



Donald J. Trump

President & Chief Executive
The White House
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Washington, D.C. 20500
202-456-1414

Dear Mr. President:

Request & Win-Win Tax Reform Strategy

My fellow Leader Technologies, Inc. shareholders (Columbus, Ohio) and I ask for your help in getting paid for a great benefit that we provided to the U.S. government for which we have not been paid. I sent you my registered Miller Act Notice previously.

This unprecedented situation creates an equally unprecedented revenue opportunity for the U.S. government for which there does not appear to be a downside. Allow me to explain.

The federal government confiscated Leader's social networking invention from the very moment we met our patent attorney James P. Chandler, III in 2000. *See Miller Act Notice*, pp. 6, 15. Even though Chandler was Leader's attorney, he did not arrange for the government to license Leader's invention. Instead, the federal government silently stole Leader's invention for its use as well as for the benefit of its military-industrial complex partners.

These collaborators then created the "social networking" market out of whole cloth using Leader's invention as its foundation. This effort has been heavily financed by C.I.A. In-Q-Tel and IBM. The social networking market that emerged is valued today at over \$4 trillion with 7.7 billion users.¹

A Win-Win Tax Reform Strategy

The truth is that, Mr. President, both the federal government and the technology world have become accustomed to enjoying the benefits of social networking without paying for it. Remarkably, this historical injustice to Leader Technologies creates a *tremendous tax reform opportunity*.

¹ Social apps users now use 30 apps per month. See Sarah Perez. (May 4, 2017). Report: Smartphone owners are using 9 apps per day, 30 per month. *TechCrunch*.
<https://techcrunch.com/2017/05/04/report-smartphone-owners-are-using-9-apps-per-day-30-per-month/>. However, for the purposes of this discussion we will use a 30:1 ratio and use 7.7 billion users and not $7.7 \times 30 = 231$ billion users.

The government has never tapped into the revenue stream potential that social networking represents.

The technology world has generated literally trillions of dollars in value from social networking, and yet has never paid a dime in fees to Leader Technologies for using their inventions.

I propose a win-win solution that generates substantial new revenues for the federal government and properly compensates Leader for the tremendous value we have provided:

1. Forward-looking Consumer Use Fee @ \$N/user/month:

We propose that the federal government surcharge each social networking provider (“Provider”) a “Consumer Use Fee” of \$N/user/month for each user worldwide. This fee shall be paid to the collecting federal agency each month by the Provider. The payment shall be comprised of:

50% from the Provider

50% from the Technology suppliers to Provider *pro rata* (e.g., hardware, software, firmware)

So for example, a \$2.50/month surcharge will generate \$231 billion per year in revenue for the federal government.

The surcharge shall be collected from the Providers. A precedent collection model is the Universal Service Fund (USF) (fee) collected by the Federal Communications Commission (FCC) to subsidize phone rates for rural phone companies, rural healthcare, libraries and schools. The 50% paid by the Technology suppliers shall be determined by the Provider.

2. Forward-looking Leader Innovation Surcharge @ \$2.00/user/month:

In addition, for the privilege of using Leader’s innovations, each Provider shall collect and pay a \$2/month blanket license surcharge from each user for all social apps used by that person on all devices. This annual fee of \$185 billion per year will be paid to Leader for the use of its patented inventions (“Leader Innovation Surcharge”).

3. One-time Historical Fee Payment to Leader

Leader is prepared to accept a \$40 billion one-time payment as a compromise for the historical damages, even though this is a fraction of the value.

As a supporter of the effort to reform the U.S. tax laws, I support the following statement by former President Ronald Reagan:

“If you want more of something, subsidize it; if you want less of something, tax it.”

Our current reliance on income (both personal and corporate) as a basis for taxation has led to a stagnant economy with small growth and stagnant wage rates.

I believe President Donald Trump is correct in saying that lowering the corporate tax rate to 15% and lowering personal income tax rates will unleash the U.S. economy and provide for growth of wages and Gross Domestic Product.

Unfortunately, the current prospects for passage of Tax Reform are hampered by those in Congress who are concerned that the lowering the tax rates on income will result in lowering of tax revenues and increases in the deficit and National Debt.

Lowering tax rates **increases** tax revenues in the long-run; this is the essential concept of Reaganomics.

What I propose here is a win-win strategy and could become a key part in the effort to implement Tax Reform.

You can authorize these payments pursuant to our Miller Act Notice. Leader would finally be able to enjoy a return on its investment of "social networking." It would allow Congress to impose a Consumer Use Fee *tagged to social networking instead of income*.

As everyone in public policy knows, no one likes additional taxes, and Congress will be criticized for imposing a new income tax on its own in the current Tax Reform dialogue. However, this proposal is factors better, I believe. It corrects the injustices visited upon inventor Leader Technologies while also allowing Congress to tap into a new source of revenue at the same time.

Additionally, paying Leader what Leader is due will make Leader as big as Apple. It would enable Leader to become a major job creator and perhaps the number one up and coming employer in Ohio.

This idea is a win-win-win proposition.

I would like to meet with you to discuss how you can assist us to receive the Miller Act Notice payments.

Sincerely,

Yours sincerely,

/S/ [REDACTED]

[REDACTED]

Reference:

- Miller Act Notice for Federal Works Projects 40 USC §3131 ET SEQ filed by Tier II Investor Share Class Members of Leader Technologies, Inc. including [REDACTED]