

Rupnik, Stan

From: Seth Lehr [slehr@llrpartners.com]
Sent: Friday, May 21, 2004 4:15 PM
To: Parrish, Scott
Cc: Bauman, Jon; kkaplan@klehr.com; Ira Lubert; Mitchell Hollin; Howard Ross; Larry Hollin
Subject: Follow-up

Scott,

My partner Mitchell just let me know of your decision regarding your potential investment in LLR. Although distressed by it, I am more concerned about the implications to our integrity regarding the disclosure of the fee relationship with the Pekins. We had been assured throughout that they had communicated to you their relationship to us and we had presumed that since they had arranged for our initial meeting with you in Springfield that the arrangement was self-evident. It was not until the side letter was drafted that the issue appeared. As soon as I saw the letter I made it clear to our counsel that there was a fee relationship in place and therefore the letter as drafted was incorrect. It was our action that highlighted an issue that we thought had been fully understood by all early on. But it is also clear in retrospect that our interpretation of question 12 of your questionnaire was totally off base. All I can assure you of is that our position was never crafted to hide anything. If so we never would have raised the Pekin relationship through the side letter. To the extent we have caused you or the System any embarrassment, we are deeply apologetic. To the extent we have created suspicion as to our motives, we are equally embarrassed.

Seth

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6/29/2005

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