

July 2, 2014

VIA EMAIL
VIA HAND DELIVERY

Michael Weiss
Deputy City Attorney
Code Enforcement
1390 Market St., 6th Floor
San Francisco, CA 94123
michael.weiss@sfgov.org

Re: **Sweetch**

Dear Mr. Weiss:

We write on behalf of Sweetch, Inc. ("Sweetch") to respond to the City Attorney's cease-and-desist letter to MonkeyParking of June 23, 2014 and our meeting last week to discuss Sweetch's business. As discussed at that meeting, although your office did not send a letter to Sweetch, the accompanying news release stated that the City Attorney would send a similar cease-and-desist demand to Sweetch. As a result, Sweetch requested last week's meeting to explain its business to the City.

Sweetch has considered the City Attorney's comments regarding Police Code section 63 and, although Sweetch firmly believes its current business model is legal under that code section, in an effort to cooperate with the City and ensure that San Francisco gets a chance to try Sweetch as soon as possible, it will make substantial changes to its business model.

As discussed at the meeting last week, even before the change, Sweetch was a very different type of business from MonkeyParking. First and foremost, Sweetch did not allow users to make money from using the Sweetch SF app. Users paid a flat fee of \$5 to find a spot to park from another Sweetch user, while the user departing the spot was rewarded \$4 for giving up the spot. The "extra" \$1 paid by the user seeking a parking spot went to Sweetch to cover payment processing fees. Although users could accumulate "dollars" in the app, the user couldn't "cash out" that money – and could only use it to claim another parking spot (or donate it to charity). In our view, this created a cooperative system for making parking more efficient that didn't incentivize any anti-social behavior.

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This is the opposite of MonkeyParking's model, which allows users to auction off spots to the highest bidder – and keep the cash earned. MonkeyParking also encourages users to hoard spots and reward those spots only to the biggest spenders. It was also less efficient, as it required users to negotiate and try to select the best spot, and more dangerous, as it required extensive interaction with a mobile device.

Under Sweetch's new business model, using Sweetch will now be FREE. Sweetch is proud to announce that it will continue providing the exact same excellent functionality of the Sweetch application and services – minus the exchange of money. Nobody pays anybody for the parking spot or information related to the parking spot. There are no credits or any other type of reward system. No hidden fees. Furthermore, there is no "bidding" or "spot selection" – the app will remain fast and safe, requiring only a few touches of a button to operate (fewer than San Francisco's own SFpark mobile application's parking functions).

Sweetch didn't get started as a way to make money; its founders wanted to solve an obvious problem with urban life – the lack of availability of information about parking. They saw how that problem led to obvious social issues – increased congestion as drivers circled the block looking for parking (accounting for up to 30% of the cars on the road at a given time), increased pollution from that congestion, and disincentives for people to drive downtown and shop at local merchants (and motivation for them to just order from an online retailer to avoid the hassle). The old Sweetch model was an effort to address these problems with minimal financial incentives in the good faith belief that that business was legal (a belief Sweetch maintains but will not advance in full here because the point is moot).

Because the whole point of Sweetch's philosophy is to work *with* the City, Sweetch is willing to take the risk of changing its business model, if the City is willing to allow it the chance to bring much-needed innovation to parking in the City by helping to connect members of the community interested in changing in and out of parking spots more efficiently and with more certainty.

To further demonstrate its commitment to helping improve urban life by making parking more efficient, this past weekend, Sweetch unveiled "Freetch." Freetch is an **open source version** of Sweetch's technology that any public organization, developer, or entrepreneur can use to build a parking solution that focuses on driver collaboration. Sweetch will continue to operate using its own application but is happy to help others who can think of ways to use its innovative technology to help urban life.

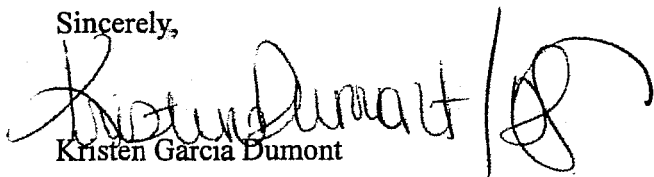
Our hope is that the City Attorney and the City of San Francisco embrace this as an opportunity to allow innovation to improve parking and the quality of life in the City. Sweetch is in a delicate, critical phase as it works to solidify its reputation as being distinctly different from MonkeyParking and other competitors. If the City Attorney were to order Sweetch to cease-and-desist at this early stage, that opportunity might be lost forever before it has had any time to develop and be understood by the citizens of San Francisco.

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Sweetch's plan is to put its new business model in place as soon as possible and is working to revamp its technology and business to do so. As this may take some time, we request that the City Attorney continue to refrain from issuing any cease-and-desist letter until Sweetch's new business model is fully in place (since we are confident that business model will not violate any City rules). In the meantime, we would be happy to meet with the City Attorney again to discuss Sweetch's new business model. Another meeting would be a great opportunity for Sweetch and the City to consider partnership opportunities or to collaboratively and cooperatively announce Sweetch's revised model to San Francisco residents and visitors. Please feel free to contact us at any time to discuss. Again, we sincerely appreciate the time and the willingness to discuss this and we hope that we can find a way to unite and coexist in a way that helps San Francisco.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Garcia Dumont", with a stylized flourish at the end.

Kristen Garcia Dumont

KGD

cc: Megan Cesare-Eastman, megan.cesare@sfgov.org

