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Date: June 10, 1994

To: Karen Fierst

Fr: Karen Vail, Kim Phillipi, Paul Riksen, John Bardaville, Ting Nan Lo.

Re: Your memo to Tong Yang dated June 3, 1994

We urge CAPA to reconsider their whole approach to this issue. Our Taiwan office states that the approach you have taken may appear very offensive to Tong Yang. The results of Tong Yang, the leader of the Pro CAPA movement, being offended may have an adverse effect on the CAPA program as a whole in Taiwan.

Will Tong Yang be asked to leave the Program if they refuse to make their records accessible to Entela or refuse to pay a fine? If so, is CAPA in a position to have the Taiwan CAPA Participants become uncooperative as in the past or perhaps follow their leader and distance themselves from the CAPA program?

Ting is so concerned about the issue and how it will be presented to Tong Yang, that during a recent visit with Mr. Lin of Yung Shine Ting had the opportunity to present the scenario of TKY / CFC to Mr. Lin without mentioning any specific Participant names. Mr. Lin's response was that prior to the November 1993 Manufacturer's Advisory Committee Meeting in Las Vegas this was a common practice in Taiwan. After this meeting all the major manufacturers in Taiwan told their subcontractors that they would only buy certified parts if their certified stock ran short.

Entela agrees with Mr. Lin, the influx of manufacturers in Taiwan interested in the CAPA program is a good verification of Mr. Lin's remarks. With all the positive actions coming out of Taiwan this year, we feel that it would be in CAPA's best interest to consider this Tong Yang incident as an issue of the past (5/93) and think of the future along with the Participants. With the start of the Pro CAPA movement headed up by Tong Yang the Participants are positioning themselves and CAPA for a robust and healthy CAPA in 1995.