

# EXHIBIT A

[REDACTED]

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**From:** Jacobson, Richard [Richard.Jacobson@aporter.com]  
**Sent:** Tuesday, January 04, 2011 8:20 PM  
**To:** CostaRodrigues, Carlos  
**Subject:** MKG

Carlos,

This email provides information in response to questions you have asked.

*Proposed New Suspension*

You asked for a description of what is being proposed by MKG in connection with the Staff's request that MKG continue voluntarily to suspend subscriptions, redemptions, and dividends for investment funds being managed by an MKG entity through the end of January 2011. As we told you, MKG is continuing its full cooperation with the Staff, and is willing to agree to an extension of the suspension. However, in order to allow the MK funds and entities to conduct their normal business activities, including the payment of operating expenses, MKG respectfully proposes that the new suspension be somewhat narrower than the one previously in place (which we note was much broader than that initially requested by the Staff at the time).

Specifically, MKG agrees to suspend (i) all subscriptions, dividends, and redemptions for all investment funds under MKG management, and (ii) all payments, whether made directly or indirectly, to any MKG principal (i.e., Odo Habeck, Francisco Illarramendi, or Ron Percival), other than salaries, a distribution in the approximate amount of \$200,000 for estimated taxes of Messrs. Habeck and Percival due on January 15, and a distribution of approximately \$160,000 from RGP Investment Advisers currently due to Mr. Percival, controlling member of RGP. The suspension will be in place until January 31, 2011.

MKG has advised, however, that MK funds need to make the following payments during January – while these payments are neither redemptions nor dividends, we believe the Staff should be aware of them:

1. As you know, there are several private equity investments held by MK entities that are being funded by loans to those entities from MK funds. As we have indicated in our discussions with you, the principals of MKG have expressed their commitment to using these private equity investments to ensure that investors in MK funds receive the returns to which they are entitled, and they have authorized steps to be taken to put collateral packages in place to implement this commitment. However, in the meantime, MKG believes it is vital that the private equity investments continue to be funded as necessary to maximize their profit potential. One example is that MK Asset Management, which is currently the principal funding source for NuScale, has been planning for some time to put an additional \$5 million into NuScale during January (and \$5 million more in February) to be used to meet the payroll for NuScale's 80+ employees and to pay other operating expenses. MKG's current plan is to have either MK SOF or STLF loan \$5 million to MK Asset Management in order to permit MK Asset Management to loan this money, in turn, to NuScale in January. In addition to NuScale, MKG has advised us that Proterra might need funding during January of approximately \$2 million, also for operating expenses. MKG has indicated that other companies (e.g., BCINet, Vehizero, Pacific Integrated Energy) might also need small funding infusions. MKG will give the Staff advance notice of any such private equity investment and related loan.
2. As a continuation of the heads-up that MKG gave the Staff last month, STLF has been conducting two Venezuelan currency transactions. In connection with these transactions, MKG has explained that STLF

purchased Bolívars from non-US participants at an agreed exchange rate, to be paid in dollars at this point in the transactions. As MKG has indicated, in order for STLF to conduct Venezuelan currency transactions in the permuta market, it must furnish its own Bolívars, and no longer can use established broker-dealers in Venezuela as counter parties. (Most of the broker-dealers that previously served as counter parties are no longer in business as a result of regulatory actions by the Venezuelan government; accordingly, MKG has advised that STLF must reach out directly to former clients of these broker-dealers in order to obtain Bolívars.) MKG has stated that the Bolivar providers need to be paid, in no small part to assure that they will be willing to participate in future transactions requiring Bolívars. From STLF's perspective, these are pure foreign exchange transactions. MKG has explained that the Bolivar providers are not investors in STLF, and that these payments are neither a redemption nor a dividend – rather, they are a part of STLF's normal course of business. In connection with the foregoing, MKG is making the following payments in January:

- a. STLF is paying the remaining Bolivar providers in the approximate amount of \$15 million.
- b. STLF needs to repay a loan made by MK GDMO, which lent \$5 million to STLF on a short-term basis to provide liquidity in connection with the Venezuelan currency transactions. MKG has advised that this loan is reflected by the purchase of a promissory note maturing on January 22, 2011. STLF has committed to repay MK GDMO a fixed rate of return (2%), which MKG has advised will be funded by returns on the currency transactions.

Finally, we wanted to raise an issue with respect to the duration of the proposed suspension, which, as discussed above, currently is planned to last through the end of January. As you know, MK Capital Management is planning to sell the Investment Management Agreement it entered into with MK SOF to [REDACTED], a registered investment adviser, as part of a larger transaction in which [REDACTED] will be merged into a newly-established subsidiary of MKG. After this transaction closes, which MKG has advised could be as early as mid-January, [REDACTED] will be responsible for the supervision and compliance of MK SOF, MK GDMO, and RGP Investment Advisers (the investment manager for MK GDMO). MKG is concerned that it would complicate the [REDACTED] transaction if the suspension continues in force following the completion of this transaction, and we solicit the Staff's thoughts in this regard.

Subscriptions/Redemptions/Dividends Since December 30, 2010

You previously asked whether there had been any subscriptions, redemptions, or dividends since the initial suspension expired on December 30, 2010. Please note that MKG has advised us that, on January 1, 2011, the investment in GDMP by Mr. Percival's children, which had been in a UGMA account, automatically switched to an investment by the children's trust vehicle by virtue of actions taken and documents signed prior to the initial suspension. MKG has advised us further that this transaction did not result, on a net basis, in any new money coming into GDMP, nor in any money going out, but that, as a technical matter, there was both a redemption and a new subscription.

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