

CASE NO. 06 cv 5486

ATTACHMENT NO. 1

EXHIBIT 1 to E

TAB (DESCRIPTION) \_\_\_\_\_

4. In January of 2003 and before, Franco personally asked and authorized me to speak and interact with CMGT shareholder Chuck Trautner ("Trautner") regarding his proposed \$2.5 million asset-purchase investment in CMGT called "Newco," and I did so.

5. On a subsequent January 23, 2003 conference call that Trautner had set up, Franco and I then spoke directly with Smith about investing in CMGT.

6. Subsequent to that phone call, with Franco's approval and at his request, I sent Smith a summary explanation of CMGT along with CMGT's Projections, Business Plan and other CMGT investment support documents in two emails that were cc'd to Franco.<sup>1</sup>

7. On January 27, 2003, again at Franco's request, I then participated in a conference call with Franco, Trautner and Defendant Ron Given ("Given") regarding Newco. Shortly after that call, Franco personally told me that CMGT had rejected Newco because its terms were too onerous for CMGT's creditors and shareholders.

8. In April of 2003, Franco and I formed Millennium Partnership with CMGT shareholders Wayne Baliga and Jim Wong to create and finance a Minority Owned Insurance Company ("MOIC"). We were seeking \$100 million in funding for an investment package that included both MOIC and CMGT.<sup>2</sup> Given and Mayer Brown was Millennium Partnership's counsel. (*Id.*)

9. In May 2003, I introduced MOIC and CMGT to Council Tree Communications ("CTC"), a very successful minority focused investor who's highly profitable deals were principally funded by Chicago's Madison Dearborn Partners ("MDP"). Shortly thereafter Franco, Baliga,

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<sup>1</sup> Exhibit A hereto. Exhibits A, B, C, E, H, and K are from my own email record and are my direct personal communications with the recipients. I believe all of these emails were in Joyce's possession prior to filing the compliant.

<sup>2</sup> Partners' email agreements, Ex B hereto.

Wong and I met with CTC's President in Denver and proposed a \$100 million investment in MOIC and CMGT.<sup>3</sup>

10. Also in May 2003, but unbeknownst to me, Given, Franco and Trautner revived Trautner's Newco deal for CMGT.<sup>4</sup>

11. Smith remained a principal investor of Trautner's Newco investment group, and on July 29, 2003 Franco informed Given that "Harlan already signed a [CMGT] NDA in January 2003...with Gerry Spehar in the loop."<sup>5</sup>

12. On July 30, Given responded, sending Franco the final Newco LOI to sign, and telling him "Good to Go." Franco thanked Given and told him that he was sending Trautner the signed Newco LOI and sending both Smith and Trautner new CMGT NDAs and CMGT's Business Plan.<sup>6</sup>

13. On August 1, 2003, Franco, Baliga, Wong, Given and I met, in Mayer Brown's Chicago offices, with representatives of CTC and MDP to vet our proposed \$100 million investment in MOIC and CMGT.<sup>7</sup>

14. That meeting lasted over two hours and we discussed both MOIC and CMGT and their business synergies in great detail. No one informed me or MDP or CTC, before, during or after that meeting, that CMGT had just executed an LOI with Newco.

15. I also did not know that Smith remained an investor in Trautner's Newco investment group.

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<sup>3</sup> Spehar and Partner emails, Ex C hereto.

<sup>4</sup> Def. Nov. 30, 2006 Mo. to Dismiss at 4.

<sup>5</sup> Ptf. 56.1 Stmt., Ex. 8.

<sup>6</sup> Ex. D hereto. Exhibits D and I are from Defendants' email record that I personally received directly from Plaintiff David Grochocinski in July 2006 as part of special counsel Edward T. Joyce and Assoc.'s ("Joyce") investigation for the malpractice complaint against Defendants.

<sup>7</sup> see Ex. D; also Ex. E hereto.

16. On August 7, 2003, Franco called me and informed me for the first time that CMGT had revived Trautner's Newco deal under the same onerous terms that he had previously rejected for CMGT in January 2003, and that Franco had signed an LOI accepting Trautner's Newco deal for CMGT.

17. On August 8, 2003 I demanded that Franco add Trautner to Exhibit A of SC's contract with CMGT, since Newco now qualified as "accepted capital" under the terms of our contract.<sup>8</sup> Franco refused to do so and personally told me that he was relying on Given's legal advice in refusing to do so.

18. Had I known that Smith remained a principal Newco investor, I would have also demanded that Franco add Smith to Exhibit A of our contract.<sup>9</sup>

19. On August 8, 2003, Given answered for Franco and told me that he (Given) had revived Newco (not Franco), that Newco was the result of his "separate and distinct" communications with Trautner and did not fall under my contract, and that all of my future communications about Newco should go to him, not Franco.<sup>10</sup> Given's email did not mention Smith.

20. During the entire course of our dispute and litigation over Newco, Given and Franco always adamantly maintained to me, and to CMGT's shareholders, that SC's contract claim to compensation for Newco was "meritless," had "absolutely no substantive basis" and was even "specious."<sup>11</sup>

21. At no time after January 2003 did Given or Franco ever mentioned Smith to me or, to my knowledge, to any of CMGT's shareholders.

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<sup>8</sup> Pltf. 56.1 Stmt., Ex. 6.

<sup>9</sup> *Id.*, mentioning Smith, but not requesting his addition to Exhibit A.

<sup>10</sup> *Id.*, Ex. 7

<sup>11</sup> *Id.*, Exs. 29, 36, 68; Def 56.1 Stmt., Franco Aff., Ex B at ¶¶ 7-16.

### Settlement Discussions

22. I attempted many times to settle our Newco dispute with Franco, but Franco always refused to discuss settlement, citing Given's advice.

23. On August 19, 2003 I spoke directly with Franco and Given and attempted to settle our Newco dispute. When I mentioned SC's contract at the very beginning of that call, Given immediately called me a "Motherfucker" and a "Son of a bitch" and later said I was a "whiney investment banker" who knew only "a bunch of Indians and Mexicans" and threatened to "make you poor." Given refused to discuss a settlement and Franco said nothing. When I asked Franco to speak up at the end of the call, he said he must rely on Given.<sup>12</sup>

24. This call was on speakerphone in my office. My wife, Susan Spehar, was in the room and heard every word.<sup>13</sup>

25. I proposed settlement discussions many times after that call, and Given and Franco always categorically refused to discuss a settlement.<sup>14</sup>

26. Franco asserts that the Trautner investment group was willing to pay SC "\$250,000 or so" as a management consulting fee after CMGT and Trautner's investment group closed the Newco deal.<sup>15</sup>

27. I have no idea if this is true, but I would have gladly accepted that offer and let Newco close had it been made to me. \$250,000 is full cash compensation under SC's contract with CMGT.<sup>16</sup> With that cash in hand, I could have litigated the merit of SC's Stock Compensation

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<sup>12</sup> Pltf. 56.1 Stmt., Exs. 28-30.

<sup>13</sup> Susan Spehar Aff., Ex. F hereto.

<sup>14</sup> Pltf. 56.1 Stmt., Exs. 71-73 and 81.

<sup>15</sup> Franco Aff., Def. 56.1 Stmt., Ex. B at ¶15.

<sup>16</sup> Default Jdgmt., Def. 56.1 Stmt., Ex. A: showing \$150,000 Cash Success Fee and \$100,000 Management Consulting Fee.

and Investment Banking rights against CMGT's 20% of Newco through trial, if necessary, after Newco closed.<sup>17</sup>

28. Franco asserts that he told me about this alleged \$250,000 proposal and that I rejected it. Per the above logic, these assertions are absurd and neither of them is true. (*Id.*)

29. Franco further asserts that he and Given asked me to wait until CMGT closed the Newco deal and told me that after that closing CMGT might be able to work something out to provide SC with some kind of compensation, but that I stated I was unwilling to wait and threatened to sue CMGT. Those assertions are also not true. (*Id.*)

### **The California Litigation**

30. In September 2003, I was as desperate or more for cash as Franco. During the "dot.com" bust, my major asset, roughly 400,000 shares of Authorizer, Inc., (NASDAQ: AUTH) had gone from \$25/sh in March 2000 to \$.45/sh in June 2001 (when I started with CMGT) to \$.005/sh in August of 2003 (during our Newco dispute).<sup>18</sup>

31. Given and Franco knew my desperate financial situation. In July 2001, I had introduced CMGT and Franco to Authorizer.<sup>19</sup> Franco and I worked so closely together over the next two years<sup>20</sup> that he came to refer to me as his "brother."<sup>21</sup> So we followed each others' financial situations very closely, and through Franco and CMGT's contacts with Authorizer, Given was also very aware of my desperate financial condition.

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<sup>17</sup> Spehar Aff., Pltf. 56.1 Stmt., Ex. 33.

<sup>18</sup> Ex. G hereto.

<sup>19</sup> Ex. H hereto.

<sup>20</sup> Amd. Cplt. at 7.b., U.S. Dist. Ct., N.D.Ill., Rcd. of Apl. 09 cv 2822, Doc. 3-2 at 25-66.

<sup>21</sup> Pltf. 56.1 Stmt., Ex. 30, Doc. 153-4 at 57.

32. Given and Franco also knew that SC would be left with no cash and only a contract claim against CMGT's debt-laden shell if it allowed Newco to close without compensation. I had explained this inequity to Franco many times in pleading for settlement, and I tried to explain it to Given during our August 19, 2003 call, to no avail. (*Id.*)

33. Given's continued hard-line refusal to even discuss settlement of our dispute forced SC to seek a TRO to prevent that adverse effect and hopefully bring settlement discussions. (*Id.*)

34. When SC filed its California litigation v CMGT ("California Action") in September 2003, I was very confident that its contract claim had merit, and also expected to be able to fully litigate it.

35. SC's lead counsel Steve Klenda ("Klenda") required only a \$2,000 retainer and its California local counsel Andy Bodeau ("Bodeau") and Ken Franklin ("Franklin") of Rodi Pollock ("Rodi") required only a \$5,000 retainer.<sup>22</sup>

36. I knew that CMGT was also in bad financial shape. But I also knew from Franco that Byron Hollins, a substantial (\$120,000) CMGT investor and shareholder,<sup>23</sup> was a Los Angeles area litigator.<sup>24</sup> When SC filed the California Action, I fully expected Hollins would represent CMGT to protect his investment, perhaps even *pro bono*.<sup>25</sup>

37. Against Hollins, in Los Angeles, I also believed Klenda and Bodeau, who both knew me well, might continue to work on the California Action.

38. SC could not afford to fully and timely pay Klenda or Rodi for the default proceedings in California that resulted in its default judgment ("Default Judgment"). SC's February 26, 2004

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<sup>22</sup> Ex 4 to Damages Prove Up; Ex 4 to Spehar Mo. to Alt.

<sup>23</sup> Pltf. 56.1 Stmt., Ex. 26.

<sup>24</sup> Def. 56.1 Stmt., Ex. 4, Doc. 138-11 at 29.

<sup>25</sup> Ex. I hereto.

Damages Prove shows \$57,850 in legal billings.<sup>26</sup> Of that amount, \$37,101 was unpaid as of the Prove Up Hearing, all to Klenda and Rodi.

39. When Given instead represented CMGT in its dealings with Franklin during the TRO and preliminary injunction ("PI") stages of the California Action, Given informed Franklin that CMGT intended to oppose the TRO in Chicago and, based on his discussions with Given, Franklin expected Mayer Brown to continue to represent CMGT in Chicago.<sup>27</sup>

40. Based on that, I expected Defendants to oppose the TRO in Chicago and continue to represent CMGT throughout SC's litigation v CMGT.

41. I knew then that SC would necessarily withdraw its litigation before trial. SC simply did not have the financial ability to contest a huge law firm like Mayer Brown, especially in Chicago.

42. Although they knew me well and had asked for minimal retainers to date, neither Klenda nor Rodi would have continued to litigate against Mayer Brown, even in Los Angeles, without a prohibitive retainer. As co-counsel for SC's November 2008 two-day bankruptcy court bench trial v Grochocinski, Grochocinski & Lloyd, Franklin required a \$25,000 retainer with no responsibility for discovery or pleadings.<sup>28</sup>

43. Neither Klenda nor Franklin would go to Chicago without a prohibitive retainer, and SC certainly could not have attracted unfamiliar Illinois counsel to litigate against Mayer Brown without a prohibitive retainer.

44. Furthermore, the costs associated with litigation in a distant venue were also prohibitive.

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<sup>26</sup> Ex 4 to Damages Prove Up; Ex 4 to Spehar Mo. to Alt.

<sup>27</sup> Franklin Oct. 24, 2007 Decl., Ex. J hereto. Franklin's Declaration was in Joyce's possession as of October 2007.

<sup>28</sup> Spehar email to Franklin., Ex K hereto.



45. Although Given had told Franklin that CMGT would not appear at the TRO or PI hearings in Los Angeles, but would instead contest SC's TRO and PI in Chicago, we were nevertheless surprised when Defendants actually failed to appear at either hearing.<sup>29</sup>

46. SC was seeking to enjoin a \$2.5 million (Newco). The Court would have required SC to post at least a \$1 million PI bond, had Defendants appeared and requested it. (*Id.*)

47. At that time, the maximum PI bond SC could obtain and could have posted was \$40,000.<sup>30</sup>

48. Because CMGT did not appear, the Court granted SC's \$25,000 request and required only a \$25,000 PI bond. (*Id.*)

49. I did not misrepresent to the California Court at the February 26, 2004 Prove Up Hearing. From its prior history with the California Action, the Court was very aware, and Klenda confirmed to the Court at the Prove Up Hearing, that CMGT would likely go bankrupt.<sup>31</sup>

50. As to SC's damages, Klenda and I had constructed a very clear and careful argument that (a) SC's damages should be based on CMGT's Projections since CMGT itself had represented its Projections to actual and prospective investors as reasonably certain to be realized, and (b) damages should therefore be found and ordered "reasonably certain to have been realized, but for CMGT's wrongful acts."<sup>32</sup> That's exactly how I testified on February 26, 2004.

51. Since CMGT did not appear to contest that argument, or any thing else, the Court knowingly and intentionally accepted that argument and so ordered.

52. Once SC obtained its \$17 million Default Judgment, it was able to borrow against that substantial asset to pay counsel and finance its activities from that point forward.

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<sup>29</sup> Franklin Decl., Ex. J hereto.

<sup>30</sup> Bond Services of CA Report noting "OK up to \$40k; hearing is Friday 10/3/03", Ex L hereto.

<sup>31</sup> Prove Up Trsct. at 7.

<sup>32</sup> Default Jdgmt. at ¶¶ 7 and 8.

### **The Malpractice Action**

53. From December 2004 through July 2005, Grochocinski, Klenda and I negotiated the September 2, 2005 Finance Order. During that long and very difficult negotiation, Grochocinski negotiated very hard to benefit CMGT's unsecured creditors and, citing fiduciary duty and Illinois law, expressly refused to give me any control whatsoever over this malpractice action.<sup>33</sup>

54. From November 2005 through July 2006, I participated in a thorough and grueling investigation by special counsel Joyce that, I believed, sufficiently proved malpractice and damages for the purposes of filing a valid malpractice complaint against Defendants.

55. In my July 28, 2006 email to plaintiff David Grochocinski ("Grochocinski"), I did not encourage Grochocinski to file the malpractice complaint without investigation.<sup>34</sup>

56. At that time, I had just participated in Joyce's thorough eight month investigation, I fully believed in the sufficiency of Joyce's investigation, and I knew Joyce itself fully believed in the sufficiency of its investigation.

57. I was not aware of Joyce's thinking and did not know why Joyce might not file a complaint, or even if Joyce, in fact, would not file a complaint.

58. I was worried since the statute of limitations was about to expire on or about August 24, 2006.

59. Therefore, I asked Grochocinski to encourage Joyce, if Joyce had in fact decided to withdraw, to at least file a complaint based on the sufficiency of his prior investigation before the statute of limitations expired, so that new special could then do its own investigation, if it deemed further investigation necessary.

<sup>33</sup> U.S. Dist. Ct., N.D.Ill., Rcrd. of Apl. 09 cv 2822, Doc. 3-2, 148; Doc 3-3 at 1-3, 22-23, 32-33, 43-46, 50, 61-66, 79, 92; Grochocinski Aff. R3-7,104 ¶24.

<sup>34</sup> Spehar July 28, 2006 email, Def. 56.1 Stmt., Ex. J, Doc. 138-18 at 34.

60. I believe that was a reasonable request and also believe that is how Grochocinski understood my email.

61. During my January 19, 2009 sworn Deposition in this matter, Defendants questioned me about a similar July 31, 2006 email, and I testified as above.<sup>35</sup>

62. During the investigation and litigation of the malpractice action against Defendants, Grochocinski and Joyce were always in absolute control and I was answering to them and following their direction. At no time did either Grochocinski or Joyce take direction from me.

63. At all times during the investigation and litigation of this matter, I have honestly supplied the facts as I know them to be true to both Grochocinski and Joyce.

FURTHER AFFIANT SAYETH NAUGHT

  
Robert Gerard Spehar

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<sup>35</sup> Spehar Dep. at 165-171, Def. 56.1 Stmt., Ex. K, Doc. 138-24.

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)  
 See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1 \_\_\_\_\_  
2 \_\_\_\_\_  
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Signature of Document Signer No. 1 \_\_\_\_\_ Signature of Document Signer No. 2 (if any) \_\_\_\_\_

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this

27 day of April, 2010, by  
Date Month Year

(1) Robert Gerard Spehar  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (.)

(and

(2) \_\_\_\_\_  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Moryah T. Patron  
Signature of Notary Public



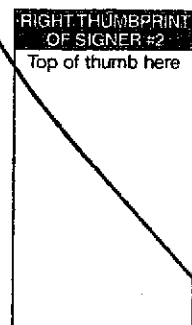
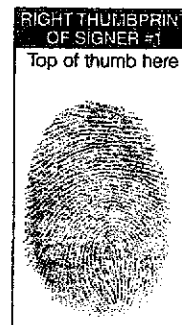
Place Notary Seal Above

## OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### Further Description of Any Attached Document

Title or Type of Document: A student of Robert Gerard Spehar  
Document Date: 04/27/10 Number of Pages: 11  
Signer(s) Other Than Named Above: N/A



**Spehar Affidavit**

**EXHIBIT A**

**Subject:** CMGT Business Plan

**From:** "Gerry Spehar" <gspehar1@earthlink.net>

**Date:** Thu, 23 Jan 2003 16:26:58 -0800

**To:** "Smith, Harlan W." <harlanwsmith@cox.net>

**CC:** "Franco, Lou" <Louman01@aol.com>

Harlan,

Thanks for taking the time to review a possible investment in CMGT. With your NDA now in place, attached is a full Business Plan with several supplementary documents to follow - Lou will be mailing a hard copy. All incorporated financial projections were done in mid October 2002 assuming a funding in November. As you know, that funding is now projected for early 2003 and we will re-project our financials as soon as a due diligence and funding schedule is set. That said, these projections will allow you to assess the business potential. This is a golden business and it's nascent market is poised for tremendous and immediate growth (see Market Case to follow). CMGT itself is positioned very well as the premier provider from a service perspective with first class industry partners. Currently, we are the only provider specifically built for the Absence Management business and are the "Porsche" of our niche.

To make the October 2002 projections detailed in the Business & Offering Summary Lou sent you, we would need to cover 471,650 employees by year end 2003 (.35% of the U.S. market), 1,180,150 employees by year-end 2004 (.81% of the market), and 1,827,650 employees by year-end 2005 (1.15% of the market). In addition, roughly 60% of those 2005 employees are projected to be covered by our lowest cost (\$1.25 PEPM) FMLA service. Breakeven requires servicing roughly 200,000 employees with only our FMLA service and we project breakeven to occur within 6 months of funding.

In Q1 2002 we had 11 clients either using our services or under contract - with over 46,000 employees. Five of those clients with roughly 34,000 employees (Ball Corp., Platinum Equity, NCS/Pearson, Honda of Ohio & Honda of Alabama) had come to us through Hartford. In March 2002 Hartford began servicing those clients as well as its own 20,000 employees in-house (using our software) pending our funding. Consequently, we currently service 4 clients (Howard Hughes Medical Institute, Atlanta Gas & Light, eBay & ZiLOG) with roughly 9,000 employees. As a result of the above, CMGT's revenue dropped from \$287,000 in 2001 to \$188,000 in 2002.

Of course, we expect revenue will escalate dramatically once confidence in our funding is fully restored. For example, we expect to begin phasing in our \$2.35 PEPM Total Absence Tracking service to Providence Health System (32,000ees) in February 2003. Over the past year or more we have already been presented to companies (American Airlines, AOL/Time Warner, Salomon Smith Barney, etc.) with over 1 million employees by Hartford, CIGNA, Liberty Mutual & other marketing partners.

Once in place our revenue is a monthly annuity that is locked in for 2-3 years - very appealing for an IPO or industry buyout. When fully established in 2005, the business is projected to have a 61% pre-tax and 37% post tax operating margin.- and this is after assuming a 10% across-the-board price reduction in 2004 and another 10% reduction in 2005.

In a following email I will be attaching our Market Case as well as a few articles on the market - a recent Mercer survey addressing the immediacy and evolution of the Absence Management market, an

HR Next article describing the "hematoma" that FMLA compliance has become for HR managers, and an LA Times article on California's recent passage of the nation's first paid leave law. Per your questions on our prior call, I will also send our "Service Description", "Why Don't Clients Do It Themselves" and a Cost / Benefit Analysis done for Providence Health System.

It was good meeting you by phone and I look forward to meeting you in person. Feel free to call with questions.

Best regards,

Gerry Spehar  
Spehar Capital, LLC  
(818) 247-5533

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**CMGTBusinessPlan10-16-2002.DOC**    **Content-Type:**    application/msword  
**Content-Encoding:** base64

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**Subject:** CMGT docs

**From:** "Gerry Spehar" <gspehar1@earthlink.net>

**Date:** Thu, 23 Jan 2003 16:47:11 -0800

**To:** "Smith, Harlan W." <harlanwsmith@cox.net>

**CC:** "Franco, Lou" <Louman01@aol.com>

Harlan,

Here are the supplementary documents to the Business Plan mentioned in my prior email. Again, Lou will be including these and others in hard copy to follow.

Gerry

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**CMGT Market Case 01-02-03.DOC**

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**HRNEXT survey.DOC**

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**Spehar Affidavit**

**EXHIBIT B**

**Subject:** Re: MOIC agreement

**From:** <Louman01@aol.com>

**Date:** Tue, 8 Apr 2003 21:19:29 EDT

**To:** <gspehar1@earthlink.net>

**CC:** <wbaliga@yahoo.com>, "James Wong, CPA" <jim@wongknowles.com>, "Ronald B. Given, Esq." <RGiven@mayerbrownrowe.com>

In a message dated 4/8/03 1:03:08 PM Central Daylight Time, gspehar1@earthlink.net writes:

**Subj:** MOIC agreement

**Date:** 4/8/03 1:03:08 PM Central Daylight Time

**From:** [gspehar1@earthlink.net](mailto:gspehar1@earthlink.net)

**To:** [wbaliga@yahoo.com](mailto:wbaliga@yahoo.com), [jim@wongknowles.com](mailto:jim@wongknowles.com), [Louman01@aol.com](mailto:Louman01@aol.com)

**CC:** [rgiven@mayerbrownrowe.com](mailto:rgiven@mayerbrownrowe.com)

*Sent from the Internet*

Wayne, Jim & Lou: I have modified my 3/30/03 email according to our discussion this morning. We were unceremoniously cut off before I could bring up one further point, so I'll raise it now for your consideration. We will be doing a lot of work together preparing the MOIC concept, Business Plan & presentation for the ANCs. If for some reason the ANCs eventually don't invest and we then agree to present the MOIC package that we've collectively prepared to another minority, I'd think it fair that I would stay involved as a partner and investment banker. Again, there's no need to partner with or use me if it's non-MOIC and you don't want to use me...but if it is MOIC related and I've contributed to that development, then I'd think it fair to keep things as is. This point is not included in the following, which should be in accordance with our agreement this morning. If you think this is fair, however, please agree to the above as well.

Partners agreement as of today's discussion - changes from prior email are in blue text:

1. We agree that the four of us (Lou Franco, Wayne Baliga, Jim Wong & Gerry Spehar) will pursue the Minority Owned Insurance Company (MOIC) concept together through a partnership (Millenium Partnership was suggested by Lou) and that the four of us will be equal partners in that partnership. The term of this agreement is one year commencing on 4/1/03 and ending on 4/1/04. The period would be renewable based on agreement of all parties. This term notwithstanding, all parties agree that the MOIC concept was introduced by Lou Franco and none of the other parties to this agreement will pursue a MOIC at any time in the future without the participation or agreement of Lou Franco.

2. As Spehar Capital, LLC introduced CMGT, the MOIC and all of us to the Alaska Native Corporations (ANCs), we agree that Spehar Capital will be used to raise MOIC funding from any ANC or group including ANCs under a contract similar to that in place with CMGT. Furthermore, if ANC investment contributes to establishing an MOIC and other non-ANC investors are used for additional funding, Spehar Capital will also be used for these investors under the same terms as for the ANCs. As with the MOIC partnership agreement referenced above, the term of this agreement with Spehar Capital is one year, commencing on 4/1/03 and ending on 4/1/04, and the period would be renewable based on agreement of all parties. This term notwithstanding, all parties agree that they will neither solicit nor accept funding for MOIC (and/or any other deals involving any of us) from Sealaska or any other ANC, at any time in the future, without going through Spehar Capital or receiving Spehar Capital's written permission to do so. With regards to

compensation:

a. upon securing MOIC funding, we agree that Spehar Capital will be paid cash compensation based on the "Lehman" formula, i.e. 5% of the first \$1 million raised, 4% of the second \$1 million raised, 3% of the third \$1 million raised, 2% of the fourth \$1 million raised, and 1% of all remaining funding.

b. upon securing MOIC funding, Spehar Capital will be given a right of first refusal to raise any additional funding that is needed and a right of first refusal to pursue any IPO, sale or merger.

If you agree with the above, please return this email to all other partners ASAP with a note agreeing to its contents. I'll get a Spehar Capital contract together soon. We should also pursue a formal partnership agreement ASAP.

Best regards,

Gerry

Gerry: I agree with the above.

Regards,

Lou

Louis J. Franco, RHU

Millennium Partnership, LLC

Voice: 630-260-9507

Cell: 630-215-8193

Fax: 978-389-1060

E-mail: [Ljfranco@aol.com](mailto:Ljfranco@aol.com)

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Millennium Partnership, LLC

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**Subject:** Re: MOIC agreement

**From:** "wayne baliga" <wbaliga@yahoo.com>

**Date:** Tue, 8 Apr 2003 11:36:44 -0700 (PDT)

**To:** "Gerry Spehar" <gspehar1@earthlink.net>, "Wong, Jim" <jim@wongknowles.com>, "Franco, Lou" <Louman01@aol.com>

**CC:** "Given, Esq., Ronald B." <rgiven@mayerbrownrowe.com>

Gerry: This looks good from my end. After CMGT is finished, we can sit down with Ron and have him draft something more formal. Until then, this should suffice.

*Gerry Spehar* <gspehar1@earthlink.net> wrote:

Wayne, Jim & Lou:

I have modified my 3/30/03 email according to our discussion this morning. We were unceremoniously cut off before I could bring up one further point, so I'll raise it now for your consideration. We will be doing a lot of work together preparing the MOIC concept, Business Plan & presentation for the ANCs. If for some reason the ANCs eventually don't invest and we then agree to present the MOIC package that we've collectively prepared to another minority, I'd think it fair that I would stay involved as a partner and investment banker. Again, there's no need to partner with or use me if it's non-MOIC and you don't want to use me...but if it is MOIC related and I've contributed to that development, then I'd think it fair to keep things as is. This point is not included in the following, which should be in accordance with our agreement this morning. If you think this is fair, however, please agree to the above as well.

Partners agreement as of today's discussion - changes from prior email are in blue text:

1. We agree that the four of us (Lou Franco, Wayne Baliga, Jim Wong & Gerry Spehar) will pursue the Minority Owned Insurance Company (MOIC) concept together through a partnership (Millenium Partnership was suggested by Lou) and that the four of us will be equal partners in that partnership. The term of this agreement is one year commencing on 4/1/03 and ending on 4/1/04. The period would be renewable based on agreement of all parties. This term notwithstanding, all parties agree that the MOIC concept was introduced by Lou Franco and none of the other parties to this agreement will pursue a MOIC at any time in the future without the participation or agreement of Lou Franco.
2. As Spehar Capital, LLC introduced CMGT, the MOIC and all of us to the Alaska Native Corporations (ANCs), we agree that Spehar Capital will be used to raise MOIC funding from any ANC or group including ANCs under a contract similar to that in place with CMGT. Furthermore, If ANC investment contributes to establishing an MOIC and other non-ANC investors are used for additional funding, Spehar Capital will also be used for these investors under the same terms as for the ANCs. As with the MOIC partnership agreement referenced above, the term of this agreement with Spehar Capital is one year, commencing on 4/1/03 and ending on 4/1/04, and the period would be renewable based on agreement of all parties. This term notwithstanding, all parties agree that they will neither solicit nor accept funding for MOIC (and/or any other deals involving any of us) from Sealaska or any other ANC, at any

time in the future, without going through Spehar Capital or receiving Spehar Capital's written permission to do so. With regards to compensation:

a. upon securing MOIC funding, we agree that Spehar Capital will be paid cash compensation based on the "Lehman" formula, i.e. 5% of the first \$1 million raised, 4% of the second \$1 million raised, 3% of the third \$1 million raised, 2% of the fourth \$1 million raised, and 1% of all remaining funding.

b. upon securing MOIC funding, Spehar Capital will be given a right of first refusal to raise any additional funding that is needed and a right of first refusal to pursue any IPO, sale or merger.

If you agree with the above, please return this email to all other partners ASAP with a note agreeing to its contents. I'll get a Spehar Capital contract together soon. We should also pursue a formal partnership agreement ASAP.

Best regards,

Gerry

---

Do you Yahoo!?

Yahoo! Tax Center - File online, calculators, forms, and more

**Subject:** RE: MOIC agreement

**From:** "James Wong" <jim@wongknowles.com>

**Date:** Wed, 9 Apr 2003 09:34:27 -0500

**To:** "Gerry Spehar" <gspehar1@earthlink.net>, "Baliga, Wayne" <wbaliga@yahoo.com>, "Franco, Lou" <Louman01@aol.com>

**CC:** "Given, Esq., Ronald B." <rgiven@mayerbrownrowe.com>

I assumed the "another minority" would have to be brought to the table by Spehar within the one year term. With that understanding, I agree.

Regards,  
James Wong  
WONG & KNOWLES, CPA, P.C.  
340 W. Butterfield Rd., Suite 3C  
Elmhurst, IL 60126  
(630) 993-2223 x180; Fax (630) 993-2229  
jim@wongknowles.com

\*\*\*\*\*  
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\*\*\*\*\*

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

**From:** Gerry Spehar [SMTP:gspehar1@earthlink.net]  
**Sent:** Tuesday, April 08, 2003 12:58 PM  
**To:** Baliga, Wayne; James Wong; Franco, Lou  
**Cc:** Given, Esq., Ronald B.  
**Subject:** MOIC agreement

Wayne, Jim & Lou:

I have modified my 3/30/03 email according to our discussion this morning. We were unceremoniously cut off before I could bring up one further point, so I'll raise it now for your consideration. We will be doing a lot of work together preparing the MOIC concept, Business Plan & presentation for the ANCs. If for some reason the ANCs eventually don't invest and we then agree to present the MOIC package that we've collectively prepared to another minority, I'd think it fair that I would stay involved as a partner and investment banker. Again, there's no need to to partner with or use me if it's non-MOIC and you don't want to use me...but if it is MOIC related and I've contributed to that development, then I'd think it fair to keep things as is. This point is not included in the following, which should be in accordance with our agreement this morning. If you think this is fair, however, please agree to the above as well.

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participation or agreement of Lou Franco.

2. As Spehar Capital, LLC introduced CMGT, the MOIC and all of us to the Alaska Native Corporations (ANCs), we agree that Spehar Capital will be used to raise MOIC funding from any ANC or group including ANCs under a contract similar to that in place with CMGT. Furthermore, if ANC investment contributes to establishing an MOIC and other non-ANC investors are used for additional funding, Spehar Capital will also be used for these investors under the same terms as for the ANCs. As with the MOIC partnership agreement referenced above, the term of this agreement with Spehar Capital is one year, commencing on 4/1/03 and ending on 4/1/04, and the period would be renewable based on agreement of all parties. This term notwithstanding, all parties agree that they will neither solicit nor accept funding for MOIC (and/or any other deals involving any of us) from Sealaska or any other ANC, at any time in the future, without going through Spehar Capital or receiving Spehar Capital's written permission to do so. With regards to compensation:

a. upon securing MOIC funding, we agree that Spehar Capital will be paid cash compensation based on the "Lehman" formula, i.e. 5% of the first \$1 million raised, 4% of the second \$1 million raised, 3% of the third \$1 million raised, 2% of the fourth \$1 million raised, and 1% of all remaining funding.

b. upon securing MOIC funding, Spehar Capital will be given a right of first refusal to raise any additional funding that is needed and a right of first refusal to pursue any IPO, sale or merger.

If you agree with the above, please return this email to all other partners ASAP with a note agreeing to its contents. I'll get a Spehar Capital contract together soon. We should also pursue a formal partnership agreement ASAP.

Best regards,

Gerry

**Spehar Affidavit**

**EXHIBIT C**



**Subject:** Council Tree

**From:** "Gerry Spehar" <gspehar1@earthlink.net>

**Date:** Tue, 06 May 2003 14:45:27 -0700

**To:** "Baliga, Wayne" <wbaliga@yahoo.com>, "Wong, Jim" <jim@wongknowles.com>

**CC:** "Franco, Lou" <Louman01@aol.com>

Wayne & Jim,

Here's an article on my friend, Steve Hillard, and Council Tree  
FYI...already sent to Lou. I'm working on the MOIC Bus Plan & Exec  
Summary as we speak and will be sending that out for comments soon.  
Jim, we should talk about projections and normalizing insurance  
financials as we talked about on our last call...

Gerry

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**Council Tree - Rocky Mountain News 01-07-03.doc**

**Content-Type:** application/msword

**Content-Encoding:** base64

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# *Rocky Mountain News*

## **Council Tree deals grow money**

Longmont company's investments flourish in hard times

By Allison Linn, Rocky Mountain News  
January 7, 2003

Ask the investors in Council Tree Communications about the deals the Longmont company has struck with their money and you'll repeatedly hear words like unorthodox, complicated and creative.

That could be an omen of bad things. But - in a year when many venture capitalists and investors are licking their wounds and cutting their losses - you'll also hear these rare words about Council Tree: "a very successful investment."

Over the past few years, Council Tree and its investors say, the investment and holding company has secured more than \$500 million in investments and paid out about \$780 million to its investors. The payouts have come mainly from two major investments in the out-of-favor media and telecommunications industry.

"Given what has transpired in the last couple years in telecom, Council Tree's been a very positive experience," said Paul Finnegan, managing director at Chicago-based Madison Dearborn Partners, one of Council Tree's key investors.

But Council Tree's investors are also the first to admit that the company's deals are not your usual investment opportunities.

"It's fair to say that all of (Council Tree's) deals are unorthodox," said Steven Roberts, a managing director at TD Capital in New York, another of Council Tree's major investors.

Roberts added, "Virtually all of them are complicated."

Council Tree was launched in 1998 by Steve Hillard, a lawyer whose previous experience included a stint working with Alaska natives on investment opportunities.

Hillard said the company set out to partner native Alaskan investment companies, whose money comes partly from settlements with the U.S. government over tribal claims, with more traditional venture capitalists.

The link with native Alaskan investors would prove key to one of Council Tree's major investments: a deal with AT&T Wireless to bid on so-called "third-generation" licenses in late 2000, at a time when rights to the more sophisticated wireless connections were coveted.

To secure the licenses, Council Tree formed an organization called Alaska Native Wireless, which was managed by Arctic Slope Regional Corp., an Alaska native investment entity and Council Tree investor. The organization was then able to take advantage of its minority status to get an edge in the bidding for the much sought-after licenses, said Conrad Bagne, chief operating officer of Arctic Slope.

To the investors, it seemed like a win-win situation. But the deal would prove more complicated than expected. By mid-2001 the licenses had become the subject of an extensive legal battle brought on by the licenses' previous owners, then-bankrupt NextWave Telecom. Alaska Native Wireless was one of many companies caught in the middle, as licenses sat unused amid courtroom battles.

Meanwhile, the market for the more sophisticated wireless technology was quickly going from white-hot to lukewarm, at best. It seemed like a recipe for disaster.

But, in November, Alaska Native's investors agreed to give up the rights to the licenses involved in the NextWave litigation. Because of the terms of the deal, giving up the licenses actually proved profitable for Council Tree and is part of the reason the company was able to see a return on its investors' money by the end of 2002, Hillard said.

"The revenue (came) from restructuring a number of the transactions with AT&T Wireless," Hillard said.

AT&T Wireless said in a statement that it would take a \$108 million charge in the fourth quarter of 2002 to account for the change of plans, but neither party would disclose terms of the restructuring.

Finnegan said it shouldn't come as a surprise that a Council Tree deal offered an attractive way out. One of the hallmarks of Council Tree's deals is that they often don't have much of a downside, he said.

Meanwhile, Alaska Wireless has held onto some of its other wireless licenses, but Hillard and the other investors said it's not clear what will happen to those licenses.

Investors also credit Council Tree with being able to see opportunity where others don't. In one of its first major investments, in mid-2000, Council Tree raised \$181 million from its investors to buy a 17 percent stake in the Telemundo Spanish-language television network.

In October 2001, Council Tree and Liberty Media Group sold Telemundo to NBC for \$2.7 billion. The deal included the sale of KMAS, a Spanish-language station in Denver that Council Tree also owned. Council Tree's share of that deal accounts for much of the profits Hillard has shared with his investors.

Hillard said the company is looking for investment opportunities, possibly including some in Colorado.

"At the end of the day in our business we have to look for an edge or an angle, and Council Tree does have a unique edge," Finnegan said.

linna@RockyMountainNews.com or (303) 892-2544

**Subject:** CMGT itinerary

**From:** "Gerry Spehar" <gspehar1@earthlink.net>

**Date:** Fri, 13 Jun 2003 12:19:45 -0700

**To:** "Hillard, Steve" <shillard@counciltree.com>, "Strande, Tim" <tstrande@counciltree.com>

Steve & Tim,

FYI, Wayne Baliga, Lou Franco, Jim Wong & I are all coming to Denver for our meeting on the 18th. Lou & I arrive around 9:30 am and Wayne & Jim at 10:38 am. Everyone but Lou is scheduled to leave around 9:30 pm...Lou has a 4:50 pm flight as of now, but that can be adjusted if need be.

Gerry

**Spehar Affidavit**

**EXHIBIT D**

## Gerry Spehar

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**From:** lfranco [lfranco@cmgt.com]  
**Sent:** Wednesday, July 30, 2003 6:59 PM  
**To:** Given, Ronald B.  
**Subject:** RE: LOI Redraft

**Attachments:** Confidentiality Agreement-MBP-CharlesWTrautner\_wLJFSignature07-30-2003.doc;  
Confidentiality Agreement-MBP-HarlanWSmith&Affiliates\_wLJFSignature07-30-2003.doc;  
LOIFinal\_ljfsigned07-30-2003.doc; CWT\_LtrNewcoOldcoTransaction\_LJF\_07-30-2003FNAL.doc



Confidentiality Agreement-MBP-C...  
Confidentiality Agreement-MBP-H...  
LOIFinal\_ljfsigned07-30-2003.d...  
CWT\_LtrNewcoOldcoTransaction\_L...

Ron:

Thank you! Attached are copies of my cover letter to Chuck, final LOI with my signature and NDAs for CWT & Harlan Smith, all of which accompanied the 2 Business Plan packages that finally shipped via UP this afternoon.

I will send Chuck a separate letter with the info. about me, Rob Crandall and the CMGT management team tomorrow AM.

Also, re the Council Tree/Madison Dearborn Partners meeting at your office, here's a list of the participants - thank you so much for providing the meeting space, food and your participation:

Participants:

MBR&M: Yourself

CMGT: Lou Franco

Millennium Partnership/MOIC: Wayne Baliga, Jim Wong, Gerry Spehar & me

Council Tree Communications, LLC: Steve Hillard, George Laub, Michael Cole

Madison Dearborn Partners, LLC: Paul Finnegan, Brittany Smith

Meeting Time: 11:30 AM CDT (Lou, Gerry, Wayne & Jim will be at your office at 10:30ish)

Best regards,

Lou

Louis J. Franco, RHU  
President & CEO  
CMGT, Inc.  
2 S 647 White Birch Lane  
Wheaton, IL 60187

voice: 630-260-9507  
cell: 630-215-8193  
fax: 978-389-1060

E-mail: lfranco@cmgt.com

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CMGT, Inc. Management

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

From: Given, Ronald B. [mailto:RGiven@mayerbrownrowe.com]  
Sent: Wednesday, July 30, 2003 2:20 PM  
To: lfranco  
Subject: RE: LOI Redraft

See attached. Good to go.

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

From: lfranco [mailto:lfranco@cmgt.com]  
Sent: Wednesday, July 30, 2003 10:44 AM  
To: Given, Ronald B.  
Subject: RE: LOI Redraft

Ron:

Here's the complete listing of the potential funders we are actually in in various stages of discussion with right now, in no particular order of significance:

1) Mitre & Associates, LLC/Robert Mitre - American & Other Native American Corporations

- a) Huna Totem Corporation (ANC)
- b) Bethel Native Corporation (ANC)
- c) Doyon Ltd. (ANC)
- d) Chugatch Alaska Corporation (ANC)
- e) Salt River Pima-Maricopa Indian Community
- f) Haida Corporation (ANC)
- g) Native American Finance Officers Association (NAFOA)
- h) National Congress of American Indians (Wash. DC)
- i) Paotte Native Corporation (NM, ND)
- j) Standing Rock Sioux Tribal Council (ND)
- k) Spirit Lake Tribal Council (ND)
- l) Viejas Tribal Council (ND)
- m) Pueblo Tribes of New Mexico (various NM)
- n) Mescalero Apache Tribe (NM)
- o) Woodfords Community Council (CA)
- p) Viejas Tribal Council (CA)
- q) Ho-Chunk Nation (WI)

Robert Mitre has contacted all of the above & received indications of positive interest - he's setting up telecons & putting NDAs in place  
2) Council Tree Communications LLC - working with Madison Dearborn Partners, LLC

- a) Artic Slope Regional Corporation (ANC)
- b) Doyan Ltd. (ANC)
- c) Sealaska Corporation (ANC) - Council Tree will not involve

Sealaska re: CMGT

3) Madison Dearborn Partners, LLC - working with Council Tree Communications LLC

3) Fallon Paiute, Duckwater & Ely County Shoshone Tribal Business Council (NV)

4) Warburg Pincus LLC

5) FlexBen, Inc.

6) WorkSteps, Inc./OneComp, Inc. (Peter Gallaher & partners)

- 7) Richard Eskow (representing various private investors & Silicon Valley VCs)
- 8) Siemens Information & Communications Networks/Andrea Davis - Various So. CA & NV tribes
- 9) Generations Partners, LLC
- 10) Spehar Capital, LLC

Should we also exempt anyone we have substantively talked with in the past by referring to these many contacts as a "grandfathered group of previously engaged sources of private & institutional capital"?

Best regards,

Lou

Louis J. Franco, RHU  
President & CEO  
CMGT, Inc.  
2 S 647 White Birch Lane  
Wheaton, IL 60187

voice: 630-260-9507  
cell: 630-215-8193  
fax: 978-389-1060

E-mail: lfranco@cmgt.com

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CMGT, Inc. Management

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

From: Given, Ronald B. [mailto:RGiven@mayerbrownrowe.com]  
Sent: Wednesday, July 30, 2003 7:49 AM  
To: lfranco  
Subject: RE: LOI Redraft

Lou: Chuck called late yesterday. I think we are ready to go. We need to fill in the blank for the pending deals we are going to except from the no shop clause. I think we need to get it out to him today.

Cordially, Ron

Dictated with Dragon NaturallySpeaking

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

From: lfranco [mailto:lfranco@cmgt.com]  
Sent: Tuesday, July 29, 2003 11:31 AM  
To: Given, Ronald B.  
Subject: RE: LOI Redraft

Got it, Ron. Thank you. Chuck's CMGT Business Plan is going out to him today



for delivery to his home on Wed. AM.

Chuck called me again to let me know he wants me to send Harlan Smith a CMGT Business Plan package. Should I get a fresh NDA from Harlan - or will the one Chuck is promising to sign cover whomever Chuck brings into the deal (I am concerned that Chuck may not sign an NDA notwithstanding his stated intentions to do so because Chuck usually doesn't sign things if he believes it will make him personally liable)? FYI, Harlan already signed an NDA in January 2003 (as an individual, not as his VC company, Copper Mt. Ventures or as his new VC company with his partner, Paul Ruhl) prior to his declining to make an offer to fund CMGT (this was all done with Gerry Spehar in the loop)- attached is a copy of Harlan's signed NDA.

Regards,

Lou

Louis J. Franco, RHU  
President & CEO  
CMGT, Inc.  
2 S 647 White Birch Lane  
Wheaton, IL 60187

voice: 630-260-9507  
cell: 630-215-8193  
fax: 978-389-1060

E-mail: lfranco@cmgt.com

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CMGT, Inc. Management

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

From: Given, Ronald B. [mailto:RGiven@mayerbrownrowe.com]  
Sent: Monday, July 28, 2003 3:59 PM  
To: lfranco  
Subject: LOI Redraft

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**Spehar Affidavit**

**EXHIBIT E**

**Subject:** Re: Chicago meeting - game plan

**From:** "Gerry Spehar" <gspehar1@earthlink.net>

**Date:** Mon, 21 Jul 2003 09:30:42 -0700

**To:** <wbaliga@wideopenwest.com>, "Franco, Lou" <Louman01@aol.com>, "Wong, Jim" <jim@wongknowles.com>

I'd say the sooner the better...once we decide on a game plan and assignments we'll need time to research and put it all together before the meeting. We should all be gathering pertinent info & ideas in the meantime. I'm available...per Jim's email let's shoot for Tuesday pm? Jim, do you want to suggest a time and connection that works with you?

Gerry

wbaliga@wideopenwest.com wrote:

Gerry: My broadband was down over the weekend. I didn't get it repaired until Sunday. I just retrieved your message, and I concur it is a good idea to brainstorm and come up with more detailed F.S. information and marketing plan. I'm in the office all week if we want to set up a time to discuss. Thanks.

Gents,

The meeting with Madison Deerborn Partners in Chicago will probably take place the week of August 4th - Steve is getting some optional dates from them to send us. Sorry guys, I know the slower pace is frustrating but I can only push so hard - you can lead a horse, etc.... Given the time, however, I think some serious prep work for this meeting would be wise to a) ensure we get the deal done and b) done as quickly as possible. My thoughts on what would help on both fronts:

1. Operations: While we have sound business arguments why "startup" is good in this environment and affiliation with a "big brother" is not wise for MOIC, I think we should address those stated concerns right up front with a detailed game plan that removes as much "startup" discomfort as possible. For starters, we should prepare a specific and comprehensive (month-by-month) budget that defines all operational needs and personnel and gives a time line and cost of implementation. Where there is interplay with CMGT (IT, call center, etc.) define those cost savings so MDP has another quantifiable reason to include CMGT in the deal. Once that is done, we need to put together a Use of Funds for immediate spending and define how operations will evolve and be addressed as we grow. I know it's a pain, but it seems to me the more detail we can give them and the more we can quantify everything upfront, the more likely we are to get them over the hump quickly - all these questions are coming at some point anyway.

2. Marketing: Same idea - I anticipate they'll want detail as to marketing plan. Who do we plan to hire or affiliate with on what timeline? Can Lou handle both jobs - CEO of CMGT and CMO of MOIC - effectively? What are your MOIC CMO job requirements, Lou - how much of your time will they take and how do CMGT & MOIC cross-pollinate on sales? Who are the immediate target accounts in the federal government, state government, local government, DOD contractors, other corporate customers and why? With

the Tribal Nations initiative, we've given a broad definition of this business in the BP, but not a specific, targeted game plan - exactly which elements are we going after here and when, and when can we expect results? Same questions for all sectors. With \$100 million in capital, we can only write around \$300 million in business - assuming the above targets cover that number many times over, we should be fine. Obviously, the earlier the business comes on, the sooner we can IPO and the better the ROI picture for an investor.

Is everyone up for a brainstorming session on all this this weekend?

Gerry

**Subject:** FW: MOIC meeting  
**From:** "Veronica Flores" <vflores@counciltree.com>  
**Date:** Mon, 28 Jul 2003 16:59:53 -0600  
**To:** "Gerry Spehar" <gspehar1@earthlink.net>

Gerry,

below is the informations as to whom will be at the meeting....he also has questions for you....

Veronica Flores  
Executive Assistant to Steve Hillard  
Council Tree Communications, Inc.  
2919 17th Ave. Ste. 211  
Longmont, CO 80503  
303-678-1844 (office)  
303-678-1859 (fax)

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

**From:** Cole, Michael P. [mailto:MCole@MDCP.com]  
**Sent:** Monday, July 28, 2003 4:36 PM  
**To:** 'Veronica Flores'  
**Subject:** RE: MOIC meeting

Believe that Paul Finnegan, myself and Brittany Smith will attend, but need to confirm Paul's attendance. Could you please send me some background information on the non-Council Tree people that will be attending the meeting for Paul's benefit? Thanks.

MPC

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

**From:** Veronica Flores [mailto:vflores@counciltree.com]  
**Sent:** Monday, July 28, 2003 5:39 PM  
**To:** Michael P. Cole  
**Subject:** MOIC meeting  
**Importance:** High

Michael,

Just wanted to know who all will be attending this meeting from MDP...(scheduled for 8/1 at 11:30-2:30).

Thanks,  
Veronica Flores  
Executive Assistant to Steve Hillard  
Council Tree Communications, Inc.  
2919 17th Ave. Ste. 211  
Longmont, CO 80503  
303-678-1844 (office)  
303-678-1859 (fax)

Subject: Friday meeting with Council Tree: MOIC  
From: "Gerry Spehar" <gspehar1@earthlink.net>  
Date: Tue, 29 Jul 2003 13:49:18 -0700  
To: "Cole, Michael" <mcole@mdcp.com>  
CC: "Hillard, Steve" <shillard@counciltree.com>, "Laub, George T." <glaub@counciltree.com>

Michael,

At George Laub's request, I am forwarding some information pertaining to our 11:30am meeting on Friday. I will be at that meeting along with Wayne Baliga, Lou Franco and Jim Wong - all Chicago residents. Attached are:

1. Competitive Advantages document describing an ANC-owned enterprise's many unique advantages with federal contractors and in direct federal procurement. They are substantial - particularly with the DoD and its large contractors - and not limited to 8(a) advantages.
2. A list of the top 100 DoD contractors and subs for FY 2002. These are immediate targets for both the Minority Owned Insurance Company (MOIC) and CMGT, Inc.'s Absence Management service.
3. MOIC Business Plan. You will find information on Lou Franco and Jim Wong in the management section - page 38.
4. Wayne Baliga's & my resume: Wayne is slated to be Chairman, President and CEO of the MOIC. His resume was left out of the BP because he has been running Aon's P&C insurer, Virginia Surety, for the past 10 years and is particularly sensitive to his MOIC involvement becoming known. As I'm sure Steve Hillard has mentioned, please treat Wayne's involvement with the utmost discretion.

In a following email I will send the MOIC BP Addendums and a couple of short summary documents describing CMGT, Inc. - which is the second proposed part of this investment. The rationale for including CMGT is explained on pages 9 & 10 of the BP.

Please treat all information confidentially per our NDAs with Council Tree.

I look forward to meeting you on Friday, Michael. I noticed from your website description that you previously worked at Bear Stearns. You may have met or known my brother, George Spehar, who built the Program Trading area at Bear and ran it until his death in March 2000. Please let me know if you need anything else.

Best regards,

Gerry Spehar  
Spehar Capital, LLC  
(818) 247-5533

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**Baliga Resume Revised.doc** Content-Type: application/msword  
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