



State of North Carolina

ROY COOPER
ATTORNEY GENERAL

Department of Justice
9001 Mail Service Center
RALEIGH, NORTH CAROLINA
27699-9001

REPLY TO: Grayson G. Kelley
(919) 716-6400
FAX: (919) 716-0135

February 22, 2007

Dr. James B. Black
417 Lynderhill Lane
Matthews, North Carolina 28105

Re: Private Counsel Fees

Dear Dr. Black:

On October 20, 2005 this office received a request from Dianna Jessup, General Counsel to Speaker Black, for authorization to engage the law firm Mayer, Brown, Rowe & Maw. The stated purpose of the request was to provide legal assistance to the Speaker of the House of Representatives and his staff in responding to various federal grand jury document subpoenas which had been served by the United States Attorney. North Carolina law at that time required that the engagement of private counsel by a state official, including members of the General Assembly, be approved by the Governor upon a recommendation from the Attorney General. See N.C.G.S. § 147-17.

By letter dated November 8, 2005, I advised Reuben Young, General Counsel in the Office of the Governor, of your request and informed him that I had concluded it would be impracticable for attorneys in this office to provide the requested legal services because of the involvement of our office in the criminal investigation and because we do not employ attorneys who specialize in criminal defense matters. I therefore advised him that I concurred in your request to engage Mayer, Brown, Rowe & Maw and recommended a fee cap of \$30,000. It was my further recommendation that approval of this request be conditioned upon an agreement that "all public funds expended for this representation be repaid to the State should the Speaker be convicted or plead guilty to any criminal charge."

By letter dated November 16, 2005, Reuben Young, on behalf of the Governor, approved the recommendation. This letter included the statement "[T]his approval is subject to the terms and conditions within your letter." The approval letter was forwarded to Ms. Jessup on December 6, 2005. Based upon information subsequently submitted to this office, it is my understanding that the approved \$30,000 in state-funded legal fees was paid to Mayer, Brown, Rowe & Maw in 2005 and 2006.

According to records filed on February 15, 2007 in the United States District Court for the Eastern District of North Carolina, you have entered into a plea agreement with the

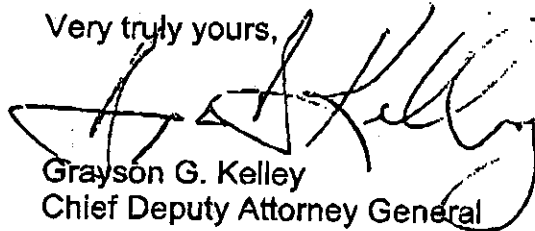
Dr. James B. Black
February 22, 2007
Page 2

United States Attorney under which you have entered a plea of guilty to one count of accepting things of value in connection with the business of a state government receiving federal funds, in violation of 18 U.S.C. 666(a)(1)(B). Furthermore, records of the Wake County Superior Court Division of the North Carolina General Court of Justice reflect that on February 20, 2007, you entered a plea of guilty to one count of offering a bribe in violation of N.C.G.S. § 14-218 and one count of common law obstruction of justice. Each of the three charges to which you have pled guilty constitutes a felony.

As such, and in accordance with the terms of the approval to retain private legal counsel signed by Reuben Young on behalf of Governor Easley, it is my responsibility to request that funds in the amount of \$30,000 be reimbursed to the State. Please forward to me a check in this amount payable to the State of North Carolina at your earliest convenience.

I will be glad to discuss questions with you or with any legal counsel representing you in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "G. Kelley", is written over the typed name and title.

Grayson G. Kelley
Chief Deputy Attorney General

GGK/fa

cc: Kenneth D. Bell
Attorney at Law