

771 Ribaut Road
Beaufort, S.C. 29902
August 9, 2007

Herbert R. Hayden, Jr, Esq.
Executive Director
State Ethics Commission
Suite 250
5000 Thurmond Mall
Columbia, South Carolina 29201

Dear Mr. Hayden:

William Rauch, as Mayor of Beaufort, South Carolina is the subject of this letter.

The background is as follows:

1. I am a partner in a partnership which owns a parcel of land which, along with a much larger property, has been the subject of an annexation proposed and strongly promoted by Mr. Rauch since 2005.
2. I have participated in the work accompanying this annexation since it was proposed, without any objection by Mayor Rauch until April of this year. That work included discussions with conservation groups and representatives of the City of Beaufort and Beaufort County, involving a purchase of a portion of the property to be annexed. In April I was told by my attorney, David L. Tedder, that he had been advised by the City Manager for Beaufort, Scott Dadson, and a consultant for the City of Beaufort, Ken Driggers, that Mayor Rauch had a problem with me that was affecting his support of the entire annexation. Mr. Tedder was and is the lead attorney for all of the landowners petitioning for annexation into the City. Mr. Tedder advised that the message was that I was to quit working on the annexation project and stay out of the picture. Mr. Tedder stated the Mayor intended to confirm my lack of involvement by inquiries to Ken Driggers. I was led to believe that the Mayor's position was generated by a newspaper article about me that may have led some to believe that I was going to run for Mayor of Beaufort.
3. Doug Cappelmann, one of the other co-owners of a property that was involved in this annexation, was given this same message directly from the Mayor, being told to "get Billy

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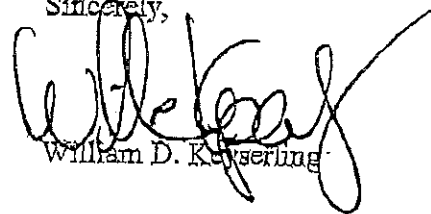
out of the picture".

4. On May 4, 2007, Mr. Tedder was told by the City Attorney, William B. Harvey, that Mr. Rauch had told him that he still had a problem with me.
5. On May 5, 2007, Mr. Tedder told Mr. Rauch that he understood the Mayor still had a problem with me and suggested a meeting to try to solve whatever the problem was.
6. On May 10, 2007, Mr. Harvey called Mr. Tedder and told him that the Mayor did not want a meeting, but he did want three things to be conveyed to the Mayor by me in letters to be delivered to Mr. Tedder, which were then to be given to the City Attorney. First, that I had no intention of running for Mayor of Beaufort. Second, not only was I not going to run, but I was supporting the Mayor's candidacy for reelection, listing some of the great accomplishments of the Mayor during his term. Third, that I wanted to be the Mayor's campaign treasurer and raise campaign funds for his reelection. If delivered, the Mayor would vote for the annexation and land use plan. If I did not comply with the Mayor's demand, he would kill the annexation, being the critical third vote to make a majority.

I am concerned that these events constitute a violation of Section 8-13-705 of The South Carolina Code of Laws. I therefore respectfully request an investigation of this matter by the Commission.

If needs be, I may be contacted by telephone at (843) 592-0400.

Sincerely,



William D. Keiserling