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This is from Keith's lawyer in response to the previous document sent to them... my response is in red ...

SWW



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April 25, 2007

VIA HAND DELIVERY

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Re: May 2002 purchase of Auto Insurance Shopper, Inc. stock from Harvey Lawton

Settlement Discussions – Subject to C.R.E. 408

Dear Gary:

It was good to catch up with you the other day. As I mentioned during our call, our firm represents Keith Lawton. Keith provided us a copy of your letter to him and asked us to respond. From your letter and our discussion, it appears that there may be important information that you and your client, Harvey Lawton, should consider when evaluating this matter.

First, Harvey's role in this company was always limited. In 1989, Keith was the sole proprietor of Telerate. That company was an automated insurance shopping service that allowed customers to receive insurance quotes over the phone. Harvey helped design Telerate's original interactive voice response system ("IVR") which was used to answer telephones and send faxes. Harvey did not have an ownership interest in Telerate and Keith incurred a significant amount of debt to sustain the company.

In 1989 my role was limited, WOW! Keith was the sole proprietor? I started the company and gave Keith 50% for his investment! Keith told me he would get the company documents together so I could focus on writing the scripts. So I did not find out until much later that Keith never put me in the company document as 50% owner. He could have done that but I bet he told everyone later that he put all the money into the company so he was the only one who should be 100% owner on the document. But, that document could have said what our deal was. That would be that Keith was responsible for any debt and my 50% ownership was for my labor developing the code! I trusted that that's what it said...

This also says I helped design the IVR? I developed the whole system! Everyone including people in my family knew I did... They also knew Keith never had the ability to do the development. I taught Keith how to make simple changes to the scripts I developed that ran on my

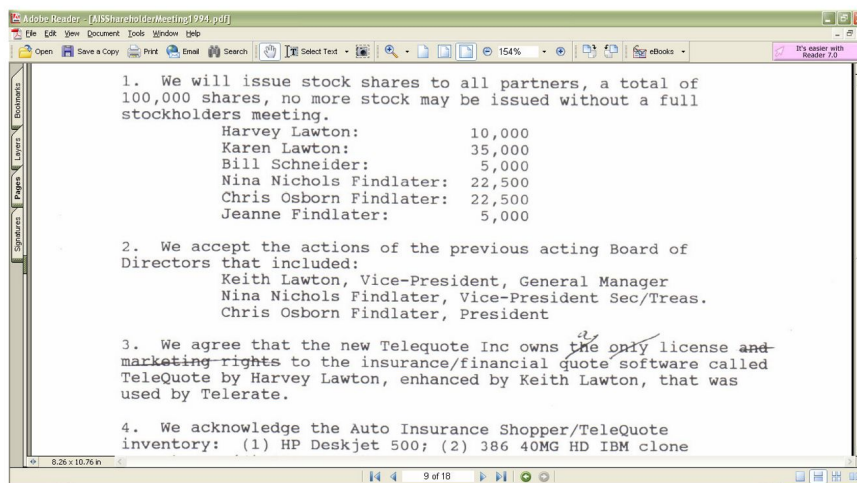
IVR system but that was it. The IVR system was written in C code Keith could never write C code. The IVR system was used to write and run the scripts. It would have been great if Keith could develop the complex parts of the scripts, he could have saved me tons of time.

Around the same time, Christopher Findlater and Nina Nichols started Auto Insurance Shopper, Inc. In contrast to Telerate, Auto Insurance Shopper was a live-operator insurance shopping service.

In 1993, Mr. Findlater contacted Keith to explore the possibility of the two companies working together. After a period of negotiation, the parties agreed that Auto Insurance Shopper, Inc. would acquire Telerate's assets and license its software from Harvey.

The IVR system our company never owned, i only gave them a licence for the scripts i developed using my IVR system. My IVR system could be used to develop scripts for all kinds of applications. The IVR system had its own language I developed that was menu driven in order for novice users to be able to develop their own scripts. I agreed here that the company owned a license for the scripts on the existing PC's, we added many more after that. Also, I could pull the license at any time due to the fact there was not a detailed license agreement that was ever drawn up. I had complete control over all licensing. And, none of my customers using my IVR system ever owned my software rights! And, on top of that, the IVR system & scripts were being modified by me for years.

This is why Keith & Chris had to keep saying Keith developed the software and i was just a helper. Here is Keith and Chris, just after we merged, trying to get control of my IP/software ownership.



In addition, I developed the website around 1994 that integrated to the database that the IVR was using. I owned the software rights for the web code too! I never charged the company, but when Keith did not keep to his agreement i started to charge them. After Keith ran me into the wall in his car I had Mike Donnelly come in a maintain the website but Keith assulted Mike and Mike came to work at PCPinPoint.

After Mike quit, the company hired new programmers. Keith would still call me if the new programmers needed help. I stilled helped him because he would say, that it was not him, but it was Karen & Chris, who were making him lie and steal from me, but in the end he would make it up to me. I waited for years for Keith to keep his word, he did not, so I put up a website with all this evidence. Keith can't respond because he knows what i'm showing everyone here is true. Keith could try to sue me, but he can't, i have too much evidence, and a ton of witnesses.

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In connection with this, the ownership structure of Auto Insurance Shopper changed significantly. Among other things, Harvey received a ten percent stake in Auto Insurance Shopper and Keith received the right of first refusal to acquire Harvey's shares. Wrong! I owned 25% just like Keith!

Keith and Mr. Findlater were responsible for Auto Insurance Shopper's operations and both worked nearly sixty hours per week on the company. Harvey's role was far more limited and consisted of working approximately five hours per week on upgrades to the voice recognition software. During this initial phase, Harvey received income from the company while Keith and Mr. Findlater did not receive any salary. Wrong! I got distributions when the company began to make money.

Mr. Findlater and Nina Nichols divorced in 1997. As part of that process, Ms. Nichols transferred her shares in the company to Mr. Findlater who, in turn, transferred some of those shares to his mother Jeanne Findlater. As a result, the ownership structure of the company was as follows:

Keith Lawton – 35,000 shares
Chris Findlater – 35,000 shares
Jeanne Findlater – 15,000 shares
Harvey Lawton – 10,000 shares
Bill Schneider – 5,000 shares

How much into
Second, Harvey reviewed and analyzed the status and workings of the company on several occasions. For example, in 1999, Harvey demanded access to the company's books and records. He was represented by an attorney during this time—Mr. Andrew Horning. After reviewing the documents, Mr. Horning stated that he perceived no problems with Auto Insurance Shopper. (wrong, they never showed us the check register) True! Only after I could see Keith was not keeping up to our agreement and other issues.

Every
Third, beginning in 2001, Harvey tried several times to sell his interest in the company, but could find no takers. For example, Harvey tried to sell his stake in the company to Mr. Tim McTavish—a competitor with www.insureme.com. When Mr. McTavish did not purchase Harvey's stock, Harvey then tried to sell it to various friends and family. However, he was unable to find a buyer.

True! Only after Keith was taking my 15% of my total of 25% distributions. Dont remember offering to family.

Even
Fourth, the events of September 11, 2001 had a major negative impact on the company. Among other things, Auto Insurance Shopper lost State Farm as a client.

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Fifth, Mr. Findlater employed Gelfond Hochstad Pangburn, P.C. ("GHP") to value the company. On November 7, 2001, GHP issued its report and estimated that on September 30, 2001, the company's fair market value was \$1,191,000. I have attached a copy of the appraisal. The appraisal stated that the fair market value complied with I.R.S. Revenue Ruling 59-60 and it was (then it sells for 90 times that less than 3 years later)

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The price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

Harvey will confirm for you that he received the appraisal, which was commissioned to deal with the sale of his interest.

Sixth, Harvey continued to be unable to find a buyer for his share of Auto Insurance Shopper. Consequently, Keith agreed to purchase Harvey's shares in the company. During the transaction, Harvey was represented by his own lawyer, Mr. Horning. Based on the GHP appraisal, Harvey's ten percent interest in the company was worth \$119,100. Nevertheless, Keith purchased Harvey's interest for \$400,000.

Wrong! I sold the stock because Keith ran me into a wall in his car. I had 10% on paper, people wanted more stock.

Seventh, a number of factors sparked strong growth in the company. For example, here are a few of those factors that came into play to drive valuations:

- at the end of 2002, the company changed its internet software to utilize extensible markup language ("XML") and moved to a ".net" platform, allowing greater performance efficiencies in the web site;

Right! Mike Donnelly was assaulted by Keith and quit and went to work at PCPinPoint ...

- Keith and Mr. Findlater worked every day for years managing and growing the Auto Insurance Shopper team and the platform;

- the addition of a full technical staff, customer service department, and marketing team, and the addition of vice presidents to head each of the critical areas;

- web site optimization work and dramatically expanded marketing dollar expenditures;

- creative contractual relationships were formed with some competitors whereby those competitors would send many of their leads to NetQuote to be monetized through NetQuote's agent network in exchange for a shared lead generation fee with the competitor;

- the retention of a professor from the University of Denver Daniels School of Business who provided strategic direction and technical advice;

- the successful sale of the local company, Service Magic, which was purchased based on an extremely high valuation, driving M&A metrics for internet lead aggregation businesses extremely high at the time; and

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- aggressive and capable marketing by the company's investment banking advisors, St. Charles Capital and Green, Manning, & Bunch.

These events occurred years after Keith purchased Harvey's stock, and it was in this environment that Spectrum Equity Investors and Stripes Group approached NetQuote in 2005.

70 mil
30 mil
Eighth, Keith did not receive \$100 million from the sale of the company because he did not own 100% of the company. Instead, both Keith and Mr. Findlater received checks for \$28 million from the sale. They also received subordinated promissory notes for \$7.5 million to be paid in installments until 2011.¹ After the initial payment, Keith owed \$9 million to the I.R.S. Nevertheless, Keith wrote Harvey a check for \$2.5 million, which is more than what Harvey was entitled to under his purchase agreement with Keith. Section 1.3 of the purchase agreement contains a look-back provision and specifies the amount of money Harvey is to be paid if the company is acquired. Sections 1.3.2 and 1.3.3 define the additional purchase price and transaction value. The \$2.5 million Keith paid Harvey exceeded the contractual transaction value.

Was not 25% of total sale... That was the deal Keith and I agreed to ...

Moreover, the purchase agreement also contains an integration clause at section 5.3. That provision states: "This Agreement and the documents attached as exhibits hereto constitute the full, entire and integrated agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, correspondence, understandings and agreements between the parties hereto respecting the subject matter hereof." Consequently, to the extent that there may have been any previous promises or statements made between Harvey and Keith, they are irrelevant and the terms of the purchase agreement control the parties' relationship. *Nelson v. Elway*, 908 P.2d 102, 107 (Colo. 1995).

Keith lawyer saying Keith does not have to keep our handshake agreement where i really owned 25% of stock.

Finally, Harvey's reliance on *Van Schaak Holdings, Ltd. v. Van Schaak*, 867 P.2d 892 (Colo. 1994) is misplaced. Unlike *Van Schaak*, there was an appraisal of the Auto Insurance Shopper, Inc. prior to Harvey selling his stock to Keith. It was performed by a professional, disinterested expert and was made to determine the fair market value of Auto Insurance Shopper, if all of it were sold to a single purchaser.

I Would like to know how many millions of customers info we had in 2002 and then at the NQ sale in 2005?

In *Thorne v. Bauder*, 981 P.3d 662, 665 (Colo. App. 1998), an appraisal of this very type was performed and the Colorado Court of Appeals gave it great weight. Cf. *Skinner v. Davidson, Inc.*, 351 P.2d 872, 876 (Colo. 1960) (in arbitration context, appraisals are overturned only when they are procured by fraud or if the appraiser fails to exercise honest judgment). In *Thorne*, the Colorado Court of Appeals applied the

¹ This debt is deeply subordinated. In fact, Spectrum recently offered to buy out Keith's senior and subordinated debt at a deep discount, and ascribed its value at \$0.