



# U.S. DEPARTMENT OF THE TREASURY

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### Treasury Department Announces Initial Closings of Legacy Securities Public-Private Investment Funds

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TG-304

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The U.S. Department of the Treasury today announced the initial closings of Public-Private Investment Funds (PPIFs) established under the Legacy Securities Public-Private Investment Program (PPIP). As of today, the following two PPIFs have completed initial closings, each with at least \$500 million of committed equity capital from private investors:

- Invesco Ltd. (Invesco Legacy Securities Master Fund, L.P.)
- The TCW Group, Inc. (UST/TCW Senior Mortgage Securities Fund, L.P.)

Fund managers have established relationships with small, minority-, and women-owned businesses. Partner firms have roles including: involvement in managing the investment portfolio and cash management services, raising capital from private investors, providing trading related-services, identifying investment opportunities, and providing investment and market research and other advisory services to the PPIFs. Firms that are partnering with the fund managers completing initial closings today include:

- Atlanta Life Financial Group, through its subsidiary Jackson Securities LLC
- Muriel Siebert & Co., Inc.
- The Williams Capital Group, L.P

To date, collectively the PPIFs have closed on approximately \$1.13 billion of private sector capital commitments, which have now been matched 100 percent by Treasury, representing total equity capital commitments of \$2.26 billion. Treasury will also provide debt financing up to 100 percent of the total capital commitments of each PPIF, representing approximately \$4.52 billion of total equity and debt capital commitments.

On July 8, 2009, Treasury announced the pre-qualification of nine fund managers under the Legacy Securities PPIP. Treasury expects that the remaining seven initial closings for the other PPIFs will occur throughout October. Following an initial closing, each PPIF will have the opportunity for two more closings over the following six months to receive matching Treasury equity and debt financing, with a total Treasury equity and debt investment in all PPIFs equal to \$30 billion (\$40 billion including private sector capital). Treasury will be providing updates as additional PPIF closings occur.

"I am pleased with the progress we have made in launching PPIP," said Treasury Secretary Tim Geithner. "This program allows Treasury to partner with leading investment management firms to increase the flow of private capital into the market for legacy securities and give taxpayers a chance to share in the profits."

PPIP is part of the broader Financial Stability Plan -- a comprehensive framework to stabilize the financial system, including addressing the problem of legacy real estate-related assets. PPIP is designed, in part, to support market functioning and facilitate price discovery in the commercial and non-agency residential mortgage-backed securities markets, helping banks and other financial institutions re-deploy capital and extend new credit to households and businesses.

In recent months, financial market conditions have improved and the prices of legacy securities have appreciated. In addition, the results of the Supervisory Capital Assessment Program enabled banks to raise substantial amounts of capital as a buffer against weaker than expected economic conditions. While these developments have enabled Treasury to proceed with the PPIP program at a scale smaller than initially envisioned, Treasury remains prepared to expand the amount of resources committed to PPIP should conditions deteriorate.

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