

On Mar 27, 2013, at 8:39 PM, Andres Chirgwin Brown wrote:

Dear Ken,

We have reviewed the litigation strategy alternatives and we can comment the following:

As I told you in our meeting today, the current situation has a real possibility of backfiring against you, and hampering the development of Galt's Gultch. This probably should be your first concern. Therefore, our first advice is to be careful and act cautiously.

Our potential problems arise from the fact that Galt's Gulch Chile S.A. (GGC) is still in existence and has a shareholders' agreement that it is valid and in force. And that such agreement contains several provisions that go against our interests.

Actually, it could be argued that at the present time, both parties of the shareholders' agreement are breaching the non-compete provisions of the shareholders' agreement. In fact, as the Declaration of Non Competition -which contains the "waiver" regarding the Lot N° 1- was signed by Mr. Eyzaguirre and Mr. Cobin, and not by Eyzaguirre y Cobin S.A., which is the actual shareholder and party to the shareholder agreement. Therefore, it could be very well submitted that the shareholder and party to the shareholders' agreement has not agreed to/issued such waiver. Although this sounds pretty formalistic, it is a real possibility.

Therefore, our suggestion is that before filing any judicial action, we finish the process of dissolving and winding up GGC also terminating the shareholders agreement. The best way, if at all possible, would be by finishing the termination process that it is currently under way (as you know, a draft has been already prepared) and executing a simple termination document of the shareholders agreement.

If this is not possible, it may be forced upon them. In this case, we would sustain the position that the shareholders agreement automatically terminates as a consequence of the legal termination of the company. This may be done by exercising our majority (35 + 35=70%) in the company, following the provisions and procedures set forth in the bylaws and the Corporations law. There is also a legal fault in the GGC bylaws that may be used for this purpose. The shares belonging to Eyzaguirre y Cobin S.A. are to be paid with "work, knowledge of the business, know-how, experience, dedication, expertise", etc. Our Corporations Law expressly prohibits the payments of shares with work or services.

After this is done, we would end up with only the "Declaration of Non Competition", and no obligations for you. At such time, we would be in a much more comfortable position to file judicial actions against their competing activities.

We certainly could file a judicial action right away, but it could backfire.

Regarding any immediate actions to be taken with the seller's lawyers, we believe that such actions may jeopardize the possibility of closing easily the GGC issue. However, it is a risk that you may be willing to assume. I suggest that we talk tomorrow morning about this matter, and at such time the attorney may be contacted after discussing the best format to do so.

Regarding the specific judicial actions that could be filed, with the documents and antecedents we have reviewed so far, in our opinion the judicial action with greater possibility of success would be a civil claim for specific performance of the "Declaration of Non Competition". This could be accompanied by an injunction request. If necessary, we could consider filing a supplementary claim for unfair competition, but at the present time such an judicial action seems weaker than the former.

Finally, please find attached a model letter requesting all documents from the previous firm. It also requests the delivery of any invoice for pending services up to the date of the request. We suggest that this is delivered by hand ASAP, we could handle that tomorrow. The examination of further documentation will certainly open other doors and provide us with a sharper picture of the situation.

Best regards,

**Andrés Chirgwin**

Partner

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