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Expires 06/30/99  
OMB 0651-0027

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- ☐ Merger ☒ Other
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Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

PATENT  
REEL: 9586 FRAME: 0781

## Correspondent Name and Address

Area Code and Telephone Number (650) 470-4000

Name Paul A. LeBoffe, Esq.

Address (line 1) White &amp; Lee LLP

Address (line 2) 545 Middlefield Road

Address (line 3) Suite 250

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## Pages

Enter the total number of pages of the attached conveyance document  
including any attachments.

# 9

## Application Number(s) or Patent Number(s)

☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

## Patent Application Number(s)

## Patent Number(s)

5806045

If this document is being filed together with a new Patent Application, enter the date the patent application was  
signed by the first named executing inventor.

Month Day Year

## Patent Cooperation Treaty (PCT)

Enter PCT application number  
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has not been assigned.PCT PCT PCT  
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## Number of Properties

Enter the total number of properties involved.

# 1

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indicated herein.*

Paul A. LeBoffe, Esq.

Name of Person Signing

Signature

Date

# WHITE & LEE LLP

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October 2, 1998

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Board of Directors  
IC ONE, INC.  
205 West 700 South  
Salt Lake City, Ut

James E. Biorge, Pres.  
CARD ONE DEV  
888 Heartwood Cr.  
Fruit Heights  
Utah 84037

**Re: Notice of Separate Rights to Patent No 5,806,045 Held by Richard T.  
Hauge; Demand for Amounts Owed to CardOne Corporation Creditors**

Gentlemen:

We represent Richard T. Hauge and certain creditors of CardOne Corporation with respect to rights and claims each has against James E. Biorge, IC One, Inc. ("ICO") and Card One Development Company ("COD") as explained below. The purpose of this letter is to inform you of, and to assert ownership rights Mr. Hauge has to Patent No. 5,806,045 (the "Patent"), and to warn ICO not to take any actions to challenge or obstruct Mr. Hauge's actions to legally exploit such rights. Further, this letter will demand that Mr. Biorge, as the promoter behind CardOne Corp. ("CardOne") make whole and reimburse certain creditors of CardOne for which Mr. Biorge has personal responsibility. Challenge of Mr. Hauge's separate rights to use the Patent, or Mr. Biorge's failure to reimburse the CardOne Creditors, will most assuredly result in litigation.

**One: Richard Hauge's Separate Rights to the Patent.**

The Patent for a "Method and System for Allocating and Redeeming Incentive Credits between a Portable Device and a Base Device", which was issued to COD on September 8, 1998, was purportedly assigned by Mr. Hauge under that certain Assignment February 4, 1994. The Assignment to COD is only made if "good and valuable consideration" is, in fact, transferred by COD to Mr. Hauge. In return for the Assignment, Mr. Biorge verbally agreed with Mr. Hauge prior to the execution of the Assignment that Mr. Hauge would be issued the same number of shares of stock of COD as owned by Mr. Biorge. Mr. Hauge relied on Mr. Biorge's

representations when agreeing to assign the Patent. Despite Mr. Biorge's promise to issue the stock, no shares of COD stock were ever issued to Mr. Hauge.

As Mr. Biorge is further aware, he has caused Mr. Hauge's shareholdings in COD to be worthless by causing the State of Utah to involuntarily dissolve that company on April 1, 1997. The extent of Mr. Biorge's deliberate and malicious failure to maintain the good standing of COD is appalling. From the records kept with the Secretary of State of Utah, COD failed to file an Annual Report with the State in 1995, 1996 and 1997. Mr. Biorge ran COD as his own proprietorship - intermixing his private funds and personal matters with the affairs of the company. Regular Board and shareholder meetings were never held, and Mr. Biorge arranged for the issuance of shares to his family members without valid consideration to the company.

Further, Mr. Biorge has proposed the transfer and sale (the "Sale") of the Patent by COD to ICO. ICO is principally owned by Mr. Biorge - and was formed by him to circumvent the exclusive License Agreement dated November 17, 1995 between COD and CardOne. Mr. Biorge is an interested party in this proposed Sale, as he is the CEO and President of both COD and ICO, and he is depriving CardOne of its license to the Patent under the License Agreement - and causing significant harm and damage to Mr. Hauge who is an investor in CardOne..

All of the foregoing was knowingly done by Mr. Biorge to strip Mr. Hauge of his interest in the Patent through COD and CardOne. As such, the Assignment is not valid with respect to Mr. Hauge, and he retains all of his rights to use the Patent as a Joint Tenant with Mr. Biorge and COD - without any accountability to Mr. Biorge or to COD of any kind. As such, Mr. Hauge intends to commence proceedings before the United States Patent and Trademark Office to immediately revoke the purported assignment of the Patent.

## Two. Claims by CardOne Creditors.

Not only has Mr. Biorge caused the involuntary dissolution of COD, as the CEO and President of CardOne, he has also orchestrated the revocation of CardOne's corporate charter - and he has unilaterally breached and terminated CardOne's exclusive License Agreement with COD. Essentially, Mr. Biorge has caused CardOne to become an "alter ego" corporation which has been operated as Mr. Biorge's sole proprietorship - with the effect that Mr. Biorge is personally responsible for amounts owed by CardOne to creditors.


We represent certain of those creditors, including Richard Hauge, Mable Fok and Evelyn Price (the "Creditors"). On the behalf of these Creditors, we demand that Mr. Biorge forthwith repay (a) \$93,400 in back salary owed to Mr. Hauge, (b) \$101,565 to Mable Fok for amounts loaned by her to CardOne, and (c) \$25,000 to Evelyn Price for amounts she has loaned to CardOne. Because these amounts are overdue by more than two years, accrued interest and penalties are also due to Mr. Hauge, Ms. Fok and Ms. Price. If these amounts are not promptly paid, then the Creditors will consider filing private collection actions against Mr. Biorge - and

possibly against COD and ICO for theft of the Patent that was exclusively available to CardOne under the License Agreement, and circumvented by both COD and ICO in the proposed sale.

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Please promptly direct your response and payment owed to the Creditors to this firm. Failure to promptly respond to the Creditors will result in further action. As mentioned above, we expect no response or challenge to Mr. Hauge's rights to use the Patent. If we do not hear from you by close of business, Friday, October 9, 1998, we will immediately take appropriate legal action to protect Mr. Hauge's rights in this matter.

Very truly yours,  
WHITE & LEE, LLP

By:   
Mark Cameron White

cc: clients

October 6, 1998

White & Lee

Re: Rich Hauge - CardOne Development

Dear Gentlemen;

This letter is written with the hope that I will not require engaging attorneys in this matter requiring action against Mr. Hauge that he would not desire. Based upon the allegations made in your letter, it is clear that sound judgement has not been exercised, nor the truth revealed. It does not benefit either party to engage in a senseless argument. I therefore present for your review the documents that have been prepared for the evaluation and decision of the parties involved as to the proposed purchase of CardOne Development assets and intellectual property

Mr. Hauge has worked with Peter Bennee in preparation of documents for his proposal and has agreed to sign them if his proposal is accepted. I must also provide Dan and Elna the opportunity to have their voice in this matter. The final decision will be based upon the majority of the number of shares voted. It should also be noted that my vote and shares will only be used to break a tie. I am sure that you will agree that this is the only fair and reasonable method to settle the matter between all parties.

You will also note in both proposals that the payments requested by other parties has been included. All other claims in your letter are unfounded or false. Mr. Hauge supported allegations that I was co-mingling funds. It is true that I invested money into the CardOne Development and took nothing back. The issues related to CardOne Corporation are totally different from CardOne Development and must be dealt with separately. There are however more than ample facts to prove that in the CardOne Corporation matter it was myself that has been injured and not Mr. Hauge. It is therefore proposed that this matter be settled as proposed. Notice is hereby given that Mr. Hauge does not have authority to act for and in-behalf of the patent or any other asset of CardOne Development. I will look forward to your response.

Sincerely,

  
James E. Biorge

**CardOne Development  
Official Ballot**

It has been proposed that IC One, Inc. purchase all assets, intellectual property and all other rights and ownership of CardOne Development. Two proposals exist for how this purchase would fairly compensate the founders, directors and officers of the corporation. James Biorge has proposed a purchase with a 10 year royalty agreement. Rich Hauge has proposed an increased payment up front with 4 year royalty agreement. Please review the attached comparison and projected benefits from both proposals and legal contracts as prepared by the IC One, Inc. attorneys. Questions may be directed to both Jim and Rich as necessary. Upon completion of your evaluation, please mark the box below the proposal that you would prefer, sign, date and send within 10 days to James Biorge at 888 Heartwood Circle, Fruit Heights, Utah 84037.

**Rich Hauge Proposal**

☐

**James Biorge Proposal**

☐

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Date

# CardOne Development - Purchase Options

	Rich's Proposal	Jim's Proposal
Stock Change		
Jim (Now 50%)	37.50%	25%
Rich (Now 25%)	37.50%	25%
Dan (Now 12.5%)	12.50%	25%
Elna (Now 12.5%)	12.50%	25%
Cash upon sale	\$250,000	\$200,000
Expenses		
Fenwick & West	\$30,000	\$30,000
Mable Fok	\$101,000	\$101,000
Interest	\$30,000	\$30,000
Evelyn Price	\$25,000	\$25,000
Interest	\$7,500	\$7,500
Total Expense	\$193,500	\$193,500
Cash to Stockholders	\$56,500	\$6,500
Royalty based upon projection	2% for 4 years	2% for 10 years
Royalty in \$ Year 1	\$0	\$0
Royalty in \$ Year 2	\$480,000	\$480,000
Royalty in \$ Year 3 +	\$2,400,000	\$9,600,000
Income to Stockholders		
Jim		
Cash upfront	\$21,188	\$1,625
Royalty in \$ Year 2	\$180,000	\$120,000
Royalty Years 3 - 10	\$900,000	\$2,400,000
Total Income to Jim	\$1,101,188	\$2,521,625
Rich		
Cash upfront	\$21,188	\$1,625
Royalty in \$ Year 2	\$180,000	\$120,000
Royalty Years 3 - 10	\$900,000	\$2,400,000
Total Income to Rich	\$1,101,188	\$2,521,625
Dan		
Cash upfront	\$7,063	\$1,625
Royalty in \$ Year 2	\$80,000	\$120,000
Royalty Years 3 - 10	\$300,000	\$2,400,000
Total Income to Dan	\$387,063	\$2,521,625
Elna		
Cash upfront	\$7,063	\$1,625
Royalty in \$ Year 2	\$80,000	\$120,000
Royalty Years 3 - 10	\$300,000	\$2,400,000
Total Income to Elna	\$387,063	\$2,521,625





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October 21, 1998

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Fruit Heights, UT 84037

**Re: Reply to October 6 Letter and Final Demand for Amounts Owed to CardOne Corporation Creditors**

Gentlemen:

As you know from our letter dated October 2, 1998, we represent Richard T. Hauge and certain creditors of CardOne Corporation ("CardOne") with respect to rights and claims each has against James E. Biorge, IC One, Inc., ("ICO") and Card One Development Company ("COD"). The purpose of this letter is threefold, to: (1) Respond to Mr. Biorge's letter dated October 6, 1998, a copy of which is attached for your convenience, (2) restate our position as set forth in our letter to you dated October 2, 1998, a copy of which is also attached for your convenience, and (3) Provide you with a final demand for amounts owed to COD creditors.

In Mr. Biorge's October 6<sup>th</sup> letter, he sets forth a proposal for the sale of the "CardOne Development assets and intellectual property." As we discussed in our October 2<sup>nd</sup> letter, Mr. Biorge has a blatant conflict of interest in this proposed sale, because he is both the CEO and President of COD and ICO. Additionally, he is depriving CardOne of its license to the patent number 5,806,045 (the "Patent") under the license agreement between COD and CardOne, causing significant harm and damage to Mr. Hauge who is an investor in CardOne. Be advised, therefore, that Mr. Hauge will not even begin discussions regarding such a proposal unless and until Mr. Biorge's personal conflict of interest and all other issues raised in our October 2<sup>nd</sup> letter are resolved in their entirety.

**PATENT**  
**REEL: 9586 FRAME: 0789**

As we explained in detail in our October 2<sup>nd</sup> letter, the purported assignment of the Patent from Mr. Hauge to COD is, for many reasons, fatally defective. Accordingly, there is no valid assignment, and Mr. Hauge retains all of his rights to use the Patent as a Joint Tenant with Mr. Biorge and COD. As such, Mr. Hauge has the unfettered right to use the Patent as he sees fit, without interference from Mr. Biorge or COD. If Mr. Biorge, COD, CardOne Corp., IC One, Inc. or any other affiliate challenges Mr. Hauge's rights under the Patent, we have been instructed to take swift and appropriate legal action to defend and counterclaim against any such challenge.

Finally, our October 2<sup>nd</sup> letter informed you of Mr. Biorge's obligations to Mr. Hauge, Mable Fok and Evelyn Price ("Creditors"). Should Mr. Biorge fail to pay the Creditors as set forth in our letter, they will not hesitate to commence a collection action against him on the date set forth below.

Failure to promptly respond to this letter will result in further legal action. If we do not hear from you by close of business, Tuesday, October 27, 1998, we will immediately take appropriate legal action to protect the Creditors' rights in this matter.

Very truly yours,  
**WHITE & LEE, LLP**

By:   
Mark Cameron White

cc: Mr. Richard Hauge  
Mable Fok  
Evelyn Price