

Jeffrey H. Michel
Sommerhuder Straße 23
22769 Hamburg
Germany
Tel. 01149 – (0) 40 – 51906826
Mobile 01149 – (0) 176 – 28061314
International 1 – 770 – 821 – 8792
jeffrey.michel@gmx.net

USCL Corporation
Tom Tamarkin
5545 El Camino Ave.
Carmichael, CA 95608
U.S.A.

October 18, 2016

Per email with receipt certification and registered air mail

Dear Tom,

I am in receipt of your letter to me of September 2, 2016, and of your shareholder letter of September 24, 2016. The information has confirmed that the outstanding claims I hold against the USCL Corporation and against you personally are of relevance not only to the parties named in legal judgments, but also to all USCL shareholders.

Your recent communications have substantiated the estrangement of my original intentions in lending funds for the stated objectives of the USCL Corporation in the interest of its shareholders, through which their capital risks were to have been reduced. The divergent decisions of corporate management have impeded the fulfilment of those intentions and incurred disproportionate financial losses in consequence.

The loan of \$60,000 I provided in February 2007 was not employed for the purposes declared, nor was that sum returned with interest as short time later. If that had been done, the company would be in a better financial position than is currently the case.

As reflected in my most recent invoices due – but not yet paid – on August 31, 2016, the USCL Corporation and you personally have a total remaining debt to me approaching 230,000 US dollars from this loan alone. Adding the sum repaid per March 1, 2012, of \$47,500 has since resulted in total accumulated debt obligations (only fractionally repaid) of four times the money I loaned to the company, disregarding for the moment the bridge loan and stock certificates for which additional revenues were also transferred to the Corporation's account.

This incident has confirmed the Corporation's inability of managing even the funds required to manufacture the housing components of a power meter from completed design drawings by a proficient company contracted to produce the molds and dies. Since I have not received repayment, and the housing tooling has not been delivered to me in lieu thereof, those funds have been misspent to my personal disadvantage. My repeated requests for clarification, submitted with reference to California Corporations Code §1601, have been denied. The excessively high indebtedness and scheduling delays incurred by USCL management decisions have affected the investment security of all shareholders.

As certified by my dated trip reports and receipts submitted under the pertinent requirements of German and of U.S. tax laws, the following incidents were decisive to my providing that loan in February 2007.

1. During the Suppliers Networking Conference in Sacramento on November 1, 2006, you indicated to John DiStasio, Assistant General Manager of the Sacramento Municipal Utility District (SMUD), that a USCL power meter prototype would be available for testing within a few weeks. That prospect did not materialize.
2. During our consultations in the Samaria Area with Mayor Ron Nachmann of Ariel and with Todd Miller on November 20, 2006, you affirmed that a USCL power meter could be supplied within a few weeks for incorporation into the municipal smart city project. No such device was subsequently provided.
3. By the time of my next working visit to USCL headquarters beginning on January 27, 2007, it had become apparent that the reputation of the Corporation and the investment security of all shareholders could be successively impaired by the lack of prototype metering hardware. I therefore decided to provide a loan for completing the USCL EnergyCite meter housing tooling.
4. The loan of 60,000 US dollars was granted under the terms of the Memorandum of Understanding of February 2, 2007, in which no reference was made to any third party claims. I provided my loan of \$60,000 per check of February 6, 2007, strictly on that basis. Your recent insistence on my presumed recognition of Bob Block's claims is contradicted by the Memorandum of Understanding, in which no such claims are expressed or implied.
5. The intention of the Agreement of April 1, 2007, was likewise to use my funds exclusively to the manufacture of the meter housing tooling. This agreement cannot be construed as any consent to pay Bob Block from these funds. The agreement states instead under point 14: "It is anticipated that Mr. Block shall liquidate said promissory note by means of a transfer of USCL common shares by June 30, 2008." No use of my funds for this purpose was intended or implied. Bob Block has never submitted any notification on record in that regard. The purpose of the statement under point 14 was solely to insure the timely repayment of my claims by USCL without any ancillary encumbrances.

6. The loan of 60,000 US dollars I provided to USCL per the Memorandum of Understanding of February 2, 2007, and confirmed by the UCC Financing Statement of April 1, 2007, was granted under your personal guarantee to provide full protection of my assets. You are accordingly listed as a debtor on the UCC Financing Statement. You were not obligated to assume that obligation, but you consented to do so. The loan was provided exclusively for manufacturing the meter enclosure. No alternative usage was authorized or intended. The loan was to be repaid in proportion to the number of enclosures and associated parts made with the enclosure tooling (molds and dies), enabling the USCL EnergyCite meter to be manufactured "as swiftly as possible". In the event of default, the tooling itself was to be given to me, or the Corporation and you personally were to compensate me for all outstanding indebtedness.
7. The bonding liability you assumed as a debtor on Form UCC1 of April 1, 2007, covers all "assets owned by Tom D. Tamarkin including but not limited to cash" as collateral. The UCC Financing Statement "is filed to perfect a security interest in named collateral and establishes priority in case of debtor default or bankruptcy" according to the laws of California (<http://www.sos.ca.gov/business-programs/ucc/financing-statement/>).

Form UCC1 is therefore a lien that fully applies against the USCL Corporation and against you personally that comprises all of your assets and funds in your possession. You are liable for payment to whatever extent the loan is not otherwise repaid. Since Form UCC1 does not establish, but only perfects a security interest, that security interest expressly existed when you signed that document to confirm the liability of the USCL Corporation and of you personally.

8. On August 9, 2016, I submitted the following invoices due on August 31, 2016:
 - Invoice Number 14/2016 for 5,372.67 US dollars for USCL claim enforcement
 - Invoice Number 15/2016 for 218,403.89 US dollars for outstanding USCL claims
 - Invoice Number 16/2016 for 111,804.24 US dollars on your personal liability.

The necessity of Invoice Number 14/2016 has been verified by your emails that verify procedural uncertainties for which I was obliged to provide advanced payment to my attorneys to resolve, such as on the following occasions:

Tom Tamarkin to Bob Laurie on June 6, 2011: *"Please forward this to Mr. Michel's lawyers in Sacramento since you said I can not communicate with them. My understanding is that I can cc Mr. Michel on this note. If this is incorrect let me know and I will not do that again."*

Tom Tamarkin to Bob Laurie on June 28, 2011: *"We got a commitment today which allows us to make the final \$5K balance transfer. It is from an existing long time USCL shareholder. However he has to have funds*

transferred by his broker to Polycomp who is doing the qualified IRA plan. This is a bit tricky because USCL is a private corporation and most banks will not do it. We are set up with Polycomp. I have verified that the funds have been transferred; however this process can take another 4 to 5 days before we have funds which can be wired to Jeffrey. However it has been verified and will be done. As soon as we get this or other committed funds, we will make the final transfer of \$5K in one payment which pays the first quarterly payment. Please so inform Jeffrey's attorneys in Sacramento."

My attorneys invoiced me for all of the written correspondence, telephone conversations, and other communication with USCL and its legal representation that had been initiated by you. I have invoiced USCL for these incurred expenses with interest charges, and nothing else. Denying these claims, the validity of which has been confirmed by my legal counsel in accordance with California law, will not cancel them. Any tacit assumption that I would bear the expense of an attorney to clarify any matters that USCL or you personally had been incapable of expediting is contradicted by the settlement of March 28, 2011, under which USCL assumed full liability for all attorney expenses that had been incurred up until that time. No subsequent agreement has been made that would obligate me to cover any attorney expenses that have since been incurred in this matter.

9. I have since submitted written requests to you to provide all documents referring to in conformance with the California Corporations Code §1601 with an itemized distribution of funds by USCL drawn from my 60,000 US dollar loan, and the current location of all funds drawn from that loan. Your refusal to do so, as most recently expressed in your letter of September 2, 2016, contradicts the rights stipulated by California law under which I have made my investments and provided loans to the USCL Corporation. They cannot be subsequently changed. Therefore, kindly provide me with a signed statement explaining your decision.

Your denial of my claims and legal rights has made it necessary to establish a viable arrangement not in contradiction with the above obligations of the USCL Corporation and you personally, but to achieve an expedient means of resolving them. I herewith submit four proposals for that purpose. Kindly inform me which of these alternatives should be the basis of future relationships between USCL, you personally, and myself.

1. Owing to the fact that I am a minority shareholder compared with all remaining holders of USCL shares and assets, it follows that my total financial involvement of around 400,000 US dollars that includes 80,000 shares of USCL stock and the bridge loan for 30,000 US dollars of September 27, 2007, would constitute a small amount to disperse among all remaining shareholders for improving the financial status of the Corporation.

That circumstance can be verified by adding Invoices 14/2016 and 15/2016 to a total amount of 223,776.56 US dollars. At the settlement interest rate of 8 percent, that indebtedness results in an annual increase approaching 18,000 dollars per year. By contrast, a loan for 400,000 dollars could be taken out at a lower interest rate with the collateral available to shareholders. Our relationship would be

completely severed, thereby alleviating any future risks to the USCL Corporation incurred by my claims and my shareholder rights under the California Corporations Code. I therefore propose that the remaining shareholders collect the funds required to satisfy all of my existing claims and redeem my shares of stock at face value of one dollar per share.

2. I have been developing a particular service product related to the German power industry that with modification could also be employed in other countries. It will soon be offered to corporations capable of deploying it on an appropriate scale. As you may recall, I was one of the first people who proposed establishing digital utility services in Germany two decades ago.

In your shareholder letter of September 24, 2016, you have mentioned that USCL has been working with the Microsoft Corporation since last June. Microsoft Germany is currently reorganizing its corporate activities, as reported in a six-page article of the news magazine Der Spiegel on October 15th, 2016.

I will be approaching Microsoft in Munich for consultations on the urgent need for my product at a communal level. To my knowledge, I am the only person currently researching the prerequisites for this service in result of Germany's current energy transition and its nuclear phase-out legislation.

USCL technology and patents could likely be included into implementing the service I have devised. Microsoft would be authorized to decide on that matter. Collaboration with me would be premised on the satisfaction of the claims given under point 1, above.

This proposal would require an appropriate inquiry by you with Microsoft. You may wish to mention that I am one of Germany's prominent energy analysts. I have testified in German parliament and have published frequently at Energy Post (www.energypost.eu). Kindly inform me if you will be pursuing this option.

3. I propose that a meeting of all shareholders be scheduled in the near future for the purpose of treating my outstanding claims in a consensual manner.
4. If none of the above three alternatives is accepted, I propose filing a lawsuit against the USCL Corporation or against you personally so that all of the information previously requested on August 9, 2016, in conformance with the California Corporations Code §1601 will be submitted for reaching a judgment.

Kindly inform me by November 25, 2016, which of these alternatives is to be pursued.

Yours sincerely,



Jeffrey H. Michel

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Germany



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