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July 19, 2007

By Facsimile to (415) 693-2222 and First Class Mail

John W. Crittenden, Esq.
COOLEY GODWARD KRONISH LLP
101 California Street
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San Francisco, CA 94133

**RE: BRAGG v LINDEN RESEARCH and PHILIP ROSEDALE
USDC EDPA No. 06-4925**

Dear Mr. Crittenden:

As we are in receipt of and have thoroughly reviewed the Counterclaims filed by Defendant Linden, we are providing this "safe harbor" letter to you pursuant to F.R.C.P. 11. Rule 11 provides in relevant part:

b) Representations to Court. By presenting to the court... a pleading... an attorney is certifying to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, --

(1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;

(2) the claims . . . are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery...

We are hereby requesting that you withdraw Counts 1, 2 and 5 of the Counterclaim. Contemporaneous with this letter, we have filed our Motion to Dismiss, which is incorporated by reference herein.

*Allentown, PA • Berwyn, PA • Cherry Hill, NJ
New York, NY • Paramus, NJ • Philadelphia, PA • Wilmington, DE*

In addition to that Motion, we draw your attention to the following matters:

1. You have admitted in Paragraph 1 of the Counterclaim that the Counterclaim has been filed for the improper purpose of “punishing” Plaintiff.
2. Your client, Philip Rosedale, has stated previously that there is a “price to pay” from filing suit and, indeed, appears to be directing such “price to pay” litigation tactics.
3. Your client posted selective portions of the Counterclaim on its website, referring to Plaintiff in derogatory, defamatory terms designed to portray him as a criminal.

As such, we believe that the Counterclaim Counts 1, 2 and 5 have been filed for the improper purpose of permitting your client to “bootstrap” defamatory statements about Plaintiff on its website while attempting to secure absolute immunity.

We also draw your attention to the following matters:

1. The claims set forth, as briefed by Plaintiff, do not state a claim for relief warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law.
2. The California Highway Patrol Report and Opinions contained therein of the Attorney General of California’s office were available to you in advance of filing your claims.

Additionally, we draw your attention to the following matters:

1. You have intentionally refused to attach the e-mail pertaining to the Taesot sim to your Counterclaim and, moreover, specifically refused to cite the ending time of the auction and the time that Jack Linden sent his “exploit” e-mail to Plaintiff.
2. The failure to cite to such times appears to be deliberately designed to avoid the application of *Davies v. Aflilias Limited*, 293 F.Supp.2d 1265, 1273 (M.D.Fla. 2003).
3. The failure to cite to such times is designed to avoid a finding at the 12(b)(6) phase that it is impossible for your client to have incurred over \$5000 in damages from any acts of Plaintiff.
4. You have provided no allegation with regard to any claim that Plaintiff caused in excess of \$5000 in damage or loss to your client.

John W. Crittenden, Esq.
July 19, 2007
Page 3

5. You have intentionally refused to attach the purported "chat logs" to your Counterclaim.
6. We believe that your refusal to attach the purported chat logs to your Counterclaim was intentional as the full contents of such chat logs do not support your client's theories of liability.

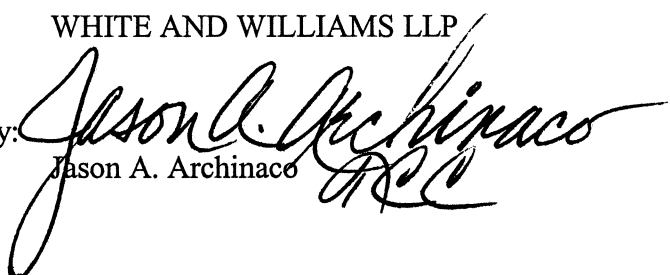
Given that the relevant e-mail and chat logs are in your possession, we do not believe that the allegations contained in your Counterclaim have a proper evidentiary support.

Accordingly, for the foregoing reasons and in addition to those set forth in the Motion to Dismiss and accompanying Brief, we request that you voluntarily withdraw Counterclaim Counts 1, 2 and 5.

Very truly yours,

WHITE AND WILLIAMS LLP

By:


Jason A. Archinaco

JAA:cwp