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February 21, 2012

BY HAND & E-FILE

The Honorable Leo E. Strine, Jr.
New Castle County Courthouse
Court of Chancery
500 North King Street, Suite 11400
Wilmington, DE 19801-3734

RE: *Auriga Capital Corp., et al. v. Gatz Properties, LLC and William Gatz*
Civil Action No. 4390-CS

Dear Chancellor Strine:

We write this letter in response to Plaintiffs' February 20, 2012 letter. Defendants took to heart this Court's comments on Plaintiffs' fees and expenses. The disparity between Plaintiffs' fees and expenses and Defendants' fees and expenses, however, caused Defendants to question the reasonableness of Plaintiffs' fees. Given the absence of any detail provided in Mr. Reed's Affidavit, Defendants are unable to make an informed determination as to the reasonableness of Plaintiffs' fees and expenses and whether a fee challenge would be warranted.

Not wanting to pre-judge the amount of Plaintiffs' fees and expenses, on February 13, 2012, Ms. Sloan contacted Mr. Reed, expressed Defendants' concerns and requested that DLA provide Defendants the DLA invoices, so that Defendants could make a more informed decision as to the reasonableness of Plaintiffs' fees and expenses. *See Exhibit A, page 2.* Defendants even provided their invoices to Plaintiffs, despite not yet having challenged Plaintiffs' fees and expenses.

On February 15, 2012, Mr. Reed represented to Defendants that Plaintiffs "will produce information sufficient for your client and the Court to determine the reasonableness of our fees" and that Plaintiffs would "circulate a proposed Final Judgment that leaves the fee award blank, so that it can be promptly submitted to the Court." *See Exhibit A, pages 1-2.* Further, Mr. Reed verbally represented to Mr. Seitz that, given the possible dispute, he would be sending a proposed order with the fees blank, but that the remainder of the order could be submitted to the Court as required by the Court's opinion.

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After Mr. Seitz's conversations with Mr. Reed, Ms. Sloan again corresponded with Mr. Reed on February 16, 2012, and the parties agreed that counsel would adopt a process related to Plaintiffs' fees and expenses. As expressed by the parties, the process would include "when Plaintiffs will produce their invoices, what Plaintiffs will produce and when briefs (if necessary) will be filed." See Exhibit A, page 1.

On Thursday, February 16, 2012, Mr. Reed contacted Ms. Sloan, via telephone, representing that Mr. Reed was on his way to a funeral. Mr. Reed requested that Ms. Sloan contact Chambers, *ex parte*, and relay that Mr. Reed authorized the call, that Mr. Reed would not be submitting a proposed order to the Court and that the parties would be submitting a proposal to the Court regarding the process for assessing (and possibly challenging) Plaintiffs' fees and expenses. As requested, Ms. Sloan contacted Chambers and relayed that information.

Defendants were, therefore, shocked to receive Plaintiffs' February 20, 2012 letter.

Defendants have, in good faith, attempted to address these issues informally with Plaintiffs' counsel. Defendants did as the Court requested – provided Plaintiffs with complete copies of Blank Rome's statements. As Mr. Seitz told Mr. Reed, the Seitz Ross bills totaled around \$18,000, which were paid by Blank Rome, and Mr. Seitz was retained, post-trial, as conflicts counsel to advise Mr. Gatz. We disagree with many of the statements in Mr. Reed's letter and believe that the letter ignores what had already been agreed to by counsel and conveyed to Chambers at the request of Mr. Reed.

Therefore, Defendants respectfully request that this Court enter the proposed order, attached hereto as Exhibit B, setting forth the process to resolve the any possible fee issue. Generally, this includes Plaintiffs submitting their invoices, Defendants reviewing the invoices and, if necessary, briefing related to the reasonableness of Plaintiffs' fees (during which time Defendants will address Plaintiffs' other arguments, if necessary). Defendants want to stress that they have not made a determination as to whether to challenge Plaintiffs' fees and expenses and hope to avoid doing so. Defendants, however, cannot make that determination without further information.

To the extent Your Honor has any questions, counsel is available at your convenience.

Respectfully submitted,

/s/ Steven L. Caponi

Steven L. Caponi
I.D. No. 3484

cc: Register in Chancery – by e-file
John L. Reed, Esquire – by e-service