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Date: March 17, 2011 8:53:02 AM CDT
To: Lixiang Zhang <zlx001@vip.sina.com>, "Milton P. Webster III" <websterm@earthlink.net>
Cc: John Stadler <jstadler@bmigrp.com>
Subject: **Audit Committee/Protiviti**

Prof. Zhang & Mike-

Yesterday I spoke at some length with Nancy Pechloff a senior Protiviti partner in the US who has growing responsibility for their business with AgFeed. As it happens I know Nancy and worked with her on a difficult situation many years ago. At the time she was an Arthur Andersen partner.

We discussed our shared concern regarding the material weakness found during the audit process and the fact that while flagged by Protiviti back in 2008 how was it that management could brush the issue aside without it appearing in Protiviti's reports or being brought to the Audit Committees attention on a recurring basis until resolved.

We also discussed the need to re-evaluate the scoping and tasking of their ongoing work so that it focuses on items that can really rise to the level of a problem, for example whether or not there are 3 signatures approving payment of small accounts payable (\$100) is less likely to become a problem than the issues we have just discovered.

I have asked Nancy to review their historic files for any thing else that she thinks we should be aware of, but which may not have been communicated to us by previous management.

I will keep you posted on this matter.

Regards,

Van

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