

To: All USCL Shareholders & Associates

From: Tom Tamarkin

Ref: Q3 2017 USCL Status Update

Date: June 26, 2017

All:

This status report reflects questions received after the Q2 2017 status update was sent in early June and answers are presented herein. A copy of this report is posted on the [USCL Due Diligence Resource](#) on-line.

Background:

Going back to 2000, USCL's mission was to offer the public display and control devices which would help them conserve electricity and later gas and water. The system technology was predicated on a new generation of smart meters which we designed ([ANSI Meter DM-06 Spec](#)) and introduced to the market place through our work with Southern California Edison Company. The basis for the system and its display and control devices was the ability to communicate directly with the smart meter and have access to the power (volts multiplied by amperes per period time) information in virtual real time, updated every few seconds. To that end, USCL proposed to the industry and in a very entrepreneurial fashion forced all the [American ANSI](#) smart meter makers to include a local area network transceiver based on the IEEE 802.15.4 communications spec often referred to as [ZigBee](#). In the 2005 time frame we induced the industry to adopt the ZigBee spec as the standard for the Local or Home Area Network (LAN) and to include the LAN transceiver in most new smart meters sold in America. Today there are over 60 million such meters installed which have the ZigBee LAN built in and ready to go. However, less than 5,000 meters nationwide, have activated the LAN transceiver and allowed the electricity customer to "interface" to it.

In 2006-07 USCL was awarded approved bidder status by Southern California Edison on SEC's smart meter Request for Proposal (project bid.)

To complete the design of an ANSI compliant fully certified meter would require in excess of \$10,000,000 in cash. Whereas the [2005 USCL business plan](#) did not contemplate the company going into the smart meter business per se, but rather developing alliances with the big 4 meter companies, the success at SCE and the award of approved bidder at SCE stimulated USCL's interest in funding a meter development project and entering the smart meter business to the extent possible.

USCL engaged Sacramento Attorney Michael Kessler, ESQ., to complete a "synthetically-securitized, Asset Backed Security" [bond offering](#) in Europe through the offices of Arcis Trust, S.A. The proposed bond offering would have infused over \$30 million USD in funds to the company. However the bond rating agency of Moody's suffered substantial losses and scrutiny after the subprime mortgage "melt down" which began at the end of 2007, and the bond rating letter that Michael Kessler, ESQ., & Arcis Trust allegedly claimed Moody's would issue for the USCL bond was never forthcoming. Thus the bond offering failed.

As a result of the collapse of the world wide lending markets VC companies literally stopped making investments in start-ups in the 2008-2011 time frames. In combination these events precluded the company from obtaining any further material investment funds.

The situation was later exacerbated by a [USCL shareholder/lender collection lawsuit](#). Investors and venture capital companies (VCs) had no interest investing funds to pay off old debt and the fact that Jeffrey Michel, a hostile shareholder had filed a lawsuit made USCL totally untenable for investment given the risks associated with start-ups. All correspondence received from Mr. Michel and responses there to (if any) is posted and available per the [above active link](#).

Mr. Michel is one of two shareholder lenders (creditors) who have obtained a judgment against the company. It is noted that a judgment does not affect the priority of secured creditor claims. A judgment simply offers the creditor the means to attach cash and real property to the extent a debtor has any. However creditors who precede a judgement holder must be paid by the creditor holding a judgment to the extent such a creditor is successful in obtaining funds through attachment. A list of creditors preceding Mr. Michel is provided in the "Comparative Actual Balance Sheets 1999-2010" as posted in the [USCL Financials section](#) of the USCL Due Diligence Resource.

Contrary to Mr. Michel's repeated claims, there was no personal guarantee as part of the finance agreement Mr. Michel sued USCL and Tom Tamarkin is not personally liable to him. Mr. Michel has been so advised numerous times. His judgment is against USCL.

Furthermore USCL was developing products for the utility industry. VCs and the like traditionally avoided any investments in utility related business because of the uncertainties of regulated monopolies and the fact that the industry had a reputation of moving very slowly and being technological risk adverse. Any use of the smart meter LAN must be approved on a case by case basis by the public utility commission in the state the utility operates or by FERC in the case of RECs and municipal utilities.

USCL was unable to raise additional material funds beyond 2011 from any new investors and by that point the existing base of USCL investor/shareholders were fatigued and for the most part unwilling to invest further funds to keep the company moving.

USCL filed a final federal tax return for its FY ending 2010 which showed a significant loss and a combined accumulated federal tax loss carry forward in excess of \$2.7 million USD.

The company went into an "[inactive business status](#)" in 2012 and attempted to obtain needed investment funds to complete its EMS-2020 product development and business launch. As of late Q2 2017 no such investment capital has been secured.

USCL has a complete full disclosure due diligence resource site for all shareholders and potential investors. The site is at: <http://tamarkin.us/sh/knock.php> and includes the following:

Founder's History

Shareholder Letters & Status Reports

Patent Strategy

USCL Activities & Major Accomplishments 2001-2016

Wasion Meter Group Hunan Werko USCL Investment Transaction

USCL History & Financial Disclosures

USCL Corporation capitalization from inception through 2011

2005 Business Plan

USCL Financials

USCL Federal and State Tax Returns FY 2008 - FY 2010

Known USCL IP Infringers and Related Notices

USCL Corporation Corporate Status

Ariel Beta Project

Clara Miller Matter

Jeffrey H. Michel USCL Creditor Legal Disclosure Information

Jack L. Mador Matter

Disputed Contingent Liability of Material Magnitude (California State Franchise Tax Board)

Videos:

[Presentation at Yitran LTD, Beer Sheva, Israel on December 12, 2012](#)

[USCL, Tom Tamarkin Jerusalem, Israel Patent Attorney Discussion, December 9, 2012.](#)

[2013 Video discussion on USCL History with Ray Presgrave](#)

[2013 USCL Shareholder Meeting Video With Tom Tamarkin, Hans Beimler & Eduardo Rossoff](#)

[2012 USCL Shareholder Tom Tamarkin interview with Kristen Simoes Part 1](#)

[2012 USCL Shareholder Tom Tamarkin interview with Kristen Simoes Part 2](#)

[2012 USCL Shareholder Tom Tamarkin interview with Kristen Simoes Part 3](#)

[2010 USCL Shareholder Meeting Livestream Part 1](#)

[2010 USCL Shareholder Meeting Livestream Part 2](#)

[2010 USCL Shareholder Meeting Livestream Part 3](#)

PowerPoint Presentations:

[USCL - Smart Power Grid Technology Conference Presentation May 2011](#)

[2010 Shareholder Meeting PowerPoint Presentation](#)

[Advanced Metering Manila Electric, Manila, Republic of Philippines, July 2007](#)

[USCL - IEEE Israel Electricity 2006 Eliat, Israel, November 2006](#)

[Zittauer, Germany Seminar, October 5, 2006 Presentation](#)

[ZigBee IoT Conceptual Presentation, June 2006](#)

[USCL Wasion Meter Presentation, Changsha, China, May 2006](#)

[USCL - Southern CA Edison ZigBee LAN Presentation April 2006, LA CA](#)

[Southern California Edison USCL status Presentation April 2006](#)

[USCL - Real Time Energy Feedback Forum, Toronto, Canada, May 2005](#)

[Southern California Edison AMI Team RoadMap Presentation January 2005](#)

[USCL Arad Tech Yokneam, Israel, October 18, 2004 \(English\)](#)

[USCL Arad Tech Yokneam, Israel, October 18, 2004 \(Hebrew\)](#)

[Los Angeles Housing Authority Presentation September 2004](#)

[USCL - Idaho PUC Presentation, Boise, Idaho, May 2003](#)

[USCL - Federal Government of India, Chennai, India, February 2003](#)

Current status & activities:

In October, 2016 Sparrowhawk, a company controlled by [Sterling Energy Group LLC](#) spent in excess of 8 weeks doing full regiment due diligence on USCL/EnergyCite. In early January, 2017 they declined any investment in USCL due to the following reasons:

- company's debt
- Lack of interest by the utility company in company's products
- Lack of evidence of use of system topology covered in Tamarkin, et al, patents.
- Lack of revenues
- Length of time in inactive status due to lack of funding.

On March 3, 2017 USCL pitched directly to Peter Thiel, former founder of PayPal, and now CEO of [Mithril Capital](#) in San Francisco. Peter graciously gave us one hour to make the pitch. A [proposal/plan was submitted to Mithril](#) which requested \$4,000,000 in Series "A" round funds. The proposal was divided into three phases and is predicated on negotiated settlements with all creditors including but not limited to the two judgment creditors.

The above plan is supported by the [EnergyCite LTD website](#) which has been updated for Mithril. In the meeting Peter indicated that he, hence the company, had little interest if any in a utility business related project and he expressed concern that there was no ground swell of demand for the product (EMS-2020.) There was some modest interest because of the energy conservation aspect and the connection to the Internet of Things which is an area Mithril is investing in.

Ultimately Mithril declined further action and due diligence meaning they have no interest.

USCL has also presented its proposal/plan to several other VCs. As of June 15, 2017 there has been no interest.

Patents:

USCL has contacted all the major patent and IP brokerage firms and there has been no interest in purchasing the Tamarkin, et al, patents or representing us in patent enforcement actions. The reasons follow:

- The utility company is the single end user. There are over 2,500 electrical utilities in the U.S. Since utilities have not activated the ZigBee LAN transceivers and made the data available to their customers there is no infringement or evidence of use.
- Damages of infringement are limited to the number of utility customers using the system topology covered by the patents. The same applies to license fees.
- Meter companies and Meter Data Management companies don't want to put themselves in the position of having to sue their customers for enforcement so they are not interested in purchasing the patents.
- The United States Patent and Trademark Office changed many rules and statutes under the previous Obama leadership making patents much more susceptible to challenge by well-funded companies to the detriment of small companies, inventors, and investors. Now patents are liabilities to small companies and inventors due to the expensive maintenance fees and extremely high cost of enforcement.
- The Tamarkin, et al, patents have a priority date of August 2004 meaning they expire in six years.

Loss carry forward tax asset:

USCL has a \$2.7 + million loss carry forward. This has a value of approximately \$945,000 to a profitable corporation paying the 35% federal income tax rate. However changes to the tax code no longer allow a profitable company or high net worth

individual to buy a corporation with a loss carry forward to take advantage of the LCF unless the acquiring company is in the same business as the company it purchases.

Moving forward strategy:

- USCL has no money and no material assets which can be liquidated for money. The company has significant debt as listed on the [Comparative Actual Balance Sheets 1999-2010](#) (downloads as Microsoft Excel spreadsheet.)
- No investor or company will fund USCL at this point. The marketplace has taken a different direction controlled by the large data companies attempting to disaggregate load information at the utility data processing site and present this “stale data” to the customers via the utility’s website customer portal. We have [archived a large collection of smart meter, smart grid and meter data management](#) related articles providing the industry direction and trends.
- Many of our investors and or lenders have asked for a letter or statement that the company is out of business or no longer active so that they can write off their losses. We suggest that the [USCL History page](#) on the USCL website be printed off and used by the investor’s tax counsel or preparer.

I am still pursuing the strategy put forth last year to crowd source fund a video game series. In that event we will be able to generate sufficient cash to negotiate settlements with USCL’s creditors and revive the corporation to maintain and use the loss carry forward against the income tax otherwise paid based on the funds raised in the crowd source fund raise.

Last Saturday a [letter was personally delivered](#) to U. S. Vice President Pence in Washington D.C. That letter provides active links to the three letters previously sent to President Trump the second & the most recent of which refer to the game project.

In order to fund the crowd source funding campaign for the [games that matter project](#) we need an early round of cash in the \$200K range. I am currently working with possible investors in the entertainment business who understand the game business and who support the educational values of the games.

The [Games That Matter website](#) is extremely complete and serves as a high level business plan. Use the horizontal tool bar at the top of the website to “drill down” for business details. Use the “Home” button in the upper right hand corner to return to the home page.

If we are successful with this strategy, the corporation will be revived or reincorporated depending on Nevada State statutes concerning the time deadline, and all existing shareholders will be so notified and will be part of that ongoing operation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom D. Tamarkin". The signature is fluid and cursive, with the first name "Tom" being particularly prominent.

Tom D. Tamarkin