



**FEATHERSTONHAUGH,
WILEY & CLYNE, LLP**
ATTORNEYS AND COUNSELLORS AT LAW

99 PINE STREET
ALBANY, NEW YORK 12207
WEBSITE: FWC-LAW.COM

JAMES D. FEATHERSTONHAUGH
jdf@fwc-law.com

PHONE: (518) 436-0786
FAX: (518) 427-0452

December 28, 2010

William Brown
Phillips Lytle LLP
3400 HSBC Center
Buffalo, NY 14203

Re: Securities Exchange Commission v. McGinn, Smith & Co., Inc., et al.
Case No: 1:10-CV-457 (GLS/DRH)

Dear Mr. Brown:

I am writing to join in the objections filed by David Smith's and Timothy McGinn's newly substituted counsel as it relates to the answer you filed on behalf of the McGinn Smith entities. As counsel for relief defendant and defendant Lynn Smith, I believe your actions could prejudice the interests of my client in seeking to recover her assets that have been frozen as a result of SEC's civil lawsuit, particularly as it relates to the allegations that she was the recipient of ill-gotten gains without consideration from one or more of these entities. Your admission jeopardizes her ability to challenge the SEC's allegations that she is an appropriate relief defendant which, as you know, has been vehemently denied by her since this action was filed and her personal assets frozen by the Court.

As a receiver appointed in this action, your responsibilities are to marshal the assets of the receivership and to prevent the dissipation of those assets. Your representation of the McGinn Smith entities is limited for those purposes only. I believe your filing of an answer that admits "on information belief" to each and every allegation in the SEC's Amended Complaint goes dangerously beyond those responsibilities and indeed jeopardizes each party to this action in defending their respective interests. In addition, by filing this pleading, you are representing to the Court that the admissions to the factual contentions are warranted on the evidence and on your information and belief. However, I do not believe that you have any personal knowledge as to the facts alleged

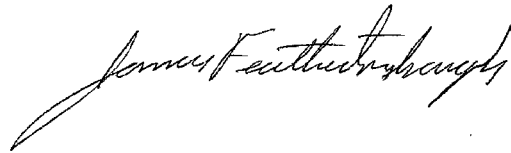
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against these entities or other evidence that supports a determinative finding of fraudulent acts on the part of these defendants. Consequently your admission in the absence of such knowledge or evidence amounts to what I perceive as a misrepresentation on this Court.

Accordingly, I request that you promptly withdraw your answer and take what action is necessary to avoid the default of these entities. I concur with Mr. Dreyer that any pleading that you file on behalf of these entities should be limited to general denials based on your having insufficient knowledge as to the truth of the facts alleged by the SEC.

Very Truly Yours,

Featherstonhaugh, Wiley & Clyne, LLP

A handwritten signature in black ink, appearing to read "James D. Featherstonhaugh". The signature is written in a cursive style with a long, sweeping underline.

James D. Featherstonhaugh

JDF:cr