

**Julian Fraser Standen  
20 Twyford Court  
Fortis Green  
London  
N10 3ES**

**4<sup>th</sup> May 2007**

By Post

Dear Mr Standen,

**RE: GEARSLUTZ.COM (“GEARSLUTZ”)**

We act for Ms Margaret Li Chin O’Leary, and write to you in response to your letter to her dated 17<sup>th</sup> April 2007 (“Your Letter”).

In Your Letter you purport to terminate the letter agreements dated 18<sup>th</sup> April 2004 (the “First Agreement”) and 11<sup>th</sup> May 2005 (the “Second Agreement”). Please note the following line was added to the First Agreement on 25<sup>th</sup> August 2004: “This is not restricted to banner advertising and includes all future profit generating incomes stemming from Gearslutz.”

Before setting out our client’s rights under the First Agreement and Second Agreement, we wish to raise a serious breach of contract that you have perpetrated. On 23<sup>rd</sup> February 2007, as a result of changes made on your behalf, our client was barred from access to all of the servers and web-based accounts of the Gearslutz business: her name was removed from all accounts and passwords were changed. As a result, she has been prevented from logging into any Gearslutz servers or accounts.

[Aside from the illegality of these actions in relation to Gearslutz, a further consequence was that our client’s own website [www.megleechin.com](http://www.megleechin.com) – which was also hosted on those servers – became inaccessible both to her and to all users of the internet for a period of three weeks. We are advising our client separately on this serious breach of her rights.]

Given our client’s role as Chief Technical Operator of Gearslutz, as specified in the First Agreement, you are required to reinstate our client’s access to all of the servers and web-based accounts of the Gearslutz business **immediately**.

## The First Agreement

Our client acknowledges both (a) that either party has the right to terminate the First Agreement by three months' notice to the other, and accordingly (b) that it will terminate on 17<sup>th</sup> July 2007 (the "Termination Date").

Please note, however, that:

- (a) as stated above, in her capacity as Chief Technical Operator of Gearslutz our client must have her technical access to and control of Gearslutz reinstated, with **immediate** effect; she will cede such technical access and control upon the Termination Date;
- (b) such access must include her ability to access full **financial and accounting** and statistical information, to permit her to value the business, calculate her share of profit and to facilitate the completion of tax returns;
- (c) **until** the Termination Date, our client is entitled to continue to receive **33.33%** of the income of Gearslutz, as calculated in accordance with the First Agreement; and
- (d) **after** the Termination Date, our client will be entitled to receive **10%** of all profit of Gearslutz for life or **10%** of the proceeds of any sale of Gearslutz, as specified in the First Agreement (the "Post-Termination Profit Share").

## The Second Agreement

We note that the Second Agreement "makes addition to" the First Agreement. We also note that the Second Agreement does not have any termination provisions – understandably, as it allocates to our client a gradually increasing ownership stake (peaking in February 2006) for services performed for Gearslutz.

Our client's ownership share in Gearslutz under the Second Agreement is allocated as follows:

- (a) 10% upon the date of the Second Agreement; plus
- (b) 1% per month from February 2004,

to a maximum of 33.33% (one-third).

As provided in the Second Agreement, our client's **33.33% (one-third)** ownership of Gearslutz has already been achieved. To reiterate, this one-third ownership of Gearslutz is **not** terminated by Your Letter.

## **After the Termination Date**

After the Termination Date, our client must:

- (a) continue to be paid a share of profit that equates to her **one-third** ownership of Gearslutz, pursuant to the Second Agreement;
- (b) in addition, receive her Post-Termination Profit Share, namely **10%** of all profit of Gearslutz for life or **10%** of the proceeds of any sale of Gearslutz (totaling, together with her one-third ownership share, **43.33%** of the profit of Gearslutz); and
- (c) our client must continue to be provided with full access to and ability to audit financial and accounting information, both (i) to verify that the correct amount of profit is being paid to her and (ii) to monitor the expenses that are incurred by the Gearslutz business.

Finally, given that our client has and will have a substantial continuing ownership stake in Gearslutz, please be aware that she will (and will be entitled to) hold you accountable for any negligence in the running of the Gearslutz business. In particular, it has been noted that a substantial amount of downtime has been experienced by the Gearslutz site since our client was locked out of the server. Should negligence by you or for which you are vicariously responsible – such as through avoidable downtime, or other reasonably avoidable failures – result in a diminution of the profit to which she is entitled, we have advised our client that she will be entitled to bring legal proceedings in respect of that diminution.

Please provide your agreement to the content of this letter by signing and returning to us one copy of it by seven days after the date of this letter.

All our client's rights are hereby reserved.

Yours sincerely,

**Liam McNeive**  
**For and on behalf of Smiths-Law LLP**

I understand and agree to the content of the above letter, and undertake to meet all of its requirements:

Signed:

**Julian Fraser Standen**

Date: