

June 14, 2010

VIA HAND DELIVERY

**The Honorable Henry McMaster
Attorney General of South Carolina
Rembert Dennis Building
1000 Assembly Street, Room 519
Columbia, SC 29201**

Dear Henry:

It has come to my attention that the Bank of New York (now known as The Bank of New York Mellon) has violated its March 24, 2000 Securities Lending Agreement with the State Treasurer of the State of South Carolina. In addition to violations of the contract with the State Treasurer, other statutory and common law violations may have occurred as well. These violations occurred in connection with the management of funds entrusted to the Bank by the State Treasurer for certain accounts of the State Treasurer and the South Carolina Retirement Systems.

Because of the seriousness, complexity and expense of this matter, I request your consent to the State Treasurer securing the services of outside counsel experienced in complex securities litigation to prosecute any and all claims that may exist or might arise against the Bank.

If there are any questions, please advise.

Very truly yours,

**Converse A. Chellis, III
State Treasurer**

cc: **John W. McIntosh, Esquire
Chief Deputy Attorney General**