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Patrick Oster
Editor
Bloomberg News

Dear Mr. Oster:

We have reviewed your updated story and it still remains inaccurate, irresponsible, and misleading. This is the case despite the passage of a full business day since we raised these issues with Bloomberg News. It is quite clear that Bloomberg's performance violates the ethical standards of responsible reporting and runs afoul of the basic legal standards imposed on journalists.

Initially, the reason the press office was non-responsive to Bloomberg News was because the Bloomberg reporter has a history of irresponsible and inaccurate reporting. Despite many past efforts, Bloomberg has failed to correct the situation.

To restate the more glaring inaccuracies in your most recent version of your article:

- EnTrust Capital Inc. was never the subject of our investigation. Our investigation focused on Hank Morris, David Loglisci and their associates as well as entities that used or paid Morris as a placement agent. This was not the case with EnTrust, because Entrust never used or paid Hank Morris as a placement agent.
- Your statement that the Attorney General recused himself "in investigating EnTrust" is wrong. It not only wrongly suggests that EnTrust was under investigation, it also misrepresents the nature of the Attorney General's recusal. The recusal took place in early 2007, when the Attorney General first took office. At that time, he recused himself from all matters involving individuals or entities in which he had a financial interest, including EnTrust. Again, there was no recusal from the investigation because there was no investigation.

- You also inaccurately report that the investigation of EnTrust was “turned over to” special counsel Linda Lacewell. In reality, Ms. Lacewell is the lead attorney on the investigation and there was no need to “turn over” anything related to EnTrust, given that it was never under investigation. Had any issue arisen regarding EnTrust, given the Attorney General’s recusal, as Chief of Staff I would have been ultimately responsible for decision making. However, as noted, this did not come to pass.
- It is also obvious that inaccurate facts were provided to Professors Freedman and Gillers. Indeed, both suggest that the Attorney General should have recused himself, even though the Attorney General has been recused from any matter involving EnTrust since taking Office. Moreover, Professor Freedman was apparently led to believe that there was a pending investigation of EnTrust, even though there was not. Thus, Professor Freedman is led to opine that the entire Office may have been in a conflicted position regarding an investigation of EnTrust – despite the fact there was no such investigation.
- You fail to report that the Attorney General is not a limited partner or investor in EnTrust. Then in later versions of your article, you state that the Attorney General “recently” sold his interest in EnTrust. In fact, the Attorney General has not had any funds with EnTrust for more than one year. Moreover, as I mentioned to you earlier in the day, despite the fact that the Attorney General divested himself of his investment in EnTrust, he remained recused from any matters concerning EnTrust, including any matters arising from the public pension fund investigation (of which there are none).

Given the breadth of errors and the flawed premise of the numerous versions of the story you posted online today, at this juncture, a suitable correction is impossible. The appropriate and responsible action is to admit your mistake and remove the article altogether. To the extent Bloomberg News persists in posting some version of this story, fairness requires that you make it clear that the latest version corrects and replaces all earlier versions. We hope your desire to be fair and ethical causes you to correct the inaccurate information you have reported and reputational damage you have done. In any event, the truth will out.

Sincerely,



Steven M. Cohen
Chief of Staff