

EXHIBIT C

WIAND GUERRA KING

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January 13, 2012

Via Email

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Demian J. Betz, Esq.
Senior Counsel
Wells Fargo Law Department
301 South College Street
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Dear Demian:

This memo follows our discussions regarding Wiand Guerra King's (WGK) ongoing representation of various Wachovia/Wells Fargo entities in light of a known potential claim by the Receiver in *SEC v. Nadel, et al.*, Civil Action No. 8:09-cv-87-T-2GTBM, against Wachovia Bank, N.A. ("the Bank").

As you know, Burt Wiand, one of our partners, was appointed by the Court as the Receiver in that matter. WGK has acted as his counsel on a number of matters, including claims made by defrauded investors in the Nadel hedge funds. Wachovia Bank made just such a claim which, as you know, was one of the matters addressed by the Receiver in the motion seeking court approval of the Receiver's determination of claims brought by a number of others investors as well. The Receiver's assessment of Wachovia's claim, however, took into account its role as the depository institution where Nadel maintained certain "shadow accounts." Some background on the scheme will be helpful in understanding the significance of these accounts.

Like most Ponzi schemes, manipulating results and cash flow is central to concealing the fraud. In this case, the Nadel hedge funds (Valhalla Investment Partners, Viking Fund, and Viking IRA Fund) maintained trading accounts at Goldman Sachs and bank accounts at Northern Trust. However, because legal and regulatory requirements prohibited him from moving money in and out of the trading accounts, Nadel set up accounts at Wachovia mimicking the names of those various funds. For example, one Wachovia account was established as "Arthur Nadel d/b/a Valhalla Investments." Another was titled "Arthur Nadel d/b/a Viking Fund" account. Despite differing registrations, money flowed to the shadow accounts at Wachovia from the trading accounts at Goldman, and vice versa. The Receiver contends this allowed Nadel to sustain the

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Ponzi scheme, and is integral to the viability of Wachovia Bank's claim as an investor and the Receiver's potential claim against the Bank. That claim is one of a variety of assets from which the Receiver is obligated to extract value for the innocent investors. It is also one of several connected to the Bank. Others include real property in which the Bank holds certain lien interests, some of which are performing and some of which are in default.¹

Because of this, the Receiver contacted David Rice several months ago and suggested a tolling agreement while they attempted a global resolution that would avoid litigation, dispose of the claims arising out of the shadow accounts, and allow Wachovia to clean up a variety of non-performing loans as well as performing loans at risk of default. Those discussions ended when the Receiver was informed that a consensus among the numerous constituents in the various business units simply wasn't possible. Because of that, Wachovia elected not to enter into a tolling agreement in mid-December, shortly before the motion for determination of claims was filed.

CONFLICT ISSUES

As I mentioned to you, I believe that my representation of the Bank in *NAC Group, Inc. vs. Wells Fargo Bank, N.A.*, in the United States District Court for the Middle District of Florida, Case No. 8:11-CV-01967-SDM-EAJ, represents an actual conflict that requires a waiver or WGK's withdrawal. I have alerted Pam Pearson of this issue, but have not discussed with her how we will address it. I intend to do that forthwith.

While I do not believe WGK currently has an actual conflict with any of the other Wells Fargo entities, I am mindful of the affiliation with the Bank and the significance it holds in the Wells Fargo family of companies. Although the Receiver has retained separate counsel to pursue the claims against the Bank, two WGK lawyers currently represent the Receiver in connection with the other lien interests and loans described above. Though the matters are at different stages in their development, the interests of the parties are clearly adverse. And so,

¹ The Rite Aid property – has been center stage because attempts to negotiate the debt, including accrued penalties and interest, have failed and potential buyers have been lost. John Goldschmidt at Trenam Kemker initially represented the Bank. Later, Steve Worth at Akerman Senterfitt took over the representation. At least one substantive proposal was presented to Mr. Goldschmidt and later to Mr. Worth, but no formal response was ever made. Another property of significance was the Laurel Mountain Preserve. The Receiver was contacted by Anna Barnet at Stearns Weaver by correspondence, effectively demanding the turnover of the property. In response, she was informed that the claims bar date had passed but that if a claim existed, one should be filed. No further communication was received from her after that. A number of other assets, both performing and non-performing loans, are also currently part of the Receivership.

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even though we have concluded that the filing of a complaint against the Bank by another law firm would not create an actual conflict between WGK and the non-bank affiliates, we believe the best course would be to obtain a written waiver. That way we can ameliorate any concerns about disclosure or notice that might later call into question our vetting of this matter. I also offer this course so as to assure we maintain confidence not only in WGK's representation of the company, but also in the ethical standards we employ as a firm. If you agree with this course, I would be happy to draft a waiver for your consideration. In addition, we are also creating an internal policy to maintain separation between lawyers handling any matters adverse to any Wells affiliate and those handling Receivership matters potentially adverse to Wells Fargo. Under that policy we will also safeguard the transference or disclosure of any information throughout the firm. As I have said various times, we value greatly our relationship with Wells Fargo, and in particular, with the members of the legal department. We therefore want to take whatever steps may be necessary to ensure both your confidence in us and an appropriate resolution of these issues.

Sincerely,



George L. Guerra

GLG/sgb