

March 17, 2009

By U.S. Mail and email (kravit@kravitlaw.com)

Steven E. Kravit

Kravit, Hovel & Krawczyk SC

825 N. Jefferson St. 5th Fl.

Milwaukee, WI 53202-3721

Re: March 13, 2009 email to Marty Kaiser and Cary Spivak

Dear Mr. Kravit:

As the company's Media Counsel, I am responding to your March 13, 2009 email to Marty Kaiser and Cary Spivak and your request for a "retraction and clarification" regarding the *Milwaukee Journal Sentinel's* March 13, 2009 news story entitled, "Central States' funds frozen." The newspaper has carefully considered your letter and has concluded that neither a retraction nor clarification is warranted based on the information you have provided.

Your first concern was that your client, Richard Jungen, was mentioned in a news story about court action taken last week against his former company, Central States Mortgage Co. ("Central States"). The news story summarized a judge's ruling against Central States in a lawsuit brought by Associated Bank. The news story focused on the parties and individuals directly involved in that lawsuit and stated that the allegations by Associated Bank against Central States are based on Central States' conduct "between Christmas and New Years Eve."

Mr. Jungen was mentioned once in the 23-paragraph news story and was referred to only in the context of Central States' troubles. After five paragraphs describing the allegations by Associated Bank against Central States, the news story described other recent controversies involving Central States.

The lawsuit is the latest trouble for the mortgage lender, which suddenly shut down Monday.

Last summer, Richard Jungen, the firm's founder and chief executive officer, left in a management shakeup. Central States has since sued him and other former executives in a \$15 million fraud and racketeering lawsuit. Jungen, through his attorney, vehemently denied the charges.

The next two paragraphs of the news story discussed action taken by an Illinois credit union against Central States and stated that "sources have said the FBI is investigating numerous activities at Central States."

There was no reference or allegation in the news story that Mr. Jungen is involved in the current Associated Bank lawsuit or Central States' conduct leading up to the lawsuit. Your letter does not identify any statement that you claim makes such an assertion. Rather, the plain language of

the news story stated that Mr. Jungen left Central states “last summer” – before Central States’ conduct “between Christmas and New Years Eve” which is at issue in the Associated Bank lawsuit.

Furthermore, the sole reference to Mr. Jungen in the news story was limited to his involvement in the lawsuit brought by Central States. The three sentences about that lawsuit and Mr. Jungen are accurate, based on the complaint filed on February 2, 2009 in Milwaukee County Case No. 2009CV1723 and your denial of the charges against Mr. Jungen. As you know, the Central States complaint names Mr. Jungen as a defendant, includes claims of breach of fiduciary duty and alleges that Mr. Jungen and other former executives engaged in a pattern of racketeering activity. Furthermore, the complaint alleges that “damages are believed to be in excess of \$15,000,000.”

Your letter takes issue with the “juxtapos[ition]” of the placement in the news story about Central State’s lawsuit against Mr. Jungen and the “unrelated lawsuit filed by Associated Bank against PRESENT Central States management...” (Emphasis in original). No statement in the news story states or suggests that Mr. Jungen is named in the Associated Bank lawsuit or was involved in the conduct of Central States at issue in the Associated Bank lawsuit. Indeed, as stated above, Mr. Jungen and the Central States lawsuit against him and other former executives is included, among other facts, as context regarding Central States’ history.

Your letter also takes issue with the news story’s characterization of the case against Mr. Jungen, yet you have not identified any statement that you claim is false. You allege that the newspaper should not report the claimed damages in the court filing by Central States because you claim the complaint violates Wis. Stat. § 802.02(1m)(a). The newspaper accurately reported the pleading filed in court and there is no responsive pleading, motion, or action by the parties or the court regarding the sufficiency of the allegations in the complaint. Indeed, the news story accurately reported the allegations and alleged damages based on the current status of the case. Accordingly, based on the information that you have provided, the newspaper has concluded that neither a retraction nor a clarification is warranted.

Finally, as you know, there are many ongoing controversies involving Central States, mortgage lenders and the mortgage industry. Mr. Jungen and the Central States lawsuit against him and other former executives is one part of that ongoing controversy. As a local news source committed to informing the public, we will continue to monitor the actions of Central States, as well as the lawsuits and investigations involving the company and the industry. We will continue to report, when appropriate, on developments in the lawsuits, investigations, business practices and personnel connected with Central States and other mortgage lenders. If you have any questions about the newspaper’s position please contact me at 414-224-2374.

Sincerely,



Jennifer L. Peterson
Media Counsel and Deputy General Counsel