

LAW OFFICES  
OF  
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May 12, 2003

By Fax: (304) 233-4077

Larry W. Blalock, Esquire  
JACKSON & KELLY  
1144 Market Street  
Wheeling, WV 26003

Re: Stapel v. Risk Enterprise Management, LTD., et al  
Civil Action No. 5:03-CV-33

Dear Larry:

As you know, on May 7, 2003, a settlement offer, purportedly authorized for payment by the Rehabilitator, was communicated to me by Dan Cooper for \$450,000. Mr. Cooper assured me, prior to my client's acceptance of the offer, that HOME's status in New Hampshire would not interfere with payment of the settlement. Mr. Cooper assured me that Joel Ross had worked it out with the Rehabilitator that HOME's offers of settlement to Misty Stapel were specifically authorized, by the Rehabilitator, for payment. My client's acceptance of the offer of \$450,000 was in reliance on Mr. Cooper's assurances that the settlement would in fact be paid and that there would be no funny business about it. Because of the past actions of REM and its agents and attorneys in this case, I insisted that the Court not be notified of any proposed settlement until a valid check was received. The settlement check was to come promptly. Upon receipt of payment, my client would have voluntarily dismissed the claims against your clients in the above-styled action in addition to her counterclaims in *Home v. Stapel*. Moreover, upon receipt of payment, Misty Stapel and her parents were prepared to voluntarily abandoned any other potential claims. As you are also no doubt aware, on May 9<sup>th</sup>, two days after we accepted the offer, Mr. Cooper wrote to me indicating that the payment will not be made as promised, demonstrating either that misrepresentations were made to me about Mr. Ross's authority to make payment or that someone has now simply reneged on the promise to pay. In either case, there will be a failure of consideration - no settlement - unless payment is made promptly and in full, as was contemplated.

EXHIBIT

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This letter is to inform you that unless I have received a valid check in the full amount of \$450,000 made payable to Misty Stapel and myself by May 22, 2003 you should be prepared to defend your clients in this matter without further delay. I intend to pursue all claims against your clients if full payment is not made by someone on or before May 22, 2003. Accordingly, please contact me upon receipt of this letter so that we can agree on a date for your clients to respond to the Amended Complaint in the event the settlement is not paid as promised. A copy of the Amended Complaint is enclosed herewith for your convenience. I would propose May 27, 2003 as a date for your clients' responses. Please let me know right away if that date causes you any problems, otherwise I will assume you consent to it.

Misty Stapel and I regret this unfortunate turn of events. I must inform you that if Misty Stapel has to litigate the claims against your clients, she will be demanding from them (and from Zurich) substantially more than the compromise she was generously willing to accept on May 7<sup>th</sup>. I anticipate that my client and her parents will be filing suits against various parties as a result of this as well. Had HOME and Joel Ross simply kept to the promise to pay the settlement, all claims against your clients in this separate action would have been voluntarily dismissed and all other potential claims of Misty Stapel (and her parents) against all potential parties would have been released in the interests of closure. Now we see that HOME chooses not to pay even after promising to do so and I cannot help but wonder whether there was ever an honest intention to pay. Regardless of the reasons and regardless of any good faith or bad faith on the part of HOME, REM, Ross, etc., there is obviously no settlement without prompt payment as contemplated. Please call me if you have any questions or if you wish to discuss the matter. If you have any proposals of how this case can be resolved amicably at this time without further litigation, I would suggest that you contact me without delay.

Thank you.

Very truly yours,



THOMAS C. SCHULTZ

TCS/emd  
Enclosure  
cc: Misty Stapel (w/o encl)