

# PER MAR SECURITY SERVICES

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October 20, 2004

Stewart Iverson  
Iowa Senate Majority Leader  
State Capitol  
Statehouse  
Des Moines, IA 50319

VIA: Fax & Certified US Postal Mail

Dear Mr. Iverson:

This letter is notice of Per Mar Security & Research Corporation's cancellation of the contract awarded to it by the State of Iowa to conduct research regarding the socioeconomic impacts of gambling.

Per Mar has conducted research for a wide range of clients for more than fifty years and has always maintained its objectivity and integrity. Our firm was awarded the subject contract because of a demonstrated ability to perform these types of studies and based on the strength of the team assembled to gather the requested facts.

The recent allegations in the media by forces opposed to gambling that Per Mar might have a potential conflict of interest that could bias our firm's ability to gather the requested facts because a division of our company has done a limited amount of business in the past with the gaming industry is unfounded, speculative and irresponsible. Even though the State's request for proposal failed to ask if bidders had any business dealings with the gaming industry, Per Mar did, in fact, provide information about past transactions with casinos when asked.

Since perception can often become reality, and because our reputation for honesty and integrity is of paramount concern to us, we will not complete the study, nor will we accept money from the State for the work already performed under this contract. Stated quite simply, our reputation for integrity in all that we do is much more precious to us than a contract with the State that focuses on a politically charged subject.

We expect the State to fully release Per Mar from all obligations associated with this contract.

Sincerely,

Michael L. Duffy  
Chairman and CEO

MLD/dkp

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