

May 15, 2007

**VIA ELECTRONIC & U.S. MAIL**

Rachel C. Hughey, Esq.  
Carlson, Caspers, Vandenburg & Lindquist, P.C.  
225 South Sixth Street, Suite 3200  
Minneapolis, MN 55402

Re: *Telluride Asset Management, LLC v. Eric Falkenstein*  
Hennepin County Dist. Ct. File No. 27-CV-07-4832  
Judge: The Honorable Heidi S. Schellhas

Dear Ms. Hughey:

I write in response to your letter dated May 14, 2007. It appears from your letter that you have no intention of describing your alleged trade secrets and confidential information with enough detail to allow Mr. Falkenstein to defend against your claims. Even if Mr. Falkenstein agreed to refrain from using your alleged confidential information and trade secrets, your refusal to provide more detail would make it impossible for him to know precisely what he could and could not use in the future. Are you seriously suggesting that you have fulfilled your obligation by asserting that "profitability," as used to select stocks, constitutes either a trade secret or the confidential information of your client? And if you truly believe that you have already defined your confidential information and trade secrets at this point, why have you made no attempt to shield any of your filings from the public's view? Because this is such a highly technical industry, your refusal to identify anything other than generic, publicly available concepts like "profitability," "accrual," and "mean-variance optimization" is patently unreasonable.

I could provide you with a litany of cases where courts have held that it is not adequate for a plaintiff to simply list categories of information to satisfy their obligation to identify their trade secrets and confidential information. But that would be a waste of time. It has become clear at this point that the Court's intervention is required in order to resolve this dispute.

Rachel C. Hughey, Esq.  
May 15, 2007  
Page 2

Finally, I would like to draw your attention to the fact that my last name is usually misspelled in your correspondence to me. Please make a note of this for future correspondence.

Sincerely,

  
Thomas Jancik

TMJ:mef

cc: Alan G. Carlson, Esq. (via e-mail)  
R.J. Zayed, Esq. (via e-mail)  
Russell J. Rigby, Esq. (via e-mail)