

THE CHANDLER LAW FIRM CHARTERED

Please Reply to:

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INTELLECTUAL PROPERTY LAW

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1815 Pennsylvania Ave., NW
Washington, D.C. 20006

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FACSIMILE TRANSMITTAL SHEET

Date: November 13, 2002

User ID: 0102

To: Jeff R. Lamb

Your letter / Fax:

Company: Leader Technologies Inc.

Your Ref:

Telephone Number: 614.890.1986

Our Ref:

Washington, D.C., November 13, 2002

From: Kelley Elizabeth Clements

Destination Fax: 614.864.7922

Subject: Engagement Agreement re Patents

Pages to Follow: 6

MESSAGE:

Jeff:

Per our discussion.

- Kelley

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ATTORNEYS AND COUNSELORS AT LAW

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PROFESSOR JAMES P. CHANDLER
Writer's Direct Dial: 202.842.4800
E-mail: <professorchandler@chandlerlawfirm.com>

November 10, 2002

VIA HAND DELIVERY

Michael T. McKibben
Chairman and CEO
Leader Technologies Incorporated
921 Eastwind Drive
Suite 118
Westerville, OH 43081

Re: Engagement of Services re [REDACTED]

Dear Mike:

This agreement covers The Chandler Law Firm Chartered's representation of Leader Technologies Incorporated, a Delaware Corporation (hereinafter "Leader") on intellectual property as hereinafter explained. The Chandler Law Firm Chartered, A Professional Corporation (hereinafter "the Firm") has agreed to provide professional legal services to Leader, namely the [REDACTED]

The following is an explanation of the billing practices and procedures of this firm, which will be followed in handling the representation of Leader, except for those agreements specifically providing: [REDACTED]

Michael T. McKinben
Chairman and CEO
Leader Technologies Incorporated
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Suite 118
Westerville, OH 43081

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1. **Fee & Cost Advances:** The Firm has agreed to accept an initial non-refundable retainer of \$9,000.00. This fee, if any, will be applied toward future legal fees and is due and payable before the firm performs further work for Leader. The initial retainer fee is earned when paid.
2. **Additional Fee/Cost Advance:** At or near exhaustion of the fee advance or cost advance, Leader may be required, as a condition of the firm's future representation, to pay a deposit as security for the payment of future fees and advanced costs in such amount as the Firm determines to be required to continue the representation of Leader.
3. **Application of Advanced Fees:** The entire advance and future deposits, if any, shall be drawn against from time to time and the money applied, in the Firm's sole discretion, to pay amounts due the Firm for services rendered and/or costs advanced. When the advance and deposits, if any, are exhausted, additional deposits may be required. Any additional amount remaining on deposit upon the termination of the firm's representation of Leader, and all fees and costs have been paid or reimbursed, will be refunded to Leader (without interest).
4. **Firm Resources:** Although Leader may have originally met with a particular attorney to retain our firm, the Firm reserves the right, in the case of litigation, to have other attorneys try motions, take depositions, perform legal research, and do any other work associated with the representation of Leader's interests. The entire staff of the firm is available, during office hours, to assist in Leader's representation, under the direction and supervision of an attorney. More than one attorney may work on Leader's representation in order to process matters effectively. Law clerks, paralegals and other non-lawyers may assist where appropriate under the supervision of an attorney. Outside expert witnesses will not be employed without Leader's consent. However, the Firm reserves the right to hire outside expert attorneys to assist in the firm's representation of Leader within the sole discretion of the Firm.
5. **Client Address and Cooperation:** Leader agrees to keep the Firm informed of the most current contact coordinates for its principals to cooperate with the Firm as requested in locating witnesses, preparing and obtaining documents and information, signing documents, securing testimony and in any other matter desired. Leader authorizes the Firm to review any of Leader files and records, wherever situated, in the conduct of our representation of Leader.

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6. **Prevailing Hourly Rates:** Leader will be charged at our prevailing hourly rates for all work performed by attorneys and for all work performed by law clerks or paralegals as the same is incurred, and for all costs as they become due and owing. Please note that our prevailing hourly rates presently range from \$250.00 to \$675.00 for attorneys and from \$95.00 to \$130.00 for law clerks and paralegals. For Leader's information, my current hourly rate is \$675.00. Firm rates are reviewed annually in January of each year by the Firm, and may be adjusted from time to time; any rate change will be reflected on the statement for the period in which the change is effective. The attorneys and support personnel of this firm keep careful records of their time in minimum increments of one-fourth (1/4) of an hour. Unsolicited and emergency telephone calls received by attorneys over the weekend, at home or at the office after 7:30 p.m. may be billed at double the hourly rate. Also, the Firm reserves the right to charge portal-to-portal time in travel. The time for which Leader will be billed means all time spent on Leader's behalf prosecuting Leader's case including court appearances, conferences in person or by telephone, either with Leader or with others in reference to Leader's case or matters, travel, legal research, the drafting of pleadings, all letters and similar activities. In some instances, there are minimum charges such as for telephone calls, court appearances, agreements, pleadings and other documents, which are based on the nature of the services and other estimated time usually spent in performing the services.
7. **Costs and Expenses:** In addition to fees, there are necessary costs and expenses related to Leader's representation and/or litigation. These costs are generally legal costs, i.e., filing fees, witness fees, costs of taking depositions, process server fees, court reporter fees for hearings - either attendance or transcription - other expenses for long-distance telephone calls, photocopies, postage, facsimile and courier or delivery service. When convenient, expenses will be direct billed to Leader in a manner agreed to by Leader. At times it may be necessary, to engage the services of experts and specialized personnel, i.e. scientists, appraisers, accountants, or private detectives. Leader will be consulted before such people are engaged on Leader's behalf. Leader will be solely responsible for their fees. Fee security deposits will not be used to pay or retain such experts unless our firm agrees to such arrangements in advance.
8. **Monthly Billing:** The policy of our firm is to send itemized statements for costs and fees to clients on a monthly basis. If Leader has paid us a fee security deposit, this statement will indicate the balance, if any, remaining on deposit, and any additional deposits that

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may be due. Major costs, such as those for trial or deposition transcripts may be sent directly to Leader for payment, while some minor costs, such as filing fees or long-distance telephone calls, will appear as charges on Leader's statement. All statements, whether for fees or costs or both, are due upon receipt, unless Leader and the firm agree to a deferment of payment of fees. The firm cannot defer its costs. All costs must be paid when billed.

9. **30 Days for Billing Complaints:** Leader agrees to examine each statement carefully and to communicate any questions or objections immediately to us. Leader further agrees that any statement to which no objection has been made within thirty (30) days shall be deemed to be correct, fair and final.
10. **Interest Rates:** If any statement remains unpaid for a period of thirty (30) days or more, this shall be deemed a request by Leader that payment be deferred for Leader's convenience, and a finance charge of one and one-half percent (1.5 %) per month shall be imposed on any unpaid balance. This provision in no way infringes on or curtails any other provision or right under this agreement.
11. **Withdrawal from Representation:** Our Firm shall have the right to withdraw from the representation of Leader's interests if differences arise between the Firm the attorney and Leader concerning the management or the representation of Leader or litigation, if any, or if Leader does not make the payments required by this agreement, or if the balance of fees and interests deferred by Leader equals or exceeds \$100,000.00, without a payment arrangement having been agreed to. All statements are due and payable in full upon receipt after Leader's deferred balance equals or exceeds \$100,000.00. Leader agrees that upon failure promptly to pay any statement in accordance with the provisions of paragraphs numbered 8, 10 and 11 herein, the firm may withdraw from further representation and Leader will sign all necessary documentation therefor. If the Firm discontinues representation, the Firm will give Leader notice of our intention to discontinue representation and will allow Leader a reasonable time to employ other counsel, but in no event more than sixty (60) days.
12. **Fees for Withdrawal Work:** Leader agrees that Leader is responsible for all charges and expenses incurred prior to the time the Firm is able to effectively wind up its representation without substantial risk to Leader or the Firm. Furthermore, if this Firm is the law firm of record in any court or administrative proceeding, Leader agrees that

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Leader is responsible for all charges incurred until the Court or administrative agency permits this Firm to withdraw its appearance and wind up Leader's affairs in an orderly manner. The Firm will forward to Leader or Leader's representatives all papers and property to which Leader is entitled and which the Firm is obligated to deliver and Leaders agree to pay the Firm, in advance, its regular rate for reviewing the file, copying and forwarding papers to and assisting Leader or Leader's representatives, and for any other requested services. All of the Firm's work product will be owned by the Firm.

13. **Fees for Collection Work:** Leader also agrees, subject to any limits under applicable law, to pay any and all collection expenses that The Chandler Law Firm Chartered, A Professional Corporation, incurs in enforcement of this agreement, whether or not there is a lawsuit, including reasonable attorney's fees and including legal expenses for bankruptcy proceedings.
14. **Entire Agreement/Severability:** This Agreement contains the entire agreement between Leader and the Firm regarding this matter and the fees, charges and expenses to be paid relative thereto. This Agreement shall not be modified except by written agreement signed by Leader and the Firm. This Agreement shall be binding on Leader and the Firm and the respective heirs, executors, legal representatives and successors of each of us. Each provision of this agreement shall be severable, and if any provision is determined by any court to be invalid, illegal or unenforceable, the validity of the remaining provisions shall not be affected thereby.
15. **District of Columbia Governing Law:** This agreement shall be interpreted and governed in all respects under the laws of the District of Columbia.
16. It is our firm's practice to keep clients advised of all pending proceedings and hearings, and provide them with a copy of all correspondence and pleadings. It is suggested that Leader maintain a file of these documents. If Leader ever has any questions or need any advice, please call us immediately. No lawyer can guarantee the results in any given matter or case, but our firm will do all it can to aggressively pursue a favorable outcome in the matter for which Leader has retained us, consistent with our ethical obligations.
17. This is a legal contract; Leader may wish to consult with an attorney for advice regarding Leader's rights. If it is Leader's desire to retain us on these terms and conditions, please sign and return this letter to us for our files along with Leader's fee and cost advances as


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set forth in paragraph numbered one (1) hereinabove. A copy of this engagement is enclosed for Leader's records. The Firm look forward to continuing its representation of Leader.

Very truly yours,

THE CHANDLER LAW FIRM CHARTERED
A Professional Corporation




By: _____
James P. Chandler
Managing Principal

JPC:kec

I, Michael T. McKibben, Chairman of the Board and Chief Executive Officer of LEADER TECHNOLOGIES INCORPORATED, a Delaware Corporation, do hereby retain THE CHANDLER LAW FIRM CHARTERED, A Professional Corporation, under the terms and conditions aforesaid.

11-13-2002
Date



Michael T. McKibben
Chairman and CEO
LEADER TECHNOLOGIES INCORPORATED

Chairman CEO