

September 30, 2002

Mr. Robert Varak
Davis, Mannix and McGrath
125 South Wacker Drive
Suite 1700
Chicago, IL 60606-4402

RE: Sarchonoski v. Cunningham, et al.

Dear Mr. Varak:

Plaintiff has been provided with more than sufficient information on the factual and legal errors of his pleading. The exchange of letters between me and your firm, discovery responses and the motion for summary judgment demonstrate that no amended pleading may be filed without violating Rule 137, even if prior pleadings might be found to have minimally complied with the rule. Cunningham therefore has claims against your firm and your client for the attorneys fees incurred in this action.

For purposes of ending this matter now, rather than delaying for judgment and collateral sanctions litigation, I am authorized to make a settlement offer consisting of the following points. This offer will expire upon the filing of any amended pleading on behalf of Plaintiff:

1. Plaintiff will dismiss this action as to both defendants with prejudice and with each party bearing his own costs and fees;
2. Defendant Cunningham and Plaintiff will provide each other with general releases;
3. Plaintiff authorizes a press release stating the following:

"I have come to the conclusion that I should not have brought a legal action against Don Cunningham and Jeff Boler for defamation. Therefore I am dismissing the action. I have not received any amount in settlement. I have not received any apology or retraction from Mr. Cunningham or Mr. Boler, nor have I asked for any apology or retraction as a condition to dismissing the lawsuit."

4. Plaintiff agrees to pay the sum of \$1000 for each instance that he contradicts the above statement or implies that the above statement is not a true statement of fact.

If this offer interests your client, please let me know and I will draft a formal document for signatures. If not, the filing of an amended pleading will let us know that your client insists on fighting a losing battle through judgment and the Rule 137 petition.

Yours very truly,

Gregory J. Bueche

cc: Mr. Don Cunningham
Mr. Jeff Boler