

Chris Moody

From: Art Nadel
Sent: Monday, May 02, 2005 9:36 AM
To: Art Nadel; 'John Chapman'; Chris Moody; 'scott.macleod@hkllaw.com'; Neil Moody
Subject: RE: rowe

OK, now that I have blown all the smoke, a cooler head, namely Scott, suggests that we drop this approach and do as follows:
Simply ignore the last Term Sheet revision, and have John explain our reasons for a fixed payment again. Then offer Rowe 900,000 over one year, take it or leave it, final offer. Risky negotiating tactic, but what the hell. None of this is the usual thing. It leaves Rowe's demand at \$2M (I think). At least we will be through with the negotiations for the time being. And it minimizes the paper trail.

P.S. John, I will be emailing and faxing you more information about the insurance re Whitesides. Thanks.

-----Original Message-----

From: Art Nadel
Sent: Saturday, April 30, 2005 12:24 PM
To: 'John Chapman'; Chris Moody; scott.macleod@hkllaw.com; Neil Moody
Subject: RE: rowe

P.S. One reason I did not increase the offer of \$300,000 at this time is that on March 24th, John reported a conversation with Lessinger in which Lessinger said "his client would never take less than \$500,000, but was open to offers". Later in this email, John said that Lessinger said that Rowe has obtained securities counsel and will look into the issues about illegality. Shortly afterwards, we learned about his securities counsel's advice that Rowe could be considered a Finder, and along with that a hardening of his position. This might induce a situation where Rowe discloses all the facts to counsel, and counsel might reconsider. How much time should we give them?

Art

-----Original Message-----

From: John Chapman [mailto:jchapman@nhslaw.com]
Sent: Friday, April 29, 2005 4:09 PM
To: Art Nadel; Chris Moody; scott.macleod@hkllaw.com; Neil Moody
Subject: RE: rowe

Here is my proposed e-mail to lessinger. Please review before I send it out:

"Jason, I forwarded your revised term sheet to my clients and we have many concerns - most notably with the provision about kicking out investors - who decides why they were kicked out (further, my clients have never targeted the rowe clients, but have the absolute right to do under the partnership agreements), the duty to provide quarterly statements, and the provision for allowing the claims to be resurrected in the event of a breach - albeit a material one. My clients are concerned that this proposed agreement will only lead to future litigation.

Accordingly, my clients would once again try to work toward a flat payment - which would be payable quarterly over two years. The benefits of this arrangement is it would avoid any possible illegality about the fee being tied to fund performance and client assets. it would also provide a definitive number that would require on-going review by your client, and would eliminate your client's concerns that mine would kick out his referred.