

For Immediate Release

Contact: Jennifer Murff, Manager Marketing

April 30, 2009



Statement regarding SEC's Complaint in the New York State Common Retirement Fund Matter

On March 19, 2009, the Securities and Exchange Commission ("SEC") filed a civil complaint against Henry Morris, David J. Loglisci and associated parties (the "Complaint") relating to the New York State Common Retirement Fund ("Retirement Fund"). CSG fully cooperated with the SEC's investigation and is not a party to the litigation.

The SEC's Complaint includes information about the Liberty Oak Capital Fund, L.P. ("Liberty Oak Fund"), which was a limited partnership established in June 2006 and designed by counsel for the Retirement Fund as a single purpose entity through which capital of the Retirement Fund would be allocated to a customized portfolio of hedge fund investments. CSG, as general partner of the Liberty Oak Fund, managed the hedge fund investments of the Liberty Oak Fund for the benefit of the Retirement Fund. As part of the Retirement Fund's 2008 Strategic Plan, it was determined that the investment staff of the Retirement Fund would make direct investments in hedge funds thereby eliminating the need for the Liberty Oak Fund. In April 2008, the Liberty Oak Fund was dissolved. CSG continues to assist the investment staff of the Retirement Fund in the dissolution process.

The SEC's Complaint contains allegations that a solicitation agreement (the "Agreement") between CSG and a registered broker-dealer, Searle & Co., was not disclosed to the Retirement Fund. No claims have been made against CSG relating to the disclosure of this Agreement and CSG disputes the accuracy of the allegation that the Agreement was not disclosed. In fact, during the joint investigation conducted by the Office of the New York Attorney General ("New York Attorney General") and the SEC, CSG provided numerous documents that demonstrated the disclosure of the Agreement to both the appropriate employees of the Retirement Fund and outside counsel to the Retirement Fund, Morgan Lewis and Bockius.

Additionally, on March 26, 2009, CSG, through its outside legal counsel, sent a letter to the SEC's New York office detailing the full disclosure of the solicitation agreement as explained above in this email and in that letter requested that the SEC take immediate action to correct the inaccurate allegations involving CSG's disclosures that were contained in the SEC's complaint. Further, on March 27, 2009, the firm's outside legal counsel sent a letter to the New York State Attorney General's office requesting that the Attorney General's office provide the SEC with any documentation that it possessed that confirms that CSG's solicitation agreement was in fact disclosed by CSG. Copies of each letter are attached herein as well as an enclosure included with the letter to the SEC.

CSG did not engage in a pay-to-play scheme. CSG's agreement with Searle & Co. complied with the SEC's rules regarding such agreements at the time it was entered into and as noted above was fully disclosed.

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March 26, 2009

VIA E-MAIL sansonej@sec.gov AND FEDERAL EXPRESS

Joseph G. Sansone, Esq.
Staff Attorney
Division of Enforcement
Securities and Exchange Commission
New York Regional Office
Three World Financial Center, Room 400
New York, NY 10281

Re: Securities and Exchange Commission v. Henry Morris, David J. Loglisci, et al.;
United States District Court, Southern District of New York
Case No. 09 CV 2518

Dear Mr. Sansone:

Pursuant to our telephone conference of yesterday, this letter is to express the concerns of our client Consulting Services Group, LLC ("CSG") with respect to the description of the transactions in the Complaint filed March 19, 2009 in the referenced case (the "Complaint") relating to the investment by the New York State Common Retirement Fund (the "Retirement Fund") in Liberty Oak Capital Fund, L.P. (the "Liberty Oak Fund"). CSG was the general partner of the Liberty Oak Fund and the Complaint contains allegations that CSG's written agreement with Searle & Co., pursuant to which CSG paid 30% of management fees received by CSG as general partner of the Liberty Oak Fund (the "Searle Agreement"), was not properly disclosed.

At a time when the public's confidence has been shaken by one investment related scandal after another, we believe it is imperative for the SEC and other regulatory agencies to accurately describe events upon which its enforcement actions are based. This is particularly important with respect to the referenced litigation because the Complaint describes numerous illustrative transactions involving investment advisory firms who are not parties in the action. Inaccurate allegations by the SEC regarding actions taken, or failed to be taken, by these investment advisory firms may cause irreparable damage to those firms.

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We are particularly troubled that the SEC would describe the Searle Agreement as an “undisclosed *quid pro quo* arrangement” (Complaint ¶ 29) in view of the documents produced to the State of New York, Office of the Attorney General pursuant to two subpoenas issued in a joint investigation with the SEC. These documents demonstrate that CSG disclosed the existence of the Searle Agreement not only to various officers of the Retirement Fund, but also to counsel to the Retirement Fund, prior to the time that the Retirement Fund invested in the Liberty Oak Fund in June 2006.

We direct your attention to the following:

1. The Searle Agreement was produced as CSG0862 to CSG0864. As stated in the Complaint, Searle & Co. is registered with the SEC as a broker-dealer and an investment adviser and Henry Morris was a registered representative associated with Searle & Co. (Complaint ¶¶ 7 & 13). The Searle Agreement conformed with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

2. At the closing of the Liberty Oak transaction and prior to funding, the Retirement Fund acknowledged receipt of a copy of the Searle Agreement and consented to the payment by CSG to Searle & Co. of 30% of all fees paid to CSG by the Liberty Oak Fund. *See* Acknowledgment and Consent dated June 27, 2007, bates number CSG0865-CSG0866. The Acknowledgment and Consent was executed by David Loglisci, Deputy Comptroller and Chief Investment Officer of the Retirement Fund. *Id.* The Acknowledgment and Consent satisfied the Retirement Fund’s requirement that written disclosure of the identity of any placement agent be made to the Chief Investment Officer of the Retirement Fund. In fact, the Acknowledgment and Consent went beyond disclosure of the Searle Agreement because the Chief Investment Officer of the Retirement Fund also affirmatively consented to the fee payments by CSG to Searle & Co. *Id.*

3. The Searle Agreement was disclosed to Morgan, Lewis & Bockius LLP (“Morgan Lewis”), counsel for the Retirement Fund, on numerous occasions in connection with the creation and funding of the Liberty Oak Fund. Illustrative examples include:

(a) On June 23, 2006, counsel for CSG e-mailed Morgan Lewis a marked draft of the proposed Amended and Restated Limited Partnership Agreement for the Liberty Oak Fund. In the marked draft, counsel for CSG revised Section 13(e) to add a closing condition which read:

The Limited Partner shall have executed and delivered to the General Partner an appropriate acknowledgment consenting to the payment of thirty percent (30%) of the Management Fee to Searle & Co. pursuant to that certain Solicitor Agreement dated July 8, 2005, a copy of which has been provided to the Limited Partner.

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CSG produced the e-mail and attachments at CSG0891 to CSG0987. The language quoted above is at CSG0936.

(b) The June 23, 2006 e-mail to Morgan Lewis contained a copy of the Searle Agreement, which was included at CSG0982 to CSG0984.

(c) On June 27, 2006, counsel for CSG e-mailed Morgan Lewis advising that the Acknowledgment and Consent dated June 27, 2006 (CSG0865-CSG0866) needed to be executed and returned prior to the closing of the Retirement Fund's investment in the Liberty Oak Fund. CSG produced the June 27, 2006 e-mail and attachment at CSG0985 to CSG0987.

(d) In connection with the formation of the Liberty Oak Fund, counsel for CSG provided its opinion letter to the Retirement Fund which highlighted, among other things, that CSG would pay 30% of the Management Fee to Searle & Co. pursuant to a pre-existing Solicitor Agreement that had been provided to the Retirement Fund unless and until the Retirement Fund notified CSG that such payments were to cease. The opinion letter was delivered to Morgan Lewis on June 28, 2006 in connection with the closing of the Retirement Fund's investment in the Liberty Oak Fund and was produced at CSG0851 to CSG0857.

(e) Various employees at the Retirement Fund, in addition to the lawyers at Morgan Lewis, were involved in the negotiations and documentation of the Retirement Fund's investment in the Liberty Oak Fund. These employees included Philip Ahn, David Shalom, David Riley and Rob Mazurek, all of whom were involved with review of the documents prepared by Morgan Lewis or were kept apprised by Morgan Lewis of the issues addressed in the documents. For example, an e-mail from RoseAnn Cho of Morgan Lewis to Messrs. Riley, Shalom, Ahn and Mazurek dated June 28, 2006 confirmed that Morgan Lewis had received the legal opinions from CSG's counsel, that the legal opinions were sent to Mr. Mazurek and that the investment in the Liberty Oak Fund was closed. CSG produced the e-mail as CSG001114. The legal opinions included the opinion referenced in paragraph 3(d) above that highlighted the Searle Agreement and the payments to be made thereunder.

4. In June 2007, the Retirement Fund made an additional capital investment in the Liberty Oak Fund. At the time of the additional investment, the New York State Comptroller, Thomas P. DiNapoli, issued a "Monthly Transaction Report" dated June 2007 that detailed certain transactions relating to the Retirement Fund. One of the transactions listed on page 3 describes the Retirement Fund's additional investment in the Liberty Oak Fund that closed on June 1, 2007. Of particular note is the Comptroller's statement: "Searle & Co. received a fee from Liberty Oak for placement agent services." A copy of the Comptroller's Monthly Transaction report for June 2007 is enclosed.

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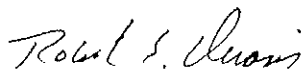
These documents established that CSG properly disclosed the Searle Agreement to the Retirement Fund prior to the Retirement Fund making any investment into the Liberty Oak Fund. These documents were produced prior to the filing of the Complaint. The allegation in paragraph 29 of the Complaint that the Searle Agreement was an "undisclosed quid pro quo arrangement" is not accurate.

The SEC's Complaint is centered around the Defendants' failure to disclose finder or placement agent agreements and payments as well as steps taken by the Defendants to conceal these agreements and payments. In contrast, CSG promptly and appropriately disclosed the Searle Agreement to relevant members of the Retirement Fund's investment staff as well as to Morgan Lewis, counsel to the Retirement Fund. It is clear that CSG neither took, nor participated in, any action to conceal the Searle Agreement or the payments thereunder. All of CSG's conduct was consistent with its fiduciary duties to the Retirement Fund. The disclosures made by CSG establish that CSG was not a participant in a scheme with the Defendants to defraud the Retirement Fund.

Justice requires that the SEC take immediate action to correct the inaccurate allegations involving CSG's disclosures before irreparable damage is suffered by CSG. Please let me know whether you need additional copies of the documents referenced in this letter. Also, we remain available to meet with all appropriate SEC staff members to bring this matter to a resolution.

We look forward to a prompt response.

Very truly yours,



Robert E. Orians

REO:kc

c: James Clarkson
Acting Regional Director
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ALSO LICENSED IN ARKANSAS

March 27, 2009

Via Federal Express

Amy M. Tully, Esq.
Assistant Attorney General
Public Integrity Bureau
120 Broadway
New York, NY 10271-0332

Re: New York State Common Retirement Fund/Consulting Services Group, LLC

Dear Ms. Tully:

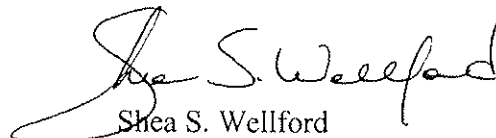
I am writing you concerning our client, Consulting Services Group, LLC ("CSG"). As you are aware, CSG fully cooperated with the New York State Attorney General's Office and the Securities and Exchange Commission ("SEC") in their joint investigation concerning the New York State Common Retirement Fund (the "Fund"). As I stated to you in our call on Tuesday, I was surprised by certain of the allegations made in the Complaint filed by the SEC concerning CSG and what the SEC characterizes as an "undisclosed" agreement between CSG and Searle & Co.

We have been in contact with the SEC concerning the issues that we have with the SEC's characterization of the agreement as "undisclosed." I have attached our correspondence dated March 26, 2009 to the SEC documenting how the agreement was disclosed prior to closing to both officials for the Fund and attorneys representing the Fund.

Obviously, your office's investigation with respect to the Fund was broad, involving not only investment managers, but numerous employees of the Fund. To the extent that it is allowable, we request that you provide the SEC with any documentation that you received during the investigation that confirms that CSG's agreement with Searle & Co. was, in fact, disclosed by CSG.

Any assistance that you can provide would be greatly appreciated.

Very truly yours,


Shea S. Wellford

SSW:hw