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## **Procida Has a 100-Day Plan**

*By Cody Lyon*

NEW YORK CITY--On a cold night in late January at Columbia University's Avery Hall, William Procida--founder of the company that bears his name--stood before an audience of architecture students, investors and other real estate players to present his idea for thawing the nation's frozen economy and solving its real estate woes.

Procida brings to the table 28 years of experience in both finance and development, as head of the Procida Organization and William Procida Inc.--which evolved into Palisades Financial, and last year, he brought back WPI--headquartered in Fort Lee, NJ--as a vehicle for turnaround management. And now, he calls his latest venture--Plan 100--a volunteer project, saying he was motivated by concern for his children's future and great displeasure over his tax dollars being squandered.

Procida has been promoting his Plan 100 for a few months now. He argues that instead of funneling billions of dollars into the nation's largest banks, the federal government should deploy \$100 million, each, to 100 local investment managers. Those managers would then be required to purchase defaulted loans and make new loans to customers within 100 days. He says there is tremendous flexibility on the number of managers, but no compromise on the amount of time those investors would be able to hold the cash.

"Time is the key to the plan," Procida tells GlobeSt.com. "If the government had told the banks they had 100 days to deploy the capital they were given, you and I wouldn't even be talking now."

But Procida is talking, and he says he has been attempting to capture the attention of policy makers while hoping to further inject his 100-day plan into the national conversation. Procida says he began writing the Obama transition team last Nov. 25, when he introduced himself and his plan. He stressed an emphasis on localization and a return to banking and business fundamentals. Nine days later, on Dec. 4, Procida wrote again.

This time, he wrote that if 10 firms in Ohio are given  $x$  dollars each and told to buy or make loans in Ohio within 120 days, it will then result in both a competitive market to properly price the investments and immediate market liquidity. He added that large banks benefit as well. Fifteen more days passed and Procida wrote to the transition team yet again.

In the Dec. 19 letter--available on his website--Procida said that Plan 100 protects and rewards US taxpayers for their participation, and will result in the immediate creation of an intelligent market rooted in Main Street, to provide and purchase mortgages. Calls by

GlobeSt.com to the Treasury Department's press office for a reaction to the letters and the plan itself were not returned by deadline. However, the Treasury did announce on Tuesday that it would invest \$1.15 billion in 42 "healthy" smaller banks across the nation as part of its Capital Purchase Program.

Procida blames his inability to get the attention of the transition team or that of any politicians on what he says is his non-political nature. He says that he doesn't donate to election campaigns, a claim he also made the night he spoke at Columbia.

Interestingly, on February 4, the non-partisan research group--the Center for Responsive Politics in Washington--reported that that 161 companies approved for TARP money gave \$37.5 million to federal candidates, parties and committees in the 2007-2008 election cycle. According to the group's report, the companies giving the most to fund lawmakers campaigns and spending the most on lobbying efforts were also those that received the most TARP money.

The Center for Responsive Politics report said that General Motors, which spent \$15 million and got \$10.4 billion. Bank of America which spent \$14.5 million and got back \$45 billion from TARP. American International Group, which spent \$10.6 million and got back \$40 billion. And Citigroup which spent \$12.5 million and got back \$50 billion. However, it is common practice for large companies to participate with their wallets in the political process and, although there could be a direct correlation between donations and TARP money, many of the largest companies were referred to as 'too big to fail', which may have been a more dominant driver in getting funds to those institutions first.

Still Procida takes on his own political tones by saying his rescue is based on "kitchen-table economics," a philosophy he says emphasizes rapidity, small firms and personalized attention to mortgages. Instead of large banks holding loans, mortgages are turned over to "specialized institutions that know their regions and borrowers."

"The approach is to use small firms that are local and entrepreneurial, versus the gigantic firms that are doing the same thing and trying to manage the same mortgages remotely," he tells GlobeSt.com. "Mortgages can't be managed or priced remotely. You have to have local market knowledge with local contacts and be able to sit down with people."

To be the recipient of the infusion, "investment managers" would be required to have been active in the real estate investment community for minimum of 10 years as a lender, bank or fund manager. Managers would not be able to use the money for assets or loans from affiliates, securities or bonds, stocks or companies.

Procida says Plan 100 calls for dedicated management, in segregated accounts. Not managing the accounts separately, he says, is like a dirty cup being boiled with clean water, which leads to dirty water.

Attempting to dissuade skepticism, Procida says that with this plan, "you know where your money is and you know who's got it." He has a bone to pick with big banks.

"The government is getting suckered in," Procida says, arguing that the large banks aren't doing business because they assume the government is going to bail them out. "Straight up, they'll tell you, 'why should I sell you something at 60 cents on the dollar when the government's going to pay me a hundred as part of a bailout?'"

Bones aside, Procida says the nation has to do something, and do it quick. "Real estate effects every part of our economy. From household goods to raw goods to jobs, everything is keyed into real estate."

Saying that since the government has not been able to establish a bottom, and a bottom is necessary for recovery, it can do one of two things: "One is to do nothing, which is what they should have done and let the chips fall. But since they're throwing money around willy-nilly, Plan 100 is at least a plan, where you at least know what they did with \$10 million."

Comparing the government's efforts to obtaining stability to a war, Procida says when you send in a special forces team, you hope and assume that it will work. "There's no guarantee it's going to work. It's all about the people in the field and how they do their jobs."

Despite his enthusiasm for his Plan 100, Procida says he sees little chance in it seeing fruition. "I think my plan has about no chance in hell at this point," he says.

Others appear to agree noting the current climate in Washington is challenged and urgent at this point. "I do not see this going forward given what is on the table in DC right now," says Professor Christopher J. Mayer, senior vice dean and Paul Millstein Professor of Real Estate at the Columbia University Business School.

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