



STATE OF SOUTH CAROLINA
OFFICE OF THE STATE TREASURER
CONVERSE A. CHELLIS III, CPA

June 18, 2010

VIA HAND DELIVERY

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

RE: Claims against the Bank of New York (now known as The Bank of New York Mellon) for violations of the March 24, 200 Securities Lending Agreement with the State Treasurer and all statutory and common law claims connected therewith.

Dear Henry:

In regard to the above-captioned matter, I have received and appreciate your letter dated June 15, 2010. As advised by your letter, I now request that you approve my selection of Mitchell Willoughby and the firm of Willoughby & Hoefler, P.A. to serve as special counsel in representing the State of South Carolina and my office in connection with the above-captioned matter. I know Mr. Willoughby and his firm to be capable, knowledgeable and experienced in securities related claims and am confident that they have the diligence, judgment, experience, expertise and resources to effectively represent the state and my office in this important matter.

Also, enclosed for your approval is the proposed contingency fee contract with the firm of Willoughby & Hoefler, P.A. for this engagement. This contract is materially the same form used by the Attorney General's office for similar engagements.

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Thank you for your prompt action in the past. I look forward to your consideration and approval of my selection of counsel and the agreement enclosed herewith, so that my office and special counsel may proceed with prosecuting this important claim for the benefit of South Carolina and its people.

If there are any questions, please advise.

Very truly yours,

Signature Redacted

Converse A. Chellis, III, CPA
State Treasurer

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