

From: Karin Petersen <KPetersen@StreetFax.com>
Sent: Monday, March 1, 2004 3:18 PM (GMT)
To: Kole, James D. <JKole02@Sidley.com>
Subject: Security breach

Good morning Jim,

I hope you had a wonderful weekend, as mine was.

Did you receive the seal from Mrs. Ceglia?

We have an issue occurring with our programmer.

Unfortunately we have been unable to meet our end of the contract regarding payment. And a further unfortunate is that he is a bright, young harvard student who isn't seeking his legal council prior to his actions. [he has a team of lawyers that work for free for him] He threatened to take one of the functions off of the site this weekend due to nonpayment, and he indeed did. We remedied the problem, but he is further threatening to take down the entire site if we do not pay him according to the contract. we have certainly violated our agreement, but have begged for more time. truly he has no chance of ever receiving his money if he destroys our product.

When he takes off the structural components of the site, we can remedy that. But it took months for us to upload all the photos, and if he takes down the photos we will be out of business. Truly. It would risk all of the sales that we currently have open- about 8 companies that are "testing" our service, and one contract that is fully operational. It would certainly ruin and end our relationship with these companies.

Below are my most recent email communications with him.

We would like to not enter into a legal battle regarding the issue, but need to also protect our site.

We offered to pay him smaller amounts than what we agreed upon, and his response was to take off functions, as he clearly spelled out in his emails.

As far as I understand, his actions are illegal. Furthermore, the entire site, which he is threatening to remove, is not solely his work. We've had 3 other contractors working on the site.

What actions do you suggest we take at this point?

Thanks Jim
Karin

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

From: Mark Elliot Zuckerberg <mzuckerb@fas.harvard.edu>
Date: Sat, 28 Feb 2004 19:11:52 -0500 (EST)
To: Karin Petersen <kpetersen@tmail.com>
CC:
Subject: Re: Payment

Karin,

It seems a little ridiculous to me that you're suggesting I accept \$1500 on the month that I need prompt payment when you were supposed to be paying \$2000 each month all along.

At this point I must follow through and remove the scroll search capability from the site. I will do this after midnight tonight.

I should note, however, that the payment you owe me is not only for the

scroll search, but also for the rest of the site. From this point forward, if for any month you fail to meet your monthly payment of \$2000, I will shut down the entire site. I will extend the deadline for this month's payment until March 14.

Mark

On Sat, 28 Feb 2004, Karin Petersen wrote:

> Hi mark
> I'm forwarding paul's message to you.
> Would you be willing to accept \$1500 this month with the promise of at
> least that much next month as well as a signed note guaranteeing that
> streetfax will pay you your full amount?
> Please reply to this email adress so I can receive it.
> Karin
>
> --kpetersen
>
----End Original Message----