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To: USCL Shareholders & Associates
From: Tom Tamarkin
Ref: USCL Status
Date: September 24, 2016

All:

Over the last few weeks I have received a few questions from USCL investors. They are presented here in Q&A format.

Q. What is the status of the Ariel, Israel beta site project?

A. This was an unexpected question coming from RB in Elk Grove. It has been many years since the Ariel project has been mentioned by the company. I have put together a summary of the Ariel Israel project history and status on the pass code protected USCL shareholder Restricted section at <http://tamarkin.us> Again for all shareholders and authorized parties doing due diligence on us, the passcode is 2020 as in twenty twenty in numbers.

Q. What is the current status in our attempts to close a large corporate partner?

A. We have been working with Microsoft since June. It was Microsoft that suggested bifurcating the website to separate the EnergyCite utility industry project with the EMS-2020 system and Internet of Things configuration and the energy video games. Microsoft has an interest in both business opportunity and their X-box platform serves as an IoT system hub as well as a video game platform. We are in active discussions with MS at three different levels based on three different business strategies. However it has become clear that the EnergyCite opportunity for them is greatly enhanced if we obtain private funding now to take the opportunity to the next phase since MS has no history in working with start-ups prior to their product and sales first revenue producing phase.

We are currently working with a group of investors on the East Coast who have indicated strong interest in EnergyCite LTD (<http://energycite.com> .) We are now in the due diligence phase. This means full disclosure of all USCL past history as well as that of EnergyCite LTD. We have recently completed a full disclosure of corporate and financial issues regarding USCL which again is the **Main Investor Index** page on the

restricted site (<http://tamarkin.us> .) I will take another 15 to 30 days to obtain a definitive answer from the group in terms of yes we will fund or no we will not. If yes, we would expect a MOU and term sheet shortly thereafter.

Q. Again why has EnergyCite LTD been organized as the investment vehicle and how does this benefit USCL and its investors?

A. USCL has been severely handicapped by the two creditor lawsuits and associated judgments coupled with the lack of revenues. Investors simply will not risk their capital if a significant percentage of it is being used to pay off old debt. I have mentioned this in our status reports many times before. The current strategy is to fund EnergyCite LTD who has a contractual relationship with USCL. USCL has a \$2.8 million federal tax loss carry forward which we must preserve. Assuming we obtain sufficient funding we will negotiate settlements with the USCL creditors who are mostly shareholders. We also will clear up the State of California Franchise Tax Board matter as mentioned in the last shareholder status report. That is a mistake on their part. However certain conditions must be met to work with the CA FTB to clear up their incorrect demands. This is fully described on the **Main Investor Index** under: [Disputed Contingent Liability of Material Magnitude \(California State Franchise Tax Board\)](#). Once the USCL liabilities are cleaned up the intent is to reverse merge EnergyCite LTD into USCL so all USCL shareholders will have a viable exit means once the company becomes viable.

Q. Has Pat Boone raised any money for EnergyCite LTD & the project and what is Pat's role?

A. Pat has advanced funds personally to cover one Israeli patent and associate maintenance fees. Pat has not helped EnergyCite raise money from friends and family. The reason is twofold. Firstly, at Pat's age of 82 he has slowed down a lot and simply does not have a "rolodex" full of names of high net worth individuals he can call upon to look at our opportunity. Those he knows are of a generation that is not tech savvy and interested in doing the due diligence on us because of the nature of the utility industry and the intricacies of the IP.

Secondly, Pat's help to the company relates to other issues having to do with the "future of energy" (fusion & plasma science) and introducing us to foundations and the like but not related to the smart meter and IoT opportunity. The history of Pat's involvement with Tom and EnergyCite is provided at the following link for the record: <http://fusion4freedom.us/pat-boone-tom-tamarkin-meeting/>

Q. Why has it taken so long from the time USCL, developed the EMS-2020 technology to obtain investor's interest?

A. USCL's strategy was not to go into the smart meter business per se, but let the large "big four" meter companies have that business. Why? Because to develop and obtain

the industry certifications needed to manufacture a competitive power meter is a \$20 million proposition. And the four big companies have 75 to 100 year old relationships with their utility customers as well as financial deep pockets. This represents huge barriers to entry regarding the smart meter. EnergyCite's strategy was to let the big four have the meter business and let the utilities across the country be pushed by the federal and state regulators to acquire smart meters. As part of USCL's early work, all new smart meters now contain a second data radio transceiver to communicate with consumer devices. The business strategy has been to wait until there is a large installed base of such meters and the convergence of smart home and smart energy interest along with IoT. Thus, it has only been in the last 6 months that a clear business opportunity has become evident. Furthermore many traditional VC companies do not like business opportunities that are utility company based because they move so slowly and are government regulated entities.

There have been statements made recently by shareholders which reflect a misunderstanding of USCL's proposed business. USCL never planned to go into the smart meter business per se. Having said that, there was a time where Southern California Edison encouraged us to present a meter offering. It was at that point that we developed a relationship with Wasion Meter Group in China. However Wasion backed out of their commitments to USCL once they began to understand the U.S. utility industry and our political and business system. USCL attempted to complete a bond offering in the 2007-08 time frame which would have funded further meter development but the bond offering did not materialize. Sample Offering Memorandums and the bond offering documentation have been indexed for the due diligence exercise at: <http://tamarkin.us/capital.php>

When the worldwide economy turned bad in 2008, USCL was not able to raise additional investment capital so it went into a temporary "hibernate" mode a year or so later. The company has debt and two creditor judgments. The relationship between USCL and EnergyCite LTD is fully disclosed as is the history of USCL and the debt at: <http://gamesthatmatter.us/bondmemo.php#history>

Q. If there is an installed base of over 60 million smart meters today in the U.S. that have the second radio transceiver or ZigBee LAN, how many utilities have made this known to their customers and how many meters have had this activated remotely by the utilities.

A. As of today less than 8 utility companies nationwide have conducted "pilot" projects with the smart meter home area radio network. In total less than 2,500 meters have had this activated nationwide and supported by pilot level products. Our business strategy with EnergyCite LTD will quickly accelerate the adoption rate of this functionality and capability as described on the <http://energycite.com> web site.

Thank you for your patience. I hope to have positive news for us soon.

Kind regards,

Tom



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