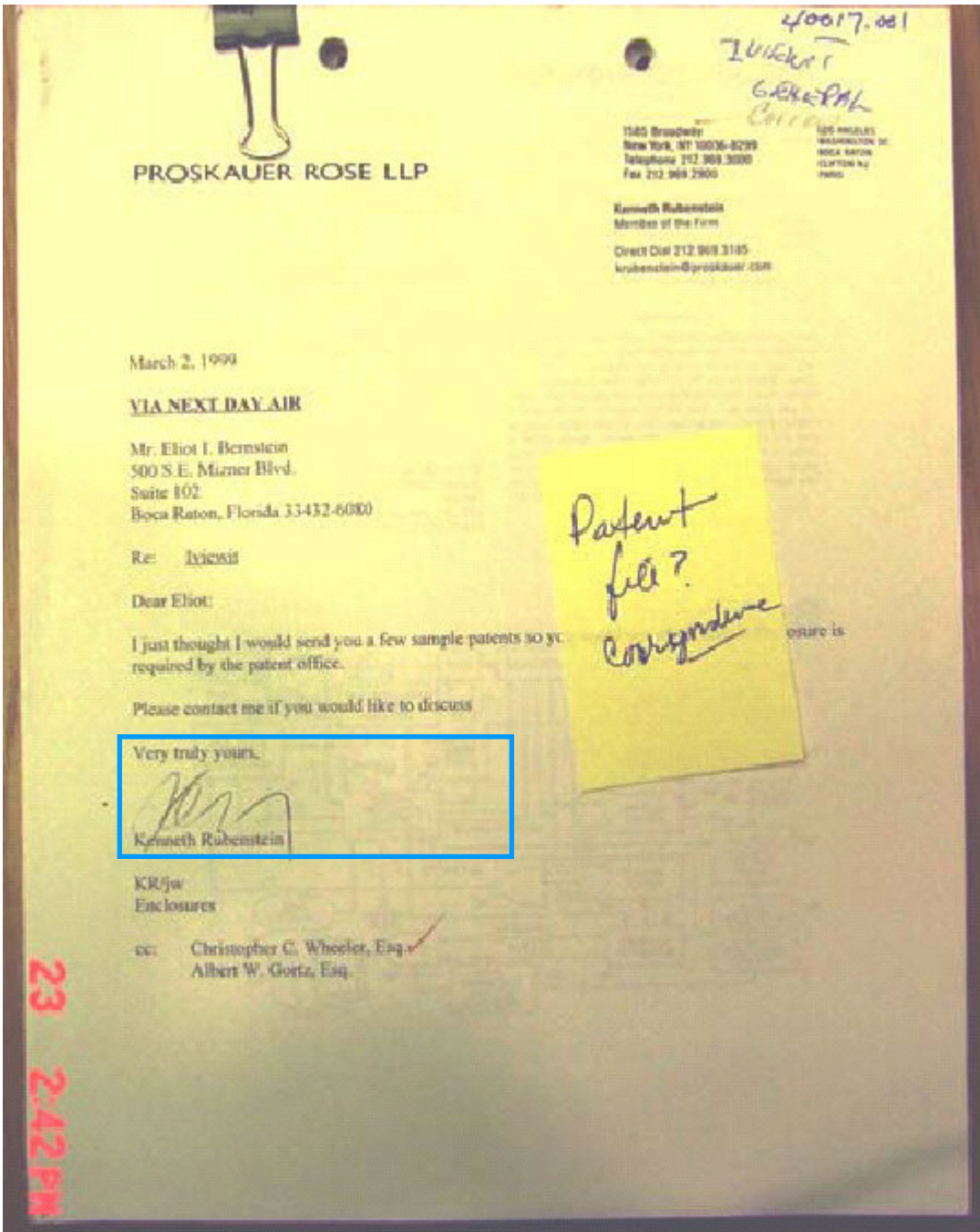




RESPONDENT ADVISES MR. BERNSTEIN ON PATENT OVERSIGHT



PROSKAUER ROSE LLP

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Kenneth Rubenstein
Member of the Firm
Direct Dial 212 969 3185
krubenstein@proskauer.com

March 2, 1999

VIA NEXT DAY AIR

Mr. Eliot I. Bernstein
500 S.E. Mizner Blvd.
Suite 102
Boca Raton, Florida 33432-6000

Re: *lycrista*

Dear Eliot:

I just thought I would send you a few sample patents so you are
requisitioned by the patent office.

Please contact me if you would like to discuss

Very truly yours,

Kenneth Rubenstein
Kenneth Rubenstein

KR/jw
Enclosures

cc: Christopher C. Wheeler, Esq.
Albert W. Goetz, Esq.

Patent
file?
Correspondence

enclosure is

23 2:42 PM



PROSKAUER ROSE LLP

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Christopher C. Wheeler
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April 26, 1999

Mr. Richard Rosman
Lewinter and Rosman
16255 Ventura Blvd., Suite 600
Encino, CA 91436

Re: iviewit, Inc.

Dear Richard:

Under separate cover I have forwarded you a revised Confidentiality Agreement.

As you know we have undertaken representation of iviewit, Inc. ("iviewit") and are helping them coordinate their corporate and intellectual property matters. In that regard, we have reviewed their technology and procured patent counsel for them. We believe the iviewit technology is far superior to anything presently available with which we are familiar. iviewit has filed a provisional patent application on a method for providing enhanced digital images on telecommunications networks. We are advised by patent counsel that the process appears novel and may be protected by the patent laws. While in all matters of this sort, it is far to early to make any final pronouncements, we do believe that there is an extremely good prospect that iviewit will protect their process which is novel and superior to any other format which we have seen.

Very truly yours,

Christopher C. Wheeler

CCW/gb



MR. WHEELER TRANSMITS PATENT BINDERS TO RESPONDENT

PROSKAUER ROSE LLP

NEW YORK
LOS ANGELES
WASHINGTON DC
BOCA RATON
CLIFTON NJ
PARIS

Intraoffice Memo

Re: iviewit.com, Inc.
To: Kenneth Rubenstein
From: Christopher C. Wheeler
Date: August 25, 2000
Client-Matter: 40017.001

Enclosed is a copy of iviewit's Patent Portfolio binder.

PROSK000536

0894/40017-001 BRLIB1/274961 v1

08/25/00 05:37 PM (11402)

Intraoffice Memo

Re: iviewit.com, Inc.
To: Kenneth Rubenstein
From: Christopher C. Wheeler
Date: August 25, 2000
Client-Matter: 40017.001

Enclosed is a copy of iviewit's Patent Portfolio binder.

PROSK000536



LETTER OF MR. COLTER RELYING ON RESPONDENT S OPINION

Subj:iviewit

Date:1/14/2002 9:51:08 PM Pacific Standard Time

From:David.Colter@warnerbros.com (DColter0264)

To:John.calkins@warnerbros.com

CC:CHuck.dages@warnerbros.com, Alan.Bell@warnerbros.com (ABell0648)

Sent on: AOL 6.0 for Windows US sub 10551

John,

In all the review we have done with iviewit it seems to boil down to the status of the patents and their inherent value. At that point it is a risk-reward evaluation -- without awarded patents it is difficult to completely assess the value. I would suggest that we consider one other perspective...

Prior to iviewit (approx Feb 2000) the video we (WB Online) delivered on the web was QCIF (160x120) or smaller and was below full frame rate. At the time of our first meeting we also identified On2 along with iviewit as two solid players who could deliver full screen full frame rate web video. All who saw it were impressed. Greg and I visited iviewit in August and reported back that they had filed patents on scaling techniques that hinged upon a visual 'trick' which allowed the human eye to accept 320x240 video scaled to 640x480 at 30 fps as close to VHS quality. We checked with Ken Rubenstein and others who provided some solid support for iviewit, and Chris Cookson asked Greg and I to continue to work with iviewit in an R&D capacity.

In the fall of 2000 iviewit also met with a number of folks at WB Online (in September and October) and demonstrated their process and techniques to Sam Smith, Houston, Joe Annino and others. Sam contacted iviewit a number of times and requested the patents, along with specifics of the iviewit process to evaluate what they were doing. I was not part of these meetings, but was aware they had occurred, as Jack Scanlon kept me up to date.

When I sat down with Morgan and Houston in March 2001 to see what technology they were using to encode video, it was clear that they were using some of the techniques that would overlap with iviewit's filed process patents (still pending), but it is not clear that these were all learned from iviewit -- we may wish to explore this a little. This meeting was to determine what equipment we would get for our lab at 611 Brand. This same information was also provided to iviewit by Morgan as they were establishing the company as an outsourcing facility for encoding our content.

I am aware of several meetings held between iviewit and WB Online to share information of techniques and process, and was invited to a few of them.

We all signed iviewit's confidentiality agreement. So to the other perspective....

We have an opportunity to establish a license with iviewit for a modest fee at this time, and establish a MFN. In good faith we signed the confidentiality agreement, iviewit revealed their processes and techniques, and we now use those techniques in encoding. As we have discussed on a few occasions, these techniques now appear in the public domain to some extent in documentation for Real Producer, WMP Developer Guides, Media Cleaner Pro, etc, but they were not available in 2000. I would not suggest we learned the techniques completely from iviewit (I actually do not know the answer), but a modest licensing fee may be appropriate and honorable considering our good faith relationship in signing the confidentiality doc.

If we choose to pass at this time the risk is primarily from iviewit's main investor, Crossbow Ventures, gaining control of the IP and approaching WB later for a license -- I do not believe they will be as friendly considering their dealings with iviewit and it's employees since Feb of 2001. It is estimated that the patents will be completed in 8-12 months.



As you are all aware I have a personal relationship with Eliot Bernstein, the founder of iviewit, and as a result, I left the evaluations and decisions to Greg, and others, and only assisted iviewit to get to the correct people in WB and AOLTW. I wanted to add this perspective as we consider if there is an option to pursue with iviewit -- they are facing continued financial pressure right now. There are many other threads to our interaction with iviewit and I would be happy to discuss.

Thanx,
David

Confidential Private Placement Memorandum Number: V28

Offeree: _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM



\$12 MILLION PREFERRED STOCK

January 2001

WACHOVIA SECURITIES, INC.



Company has retained Foley & Lardner to shepherd its patent development and procurement. In addition, the Company has retained Kenneth Rubenstein of Proskauer Rose, LLP to oversee its entire patent portfolio – Mr. Rubenstein is the head of the MPEG-2 patent pool.

iviewit has assembled a complementary and seasoned, management team with executive rank, Fortune 100 and early-stage, entrepreneurial experience. The Company has retained Korn / Ferry to assist in the identification and recruitment of a high impact Chief Executive Officer (preferably from the media or entertainment industry) and an experienced Chief Technical Officer.

Since its June 1999 inception, the Company has raised over \$4.3 million of venture capital from Crossbow Ventures, Huizenga Holdings, and individual investors.

Technology Overview

iviewit’s suite of video and imaging technology processes work across all industry platforms.

Imaging:

iviewit’s imaging process is an enabling technology that creates an unparalleled, content-rich, viewing experience. Significant advantages of iviewit’s imaging process include the following:

- Photo-quality Internet images
- Resistance to pixelation even at 30+:1 magnification (note: depending upon the material and the desired magnification)
- Full-screen and panoramic viewing up to 360°
- Consistent quality regardless of the end-user’s Internet connection
- File sizes of 30Kb to 700 Kb for full panorama

Video:

The Company’s video technologies allow high quality video streaming in the 150-300 Kbps range, providing better product and price performance for the product delivered and a significantly improved results in the 28-150 Kbps range. Below is a chart comparing iviewit’s video capability to current industry levels:

<u>Bandwidth Range</u>	<u>iviewit Frame Rate</u>	<u>Industry Typical Frame Rate</u>
28-56 Kbps	8-15 frames/sec.	4-8 frames/sec.
56-150 Kbps	15-30 fps	12-20 fps
150-300 Kbps	30 fps	12-24 fps

The iviewit video technology is a highly scalable process costing approximately \$1.50/min of encoded video. The resulting files are ~25% less than comparable quality files. iviewit’s 220Kps streams are equivalent to competition 300Kbps streams.

Business Strategy

iviewit intends to serve as an end-to-end applications solutions provider incorporating iviewit’s proprietary imaging and or video technologies as well as a full-service image and video encoding, hosting and serving provider. iviewit licenses its imaging solutions to B2B and B2C clients in the auction, collectibles, and retail space with subsequent marketing into the healthcare and medical markets. iviewit is also structuring OEM and re-seller relationships to bundle the imaging software and processes with existing hardware including: digital cameras, scanners, and PCs. iviewit is structuring video license agreements with major content and broadband access providers to incorporate the iviewit process into video encoding solutions for direct internet streaming.

iviewit technologies are “process technologies” with pending patents based on efficiency equations, and many of the applications for these technologies are just now being recognized.

II. INVESTMENT HIGHLIGHTS

- ◆ ***Unique processing technologies for video and imaging***

iviewit's patent pending processing technologies can create high-definition images with "scan, pan, and zoom" capabilities, high-fidelity audio streams, and full-screen, full-frame rate video for streaming over the Internet. The iviewit video technology is a highly scalable process. The resulting files are approximately 25% less than comparable quality files. iviewit 220Kbps streams are equivalent to competitive 300Kbps streams. The Company's imaging process delivers images that are photo-quality, resistant to pixelation even at magnification levels of 30+:1. Images produced by iviewit's proprietary process are identical in quality regardless of the end-user's Internet connection speed. File size options are tailored to minimize download times and optimize the end-user's experience.

- ◆ ***Complementary and Seasoned Fortune 100 and Entrepreneurial Management Team***

iviewit has assembled a complementary and seasoned management team with Fortune 100 and early-stage, entrepreneurial experience. Management consists of former IBM operations executives who have experience in building video delivery capabilities and of marketing talent from successful venture-backed technology companies. The Company recognizes its strength in operations and product development and recognizes the need to attract a capable, experienced CEO and CTO to accelerate the Company's development. iviewit has retained Korn / Ferry to assist in the identification and recruitment of this talent.

- ◆ ***Strong and Experienced Board of Directors and Advisory Board***

iviewit's Board of Directors and Advisors consist of several well-established individuals from the technology, entertainment, and financial community. Directors have extensive backgrounds with top-tier firms such as Goldman Sachs, Kidder Peabody, and McKinsey & Co. Crossbow Ventures has provided \$3.0 million in funding and sits on the Board. Technology and entertainment guidance comes from a partner at Armstrong Hirsch Jackoway & Wertheimer and from Kenneth Rubenstein, the head of the MPEG-2 patent pool.

- ◆ ***Significant Intellectual Property Position and Strategy***

iviewit has protected its enabling technologies by filing 6 patent pending applications in both the United States and abroad for its video streaming and imaging capabilities, covering a wide array of enabling technologies. The Company also has two remaining provisional patent pending applications that will be converted to patent pending status within the allowable period. The Company has retained Foley & Lardner to shepherd its patent development and procurement. In addition, the Company has retained Kenneth Rubenstein of Proskauer Rose, LLP to oversee its entire patent portfolio. The Company's strategy is to establish market precedence through licensing of trade secrets and know-how.

- ◆ ***Substantial Market Penetration and Growing Customer Acceptance***

The Company commercialized its products in May 2000. In just 5 months, iviewit has experienced a 75% success rate in obtaining service and licensing customers, securing 17 customers to date – primarily in the entertainment, advertising, and hotel markets. The Company expects to realize approximately \$400,000 in revenues by year-end from these customers. High profile customers include Ellen DeGeneres, Z.com (Alanis Morissette), Hyatt Hotels, Gear Magazine, and Hollywood.com. Highly probable for closing by year-end 2000 include Warner Brothers and Greg Manning Collectibles.

- ◆ ***Focused on Media Rich Target Markets – Unlocking the Value of Content***

The Company's business strategy is to first target high-profile content owners and distributors as clients to process video and images and to brand those images with iviewit's logo. Secondly, iviewit plans to co-brand with famous celebrities and

Investment Management, both based in London. Among his primary areas of expertise are technology research and economic research, including electronics, telecommunications and computer software. Most recently, he was Senior Technology Analyst and Vice President of Southeast Research Partners, Inc. where he worked with leading technology companies. He earned a bachelor of arts degree at Yale University and a master of business administration degree at Stanford University.

Advisors

Alan J. Epstein

Partner, Armstrong Hirsch Jackoway Tyerman & Wertheimer, P.C.

Mr. Epstein's law practice consists of advising Internet companies on various issues pertaining to the entertainment and sports industries, including the creation, licensing and acquisition of content, the introduction and negotiation of strategic partner relationships, and various other matters relating to the convergence of technology and content. Mr. Epstein also advises his firm's numerous celebrity clients on the exploitation and protection of their name and likeness rights and content on the Internet, as well as merchandising, endorsement and sponsorship deals. Prior to entering the UCLA School of Law, Mr. Epstein was a certified public accountant at Deloitte Haskins & Sells in Dallas, Texas.

Kenneth Rubenstein

Partner, Proskauer Rose LLP

Mr. Rubenstein is a partner at Proskauer Rose LLP law firm and is the patent attorney for iViewit. He is a registered patent attorney before the U.S. Patent & Trademark Office. Mr. Rubenstein counsels his clients with respect to the validity and infringement of competitors' patents, as well as prosecutes patent applications. For the past several years he has worked on the formation of a patent pool, for MPEG-2 technology, involving large consumer electronics and entertainment companies. He is also a former member of the legal staff at Bell Laboratories. Mr. Rubenstein received his law degree, cum laude, from New York Law School, and his Ph.D. in physics from the Massachusetts Institute of Technology where he also graduated with a B.S. Degree.

Christopher C. Wheeler

Partner, Proskauer Rose LLP

Mr. Wheeler is a member of Proskauer Rose LLP's Corporate Department and as a partner in the Florida office has a versatile transactional practice. He has had extensive experience in real estate and corporate law, institutional lending and workonts, administrative law and industrial revenue bond financing. Moreover, he serves as a strategist and counselor to many clients in handling their other legal and business matters. Mr. Wheeler is well-versed in general corporate law as well as mergers and acquisitions and securities matters. He has guided companies from startup through initial private placements to public offerings. A graduate of Hamilton College and Cornell Law School, Mr. Wheeler was a member of the managing Board of Editor of the Cornell Law Review.

*Legal &
Accounting
Counsel*

Arthur Andersen, LLP

Arthur Andersen's vision is to be the partner for success in the New Economy. The firm helps clients find new ways to create, manage and measure value in the rapidly changing global economy. With world-class skills in assurance, tax, consulting and corporate finance, Arthur Andersen has more than 70,000 people in 83 countries that are united by a single worldwide operating structure that fosters inventiveness, knowledge sharing and a focus on client success. Since its beginning in 1913, Arthur Andersen has realized 86 years of uninterrupted growth, with 1999 revenues over \$7 billion. Arthur Andersen is a business unit of Andersen Worldwide.

Proskauer Rose, LLP

This law firm is one of the nation's largest law firms, providing a wide variety of legal services to major corporations and other clients through the United States and around the