

FastFlow Syndicate

Memorandum of Understanding

Letter is non-binding and has no obligatory requirements either expressed or implied. Its purpose is to introduce the terms and conditions governing membership in FastFlow Syndicate. By acknowledging you have read this document, we will forward the referenced drawings to you as a Prospective Syndicate Member.

Prospective Syndicate Members are encouraged to review the material on the [LatchTool SiteMap](#). The technology centers on *fluidic* Flow Control and the Fluid Logic enabled by **FastFlow® fluidic** Seal-Valves systems.

The Introductory Disclosure Package discusses the design principles at work. The Bills of Material for the three manually powered devices that were advanced to the preproduction stage are included. These systems leverage several 30-50-lb squeezes into 6,000-*psi* of pressure.

The **FastFlow®** Hi-Bar Pump discussed uses 4- *fluidic* Seal-Valves arranged in tandem. The assembly is inserted in a cavity and driven by a motorized crank or cam.

Prospective Syndicate Members may request an engineered assembly drawing of the 10,000-*psi* Hi-Bar pump and the test fixture designed to characterize the pump. Both are **free of charge**. The only thing we ask in return is that if you build a unit, you build one for us.

Alternatively, [Top Notch Machining](#) who has participated extensively in the development of LTG's technology, may be retained to build a unit(s) for you. [Stickeldesign](#) is the repository for engineered drawings, and will make the engineered drawings available the format requested.

At this point, neither party is obligated to the other in any way. All arrangements are between you, the Prospective Syndicate Members, and the LatchTool Affiliate.

Membership in FastFlow® Syndicate requires a one-way NDA.

Fees are \$50,000 per year payable to the LatchTool Group. Management may elect to defer, discount or waive fees and asks that applicants make a case for such consideration. Members, mindful of trade secret issues:

- Are encouraged to publish articles, evaluations and assessments that to advance FastFlow fluidic enabled systems and their particular expertise.
- Have the right to grant up to three **specific end-use** licenses to use the LTG Technology provided such grants are not in conflict with the terms of any prior grants or authorizations.
- Such grants apply to applications anywhere in the world, provided that:
 - Any improvement to the **fluidic seal-valves**, including encapsulated elements and any corresponding software that may evolve from the use of such elements cannot be used to impede or limit the access of other Members to the technology. This includes, but is not limited to the piezo signaling of seal-valves for motor control.

- Any modifications or improvements to the **dart valve** must accrue to the benefit of all members. This includes, but is not limited to the number and arrangement of springs on a dart valve to facilitate modulation and any cam or stepper arrangement or other electromotive element to control a *FastFlow fluidic* enabled system.
- Any improvement in or modification of the **force transmission fluids** used in *FastFlow fluidic* enabled system will be made known and availed to Members. The most elemental formulation consists of biocompatible water and mixtures of water and glycerin. Proprietary additives *inter alia* alter the viscosity and rheology of the fluids, tailoring them for specific applications. Disclosures are made on a need to know basis and are subject to a Confidentiality Agreement.

A Member's incentives are:

1. Assurance that an application specific design will be granted an exclusive end-use license on a *first come* basis for:
 - a. A minimum term of four years,
 - b. An annual royalty of 3.75% on all net sales,
 - c. Anti-shelving minimum,
 - d. Cross-license of all improvements and extensions.
 - e. An end-use license is perfected when first payments is received by LatchTool under the terms of a license.
2. In addition to client charges, a Syndicate Member receives a 20% share in the royalties LTG collects from the beneficiaries of the Member's design.
 - a. It is assumed that a Syndicate Member provides design services *for hire* and would not have any other interest in the manufacture and/or sale of the design.
 - b. Should a Syndicate Member enter into a license with an OEM for their design using *FastFlow@IP*, or alternatively enter into the manufacture or sale themselves; then the situation will be reviewed on a case-by-case basis.
3. LatchTool Group is the Licensor.
 - a. An end-use license is perfected when a licensee makes an initial payment to LTG.
 - b. Perfected application licensees will be posted on the LatchTool website in an area reserved for Syndicate Members.
 - c. Dues must be current to be eligible for a share in their client's royalty.
 - d. Design licenses may be revoked for cause; however, never for the reason or purpose of circumvention or avoidance of royalties.
 - e. LatchTool will empanel Members to provide governance.
 - f. A perfected design license may be sold or assigned. The Licensor must approve such transfer of title, or change in ownership.
4. The Syndicate will become the clearinghouse for claims on royalties and their respective distribution to Members. It also will organize and fund research, collectively set and disseminate standards, and generally communicate with the Members to advance microhydraulics and fluidic flow control.
5. LatchTool Group intends to raise capital and allocate earnings to advance its Intellectual Properties. As a guideline, LTG will direct a portion of the funds earmarked for Research & Development to the *FastFlow@Syndicate*. Such work will be contracted to Members.

LatchTool intends to grant manufacturing licenses for key components used in LatchTool *FastFlow@* Microhydraulics and to publish an online catalog listing the wares of their licensees and/or refer buyers to their licensee's website.

LTG is promulgating an emerging technology that it believes has consequences as significant as semiconductors in shaping the convergence of Information and Operating Technologies.

FastFlow@ Syndicate is developing as a new business model. Mistakes, omissions and errors are inevitable which requires Member forbearance as hiccups are reconciled. LTG has aligned with [Pointman Leadership Institute](#) ,PLI, as arbiter for resolution of disagreements among Members.



LatchTool Group

...FastFlow@within

Robert W McPherson, Chair/CEO
Colorado Springs, CO 80921
719-360-8800

Acknowledged:

I have read the Memorandum of Understanding and wish to be considered a Prospective Syndicate Member.

Signature

Name:

Science Degree:

Awarding Institution:

Current Affiliation:

Title:

Contact Information: