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February 9, 2009

Governor Ted Strickland

The Governor's Office,
77 South High St.
Columbus, Ohio 43215-6108
(614) 466-3555 phone
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Dear Governor Strickland:

We appeal to you to stop the Ohio Department of Development from carrying out unjust legal actions against our company for what appear to be personal motives of certain personnel.

We are a small, local, high technology company, employing ten Ohioans and serving a customer base of colleges, schools, airports, state governments, and state agencies across the United States. We also contribute services to your Connect Ohio project, and recently developed a service for the homeless with the Ohio Consumer's Council and Ohio Benefit Bank. We are, in fact, one of the many small businesses that the state of Ohio is trying to support in these difficult economic times. We have also recently teamed with a national law firm to protect our valuable patents against infringement by Facebook; patents developed from our research and development here in Ohio.

And on Wednesday of this week, the Ohio Department of Development ("ODOD") will sweep our accounts, which they have already frozen, without a hearing of our grievances, unless you are willing to intervene (*State of Ohio Department of Development v. Leader Technologies, Inc.* Case No. 08-JG-042343 (2009 Franklin County OH)). This action is totally contradictory to the support we received from the ODOD in 2003.¹

Why is the ODOD, which is supposed to *develop* Ohio business, employing these Draconian measures to torpedo a company that provides communications and health and safety alerting to thousands of customers, including the Ohio Emergency Management Agency and Port Columbus Regional Airport Authority? Consider:

- In 2003, the ODOD approached Leader to participate in the "Innovation Ohio Revolving Loan Fund" program, whose mission was to support entrepreneurial technology companies like ours to create jobs.
- With the guidance of the ODOD we applied for and were promised a 4-part financing package, confirmed by then-Director Bruce Johnson; our projections in our application were to create 159 jobs predicated on receiving \$5.2 million in Innovation Ohio financing.
- Leader received the first \$250,000, with which we bought equipment, and two tax incentives which we have never used. Bottom line, only the 3 small parts of the financing were provided. We were assured throughout 2003 that the 4th part, Innovation Ohio, was coming.
- Things changed. The money dried up, the administration changed. Leader never received the Innovation Ohio funds.
- In 2005, the ODOD began dunning Leader for a repayment of the \$250,000, on the grounds that we had not created the required 159 jobs. Clearly, the creation of that many jobs was contingent on receiving the original, much larger grant of \$5.2 million, not a tiny portion of it.

Despite the unfairness of their claim, we met on at least three occasions with the ODOD to try and resolve the issues amicably; even twice scheduling a workable repayment over time of the

¹ See former ODOD Director Bruce Johnson's June 20, 2003 letter of support to us enclosed.

money that we did not believe we owed. On all occasions, the agreement that was reached with an ODOD representative was later axed by Robert Stempfer, Assistant Chief Legal Officer, who was there in the Taft Administration, and is still there in your administration. We believe Mr. Stempfer is instigating these latest actions against us for reasons we do not know. These actions defy logic.

The ODOD has been relentless. On Monday, February 2nd, they not only froze our accounts, threatening our employees' livelihood, but also sent letters of garnishment, not only to our customers, but to our potential customers, a practice that they continue. Presumably this tactic is intended to make it impossible for our company ever to do business in Ohio again.

Governor Strickland, all we want is a fair, impartial hearing, which we have never received from the ODOD. We appeal for your urgent action to stop this abuse of authority occurring at the Ohio Department of Development.

We ask you to order the ODOD to stand down, to unfreeze our accounts, and to allow us to continue to do business. We do not have the resources to fight a state agency, and besides, is it the function of the ODOD to bankrupt companies? Our only crime appears to have been to believe in the promise of the Innovation Ohio money that the ODOD encouraged us to apply for.

The ODOD's actions in this case are wrong, and should be opposed. Should it be within the purview of a few individuals in the ODOD to lure a company with promises of state money, and then punish the company by attempting to shut it down when the ODOD is unable to meet its commitments?

The baffling illogic, not to say malice, of the ODOD's actions leads us to believe this matter is being perpetrated by a few individuals within the Ohio Department of Development who are attempting to hide past mistakes and are unjustly punishing our entrepreneurial high technology company for their personal agendas.

We have written to you previously, appealing for your intervention in a wholly unjust situation, but we have not received a reply. Governor, we acknowledge that Ohio's budget crisis demands your attention, but Leader is one of the companies that you are trying to save. All we ask is for a fair and impartial hearing, the negotiation of just terms, and the opportunity to continue to do business without being harassed by the very state agency that is supposed to help companies like ours.

We trust that you will do everything in your power to address this injustice. We cannot believe that it is in the best interests of the state of Ohio to add ten more families to the staggering list of those already unemployed, nor to disrupt the communications of the many businesses, schools, and government agencies that depend upon our company's communications products and services.

Yours sincerely,

/ Signature /

Michael T. McKibben
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cc.

- Lt. Governor Lee Fisher, Director, ODOD
- Mark Barbash, Chief Economic Dev. Officer, ODOD
- Rep. Kevin Bacon, 21st District, Ohio House of Representatives
- Rep. Marian Harris, 19th District, Ohio House of Representatives
- Senator David Goodman, Ohio Senate
- Our other elected officials

Enclosure:

June 20, 2003 Letter from Bruce Johnson, Director, ODOD, to Michael T. McKibben, Chairman & CEO of Leader following the ODOD orchestrated May 23, 2003 approval of Leader's \$5.2 million Application.



OHIO DEPARTMENT OF DEVELOPMENT

Bob Taft
Governor

Bruce Johnson
Director

June 20, 2003

Mr. Michael T. McKibben
Chairman & CEO
Leader Technologies Inc.
921 Eastwind Drive, Suite 118
Westerville, Ohio 43081

ORIGINAL

Dear Mr. McKibben:

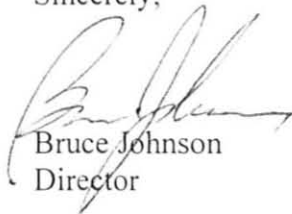
Thank you for your letter to Governor Taft. It is rewarding to hear that the Ohio Department of Development's (ODOD's) assistance has been instrumental in Leader Technologies' growth. Your mention of Chad Davie, and the rest of my staff in the Economic Development Division, is much appreciated as we aggressively assist companies like yours to invest in Ohio.

In this spirit of assisting Ohio based companies, I would like to reaffirm to you that the State of Ohio is very interested in keeping Leader Technologies in Ohio. As you know, Ohio can provide Leader with the long-term support needed for the world-class products you have developed. We in the Ohio Department of Development will make every effort to assist Leader Technologies as you grow in Ohio.

Leader Technologies is a prime example of the caliber of companies that we hope to assist with Governor Taft's Third Frontier Project. The Third Frontier Project is an extensive initiative intended to foster research and development, as well the commercialization of research and development successes. The Third Frontier Project will advance the commercialization of new technologies, accelerate development in high-wage, high-growth industries, recruit world-class researchers and foster research & development. Companies like Leader Technologies can benefit from the initiatives provided under the Third Frontier as we are committed to moving Ohio into the forefront of the technology and knowledge economy.

I encourage you to continue to work with Chad Davie on potential opportunities from the Third Frontier Project. Thank you again for your letter. I wish you the best of success and hope to continue a successful partnership with Leader Technologies.

Sincerely,



Bruce Johnson
Director

BJ/jg