

Exhibit 1

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

-v-

PLATINUM MANAGEMENT (NY) LLC;
PLATINUM CREDIT MANAGEMENT, L.P.;
MARK NORDLICHT;
DAVID LEVY;
DANIEL SMALL;
URI LANDESMAN;
JOSEPH MANN;
JOSEPH SANFILIPPO; and
JEFFREY SHULSE,

Defendants.

----- X

No. 16-cv-6848 (DLI)(VMS)

**DECLARATION OF DANIEL M.
BURSTEIN IN SUPPORT OF THE
RECEIVER’S APPLICATION FOR
AN ORDER AUTHORIZING THE
RETENTION AND PAYMENT OF
REED SMITH LLP**

I, Daniel M. Burstein, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a member of the bar of this Court, and am a Senior Managing Director of Guidepost Solutions LLC (“Guidepost”), and as such work with Bart M. Schwartz, the Court-appointed Receiver for Platinum Partners Credit Opportunities Master Fund, LP (“PPCO”) and certain related entities (collectively, the “Receivership Entities”). I submit this declaration in support of the Receiver’s Application for an Order Authorizing the Retention and Payment of Reed Smith LLP (the “Application”).

2. Mr. Schwartz was appointed as Receiver on consent of defendants Platinum Management (NY) LLC, Platinum Credit Management, L.P., and Mark Nordlicht by an order of this Court on December 19, 2016 (the “Appointment Date”), as amended January 30, 2017 [Docket No. 59-2] (the “Receiver Order”), following an Order to Show Cause filed in this matter by the Securities and Exchange Commission (the “SEC”). See Docket Nos. 5 & 6. On March 8, 2017, this Court entered a preliminary injunction, enjoining violation of the federal securities laws, and

ordering that Bart Schwartz continue to act as Receiver pursuant to the Receiver Order [Docket Nos. 105, 106].

3. On June 23, 2017, the Receiver submitted an application to resign from his role as Receiver of the Receivership Entities [Docket No. 170]. Under the Receiver Order, however, the Receiver continues to act as Receiver until a successor is appointed by this Court (Receiver Order ¶ 43). As discussed below, the Application seeks the retention of a law firm to conduct a due diligence review of the Receivership's position in a litigation funding arrangement. Because this review must be conducted to make that position saleable, and because the Receivership currently pays approximately \$700,000 each month to maintain this position, the Receiver seeks approval of the Application now, so that the position may be sold (in whole or in part) as quickly as possible, possibly before the Receiver needs to make the next monthly payment.

4. The SEC staff consents to the Receiver's filing of this Application, but has indicated that it does not intend to take a position on the merits of this application until at or after the July 7, 2017 hearing on the SEC's Application for an Order to Show Cause for the Appointment of a New Receiver. [Docket No. 173].

5. This declaration is based on my personal knowledge, books and records of the Receivership Entities, and information I learned from, among others, the Receiver, Guidepost personnel who are working with me on this matter, and Platinum employees knowledgeable about the Receivership Entities' litigation funding investments.

The Receiver's Authority

6. Under the Receiver Order, the Receiver is empowered to "take custody, control and possession of all Receivership Property," (Receiver Order ¶ 6.B), "manage, control, operate and maintain the Receivership Entities," (Receiver Order ¶ 6.C), "transfer, compromise, or otherwise

dispose of any Receivership Property, other than real estate, in the ordinary course of business” in the manner the Receiver deems “most beneficial” to the Receivership Entities (Receiver Order ¶ 28), and manage and maintain the business operations of the Receivership Entities (Receiver Order ¶ 31).

7. The Receiver Order empowers the Receiver to “engage and employ persons . . . to assist the Receiver in carrying out the Receiver’s duties and responsibilities” (Receiver Order ¶ 6.F, ¶ 49). The Receiver Order requires that such persons be compensated upon the prior approval of the Court, and directs them to comply with the SEC’s Billing Instructions (Receiver Order ¶ 50).

The Receivership’s Investment in Acceleration Bay and the Need for Due Diligence Counsel

8. The Receivership Entities have interests in a variety of assets. PPCO, through its subsidiary named Hamilton Capital LLC (“Hamilton”),¹ provides litigation financing to borrowers in multiple investments. In February 2015, Hamilton entered into a loan and security agreement with Acceleration Bay LLC (“Acceleration Bay”), a California based technology incubator that purchases and licenses patents for various technologies (the “Agreement”).

9. Under the Agreement, Hamilton made a \$15,000,000 loan facility available to Acceleration Bay. Acceleration Bay uses the funds received from Hamilton to pursue actions against potential infringers of a group of patents it purchased from an intellectual property licensing company (the “Patents”). Pursuant to the Agreement, Hamilton will receive a participation in any recovery stemming from judgments or settlement proceeds obtained against potential infringers of the Patents.

¹ Hamilton itself has multiple subsidiaries. As used in this application Hamilton includes both Hamilton Capital LLC and its subsidiaries.

10. To date, Hamilton has provided Acceleration Bay with nearly \$6,800,000 through the loan facility created by the Agreement. However, Hamilton is approximately \$1,500,000 behind its funding obligations. In consultation with the SEC staff, the Receiver has been making payments of \$700,000 each month to avoid a potential default and to maintain the Receivership's participation rights under the Agreement.

11. Acceleration Bay has retained Kramer Levin Naftalis & Frankel LLP ("Kramer Levin") to monetize the Patents. Kramer Levin filed suit against Activision Blizzard Inc., Electronic Arts Inc., Take-Two Interactive Software, Inc., Rockstar Games, Inc., and 2K Sports, Inc. in the United States District Court for the District of Delaware (Case Nos. 1:15-cv-00228, 1:15-cv-00229, and 1:15-cv-00311), alleging that the defendants infringed on the Patents (the "Litigation"). The Litigation is presently active and requires additional funding. The cases are scheduled for trial beginning April 2018.

12. Due to the ongoing costs required to maintain the Receivership's interest created by the Agreement, the Receiver has explored selling all or part of the Receivership's interest.

13. There is an active market for litigation funding arrangements such as the Agreement. However, it is common practice in the litigation funding arena to provide potential buyers with an independent review of the litigation in question prior to the sale of a position. Before entering into the Agreement, Hamilton retained Reed Smith to conduct a review of the Patents and to advise on the potential merits of a case against alleged infringers. The Receiver now wishes to retain Reed Smith to conduct a review of the Litigation, so that its review can be provided to potential purchasers of the Receivership's interest under the Agreement. Based on a review of competing bids, Reed Smith is best positioned to conduct this review for the lowest price due to its existing familiarity with the Patents.

Terms of Proposed Retention

14. The Receiver requests authorization to retain Reed Smith according to the terms of the engagement letter attached hereto as Exhibit A. Reed Smith is a global law firm with more than 1,700 attorneys worldwide and its attorneys are familiar with patent litigation and are familiar with the Patents at issue. The hourly rates of the attorneys who will work on the proposed engagement range from \$350 to \$850 per hour.

15. If its retention is approved, Reed Smith will review and analyze the strengths and weaknesses of the Litigation, including a review of all pleadings, written discovery, fact depositions, expert reports, expert depositions, claim construction related findings and court orders. As mentioned above, Reed Smith is familiar with the Patents and was retained by Hamilton to conduct a similar review prior to the formation of the Agreement.

16. Reed Smith expects that its work will cost between \$40,000 and \$50,000 in total and has agreed that its fees for completing this work will not exceed \$50,000.

17. Before commencing this engagement, Reed Smith will submit to the Receiver and the SEC staff a certification confirming that it has performed a conflict check and that it does not have any potential or actual conflicts which prevent it from accepting the proposed engagement. Reed Smith will also confirm that none of the attorneys who will work on the engagement are currently subject to disciplinary actions in any court. Reed Smith will certify that it agrees to abide by the SEC Receivership Billing Instructions.

18. This engagement is expected to last less than four weeks. Given the circumscribed nature of the work to be performed, the Receiver requests authorization to make payment to Reed Smith up to \$50,000 without the submission of a formal fee application or further order of this

Court. The Receiver will submit Reed Smith's invoices to the SEC Staff for their review prior to payment.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
June 30, 2017

Handwritten signature of Daniel M. Burstein in cursive script.

Daniel M. Burstein

Exhibit A

ReedSmith

James T. Hultquist
Direct Phone: +1 312 207 6494
Email: jhultquist@reedsmith.com

Reed Smith LLP
10 South Wacker Drive
Chicago, IL 60606-7507
Tel +1 312 207 1000
Fax +1 312 207 6400
reedsmith.com

June 28, 2017

Harvey Werblowsky
Platinum Partners Masterfund
1325 Avenue of the Americas, Suite 2717
New York, New York 10019

Dear Mr. Werblowsky:

This is to confirm that Platinum Partners Masterfund (“Masterfund”) has asked Reed Smith (the “Firm”) to review and analyse the strengths and weaknesses of plaintiff’s case in the matter styled *Acceleration Bay, LLC v. Take-Two Interactive Software, Inc.* (the “Litigation”). We will provide Masterfund with our thoughts regarding the strengths and weaknesses of Acceleration Bay’s case against Take-Two Interactive Software, Inc. Our work will include a review of all pleadings, written discovery, fact depositions, expert reports, expert depositions, claim construction related filings and all of the court’s orders in the Litigation. Our work may be limited by any Protective Order entered in the Litigation so we will have to work with you and counsel of record to determine whether we can review materials subject to the Protective Order. Our work in connection with the Litigation is hereinafter referred to as the “Engagement”. This letter confirms the scope of the Engagement and will describe the arrangement and terms of our representation of Masterfund.

Our representation of Masterfund is subject to court approval and both parties’ agreement as set forth in this letter and the enclosed Standard Terms and Conditions of Engagement (“Standard Terms”).

As indicated, unless otherwise specified in this engagement letter, the terms of the Engagement will be in accordance with our Firm’s enclosed Standard Terms. We invite your attention to two provisions within these terms that are particularly important to us in order for us to undertake the representation contemplated here. First, “Exclusion of Owners, Subsidiaries, Officers, Directors and Employees” defines and provides limitations as to what entities the attorney-client relationship shall extend to under this representation. Second, “Future Conflicts in Unrelated Matters” addresses future conflicts of interest that may occur for us and provides for your advanced consent to these conflicts while Masterfund remains a current client. We ask that you consider these terms, as well as all of the other provisions of the Standard Terms, prior to agreeing to engage us as counsel.

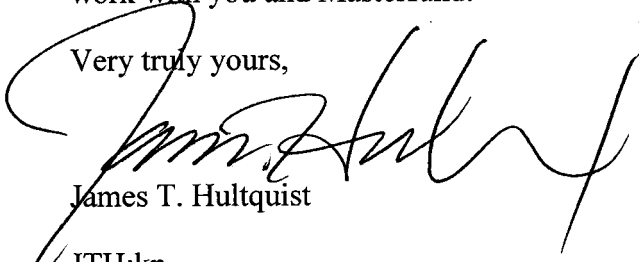
My current hourly rate is \$695 per hour, and current rates for other Reed Smith partners and associates who will work on the Engagement, range from \$350 to \$850 per hour. We expect that our work in the Engagement will cost between \$40,000 and \$50,000. The hourly rates of our lawyers are subject to periodic adjustment as outlined in the Standard Terms. Our policy on expenses, including those for which Masterfund is responsible to pay, is contained in the Standard Terms.

Harvey Werblowsky
June 28, 2017
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We understand that our fees and costs in connection with this Engagement will be paid by Acceleration Bay, LLC and that, by signing below, Acceleration Bay acknowledges its responsibility for the payment of our fees and costs in connection with the Engagement. Masterfund will remain responsible for any of our fees and costs not paid by Acceleration Bay, LLC.

If the terms of this engagement letter and the Standard Terms meet with your approval, please sign below and return the enclosed copy of same, keeping the second copy for your files. If, in the alternative, you have any questions regarding this letter, the enclosed and incorporated Standard Terms, or otherwise our representation of Masterfund, please contact me. Your communication to us to proceed with this matter, prior to sending us a signed copy of this letter, will be recognized and relied upon by us as your acceptance of the letter along with the Standard Terms. We look forward to the opportunity to work with you and Masterfund.

Very truly yours,



James T. Hultquist

JTH:kn

Accepted By:

Platinum Partners Masterfund

By: _____

Title: _____

Date: _____

Accepted By:

Acceleration Bay, LLC

By: _____

Title: _____

Date: _____

Reed Smith LLP Standard Terms and Conditions of Engagement

The following standard terms and conditions of engagement are incorporated in and made a part of the engagement letter for each matter that Reed Smith LLP (“Reed Smith” or “Firm”) is engaged to represent “Client,” as defined in the engagement letter. To the extent Client provides the Firm with different, supplemental, or alternative terms, the terms provided hereunder shall prevail unless Firm specifically agrees otherwise in writing.

Fees. Reed Smith will bill Client on a monthly basis unless otherwise specified in the engagement letter for a specific matter. Each bill will provide a detailed accounting of services rendered and/or recorded during the immediately preceding month. The “services rendered” will be broken down into two separate components: (i) legal services provided by our attorneys, paralegals and other professionals, and (ii) reimbursable

costs and expenses incurred by Reed Smith in connection with its representation of Client. With respect to legal services, Client will be billed on an hourly basis (unless otherwise specified) at rates which will vary with the nature of the matter, as well as with the experience and skill of the attorney, paralegal or professional rendering the services. Please note that our regular hourly rates are typically adjusted as of January 1 of each year and may, from time to time, be adjusted at other times during the year.

Reimbursable Costs. The second component of “services rendered” shown on our bill to Client will be a summary of expenses by category which includes: long distance telephone, postage, photocopy/scan/print, facsimile charges, secretarial and word processing overtime, etc. See table below:

Costs & Expenses	
Service	Charge
Outgoing Faxes	<i>From a fax machine:</i> \$1/p U.S./£1/p UK <i>From a desktop:</i> Long distance charges
Copy/Scan/Print	<i>Black/White:</i> 15¢/p U.S./£0.25/p UK <i>Color:</i> \$1/p U.S./£1/p UK
Telephone	Actual long distance charges on Firm systems and on Firm or other calling cards
Courier/Overnight Services	Actual charges incurred
Postage	Actual charges incurred
Electronic Research	Actual charges incurred
In-House Video Conferencing	Actual cost of call plus \$15 (£25)/hr for technical support
Third Party Conference Calls	Actual invoiced cost
Technology Support	Hourly rate for technician time plus all direct costs
Overtime	Actual charge incurred when overtime is warranted
Third Party Services such as: transcripts, title	Items over \$1,000 are typically sent directly to client for

searches, title insurance, filing and recordation fees and taxes, and other transaction-related disbursements, such as expert witnesses and consultants and investigators.	payment. Otherwise, costs for such services are billed to clients at actual invoiced cost.
Data Hosting	Actual charges incurred

While many expense costs are generally paid by the Firm and then charged to Client, it is our practice to forward invoices for significant filing fees or disbursements (e.g., \$1,000 or higher) to Client for direct payment to the vendor. In addition, if substantial costs are to be advanced in connection with the matter, it is our practice to obtain a retainer from Client to cover such costs.

Retainer. It is the Firm’s policy to require an initial retainer before commencing legal services for a new client. The amount of the retainer is specified in the attached engagement letter. As monies become due for legal fees and expenses, those items will be deducted from the Retainer, with notice to you of those deductions. Of course, with respect to any other matters we may undertake on the Client’s behalf, we may request an additional retainer that is reasonable in light of the anticipated scope of the task at hand.

Unless Client elects that the retainer (or other funds provided to the Firm in trust) to be placed in a separate account, applicable law may require the Firm to deposit retainers into an account from which interest generated from the account is used to provide legal services to the indigent or for other purposes that benefit the public and that are related to legal services. If Client desires Client’s deposit to be placed in a trust account with interest payable to Client, please so advise on an Advance Deposit Form, along with Client’s taxpayer identification number on a properly executed W-9 Form. Reed Smith’s trust accounts are held in approved financial institutions, and bear interest at the bank’s rates for this type of account. The choice of bank, however, is subject to change at our discretion.

Payment. Unless otherwise specifically agreed in the engagement letter, we expect payment from Client within 30 days of the invoice date, as prompt and full payment for our services is vital to our ability to efficiently provide legal services to all clients. Client agrees to pay our invoice within 30 days of the bill date, unless otherwise specified in the letter.

Interest on Overdue Accounts. Client further understands and agrees that if payment is not made within 30 days of the bill date, Client’s account shall be considered past due, after which an interest charge will be added to the outstanding balance in an amount equal to .83% per month. We also reserve the right to discontinue services if our bills are not paid in a timely manner, and to seek payment for all outstanding and accrued fees and expenses.

Term of Engagement. Either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct. If Client so requests, we will suggest possible successor counsel. If permission for withdrawal is required by a court, we will promptly apply for such permission, in accordance with local court rules, and Client agrees to engage successor counsel to represent Client.

Information/Client Responsibilities. We will keep Client informed of the status of all matters and, as appropriate, will send Client copies of correspondence, pleadings and/or other relevant documents which we initiate and copies of correspondence, pleadings and/or other relevant documents we receive from others. Client agrees to cooperate fully with the Firm and to provide promptly all information known or available to Client relevant to the Firm’s representation of Client’s interests, including furnishing all documents requested by us.

Termination and Conclusion of Attorney-Client Relationship. Unless previously terminated, our representation of the Client will terminate, and the attorney-client relationship shall be deemed concluded, after our completion of all matters for which we have represented Client. But no later than the date of the invoice under which the last matter was billed in full. The Firm expects full payment for any amounts owed at that time.

Post-Engagement Matters. Client has engaged the Firm to provide legal services in connection with a specific matter as described in the engagement letter.

After completion of the matter, changes may occur in the applicable laws or regulations that could have an impact on the Client's future rights and liabilities. Unless Client engages the Firm to provide additional advice on issues arising from the matter, we have no continuing obligation to advise Client with respect to future developments.

Deal Lists. The Firm reserves the right to use the Client's name and/or the descriptive elements of corporate finance transactions the Client has undertaken with our assistance, in deal lists communicated to our existing or prospective clients or the media, unless Client instruct us otherwise.

External Electronic Communication Authorization. The Firm may send documents or other information that is covered by the attorney-client or work product privileges using external electronic communication ("EC") (via the internet or other network). Client understands that EC is not an absolutely secure method of communication. Client acknowledges and accepts the risk and authorizes the Firm to use EC means to communicate with Client or others necessary to effectively represent the Client. If there are certain documents with respect to which the Client wishes to maintain absolute confidentiality, the Client must advise the Firm in writing not to send them via EC and the Firm will comply with Client's request.

Internal Communications. There are occasions when lawyers in the Firm find it useful and helpful to discuss our professional obligations to clients with lawyers experienced in such matters. Accordingly, as part of our agreement concerning our representation of Client, Client agrees that if we determine in our own discretion during the course of the representation that it is either necessary or appropriate to consult with our Firm's Legal Department (either the Firm's in-house counsel or, if we choose, outside counsel) we have Client's consent to do so. Any such communications are and will be deemed to be communications protected by the Firm's attorney-client privilege, and our representation of Client shall not, thereby, waive any attorney-client privilege that the Firm may otherwise have protecting the confidentiality of our communications with counsel.

Future Conflicts In Unrelated Matters. The Firm's ability to represent any and all clients is governed by the applicable rules of professional conduct, which include but are not limited to rules regarding conflicts of interest between multiple clients of a law firm or

between a law firm and its clients (collectively, "the Conflicts Rules"). Except as we may have already disclosed, the Firm is not presently aware of a conflict created by the proposed representation of Client that would trigger the Conflicts Rules at this time. However, the nature and scope of the Firm's work for other clients may give rise to conflicts of interest in the future. The purpose of this section of the Standard Terms is to explain how the Firm proposes to resolve future conflicts issues so that the Client can decide whether or not to be represented by the Firm. In other words, the purpose of this section is to establish a waiver of future conflicts but to do so subject to the conditions and limitations noted herein.

The Scope of the Waiver

The Firm only requires Client's waiver for future work for other clients that is entirely factually and legally unrelated to the work we shall do for Client, but is adverse to Client or Client's interest. Thus, the Firm does not recognize that this waiver would allow it:

- at any time, to attack the work that the Firm performs for the Client;
- to affect the independence of the Firm concerning work that the Firm performs for the Client;
- at any time, to disclose or use adversely to the Client, or to place itself in a position to disclose or use, any confidential and nonpublic information of the Client;
- at any time, to allow lawyers [or nonlawyer staff] who work for the Client to simultaneously work adversely to the Client; or
- for so long as the Firm continues to represent the Client, to allege criminal conduct by the Client.

Outside of these limitations, the Firm is and will remain free to represent other clients adversely to the Client. In other words, we may represent other clients in negotiations, business transactions, litigation, alternative dispute resolution, administrative proceedings, discovery disputes, or other legal matters even if those matters are adverse to Client or Client's interests. For example, and solely by way of illustration, the Firm could represent another client in a contractual dispute against Client, including litigation, provided we did not advise Client concerning the contract in question or have confidential information of

Client that bears directly on the aspect of the contract in dispute.

Although the Client may revoke this waiver as to future matters at any time, such revocation will not affect any matters undertaken by the Firm prior to receipt of notice by the Firm of the revocation. In addition, and to the extent permitted by the applicable rules of professional conduct, the Client must consent to the Firm's withdrawal from the Client's matters if withdrawal is necessary for the Firm to continue representing other clients. If the Firm does withdraw from a matter, however, it will assist Client in transferring the matter to other counsel of Client's choice and will not bill Client for legal fees, expenses, or other charges arising from the need to assist successor counsel in coming up to speed.

Considerations Relating to Client's Decision to Provide the Waiver

Having made you aware of this conflicts waiver and its potential implications for you, we ask that you state exception to agreeing to this waiver if you have any unanswered or unaddressed reservations or concerns. We also strongly encourage you to discuss this waiver with independent counsel of your choice.

As we have already explained, there are questions that Client should address before a decision to agree to waive future conflicts is made:

- Is there a material risk of adverse disclosure or use of confidential client information?
- Is there a material risk that the Firm will be less zealous or eager when representing the Client because of other adverse representations?
- Is the Client ready, willing, and able to live by the commitment this waiver requires in the future?

As to the first two questions, we believe that any risk to the Client is minimal to nonexistent in light of the protections and limitations contained in this and other sections of the Standard Terms as well as the rules of professional conduct that the Firm is bound by. As to the final question, that is necessarily the Client's choice and not ours. However, the Client's agreement to provide this waiver is fundamental to and necessary for the Firm's agreement to represent the Client.

Clients with Competing Interests. Some of our current or future clients are likely to operate in the same industry or sector as you and may have interests which are adverse to you. You accept that we may act for such other clients. We will continue to have rigorous procedures to identify conflicts and ensure the confidentiality of the information you or other clients provide to us. Where you request us to act for you on a matter where you are one of a number of parties competing for the same asset (for example, in a tender or corporate auction or in an insolvency situation), you agree that we may act for other parties on the same matter provided we comply with applicable ethical rules and are able to act in the best interests of each client.

Insurance or Third Party Billing. Client may wish to determine whether Client has insurance to cover its exposure concerning matters for which Reed Smith shall serve as Client's counsel. Absent an express and specific requirement in the Scope of Engagement above identifying Reed Smith as responsible, Client shall be responsible for (1) determining whether Client has insurance coverage associated with the Scope of Engagement and (2) for tendering any claim or suit to Client's insurer. It is possible that Client or Reed Smith may secure the agreement of an insurance company that Reed Smith may act as Client's counsel. Some insurance companies impose restrictions on the type, amount of or hourly rate for legal services for which they will pay and may further refuse reimbursement for various cost items. In addition, some insurance companies may unilaterally impose other restrictions which are different from the terms provided hereunder. While Reed Smith will, of course, work cooperatively with any insurance company defending Client, and make every effort to minimize the expense not absorbed by Client's insurance company, Reed Smith's engagement agreement is with Client, and Client agrees to pay promptly Reed Smith's invoices, and Client will seek such reimbursement from the insurance company as may be appropriate. In the event a billing dispute arises between Client and the insurance carrier, Reed Smith will advise Client and, if Client wishes, Reed Smith will represent Client in connection with that dispute, at Reed Smith's standard hourly rates.

Additionally, upon request, we will forward or address our invoices to a third party designated by Client, other than an insurance company. Client agrees that in so requesting, Client waives any conflict of interest

arising under applicable law which requires Client's consent for us to accept payment of legal fees from a party other than the represented client. We commit to Client that our representation of Client shall not be made less independent through the acceptance of fees for our services to Client from a party other than Client.

Matters Involving Patents. We do not offer the service of annuity/maintenance fee payments on pending and granted patents. Therefore, Client is required to either contract with a direct-pay firm for payment of annuities/maintenance fees or undertake payment of such fees on Client's own behalf. If requested, we can assist Client in identifying such a firm but Client agrees to inform us of its election in this regard. Further, Client agrees that if Client does not report to us how annuity/maintenance fee payments will be made for Client's pending and granted patents, that we may conclude, and therefore may rely upon, that Client has arranged to have the fees paid by some means other than through us.

Responses to Audit Letters. If Client engages an accountant to audit Client's financial statements, it is likely the accountant will request, during the audit, that Reed Smith provide a written description of all pending or threatened claims for lawsuits to which Reed Smith has given substantive attention on Client's behalf. This request is typically a standardized letter provided by the accountant which Client is requested to send to Reed Smith. Minimum fees for responses to audit letters will be billed at \$550 for non-profit entities, \$1050 for non-public, for-profit entities, and \$1,550 for public entities. Client agrees that these fixed fees are reasonable in view of the time Reed Smith shall spend in preparing letters to Client's auditor. However, if more than three hours of time is necessary, we will charge our regular hourly rates.

Disposition of Records. Reed Smith is not obligated to keep files/records related to a matter after that matter is finished unless required to do so by operation of law. Reed Smith may destroy any file materials (hard copy or electronic form) after termination of the matter involved, unless Client requests those materials within thirty days of notification of Reed Smith's intent to destroy them.

Exclusion of Owners, Subsidiaries, Officers, Directors and Employees. Our client for purposes of our representation is Client as specifically identified in the engagement letter for the matter, and not, unless

expressly named in the engagement letter, any "Affiliates" of Client. "Affiliates" of Client that are excluded from the meaning of Client include, but are not limited to (a) shareholders or constituent partners, members, or other equity stakeholders, (b) parent, sister, brother and subsidiary companies, (c) joint ventures, limited partnerships, general partnerships, limited liability companies or other unincorporated entities in which Client may have an ownership interest, (d) officers, (e) directors, (f) employees, or (g) any other party related by family relationship, management position or capacity, contractual, cross-ownership or otherwise. ***Should Client feel it necessary and appropriate to change the identified client or to include any of the foregoing within the definition of "Client" for a particular matter, please discuss this matter with us before engaging us.*** Our objective in this policy is to avoid situations where (1) true clients or parties in interest being represented by our Firm find themselves being sued or in an adverse position to another client of our Firm because our records did not properly identify the client, or (2) after undertaking our representation of Client (or another client), and investing considerable time and dollars on Client's behalf, we are forced to withdraw from a representation because of a conflict which could have been identified earlier with accurate client identification at the inception of our attorney client relationship.

Illinois Arbitration Clause

By signing this Agreement, Client agrees that, in the event of any dispute arising out of or relating to this Agreement, the relationship, or the services performed including, but not limited to, disputes regarding the amount of, or payment or non-payment of attorneys' fees or expenses and disputes alleging negligence, breach of contract, malpractice of any type (no matter how denominated), breach of fiduciary duty, fraud, disgorgement, or any claim based upon a statute, such disputes shall be resolved by submission to binding arbitration as provided here.

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association ("AAA")

in accordance with its Commercial Arbitration Rules [including the Emergency Interim Relief Procedures], and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Any arbitration proceeding shall be brought in Illinois, unless the parties mutually agree in writing to another forum. A single qualified arbitrator will be chosen to serve under the then effective rules of the AAA, unless the parties mutually agree in writing to three arbitrators. The decision of the arbitrator(s) shall be final, binding, and not subject to judicial review.

The parties agree that arbitration can be compelled by a court located in Illinois, that arbitration cannot be avoided by the filing of any other lawsuit or proceeding, and that provisional or ancillary remedies can be sought without waiver of arbitration rights.

The parties intend that this Agreement to arbitrate be valid, enforceable and irrevocable. Accordingly, for any dispute covered by this provision Client (1) waives its right to a jury trial; (2) waives any right of an appeal; (3) waives the ability to have broad discovery as such may be provided under the Federal Rules of Civil Procedure or other court rules; and (4) recognizes it may incur substantial upfront costs as compared to litigation. Notwithstanding, Client understands that in submitting to binding arbitration Client has not waived any right Client may have to assert a disciplinary complaint to an attorney conduct board or other authority.

Client has read this agreement and understands it has a right to have this arbitration agreement reviewed by other counsel in order to advise if it is in Client's best interest. Client represents that it has had an opportunity to consult with independent counsel.