

June 13, 2009

Sent via Facsimile and First Class Mail

Mr. Charles S. LiMandri

Re: K2 Productions, Inc./Carrie Prejean

Dear Mr. LiMandri:

This letter responds to your correspondence of June 12 and, to a lesser extent, to your letter of June 10 although I had responded to most of the points in that second letter in our telephone conversation that day before receiving the letter. I have appreciated the opportunities to discuss this matter with you before and hope our continuing dialogue may add more reasoned voices to the ongoing quarrel.

In essence, your June 12 letter suggests that my clients at the Miss California USA organization¹ are defaming your client Carrie Prejean by issuing false public statements that she breached her contract, and that her breaches of the contract were the true cause of her being terminated as the 2009 state pageant titleholder. Your letter closes with threats of a lawsuit by Ms. Prejean for defamation and various other alleged claims.

After watching Ms. Prejean's confabulation of false statements and misleading half-truths on national television yesterday, I was planning to write a very similar set of demands to you before seeing your June 12 letter this morning. Ms. Prejean's public statements would be accurately abstracted as follows:

1. She never participated in, assisted with, or agreed to an authorized book or publication work.
2. She never made unauthorized public appearances.
3. She never declined reasonable public appearance opportunities.
4. She always fully cooperated with the Miss California and the Miss Universe organizations.

¹ K2 Productions, Inc., dba Miss California USA, ("K2") et. al.

5. The decision to terminate her reign as Miss California USA 2009 was made in retaliation for her public opposition of gay marriage.

While Ms. Prejean is certainly entitled to her own opinions, she is not entitled to her own facts. With that principle in mind, let me summarize the facts concerning each of those five propositions so Ms. Prejean and her various spokespersons can tether their public statements to reality.

As you know, Ms. Prejean signed one contract with K2 prior to the Miss California USA pageant, and another contract with the Miss Universe Organization (“MUO”) prior to the Miss USA pageant.² Although both contracts have similar terms, the discussion below addresses just the Miss California USA contract (the “Contract”) since that contract presents Ms. Prejean’s promises to my clients.

1. Termination for Unauthorized Participation In Literary Works.

At paragraph 5b, the Contract states:

“I will not, without first obtaining your written consent . . . participate in, prepare or assist in the preparation of any written, audio or visual work that depicts, concerns, or relates in any way to me, including, without limitation, any . . . print article, book, or Internet or web content”;

“You [K2 and MUO] will have the exclusive right and control over . . . any services which I may render in the entertainment, literary and related fields” (emphasis added).

One June 5, you sent an email to Paula Shugart which states *“Carrie has already started moving forward with the book deal. In fact, I now understand that she has already signed a contract with the publisher, that there are drafts of the content prepared, and they expect to soon choose a writer to put it all together”*.

In your June 9 email to Craig Isaacs, you confirmed your information that *“portions of the book are already written”* and advised Mr. Isaacs that you would provide the name of the publisher forthwith.

There is no dispute that, although some discussions about the possible terms and conditions of a future agreement allowing Ms. Prejean to write a book were in progress, neither K2 nor MUO ever gave written consent to any such book, print article, or similar

² Copies of both contracts are enclosed for your ready reference.

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publication. Accordingly, her participation in the admitted “book deal” unquestionably violates the Contract and appears to be a knowing and deliberate violation.

We understand that, after the termination letter was delivered, you recanted your above-referenced statements and said that Ms. Prejean was only working with a literary agent and circulating drafts of potential book content for publishers to consider. Even if that were true, Ms. Prejean was still in clear violation of the Contract since it prohibits participating in, preparing, or assisting with the preparation of such a book, which she clearly cannot deny.

Moreover, your post-termination recanting of your June 5 and June 9 statements does not alter the facts as K2 and MUO understood them on June 10 when the termination letter issued.

I trust you will agree that the statements made by and on behalf of Ms. Prejean that she never participated in an unauthorized “book deal” are false, should not be repeated, and should be promptly recanted.

2. Termination for Unauthorized Public Appearances.

On the issue of personal and public appearances, the Contract Ms. Prejean signed provides, in part, as follows:

“You [K2 and MUO] will have the exclusive right and control over all personal appearances which I may make; and . . .”

“I will not, without first obtaining your written consent, make any personal, television . . . or radio appearances or otherwise participate in, prepare or assist in the preparation of any written, audio or visual work that depicts, concerns, or relates in any way to me, including, without limitation, any motion picture, television program, commercials . . . Internet or web content”

“I shall not consent to any publicity without the prior written approval of Miss Universe or, during my reign as Miss (State) USA 2009, you [K2]”

Both before and after the May 12, press conference with Mr. Trump in New York, K2 advised Ms. Prejean in writing that K2 was not waiving or releasing any of its rights under the Contract. Despite those warnings, Ms. Prejean made unauthorized fundraising appearances, radio appearances, and participated in the video interview published online by Shape magazine.

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As to the Shape magazine video interview, Ms. Prejean expressly mentions her participation the national pageant and her role as a contestant in the national pageant as Miss California. K2 was never advised of or asked to consent to the Shape magazine video interview and MUO advises us that they were never advised of the appearance and never approved or consented to it either.

While there are various other examples of unauthorized personal appearances by Ms. Prejean, there is the additional issue of her direct repudiation of her obligation to even obtain approval or consent to public appearances. A typical example: on May 29, Ms. Prejean advised Keith Lewis by email that "*I was asked to fill in for a dj on a local radio show.. Ill be reading from a show biz script monday. I am doing this*" (emphasis added). Mr. Lewis promptly responded with a request for the details so he could confirm the appearance forthwith; Ms. Prejean never provided those details.

The "I am doing this" declaration is consistent with multiple previous situations where Ms. Prejean would advise K2 or MUO that she would be making various public appearances whether or not approval and consent was given. In some cases the nature of the event was such that approval would be almost automatic. Nevertheless, Ms. Prejean's expressed intention to make such appearances with our without consent repudiated her obligations under the Contract.

Consequently, Ms. Prejean's public statements that she never made unauthorized public appearances and always abided by the Contract are false, should not be repeated, and must be promptly corrected.

3. Termination for Refusing Reasonable Public Appearance Opportunities.

In the Contract, Ms. Prejean also promised K2 and MUO that she would:

"cooperate fully with you and your affiliates, employees, agents, representatives, . . . in carrying out their instructions in connection with the actions I will be performing under this agreement . . ." and that

"I agree to follow and obey all rules, instructions, directions and requirements implemented by you in connection with my reign as the State Pageant titleholder"

As you probably know, Ms. Prejean's relations with K2 were so strained even before the national pageant that she told K2 she did not want their assistance at the national pageant. Thereafter, things remained strained before and after the May 12, press conference with Mr. Trump.

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During the weeks after the May 12 press conference, Ms. Prejean was presented with some 52 public appearance opportunities by K2. As often happens in this business, some of those appearance requests were "last minute" items where the appearance date was only a day or two off. Everyone understands that attending last minute appearances can be difficult. However, out of those 52 appearance opportunities, 39 of them were offered at least 4 days before the event; and out of those 39 Ms. Prejean either declined or did not respond to every single one.

A summary table showing the date each request was presented to Ms. Prejean, a brief description of the event, the date of the event, and her response is enclosed for your ready reference. These are not all the appearance opportunities that she was presented, nor a complete list of those she declined.

With Ms. Prejean declining virtually every one of these routine appearance opportunities presented in California since the May 12 press conference, we believe she adequately demonstrated her position that she would continue to refuse to make routine appearances or to reasonably cooperate with K2 or MUO in serving as the state titleholder during the remaining months of her term.

On the subject of public appearances, Ms. Prejean's statements yesterday that Keith Lewis pressured her to appear in Playboy were truly remarkable. I presume you have reviewed the email traffic between them and seen that K2 notified Ms. Prejean that an unsolicited offer from Playboy had been received. Ms. Prejean responded with a diatribe that she was insulted that such an offer would be presented to her. Mr. Lewis responded that it was an unsolicited offer and that the industry custom is for all offers to be sent to the client, even offers that the agent knows the client would probably reject. There were no further discussions between them concerning that topic.

For Ms. Prejean to assert in public that Mr. Lewis pressured her to pose for Playboy is, from my review of the facts, a knowing, deliberate, and damaging falsehood.

As the foregoing indicates, Ms. Prejean's assertions that she did not refuse to make reasonable routine public appearances as Miss California USA, or that she was pressured to appear in Playboy, are unjustifiable, false, should not be repeated, and must be promptly recanted.

4. Termination for Lack of Cooperation.

Your June 12 letter indicates you have some 70 emails reflecting the communications concerning Ms. Prejean's reign as Miss California USA. Let me suggest you obtain and review the hundreds more which reflect the noteworthy communications from your client and her mother to K2 and MUO. It would be beyond the scope of this

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letter to summarize them for you. Instead, let be synopsize them by stating what you already know: that relations were strained even before the national pageant, that things degraded thereafter to the point where MUO stepped in and started dealing with Ms. Prejean, and by last week even the generous patience of MUO and Mr. Trump were exhausted by the Prejean's intolerable misbehavior.

The many hostile communications from Carrie Prejean communicate a common theme; a theme amplified by her mother's unbelievably uncivilized words last Friday with Ms. Shugart. I understand Ms. Prejean's mother told Ms. Shugart words to the effect that God would make sure she burned in hell. Did your clients actually believe such behavior would have no consequences?

Curiously, it appears that everyone who has dealt with Ms. Prejean at K2, at MUO, and at Mr. Trump's office, has a common impression of Ms. Prejean, an impression that is not at all favorable. While Ms. Prejean may claim the people at K2 are prejudiced against her for her political and religious views, that does not explain her unprofessional behavior before the national pageant, nor can that assertion be made against MUO or Mr. Trump.

If Carrie Prejean wants to assert in public that she was courteous, cooperative or professional in her conduct as Miss California USA, the history of her churlish insolent misbehavior can be presented. Instead, let me recommend that Ms. Prejean and her spokespersons acknowledge that her professed professional cooperation was non-existent, recant the recent falsities, and avoid further public deviations from reality on the issue.

5. Prejean's Allegation of Retaliatory Termination.

The ultimate point Ms. Prejean has been advancing in public over the past few days is that she was dethroned as Miss California USA not because of contract violations but because Keith Lewis wanted to punish her for publically stating her opposition to gay marriage. As the discussion above indicates, Ms. Prejean violated several provisions of the Contract on multiple occasions³. So Ms. Prejean's claim, as she expressed on national television yesterday, is that these contract violations were invented or pretextual.

Please understand that K2 did not make the decision to terminate Ms. Prejean alone; the ultimate decision to dethrone Ms. Prejean as Miss California USA was made at the highest levels of the Miss Universe Organization and such a decision would not have

³ In fact, many, many more contract violations could be cited. This letter is certainly not a complete recitation of all the contractual issues, nor is it intended to be.

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been made without Mr. Trump's approval. Moreover, other stakeholders such as NBC and New York counsel were consulted.

Here again, if this decision had been made by Keith Lewis, Ms. Prejean's statements might be justifiable. However, in light of the fact the terminating decision was not made by Mr. Lewis or K2, but was the unanimous decision of all stakeholders, Ms. Prejean's statements are false, and damaging. They are damaging not only to Mr. Lewis and to K2, but also to MUO, MUO's affiliates and sponsors, Mr. Trump, and NBC.

A decision to dethrone a state or national titleholder is not made lightly as the events of May 12 demonstrate. For Ms. Prejean to assert that she was dethroned without cause because of her moral, religious or political beliefs damages my clients' reputations and business prospects, as well as those of the other stakeholders mentioned above. Since these statements are of the type which tend to directly injure my clients in respect to their business, and because they will, as a natural consequence, cause actual harm to both K2 and Mr. Lewis, they are slanderous per se.

Accordingly, one purpose of this letter is to assure that you, Ms. Prejean, Ms. Prejean's spokespersons, and your related clients such as NOM are aware of the facts presented above, of the requests presented herein, and of the damages these false statements have caused and will continue to cause if they are not terminated and recanted immediately.

Please feel free to confirm these statements so that you are assured I have not misspoken because K2 and Mr. Lewis hereby demand that all these false statements cease immediately, and that they be forthwith recanted in the same public fashion in which they were issued.

6. Summary and Conclusion.

As we discussed in our private conversation recently, I have been working to avoid lawsuits and to fashion an ending favorable for all participants. I see that opportunity becoming less probable at the moment but, with corrective cooperation from the Prejean camp, I will continue my best efforts. In the meantime, my clients reserve all their rights and remedies, and we will take firm action if the requests presented above are not honored.

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Please call me when you have an opportunity. I will be in my office on Monday and am available this weekend if necessary at _____. Thank you for your continuing courtesy and cooperation. I look forward to speaking with you again, soon.

Very truly yours,
GEORGE & SHIELDS, LLP

Timothy F. Shields
Attorney at Law

cc: Mr. Keith Lewis
encl.

