

EXHIBIT 3

December 11, 2008

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Via Facsimile – 415.433-5530, and Mail

Mr. Robert A. Padway
Cooper, White & Cooper
201 California Street, 17th Floor
San Francisco, CA 94111

Re: *CAL-PAL, Inc. v. California Police Youth Charities, Inc.*
U.S.D.C., Northern District of California Case No. 3:08-cv-1991 PJH

Dear Mr. Padway:

As you know, our firm has recently associated in as counsel for California Police Youth Charities, Inc. ("CPYC"). While this is not the usual manner in which we would prefer to introduce ourselves, time is short. This letter is in response to your motion, filed on December 2, 2008, requesting leave to file a First Amended Complaint. While we will oppose your motion based on several procedural and substantive defects in the motion and pleadings, we are writing to you first to demand that you withdraw the proposed Uniform Trade Secrets claim because it is completely frivolous. Should you continue to pursue this frivolous claim, CPYC will be compelled to move for sanctions against you and CAL-PAL for violating Rule 11 of the Federal Rules of Civil Procedure.

The proposed First Amended Complaint attempts to add a claim for misappropriation of a trade secret under California Civil Code sections 3426 *et seq.* This claim is frivolous because CAL-PAL cannot establish, and does not even allege, the first element to a trade secret misappropriation case – ownership of the supposed trade secret. (*Hanger Prosthetics & Orthotics, Inc. v. Capstone Orthopedic, Inc.*, 556 F.Supp.2d 1122, 1136-37 (E.D. Cal.

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2008); *DVD Copy Control Assn., Inc. v. Bunner*, 31 Cal.4th 864, 881 (2003).) We note the proposed amendment makes no such allegation of ownership – perhaps because CAL-PAL and you know that it does not own the list of past donors referenced in the First Amended Complaint. As CAL-PAL has acknowledged in writing since 1990, Telcom Services, Inc. (“Telcom”) alone owns the donor list, not CAL-PAL. For example, Paragraph 15 of the Fund-Raising [sic] Agreement between Telcom and CAL-PAL, executed in August 1990, provides that CAL-PAL did not give Telcom a list of prospective donors, but rather Telcom compiled its own list. The 1990 Agreement further states that “the list of contributors/supporters shall be and remain TELCOM’s sole and exclusive property.”

CAL-PAL executed a new Fundraising Agreement in 1996, which reaffirmed Telcom’s continued ownership of the contributor list. The 1996 Fundraising Agreement states that the lists of donors or leads “shall be and remain Telcom’s sole and exclusive property.” Telcom did agree that it would “not utilize such list at any time using California PAL’s name” after termination of the 1996 Fundraising Agreement, but this did not affect Telcom’s continued ownership of the donor list and right to do with it as it wished. CAL-PAL again agreed, in writing, that the donor list continued “to be and remain Telcom’s sole and exclusive property” when it executed the new 2002 Fundraising Agreement.

The proposed First Amended Complaint references the May 1, 2006 Termination Agreement and Mutual General Release (“Termination Agreement”) executed by Telcom and CAL-PAL. The Termination Agreement further evidences the complete lack of merit in CAL-PAL’s misappropriation claim. The Termination Agreement reaffirmed the 2002 Fundraising Agreement except as amended. One of those amendments was paragraph 2.2, which does set forth some limits on Telcom’s use of the past donor information, but does not alter or amend Telcom’s 16-year agreed ownership of the donor list as provided in paragraph 15 of the three Fundraising Agreements.

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The donor information referenced in the proposed trade secret claim belongs to Telcom. It is frivolous for CAL-PAL to pursue a trade secret claim based on the alleged misappropriation of a donor list owned by Telcom. (*Hanger Prosthetics, supra*, at 1136-37.) The frivolity of the proposed trade secret claim leads to the inescapable conclusion that the amendment is sought purely for malicious purposes. CAL-PAL's malice is highlighted by the fact that experts must be disclosed no later than the date of the hearing on your motion. Should the amendment somehow be permitted, the trade secret issues will certainly require the use of additional experts. Thus, CPYC is being placed in a position of having to spend money on expensive expert witnesses to prepare a report prior to the amendment even being filed. This is exactly the type of malicious litigation tactic Rule 11 is designed to sanction.

CPYC demands that you withdraw the request to file this frivolous amendment before it is forced to file a response to your motion, hire experts, and file a motion to dismiss the First Amended Complaint. If we are forced to engage in such motion practice, we will serve a separate motion for sanctions under Rule 11 seeking recovery of all fees incurred in defense of this motion and the First Amended Complaint. Rule 11 authorizes a sanction of attorneys' fees incurred in responding to and defending against frivolous claims, even where not all claims in a complaint are frivolous. (*Layman v. Combs*, 994 F.2d 1344, 1354 (9th Cir. 1993).)

CPYC's opposition to the motion to amend is due on December 17, 2008. Please withdraw your motion seeking leave to add the trade secret claim no later than Friday, December 12, 2008. CPYC is willing to stipulate to the other proposed amendments. If you refuse to withdraw the frivolous misappropriation of trade secret claim in the proposed First Amended Complaint, we will serve not only our opposition to the motion but also our own motion for sanctions.

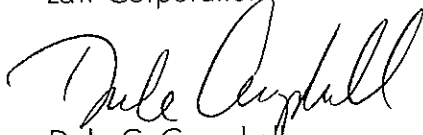
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Please feel free to contact me if you want to discuss this demand. Again, this is not the manner in which we would prefer to join a case, but based on the frivolous nature of the proposed trade secret claim, and the short time frame, we have no choice.

Very truly yours,

WEINTRAUB GENSHLEA CHEDIAK
Law Corporation



Dale C. Campbell

DCC/ens

cc: Matthew C. Jaime, via facsimile – 916.978.3430

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