

# Memorandum

**To:** Mariana Santora, Manager

**Arthur Andersen** ←

**CC:** Brian Utley, President

**From:** Raymond T. Hersh, CFO

**iviewit**

**Date:** September 20, 2000

**Re:** Your Fax Memo 8/24/00 re iviewit Open Items

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Dear Ms. Santora:

With regard to the above list you sent us three weeks ago, I was rather surprised to receive same given that, although I was not part of **iviewit** at the time and was not involved with the December 31, 1999 audit in question, I was of the impression that all field work had been completed some months ago. Consequently, I was most puzzled that that could have been the case in the face of the magnitude of the information you are currently requesting.

→ Needing help in order to address your questions, I met earlier this week with Erika Lewin, our former Controller and the principal contact person involved with the audit, and, while she is miffed at the possible implication that she was not adequately forthcoming during the audit (which appears not to be the case whatsoever), frankly, I am rather amazed, if not shocked, at her information.

I will address your memo in the same order as provided:

1. I am advised that AA was supplied with a complete flow chart showing all the entities and their interrelationships, succession and former "known as" names. This information resides in four (4) volumes provided by Erika; they are:
  - A. One for iviewit Holdings, Inc. (formerly, uvview).
  - B. One for iviewit Technologies, Inc. (formerly, iviewit LLC).
  - C. Two for iviewit.com, Inc. (formerly, iviewit.com LLC).

I am also advised that all detail in these binders was explained to Brian Fox in late March/early April by Erika and that she called him on Monday in advance of our meeting for confirmation that these binders still reside with AA.

2. The roll-forward of equity is contained in the above referenced binders, and this was provided prior to the completion of field work.
3. Your question here requests Attachment A of the 6/11/99 minutes of "LLC". Actually, there are minutes carrying that date for both iviewit.com LLC and iviewit LLC. In each case, Attachment A is a Limited Liability Company Agreement. Since I do not know exactly which company you are referring to, a copy of each such agreement is being sent by mail with a copy of this Fax Memo.
4. Brian Utley's Employment Agreement is in one of the binders under "Attachments".
5. This was answered to Brian Fox in May; in any event, there was never an entity called "uvuevideo.com".
6. The referenced 5% stock offering undoubtedly relates to the Huizenga loan which converted to a 5% equity at the initial \$10 million valuation. This investment initially took place in iviewit LLC and was later translated/transferred to iviewit Holdings, Inc.
7. Erika advised Brian Fox as to this question in approximately May. In any event, this 5% reserved for Employee is in iviewit Holdings, Inc.; it is merely reserved but not issued, and it will be in the form of Class B Common shares.
8. Erika worked for hours with Brian Fox substantiating the Proskauer accrual; she/they did detailed testing, and it should already be in the detailed GL
9. Same answer as to item # 8 immediately above.
10. After Erika effected all Brian Fox's proposed or requested adjustments, she did a minority interest calculation which she delivered to him and which was confirmed by him to her.
11. This is the same as the answer to item #1 above. AA was given all this detail during the field work through 12/31/99. As to Options and Warrants, there were none as at 12/31/99. From the standpoint of expediency, must you roll forward as to these items beyond 12/31/99, in which case would it not be only to a date consistent with the completion of field work rather some later date??
12. Attached is an unaudited, interim Balance Sheet prepared internally, as at 8/31/00. Obviously, in the absence of AA supplying work papers and a beginning trial balance, we were working under a terrible impediment, and the accuracy of the statement is our best estimation and otherwise questionable. That impediment (absence of work papers) has also prevented the Company from filing timely tax returns. Further as to this item, in February 2000, the Company took in \$1 million from Crossbow/Alpine Venture Capital with which it paid bills outstanding as of 12/31/99, and shareholders loans in existence at that time (February) were converted into one year notes.

Ms. Santana, I am dismayed at the state of this audit and the submittal of this previously addressed list at this late date. What's more, I approached Brian Fox early in August with a request of what it would take, from a time and cost standpoint, for AA to review a new Financial Model and Projection completed for iviewit together with our local accountants. This Model needed to be translated from a Modified Cash method to GAP. After I nagged him several times over the course of at least ten days, all he would tell me was to expect your call which never came, and obviously we never got the answer, causing us to arrange to have that work done elsewhere.

AA was selected by iviewit for particular reasons. However, obviously, your firm has five other competitive peer organizations from which to choose, and I believe it behooves all of us to determine whether AA and our Company should remain in this professional relationship.

Very truly yours,

Raymond T. Hersh

Atts.