



**Blueberry Software, Inc.**  
DOCUMENT CONVERSION SYSTEMS

995 Court Lane  
Concord, CA 94518

Phone: (925) 798-4376  
Fax: (925) 798-5394

June 11, 2004

Honorable D. Lowell Jensen  
United States District Court, Northern District  
1301 Clay Street, Suite 400 C  
Oakland, CA 94612-5212

Re: Beigel v. Dwan – Blueberry Software  
Case No. C023116 DLJ

Dear Judge Jensen:

I am writing this letter on behalf of Steven Beigel.

I am in receipt of Mr. Blair's forty-five pages, which he submitted to you in preparation for the upcoming Conference Call on June 15, 2004.

Mr. Blair states that there have been "**several new developments**" but I have not been able to find any new news in this material.

Exhibit A and Exhibit B were already submitted to you. Exhibit C is a copy of the last quarter check from Arbortext to Blueberry. It certainly is not a new development that Royalty checks fluctuate. Over the course of 4 years, this has happened regularly. I will spare the Court a table or diagram, which reflects this fact.

Mr. Blair included Exhibit D in this multi-page submission. I am at a loss as to the meaning of this document. These entries or tabular figures are the very items, which we question. This document comes from Arbortext, but has no meaning and sheds no light on the subject of performing an Audit.

It appears that Mr. Blair does not agree with your decision to allow Blueberry Software, Inc. to perform an Audit. Rather, once again, Mr. Blair proposes the same alternative approach as was broached by Mr. Bernheim during our last Conference Call on May 13<sup>th</sup>, 2004. Mr. Blair now coins this proposal as a "threshold approach," which from what we can gather, will allow him to look at certain documents, question certain questions, in other words, comb, sift, discern, agree, argue, wonder, if in fact, he can affirm that your ruling to allow this audit to take place is the wise approach.

On June 9, 2004, well over two weeks past our last conference call, I informed Mr. Blair that Mr. Kessler was ready to send Arbortext notice of the upcoming Audit. Mr. Blair informed Mr.

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Bernheim and Mr. Beigel, that he had transcribed a private Voice Mail message he had received from Dave Peralta, Arbortext, CFO. Mr. Blair apparently sent you this transcribed message and inquired whether or not you deemed this sufficient new news to question the upcoming, already approved by you, Audit.

Since I did not hear that you responded to this request from Mr. Blair, I finally gave Mr. Kessler permission to proceed. Mr. Blair responded by telling me that I should tell Mr. Kessler to stop the Audit process. Mr. Bernheim also wrote to me and told me that if Mr. Kessler went through with this Audit announcement and it caused harm to Mr. Dwan, that he may seek damages from Mr. Kessler.

Mr. Blair called Mr. Kessler and left him a voicemail message, which in essence told him to not send notice to Arbortext.

Mr. Blair also sent Mr. Kessler a letter, via fax, which stated, that you requested a Conference call and that the Audit letter should not go out (letter attached). This, of course, is false. Your words to me during the last two conference calls were very clear. You wanted to see movement. According to what I recall, Mr. Blair was to be given sufficient notice before Mr. Kessler sent the "Intent to Audit" letter to Arbortext. He was supposed to inform them that this Audit was going to take place.

When I read Mr. Blair's letter to Mr. Kessler, it is clear that he has vastly different opinions about what has taken place during the last two conference call sessions.

Mr. Blair has abused his authority in this matter, slowed down this process, and has contributed to incurring unnecessary Attorney's Fees for both Mr. Dwan and Mr. Beigel. Also, Mr. Kessler has had to address these issues unnecessarily, which has cost us money that should have gone directly to the Audit. While he may believe he has valid reasons, reservations and opinions as to why this Audit should not take place, nonetheless, he has not submitted anything new that should convince you to reverse your ruling in this matter.

Mr. Kessler is ready to send Arbortext notice of the upcoming audit and has been for over two weeks.

Sincerely,



Mary Tarantino  
Blueberry Software, Inc.

Encls

cc: Richard Blair  
Lawrence Bernheim  
Steven Beigel