliance on the representations that, if I was willing to accept below market interest rates, I would be able to sell these securities at par at my option. However, I am recently advised that, due to an absence of liquidity in the auction process, auctions have failed thereby leaving investors of these securities in the lurch.

I am further advised that these auctions have failed because banks, investment institutions, and brokers-dealers, who were instrumental in creating and fostering these auction rate securities for their financial advantage in the first place, have suddenly and without warning discontinued participation in the process which has resulted in the absence of liquidity thereby causing these auctions to fail.

Moreover, a great deal of these bonds have been downgraded from the AAA Rating where they stood, when I purchased them, down to an A1 rating which further serves to prejudice my position as an investor. Based on the history of these ARS bonds, it is apparent that the banks, financial institutions and brokers-dealers used their considerable wealth to create and participate in these auctions as a method by which to lure individual

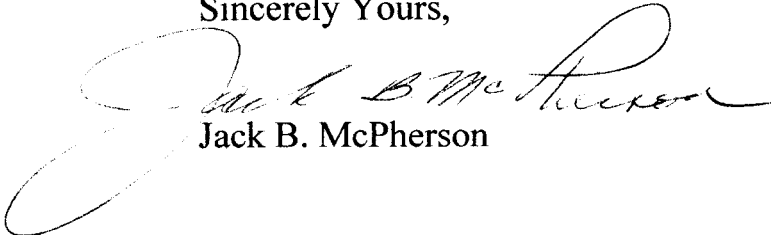
investors to enter the ARS market and then, after it became less lucrative for them to remain in that market, these very same banks, financial institutions and brokers- dealers peremptorily discontinued participating in the auction process thereby leaving the individual investors adrift and on the shoals.

This is the very type of conduct that warrants regulatory scrutiny and sanctions in order to induce these banks, financial institutions, and brokers-dealers to re-enter the ARS auction process, restore its stability, and thereby inspire them to formulate a plan in concert with the issuing authorities which will allow them to work through the fiscal aspects to their mutual benefit without requiring the individual investors to carry this burden over a protracted duration of time and be incapacitated by the ensuing damages.

I have also heard that a plan is under consideration that would allow the issuing authorities to become participants in the auction process in order to restore liquidity which, under the circumstances, would possibly afford some relief for the individual investors.

I would appreciate any information that you can provide on the measures that are being taken to resolve this problem. If relief and stability is not forthcoming, I doubt that the investing public will ever consider the municipal bond market as a safe, reliable and credible place to place their hard earned money in the future.

Sincerely Yours,

A handwritten signature in cursive script, appearing to read "Jack B. McPherson". The signature is written in black ink and is positioned above the printed name.

Jack B. McPherson