ATTORNEY GENERAL OF THE STATE OF NEW YORK

IN THE MATTER OF PCG CORPORATE PARTNERS ADVISORS II, LLC	:	Investigation No. 2009-101

ASSURANCE OF DISCONTINUANCE
PURSUANT TO EXECUTIVE LAW § 63(15)

In March 2007, the Office of the Attorney General of the State of New York (the "Attorney General"), commenced an industry-wide investigation (the "Investigation"), pursuant to Article 23-A of the General Business Law (the "Martin Act"), into allegations of "pay-to-play" practices and undisclosed conflicts of interest at public pension funds, including the New York State Common Retirement Fund. This Assurance of Discontinuance ("Assurance") contains the findings of the Attorney General's Investigation and the relief agreed to by the Attorney General and PCG Corporate Partners Advisors II, LLC ("PCGCP").

WHEREAS, the Attorney General finds that trillions of dollars in public pension funds in the United States are held in trust for millions of retirees and their families and these funds must be protected from manipulation for personal or political gain;

WHEREAS, the Attorney General finds that public pension fund assets must be invested solely in the best interests of the beneficiaries of the public pension fund;

WHEREAS, the Attorney General finds that the New York State Common Retirement Fund in particular is the largest asset of the State and, having been valued at $150 billion at the time of the events described in this Assurance, was larger than the entire State budget this year;

WHEREAS, the Attorney General finds that public pension funds are a highly desirable source of investment for private equity firms and hedge funds;

WHEREAS, the Attorney General finds that private equity firms and hedge funds frequently use placement agents, finders, lobbyists, and other intermediaries (herein, "placement agents") to obtain investments from public pension funds;

WHEREAS, the Attorney General finds that these placement agents are frequently politically-connected individuals selling access to public money;

WHEREAS, the Attorney General finds that the use of placement agents to obtain public pension fund investments is a practice fraught with peril and prone to manipulation and abuse;

WHEREAS, the Attorney General finds that the legislature has designated the New York State Comptroller, a statewide elected official, as the sole trustee of the Common Retirement Fund, vesting the Comptroller with tremendous powers over the Common Retirement Fund, including the ability to approve investments and contracts worth hundreds of millions of dollars;

WHEREAS, the Attorney General finds that persons and entities doing business before the State Comptroller's Office are frequently solicited for and in fact make political contributions to the Comptroller's campaign before, during, and after they seek and obtain business from the State Comptroller's Office;

WHEREAS, the Attorney General finds that this practice of making campaign contributions while seeking and doing business before the Comptroller's Office creates at least the appearance of corrupt "pay to play" practices and thereby undermines public confidence in State government in general and in the Comptroller's Office in particular;

WHEREAS, the Attorney General finds that the system must be reformed to eliminate the use of intermediaries selling access to public pension funds, and to eliminate the practice of making campaign contributions to publicly-elected trustees of public pension funds while seeking and doing business before those public pension funds;

WHEREAS, the Attorney General is the legal adviser of the Common Retirement Fund under New York's Retirement and Social Security Law §14;

WHEREAS, PCGCP acknowledges the problems with "pay-to-play" practices and conflicts of interest inherent in the use of placement agents and other intermediaries to obtain public pension fund investments; and

WHEREAS, PCGCP disapproves of such practices, recognizes the need for reform, and embraces the Attorney General's Reform Code of Conduct attached to this Assurance and incorporated by reference herein; and

WHEREAS, PCGCP has fully cooperated with the Attorney General's investigation, and is one of the first private equity firms to embrace the Attorney General's Reform Code of Conduct.

I. PCGCP

1. "PCGCP" means PCG Corporate Partners Advisors II, a successor entity to PCG Capital Partners, a division of Pacific Corporate Group Holdings LLC. With respect to Section IV of this agreement, *infra*, "Findings With Respect to PCGCP," "PCGCP" means either the predecessor or successor entity, whichever is appropriate. Pacific Corporate Group Holdings LLC was founded in 1979. PCG Corporate Partners Advisors II was created in 2007.

2. PCGCP and its affiliates operate as one of the nation's leading pension fund advisors. PCGCP and its affiliates offer comprehensive private equity consulting services to numerous institutional investors, including the California Public Employees' Retirement System and certain pension funds of New York City, among others. Additionally, PCGCP and its affiliates currently manage private equity funds with a net asset value in excess of $1 billion. PCGCP and its affiliates maintain offices in San Diego, Boston, Singapore, Washington, D.C., Hong Kong, and New York. PCGCP and its affiliates are headquartered in La Jolla, California.

II. THE NEW YORK OFFICE OF THE STATE COMPTROLLER

3. The New York Office of the State Comptroller (the "OSC") administers the New York State Common Retirement Fund (the "CRF"). The CRF is the retirement system for New York State and many local government employees. Most recently valued at $122 billion, the CRF is by far the single largest monetary fund in State government and the third-largest public employee pension fund in the country. The New York State Comptroller is designated by the legislature as the sole trustee responsible for faithfully managing and investing the CRF for the exclusive benefit of over one million current and former State employees and retirees.

4. The Comptroller is a statewide elected official and is the State's chief fiscal officer. The Comptroller is the sole trustee of the CRF, but typically appoints a Chief Investment Officer and other investment staff members who are vested with authority to make investment decisions. The Comptroller, the Chief Investment Officer and CRF investment staff members owe fiduciary duties and other duties to the CRF and its members and beneficiaries.

5. The primary functions of the OSC are to perform audits of state government operations and to manage the CRF. The CRF invests in specific types of assets as set forth by statute. The statute's basket provision allows a percentage of the CRF portfolio's investments to be held in assets not otherwise specifically delineated in the statute. From 2003 through 2006, the CRF made investments that fell into this "basket" through its Division of Alternative Investments. This division was primarily comprised of staff members or investment officers who reported through the Director of Alternative Investments to the Chief Investment Officer, who reported to the Comptroller with respect to investment decisions.

6. During the administration of Alan Hevesi, who was Comptroller from January 2003 through December 2006 ("Hevesi"), the CRF invested the majority of its alternative investments portfolio in private equity funds. Beginning in approximately 2005, the CRF also began to invest in hedge funds. The CRF generally invested in private equity funds as one of various limited partners. In these investments, a separate investment manager generally served as the general partner which managed the day-to-day investment. The alternative investment portfolio also included investments in fund-of-funds, which are investments in a portfolio of private equity or hedge funds. The CRF invested as a limited partner in fund-of-funds. In other words, the CRF would place a lump sum with a fund and that fund would essentially manage the investment of these monies by investing in a portfolio of other sub-funds.

7. The CRF was a large and desirable source of investments funds. Gaining access to and investments from the CRF was a competitive process, and frequently the investment manager who served as the general partner of the funds retained third

parties known as "placement agents" or "finders" (hereinafter "placement agents") to introduce and market them to CRF. If an investment manager paid a fee to the placement agent in connection with an investment made by the CRF, the CRF required that the investment manager make a written disclosure of the fee and the identity of the placement agent to the Chief Investment Officer or to the manager of the fund-of-funds.

8. Once the CRF was introduced to and interested in the fund, the fund was referred to one of CRF's outside consultants for due diligence. At the same time, a CRF investment officer was assigned to review and analyze the transaction. If the outside consultant found the transaction suitable, the investment officer then determined whether to recommend the investment to the Director of Alternative Investments.

9. If the investment officer recommended a proposed private equity investment, and the Director of Alternative Investments concurred, then the recommendation was forwarded to the Chief Investment Officer for approval. If the Chief Investment Officer approved, he recommended the investment to the Comptroller, whose approval was required before the CRF would make a direct investment. There was a similar process for hedge fund investments, which required the recommendation of the senior investment officer to the Chief Investment Officer and the Chief Investment Officer's approval and recommendation to the Comptroller. Given this process, the Chief Investment Officer could not make an investment unless the proposed investment had been vetted by an outside consultant and recommended by multiple levels of investment staff, including the Director of Alternative Investments, the Chief Investment Officer and the Comptroller.

10. Placement agents and other third parties who are engaged in the business of effecting securities transactions and who receive a commission or compensation in connection with that transaction are required to be licensed and affiliated with broker-dealers regulated by an entity now known as the Financial Industry Regulatory Authority ("FINRA"). To obtain such licenses, the agents are required to pass the "Series 7" or equivalent examination administered by FINRA.

III. THE MORRIS/LOGLISCI INDICTMENT

11. As a result of the Investigation, a grand jury returned a 123-count indictment (the "Indictment") of Henry "Hank" Morris, the chief political officer to Hevesi, and David Loglisci, the CRF's Director of Alternative Investments and then Chief Investment Officer. The Indictment charges Morris and Loglisci with enterprise corruption and multiple violations of the Martin Act, money laundering, grand larceny, falsifying business records, offering a false instrument for filing, receiving a reward for official misconduct, bribery, rewarding official misconduct and related offenses. The Indictment alleges the following facts in relevant part as set forth in this Part III of the Assurance.

12. Morris, the chief political advisor to Hevesi, and Loglisci, joined forces in a plot to sell access to billions of taxpayer and pension dollars in exchange for millions of dollars in political and personal gain. Morris steered to himself and certain associates an array of investment deals from which he drew tens of millions of dollars in so-called placement fees. He also used his unlawful power over the pension fund to extract vast amounts of political contributions for the Comptroller's re-election campaign from those doing business and seeking to do business with the CRF.

13. In November 2002, Hevesi was elected to serve as Comptroller, and took office on January 1, 2003. Prior to and after the 2002 election, Morris served as Hevesi's paid chief political consultant and advisor. Upon Hevesi taking office in 2003, Morris began to exercise control over certain aspects of the CRF, including the alternative investment portfolio.

14. Morris asserted control over CRF business by recommending, approving, securing or blocking alternative investment transactions. Morris also influenced the CRF to invest for the first time in hedge funds, an asset class that was perceived to be riskier than private equity funds, so that Morris and his associates could reap fees from hedge fund transactions involving the CRF.

15. Morris participated in discussions to remove and promote certain executive staff at the CRF. In or about April 2004, for example, Morris and certain other high-ranking OSC officials determined that the original Chief Investment Officer of the CRF was not sufficiently accommodating to Morris and his associates. Morris participated in the decision to remove the original Chief Investment Officer and promote Loglisci to that position.

16. Beginning in 2003, Morris also began to market himself as a placement agent to private equity and hedge funds seeking to do business with the CRF. At the same time that Morris was profiting through investment transactions involving the CRF, Morris participated with Loglisci in making decisions about investments. In particular, during the Hevesi administration, Morris occupied three conflicting roles at the CRF although he had no official position there: (1) he advised and helped manage the CRF's alternative investments, acting as a de facto Chief Investment Officer; (2) he brokered

deals between the CRF and politically-connected outside investment funds offering investment management services, earning millions in undisclosed fees as a placement agent; and (3) he had a commercial, personal and political relationship as the Comptroller's chief political strategist and fundraiser.

17. Through his role at the CRF, Morris became a de facto and functional fiduciary to the CRF and its members and beneficiaries, and owed a fiduciary duty to act in the best interests of the CRF and its members and beneficiaries. However, Morris breached this duty and used his influence over the CRF investment process to enrich himself and other associates. Morris's multiple roles generated conflicts of interest, which Loglisci had knowledge of and failed to disclose.

18. Loglisci ceded decision-making authority to Morris regarding particular investments and investment strategies to be pursued and approved by the CRF. During this time, Loglisci was also aware that Morris had an ongoing relationship with the Comptroller. Loglisci was a fiduciary to the CRF and a public officer with duties pursuant to the Public Officers Law and therefore had a duty to disclose his own and others' actual and potential conflicts of interests. Loglisci failed to disclose Morris's role to members and beneficiaries of the CRF through the CRF's annual report or otherwise. Loglisci and Morris concealed their corrupt arrangement and Morris's role in investment transactions from the investment staff, ethics officers, and lawyers at CRF. Additionally, Loglisci failed to disclose his own conflicts of interest involving the financing and distribution of his brother's film, "Chooch," by Morris and other persons receiving an investment commitment from the CRF.

19. In sum, from 2003 through 2006, through Morris's and Loglisci's actions as described above, the process of selecting investments at the CRF – investments of billions of dollars – was skewed and corrupted to favor political associates, family and friends of Morris and Loglisci, and other officials in the Office of the State Comptroller. Morris and Loglisci corrupted the alternative investment selection process by making investment decisions based on the goal of rewarding Morris and his associates, rather than based exclusively on the best interests of the CRF and its members and beneficiaries. Morris and Loglisci favored deals for which Morris and his associates acted as placement agents, or had other financial interests, which interests were often concealed from investment staff and others. The scheme was manifested in several ways:

a. In some instances, Morris and Loglisci blocked proposed CRF investments where the private equity fund or hedge fund would not pay them or their associates.

b. In yet others, Morris inserted his associates as placement agents, who then shared fees with Morris and on others, Morris, Loglisci and their associates inserted placement agents into proposed transactions as a reward for past political favors.

c. On one transaction, Morris was a principal of an investment in which Morris served as placement agent.

d. On some transactions, Morris was the placement agent through a broker/dealer, Searle & Company ("Searle") or another entity controlled by Morris and Morris shared fees with an associate. On certain other transactions, the structure was reversed, so that an associate of Morris was the placement agent, who shared fees with Morris. These fee sharing arrangements were often not disclosed to fund managers or to the CRF investment staff, other than Loglisci.

20. Morris concealed his conflicting roles as political consultant, CRF gatekeeper and CRF placement agent from the CRF alternative investment staff and others. Morris

also concealed financial relationships he had with Loglisci and another OSC official. At times, Morris concealed his role as CRF investment gatekeeper from funds that hired him as a placement agent. In some instances, Morris obtained placement agreements and fees for himself and others from certain fund managers through false and misleading representations and material omissions, including claims that Searle was the official placement agent for the CRF.

21. Loglisci helped to conceal his and Morris's scheme by maintaining exclusive custody of letters to the CRF that disclosed the use of placement agents and fees paid relating to certain CRF investment transactions.

22. As a result of Morris and Loglisci's scheme, Morris and his associates earned fees on more than five billion dollars in commitments to more than twenty private equity funds, hedge funds, and fund-of-funds during the Hevesi administration. These deals generated tens of millions of dollars in fees to Morris and his associates.

IV. FINDINGS AS TO PCGCP

23. In or about February 2001, PCGCP secured a $150 million commitment from the CRF to manage a co-investment vehicle, known as the New York State Retirement Co-Investment Fund ("Fund I"). PCGCP did not use a placement agent to obtain this initial investment; nor did PCGCP use placement agents with respect to any subsequent investments it obtained from the CRF.

24. By in or about the fall of 2005, PCGCP had deployed substantially all of the capital committed by CRF to Fund I. PCGCP had enjoyed approximately 30% returns on Fund I, and so PCGCP anticipated that it would receive an additional allocation from the CRF. PCGCP initiated conversations with CRF investment staff regarding

such allocation. These discussions were led by a partner of PCGCP who has since left the firm ("PCGCP Partner 1"). PCGCP Partner 1's main point of contact at CRF was David Loglisci, the Chief Investment Officer at that time. Very early in their discussions, Loglisci explained to PCGCP Partner 1 that he wanted to continue the CRF's co-investment program, but wanted to do so in the context of a joint venture involving PCGCP as well as a second firm, the Clinton Group, a hedge fund manager headquartered in New York.

25. In or about February 2006, Loglisci informed PCGCP Partner 1 that he had set up a meeting for PCGCP Partner 1 with a certain Dallas-based hedge fund manager (the "Dallas Manager"), whom Loglisci identified as a friend and an informal advisor to the CRF. PCGCP Partner 1 traveled to Napa, California at Loglisci's direction to meet with the Dallas Manager, and an executive from the Clinton Group (the "Clinton Executive"). At the meeting, the Dallas Manager informed PCGCP Partner 1 that it was Loglisci's intention to include the Dallas Manager alongside PCGCP and the Clinton Group as a partner in the joint venture. Further, the Dallas Manager informed PCGCP Partner 1 and the Clinton Executive that the Dallas Manager would be splitting his share of the proceeds of the joint venture with Hank Morris. The Dallas Manager explained to PCGCP Partner 1 that Morris would be a concealed participant in the deal, and that there would be no CRF investment without the inclusion of the Dallas Manager and Morris.

26. When PCGCP Partner 1 reported back to his partners at PCGCP, he explained only that Loglisci had proposed a joint venture comprised of the Clinton Group, PCGCP, and the Dallas Manager. At no time did PCGCP Partner 1 reveal to his

partners the fact of Morris's participation in the joint venture. Further, PCGCP Partner 1 did not reveal to his partners that the proposal from Loglisci had been communicated through the Dallas Manager as a take-it-or-leave-it proposition dependent upon the Dallas Manager's participation in the deal.

27. PCGCP agreed to move forward according to the terms that PCGCP Partner 1 had explained. In or about spring 2006, PCGCP and the Clinton Group worked to finalize details of the joint venture, which came to be known as Strategic Co-Investment Partners ("SCP"). The economic split that the parties agreed to was 45% for PCGCP, 45% for the Clinton Group, and 10% for the Dallas Manager.

28. Loglisci selected Aldus Equities ("Aldus") to vet SCP for the CRF, instructing Aldus that this was to be an expedited project. At PCGCP's suggestion, Aldus instructed all parties to the joint venture to sign officer's certificates. By signing the certificate, the signatory swore on behalf of his employer that he would not pay any third parties on the SCP transaction, and that he did not know of any third parties that were to be paid on the SCP transaction. PCGCP Partner 1 executed an officer's certificate on behalf of PCGCP. PCGCP Partner 1 represented that no third parties would be paid on the SCP investment. He knew this to be false, because he was aware from his discussions with the Dallas Manager that Morris would receive 5% of the economics on SCP. PCGCP's founding principal (the "PCGCP Principal") also executed an officer's certificate, indicating his understanding that no third parties would be paid on the SCP investment. The PCGCP Principal's officer's certificate was properly executed, as he had no knowledge of Morris's participation in SCP.

29. In or about June 2006, Aldus concluded its analysis of SCP. Shortly thereafter, the CRF informed members of SCP that it planned to commit $750 million to SCP. At the time, this represented the largest single commitment CRF had made in an alternative investment.

30. In or about September 2006, on the eve of CRF making its formal commitment to SCP, three partners, including PCGCP Partner 1, resigned their positions with PCGCP. At the urging of the Clinton Executive and Loglisci, PCGCP Partner 1 went to work at the Clinton Group. Subsequently, CRF investment staff, at Loglisci's direction, contacted the participants of SCP and informed them that the economics on SCP had changed. Instead of a 45-45-10 split, the Clinton Group would now take 70% of SCP, the Dallas Manager would retain his 10%, and PCGCP would be left with 20%.

31. On or about October 3, 2006, the CRF formally committed $750 million to SCP in its new incarnation.

32. To date, SCP has collected approximately $14.5 million in fees and carried interest on the management of CRF's co-investment fund. Of that $14.5 million, PCGCP obtained approximately $2.1 million in management fees.

AGREEMENT

WHEREAS, PCGCP wishes to resolve the Investigation and is willing to abide by the terms of this Agreement set forth below;

WHEREAS, PCGCP does not admit or deny the Attorney General's findings as set forth in this Assurance;

WHEREAS, the Attorney General is willing to accept the terms of the Assurance pursuant to New York Executive Law § 63(15), and to discontinue, as described herein, the Investigation of PCGCP;

WHEREAS, the parties believe that the obligations imposed by this Assurance are prudent and appropriate;

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the parties, as follows:

I. CODE OF CONDUCT

33. The Attorney General and PCGCP hereby enter into the attached Public Pension Fund Reform Code of Conduct, which is hereby incorporated by reference as if fully set forth herein.

II. PAYMENT

34. Within 180 days of the signing of this Assurance, PCGCP shall make a payment of 2.1 MILLION DOLLARS ($2,100,000) to the State of New York. The payment shall be in the form of a certified or bank check made out to "State of New York" and mailed or otherwise delivered to: Office of the Attorney General of the State of New York, 120 Broadway, 25th Floor, New York, New York 10271, Attn: Linda Lacewell, Special Counsel. This payment shall be deemed restitution to CRF of amounts received by PCGCP, and will be returned to CRF and held in trust for CRF beneficiaries and shall not be used for any other purpose.

35. PCGCP agrees that it shall not, collectively or individually, seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to,

payment made pursuant to any insurance policy, with regard to any or all of the amounts payable pursuant to paragraph 34 above.

III. GENERAL PROVISIONS

36. PCGCP admits the jurisdiction of the Attorney General. PCGCP is committed to complying with relevant laws to include the Martin Act, General Business Law § 349, and Executive Law § 63(12).

37. The Attorney General retains the right under Executive Law § 63(15) to compel compliance with this Assurance. Evidence of a violation of this Assurance proven in a court of competent jurisdiction shall constitute prima facie proof of a violation of the Martin Act, General Business Law § 349, and/or Executive Law § 63(12) in any civil action or proceeding hereafter commenced by the Attorney General against PCGCP.

38. Should the Attorney General prove in a court of competent jurisdiction that a material breach of this Assurance by PCGCP has occurred, PCGCP shall pay to the Attorney General the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses and court costs.

39. If PCGCP defaults on any obligation under this Assurance, the Attorney General may terminate this Assurance, at his sole discretion, upon 10 days written notice to PCGCP. PCGCP agrees that any statute of limitations or other time-related defenses applicable to the subject of the Assurance and any claims arising from or relating thereto are tolled from and after the date of this Assurance. In the event of such termination, PCGCP expressly agrees and acknowledges that this Assurance shall in no way bar or otherwise preclude the Attorney General from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to

the Assurance, against PCGCP, or from using in any way any statements, documents or other materials produced or provided by PCGCP prior to or after the date of this Assurance, including, without limitation, such statements, documents or other materials, if any, provided for purposes of settlement negotiations, except as otherwise provided in a written agreement with the Attorney General.

40. Except in an action by the Attorney General to enforce the obligations of PCGCP in this Assurance or in the event of termination of this Assurance by the Attorney General, neither this Assurance nor any acts performed or documents executed in furtherance of this Assurance: (a) may be deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability or lack of wrongdoing or liability; or (b) may be deemed or used as an admission of or evidence of any such alleged fault or omission of PCGCP in any civil, criminal or administrative proceeding in any court, administrative or other tribunal. This Assurance shall not confer any rights upon persons or entities who are not a party to this Assurance.

41. PCGCP has fully and promptly cooperated in the Investigation, shall continue to do so, and shall use its best efforts to ensure that all the current and former officers, directors, trustees, agents, members, partners and employees of PCGCP (and any of PCGCP's parent companies, subsidiaries or affiliates) cooperate fully and promptly with the Attorney General in any pending or subsequently initiated investigation, litigation or other proceeding relating to the subject matter of the Assurance. Such cooperation shall include, without limitation, and on a best efforts basis:

a. Production, voluntarily and without service of a subpoena, upon the request of the Attorney General, of all documents or other tangible evidence requested by the Attorney General, and any compilations or summaries of information or data that the Attorney General requests that

PCGCP (or PCGCP's parent companies, subsidiaries or affiliates) prepare, except to the extent such production would require the disclosure of information protected by the attorney-client and/or work product privileges;

b. Without the necessity of a subpoena, having the current (and making all reasonable efforts to cause the former) officers, directors, trustees, agents, members, partners and employees of PCGCP (and of PCGCP's parent companies, subsidiaries or affiliates) attend any Proceedings (as hereinafter defined) in New York State or elsewhere at which the presence of any such persons is requested by the Attorney General and having such current (and making all reasonable efforts to cause the former) officers, directors, trustees, agents, members, partners and employees answer any and all inquiries that may be put by the Attorney General to any of the them at any proceedings or otherwise; "Proceedings" include, but are not limited to, any meetings, interviews, depositions, hearings, trials, grand jury proceedings or other proceedings;

c. Fully, fairly and truthfully disclosing all information and producing all records and other evidence in its possession, custody or control (or the possession, custody or control of PCGCP's parent companies, subsidiaries or affiliates) relevant to all inquiries made by the Attorney General concerning the subject matter of the Assurance, except to the extent such inquiries call for the disclosure of information protected by the attorney-client and/or work product privileges; and

d. Making outside counsel reasonably available to provide comprehensive presentations concerning any internal investigation relating to all matters in the Assurance and to answer questions, except to the extent such presentations call for the disclosure of information protected by the attorney-client and/or work product privileges.

42. In the event PCGCP fails to comply with paragraph 41 of the Assurance, the Attorney General shall be entitled to specific performance, in addition to other available remedies.

43. The Attorney General has agreed to the terms of this Assurance based on, among other things, the representations made to the Attorney General and his staff by PCGCP, its counsel, and the Attorney General's Investigation. To the extent that representations made by PCGCP or its counsel are later found to be materially

incomplete or inaccurate, this Assurance is voidable by the Attorney General in his sole discretion.

44. PCGCP shall, upon request by the Attorney General, provide all documentation and information reasonably necessary for the Attorney General to verify compliance with this Assurance.

45. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to PCGCP:

Kenneth M. Breen
Keith W. Miller
Paul, Hastings, Janofsky & Walker LLP
Park Avenue Tower
75 E. 55th Street
First Floor
New York, New York 10022

and

Carl H. Loewenson, Jr.
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104

If to the Attorney General:

Office of the Attorney General of the State of New York
120 Broadway, 25th Floor
New York, New York 10271
Attn: Linda Lacewell

46. This Assurance and any dispute related thereto shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

47. PCGCP consents to the jurisdiction of the Attorney General in any proceeding or action to enforce this Assurance.

48. PCGCP agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in this Assurance or creating the impression that this Assurance is without factual basis. Nothing in this paragraph affects PCGCP's: (a) testimonial obligations; or (b) right to take legal or factual

positions in defense of litigation or other legal proceedings to which the Attorney General is not a party. This paragraph applies to PCGCP and any of its parent companies, affiliates, or subsidiaries.

49. This Assurance may not be amended except by an instrument in writing signed on behalf of the parties to this Assurance.

50. This Assurance constitutes the entire agreement between the Attorney General and PCGCP and supersedes any prior communication, understanding or agreement, whether written or oral, concerning the subject matter of this Assurance. No representation, inducement, promise, understanding, condition or warranty not set forth in this Assurance has been relied upon by any party to this Assurance.

51. In the event that one or more provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

52. This Assurance may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties hereto.

53. Upon execution by the parties to this Assurance, the Attorney General agrees to suspend, pursuant to Executive Law § 63(15), this Investigation as and against PCGCP, its employees, and its beneficial owners solely with respect to its marketing of investments to public pension funds in New York State.

54. Any payments and all correspondence related to this Assurance must reference AOD # 2009-101.

WHEREFORE, the following signatures are affixed hereto on the dates set forth below.

ANDREW M. CUOMO
Attorney General of the State of New York

By: _____
Andrew M. Cuomo

120 Broadway
25th Floor
New York, New York 10271
(212) 416-6199
Dated: ~~May 14, 2009~~
July 1, 2009

PCG CORPORATE PARTNERS ADVISORS II, LLC

By: _____

Dated: June 30, 2009