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Case 6:06-cv-00082-LED-JDL Document 74 Filed 11/02/2006 Page 2 of 2

October 30, 2006

Via E-mail

Joseph Gray
Vinson & Elkins LLP
2801 Via Fortuna, Suite 100
Austin, Texas 78746-7568

Re: *AdvanceMe, Inc. v. RapidPay LLC, et al.* (No. 6:05-cv-00424) (E.D. Tex.);
AdvanceMe, Inc. v. AmeriMerchant, LLC (No. 6:06-CV-82)(E.D. Tex.).
Defendants' Second Request for Leave to Amend Their Preliminary Invalidity
Contentions

Dear Joey:

We were surprised to see your letter dated October 30, 2006 regarding the Defendants' Invalidity Contentions. In light of the Defendants' silence on this issue over the last several weeks, we had assumed that the Defendants were no longer seeking the proposed amendments.

In any event, AdvanceMe does not believe that these amendments are appropriate because, among other reasons, the "new" information contained therein was available to the Defendants many months ago (and long before the Defendants' initial Invalidity Contentions were served). Further, the Defendants' continual changes of positions regarding their invalidity defense is causing great prejudice to AdvanceMe. Accordingly, AdvanceMe respectfully cannot agree to stipulate to the Defendants' proposed amendments.

If you have any questions, please contact me at the number listed above.

Respectfully,



Michael N. Edelman
for PAUL, HASTINGS, JANOFSKY & WALKER LLP