

Dear Mr. Kahn:

In response to Darren K. Indyke's September 8, 2011 \$50,000 demand letter to me regarding claims of Jeffrey Epstein and L.S.J., LLC against me and Sound X (whose legal name is AVLK, LLC) and as I advised you during our telephone call on September 20, 2011, Sound X and I are unable, though not unwilling, to comply with the \$50,000 demand.

In order to convince Mr. Epstein and L.S.J., LLC to explore other ways with Sound X and me for recovering on their claims and not to take further legal action, I am writing this letter to advise Mr. Epstein and L.S.J., LLC that: neither I nor Sound X (nor AVLK, LLC) have even \$5,000 of disposable cash or liquid net assets with which to return to Mr. Epstein and L.S.J., LLC the \$50,000 demanded in Mr. Indyke's letter; Sound X and I are now on credit hold with certain vendors because we still owe them money; business prospects are extremely poor because, for the most part, potential clients are requesting quotes for new work, but not following through and engaging me and Sound X for the quoted work; and neither I nor Sound X have sufficient funds to defend litigation by Mr. Epstein and L.S.J., LLC, so if Mr. Epstein and L.S.J., LLC pursue litigation against me and Sound X, each of us will have no choice but to file for bankruptcy. It is my desire and intent that Mr. Epstein and L.S.J., LLC should rely on this advice so that they will decide to work with me to determine other ways to recover on their claims and so that they will decide not to take further legal action against me and Sound X. I understand that if I am being untruthful in any way, I will be liable to Mr. Epstein and L.S.J., LLC for fraud, in addition to any other claims that Mr. Epstein and L.S.J., LLC have against me.

I ask that you work with me to find other means acceptable to Mr. Epstein and L.S.J., LLC to satisfy their claims against me and Sound X.

Sincerely,

Nick Lambros