

FEAR AND LOATHING IN 3D: TRUE STORIES FROM THE 3D INDUSTRY

Most people enter into business, as I did in 1979, lacking any real understanding of it and thinking that it is mostly a matter of having good ideas and working hard. However, success and failure often has more to do with the personalities of one or two key persons. Technology, hard work and even financing are commonly of far less importance. Everything can be perfect but one person with bad judgement, greed, egomania or paranoia can easily destroy a perfectly good business plan. This has been the case with many (nearly all?) of the companies in the 3D industry and is probably typical of all business--and for that matter of life in general! To help those who work in or may work in the 3D business, and in the interests of truth and justice, I will provide a few details of what really happened behind the scenes in some recent 3D businesses. Anyone with further information(that is revealing, interesting and true) to add about these companies or about any others is welcome to submit more info and can do so anonymously using forwarding email such as www.anonymizer.com, www.freedom.net or perhaps even the fantastic new "unbushing" program publius <http://cs1.cs.nyu.edu/waldman/publius> or by mail to the address on this page. For some useful related business stories of a more general nature see <http://hometown.aol.com/lkamm18392/adventur.htm>

I will start with the horror story I know best-my own attempt to start a 3D business in 1973. In that year I began full time (ca 70 hours a week) library research to find out everything ever done in the field of stereoscopic imaging. No internet in those days so it started with handsearching all the relevant classes of the entire US patent digest and reading and photocopying every relevant abstract. This took several thousand hours. Then I went through all the engineering abstract indexes. I was working in the U.C. Berkeley library, one of the largest in the world. I made extensive use of interlibrary loans to get obscure books and articles in German, Russian and other languages. I translated German, French, Spanish, Italian and a little Russian myself and then paid to have many Russian articles translated when I found they were the most technically and theoretically advanced in many areas, especially 3D filmmaking. Eventually I made trips to the U.S patent library in Washington DC and to Russia, Japan, Germany, England and elsewhere to use their libraries and to visit 3D researchers worldwide. A small portion of the resulting material appears in the SIT article on this page and some in the Foundations of the Stereoscopic Cinema book discussed below. I have now donated nearly my entire collection of info and materials to TJ3D Company in China in the hopes it will end up in a library there as the nucleus for educating future generations of Chinese.

Perhaps the best way to tell the story of my first company, StereoGraphics Corporation, is with the following letter which I wrote in 1983-- intending to send it to the shareholders-- but which was never sent and which I just recently found in my old papers.

Dear Shareholder:

Stereographics Corporation has excited much interest due to its ` fascinating technology and the possibilities of its rapid growth. Nevertheless it has expended some 3/4 of a million dollars with few tangible results and is always teetering on the edge of bankruptcy. The company has been dreadfully mismanaged and has missed several major and numerous smaller opportunities. Virtually all information concerning the company has hitherto issued directly or indirectly from the company's president and cofounder, Lenny Lipton (hereafter LL). In my view this information has often been distorted and due to recent events and my unique position I wish to present here an accurate appraisal of the company's situation. I wish to make it clear that I present this information in the hope that something can be done to save the company in which I am a major stockholder, but that I have absolutely no interest in further participation in the running of

the company.

First, a few remarks on its origins.

When I met LL 8 years ago, I was researching a book on the history and technology of stereoscopic(3 D) imaging. I was especially interested in creating a 3-D TV system and doing 3-D videogames. LL was eeking out a living writing books on amateur filmmaking and articles for Popular Photography. He also got some money from royalties for the Peter, Paul and Mary song "Puff the Magic Dragon" to which he had written the lyrics. This was due to his sharing a room with Peter in college. It turned out that Peter Yarrow was stealing most of the royalties so LL sued him and he and I spent an entire day digging thru Yarrow's corporate papers trying to prove this. I discovered the royalties were diverted thru a corporation called My Company and so LL eventually got some serious money from this. He said repeatedly he would never be like Yarrow and would treat everyone who helped him with his business fairly. In fact he treated them all in the most selfish, petty and nasty way possible.

I also found that the melody to Puff was the subject of a previous lawsuit which had shown it to be an old sea shanty(sailors song) and thus public domain(ie, anyone can use it without royalties). This, coupled with the fact that the lyrics are a marijuana induced fantasy, might make the various companies that market Puff cartoons to the children's market less than ecstatic. LL had an enormous appetite for sex and drugs. I recall one party at his house in 1977 attended by at least 100 drugged out people who stood in line to breath laughing gas from a giant cylinder in his baby's bed.

LL had been Interested in 3D also, but like virtually all dabblers in the art, he was not inclined to research its history and knew little about it. He had however joined with his childhood friend Mel Siegel a few years earlier in creating a proposal for a "new" type of 3-D TV. Shortly after meeting me I made it clear that "their" system had been thought of and patented many times by numerous researchers in previous decades. This ignorance of the prior art is quite typical of 3-D researchers and continues to be true to the present day. My interest at that time was to create 3-D videogames and a live 3-D TV system. LL was extremely negative about computers and video and insisted that super 8 film would be the medium of choice for consumers for many years to come. We did however, share an interest in 3-D movies and so I offered to share with him all the results of my continuing, research into 3-D technology. LL made substantial progress in creating making some amateur 3-D films but due to my poverty and lack of background and connections I was unable to create a 3-D TV system. In 1978, after about 5 years of arduous research spending up to 12 hours a day, 7 days a week in the U.C. Berkeley and other libraries, I discovered a company selling a 3-D TV system that used electro-optic shuttering glasses. I spent a month's budget for a trip to see this system and became convinced it had the potential I was after. LL was still extremely negative but I arranged a meeting with the company and we saw a beautiful demo. LL subsequently "forgot" his hostility to this field sequential system and instead acted as though it was always his idea. However in an unguarded moment(though with his usual flair for glossing over his mistakes) he wrote the following several years ago in a letter(written in 1981 and still in my possession) to our attorney Nick Davidson:

"In fact it was his (Starks) idea to use the technology (ie, shutter glasses). I was not aware that electro optical shuttering techniques had reached such a state of perfection, nor indeed that such a method was even a feasible method. It was Starks who dragged me to Megatek to see the demonstration of their system."

Some months later, LL went to an engineer named Jim Stewart, then employed by a company called GESI, to have him give an estimate on building one type of 3D TV system. Instead of consulting with our attorneys (or me) about the advisability of revealing sensitive and possibly patentable material, he proceeded in his typically rash and egocentric manner. This was to create terrible problems, which have not been resolved to this day (1983).

In attempting to improve the 3DTV ideas we brought him, Jim invented a "new" way to do 3DTV. Though

LL and I contributed other ideas to the subsequent patent, the only real major idea (ie, the 120Hz over/under method) was Jim's. I emphasize this for several reasons. LL has continually represented this as his invention, though it was Jim who had the crucial insight and Lhary Meyer who and Jim who actually designed and built the electronics. Secondly, in subsequent disputes between LL and the rest of us over other patent inventions, LL claimed that it was only proper to divide up patents so that each coinventor could be tied to those claims specifically identifiable as his. In this case the original basic 3DTV patent of StereoGraphics Corp should bear only Jim's name.

The patent was applied for but Jim never assigned his rights in the invention to anyone, due to facts that he worked for GESI and that no agreement concerning this invention had ever (or has ever) been made with them. At this point, LL began insisting that Jim get his own attorney, whereas I felt this was asking for trouble and was unnecessary. LL continued to insist and so Jim did get an attorney and an incredibly protracted and unpleasant series of negotiations ensued which eventuated in terms less favorable to Jim than those which we would have been happy to grant to begin with. By this time LL had become incensed with Jim (for doing nothing other than following LL's advice) that he called him every name imaginable, spoke-frequently of killing him and allowed him to sign an invention assignment agreement that we all believed did not properly describe the invention. Jim, believing his invention constituted a 4:1 interlace, insisted that royalties be granted to him on all uses of the 4:1 interlace. LL and L. Meyer asserted that the invention Jim had made was not a 4:1 interlace and consequently were chuckling over the fact that they had deceived him. LL remarked, "That son of a bitch will never get a penny of royalties!" This situation in which LL's behavioral problems and bad judgement led to difficulties with people who were being very helpful and who were then attacked in the most vicious and devious manner by LL was to be repeated many times.

The next victim was Richard Lindheim, president of GESI. During this same time several other opportunities were to arise only to be ultimately destroyed by LL's personality problems. Forming alliances with some of the more noted people in the small 3D industry was a logical step. I wanted to form a relationship with both Jim Butterfield (one of the few who had any success with 3dtv) and with Chris Condon (nearly the only person who had successfully worked with 3d movies during the last couple decades). For no good reason, LL was extremely negative about both these people and nipped both relationships in the bud. Butterfield went on to found 3-D Video Corp. the next year, which grossed \$12 million in less than a year selling 3d glasses. Bad judgement caused this company to go bankrupt, but very likely we could have shared the profits and many interesting connections might have developed.

With Condon, we began to form a partnership to provide hardware and expertise to the motion picture industry. Chris was put off by LL's obvious personality problems and told him so repeatedly in various gentle and roundabout ways. Chris wisely began easing himself out of the partnership we were in the process of formulating, but due to the press of circumstances he finally agreed to a restricted form of cooperation. We made some money from this agreement but it should have produced much more, coming as it did just prior to the big 3D movie boom of 1982. The situation was very complicated but the basic features were the same as with GESI and Jim Stewart- LL's megalomania, paranoia, greed and impatience produced bad reactions in people, which LL's crazy behavior then turned into emotional and legal nightmares.

LL subsequently referred to Condon in letters to our attorney Nick Davidson and others as "that crazy son of a bitch" and approached his employees in attempts to get blueprints for Condon's proprietary lenses.

When StereoGraphics incorporated and we apportioned the stock. LL insisted on having controlling interest and I readily agreed. I did this for three reasons: 1. I didn't care who controlled the company, having no business experience and not realizing the implications; 2. I was easily intimidated and preferred to let him have control rather than fight over it; 3. When the company was initially incorporated, it was not clear that we were ever going to be able to do 3dtv and LL had put in more time on the 3D movie project.

Nevertheless, I agreed to LL having majority interest provided that I would get 3/4 of the profits from any 3dtv work. I stated that this was justified since he remained very negative about 3dtv and I had spent almost 6 years nonstop time researching it. However, since I was quite naive about business and legal matters and since LL handled most of the interactions with our attorneys this was never put in writing.

One other event should be mentioned concerning stock apportionment. Shortly before we finalized the incorporation, LL said that he wanted another 5%, of the stock to give to Julie and Diane. He said that legal problems made it impossible to give them the stock directly. Subsequent events made it absolutely clear that this was a ruse.

Julie was his girlfriend, business advisor and therapist (though he forces everyone into this role), while Diane is his ex-wife. Poor Diane had mentioned to me that she hoped to assure her future with this stock but she was incredibly naïve. With millions of reasonably sane, decent men to choose from she had picked a psychotic asshole to marry. When I told her that LL was abusing their handicapped child she was incredulous. Fortunately she remarried to a human.

Diane never received a single share and Julie, instead of a 1,000 or so shares she was entitled to, got only 100 and this only because both I, and her friend, Richard Bell, were on the board of directors. Julie richly deserved this stock because she not only administered constant psychotherapy to LL (she was a profession therapist), but had daily discussions with him on business and legal matters relating to our company stretching over nearly five years.

After their separation, caused in part by her realization of LL's hopelessly abbreviated personality and partly by his discovery while searching thru her private diary of an affair with someone who led her to complain to her diary of LL's small penis, he attempted to avoid giving Julie her stock and then give only a small amount after the stock was split. He used the same strategy with half a dozen others, leading to another terrible legal situation that has yet to be resolved (1983).

I continued to pursue the 3DTV videogame project I envisioned and located a small company with computer expertise. We formed a partnership with them and attempted to raise money to enter the home and arcade game markets with 3D games. Unfortunately, the investors we found bought stock in StereoGraphics Corp rather than investing in the partnership, and this gave LL effective control over the whole project. The other company, UME Corp, dropped all its other projects and was forced to become employees of StereoGraphics rather than having half the money and equal power as was originally intended.

We did not have the resources to enter the arcade market, so I directed our attention to a low tech, low cost 3D method that I had researched (again with LL being apathetic or hostile to it). UME and I attacked the project with vigor and were preceeding admirably toward a 3D home game which we could license or market, when LL succeeded once again in sabotaging us.

LL became more and more insistent on doing things his way and on pursuing only his ideas. He maintained that our strong points lay in proprietary hardware and techniques which we should license to industry. I maintained that it was difficult or impossible to protect such hardware and techniques and the proprietary software was a far more rational approach. There was still some pretence of democratic procedure at this time so we scheduled a company meeting to decide the issue. True to form, LL talked to each of the employees prior to the meeting, made it clear to them that if they wished to remain with the company they had to side with him and so the meeting, like most of what happened during the ensuing months, was a carefully orchestrated farce designed to give LL his way while maintaining appearances.

In this fashion a four star opportunity to launch StereoGraphics as a major company was utterly destroyed. After this meeting LL rapidly abandoned any pretence of democracy and since then has given full vent to his megalomania and made it transparently clear that the company is just a big ego trip. What little sense of friendship there was disappeared and conversations were frequently in hushed tones behind closed doors. LL's Napoleonic complex and grasping for power were now quite blatant. He began devoting much of his time to scheming against anyone who opposed him on any significant issue. It was at this time that Lhary Meyer, hired to do electronic engineering, seized the opportunity to ingratiate himself with LL by spying on the rest of us. He was so inept and obvious that I sometimes made preposterous statements so that I could match LL's bizarre gyrations since these were about the only laughs to be had around StereoGraphics in subsequent months. Lhary had plenty of time for spying and plotting since he seldom spent more than 1/3 of his time actually doing his job. He even succeeded in talking LL into hiring him an assistant to do his work.. Lhary was primarily an audio engineer who knew little about video but was very Jealous of his position. One

competent video engineer was called in to redo the basic black box electronics but Lhary's obnoxious behavior coupled with LL's lack of tact left him disinclined to work for us. As a result, work that should have taken one person 3 months took 2 persons 6 months, Projects like wireless 3D viewing glasses which have been estimated by several competent video engineers to be a 2 or 3 week project remained undone a year later. It should come as no surprise that Lhary was the only person in the company who supported Lipton's plans. Nobody who persists in disagreeing with LL stays around very long. About a decade later Meyer got his just reward when LL, paranoid that Lhary was the only one left in the company who knew the truth about the Great Leader, tried to fire him. Lhary had contracted leukemia and without medical insurance this would have been a death sentence.

LL began consolidating his control by dismantling the software team and terminating the videogame projects. I made an attempt to convince the Board of Directors that LL was abusing his position and that this was a preposterous decision. I had two separate meetings with Richard Bell (a businessman who is a member of the board, an investor in the company and a personal friend of both LL and I) as well as several company meetings and board meetings to try to turn things around, but the situation was hopeless.

In allowing LL to have controlling interest 4 years earlier I had doomed the whole venture. LL could fire anyone who opposed him and proceeded to do just that. The board at this time consisted of LL, myself, Bell, Nick Davidson (our company attorney, investor and friend) and William Moulton, one of the 3 people who came to us from U.M.E. Corp'. Moulton's opposition was easily silenced by firing him. Bell and Davidson probably felt it necessary to vote, with LL for two reasons: 1) they felt he had greater technical credibility, 2) since he made it clear that he would not give up his position voluntarily, an attempt to displace him would probably destroy the company. There was truth to both points but subsequent events showed that supporting him was still a major mistake.

Lipton's behavior caused us to lose another major opportunity. As always, this was partly due to his egomania and paranoia and partly due to his incompetence and computerphobia. Michael Miller and Richard Wolton are two other U.M.E. Corp. people who joined us along with Moulton. Richard is a superb electrical engineer and computer programmer who had the major responsibility for creating the videogame graphics. Michael is a microcomputer and videogame expert. On his own time, Richard developed a very sophisticated music synthesizer program for personal computers. I wanted to purchase the rights to this program for Stereographics for I knew that a single good program could generate a \$10 million company in a year or two. However, by the time it was sufficiently developed to evaluate, nobody wanted anything to do with LL, and he fired Miller and Moulton who proceeded to raise seed money and purchased the rights, to the program from Richard. Since Richard's talents were being wasted (LL had him spending most of his time in a darkroom developing film in pursuit of one of LL's "great" ideas which, like all his ideas, were virtually worthless and exhausted the company's resources and putting up with LL's lunacy soon became more than anyone could bear, he soon quit. John Shepard and Steve Wolff, both superb hardware and software engineers also departed quickly. These 5 persons who LL felt were of no use to the company and whom he reviled as "jerks", "assholes", "incompetent" etc, projecting his own qualities onto them, soon started Waveform Corp which less than a year later had a book value of \$7 million. LL meanwhile was reduced to pandering to pornographers to try to get enough money to pay the rent.

LL presents himself to the world as an honest, hardworking, brilliant inventor. He does work hard and he has some proficiency in Filmmaking, photography and elementary optics. Unfortunately, he is also a totally dishonest paranoid egomaniac with a complete lack of sound judgement. Even on technical matters in his own limited fields he is completely at sea when it comes to the importance and commercial feasibility of ideas. He grossly overestimates the importance of "his" ideas (nearly always "borrowed" from myself or others in the literature I provided).

LL insisted on spending hundreds of thousands of dollars on a series of worthless patents on "his" ideas and made the fruitless attempts to license these the major focus of the company. I urged that at least these be combined into a few patents to save time and money. He refused. Two of them had all their claims denied by the Patent Office. One was granted but will almost certainly never be of any commercial value. Some four others are in process but seem to me to be absolutely worthless. In spite of the fact that I have researched the stereoscopic patent and technical literature more carefully than anyone and provided all this info to him, LL

just ignores or is ignorant of prior art which, of course, not only invalidates the patents but exposes him and the company to potential legal action by other inventors and the US Patent office.

To give a few examples, the first patent concerned a method for doing 3D zooms with twin cameras. The literature said that 3D zooms were not feasible and LL believed it. I insisted it should work and it did! LL thought of a simple and not particularly interesting way to do it but lacked the engineering skill to properly describe it. He got detailed help from Chris Condon and Steve Wolff, both skilled engineers and their ideas contributed directly to the claims, making their listing as coinventors mandatory under US patent laws. I clearly recall the conversations with them regarding the mechano-optical means and Wolff and perhaps Condon submitted notes and drawings and it was partly for help on this patent that they were supposed to get stock in the company. When I confronted LL about this shortly before he fired me, he denied that either had made any contribution. However, LL in a letter to our patent attorney stated that he would be willing to give up a claim on optical wedges since that was one involving Condon and Wolff recently told me recognizes at least one claim involving material he submitted. However, only LL's name appears on the patent! So it is automatically invalid and if it ever had commercial value they could both sue to get royalties.

Another application concerned the use of field stores for 3DTV. I contributed at least one significant claim to this patent but did not insist my name go on it because I simply didn't care and because I did not know that failure to include my name would invalidate the patent. Some months later I became aware that my name should be added and LL asked our attorney to add my name. However, shortly thereafter, LL and I had a major argument and he proceeded to treat me in the same vicious and petty manner he had treated so many others. He decided to expunge my name from two patents we were processing, thus invalidating them. Furthermore, he wrote secret letters to our patent attorneys denying that I had made any contribution to one patent and asking that my name and material I contributed be removed from the other. He further asked them to conceal the fact that this was being done. Lipton's complete lack of discretion is amazing since this seems to me a clear case of his asking them to join in a conspiracy to defraud. Both patents might well be invalidated on this ground alone. I became aware of this situation several weeks later when I called to find out why I had not been sent an inventor's assignment agreement. I didn't get a good answer, but seconds after I hung up the same attorney called LL for a long chat. After he hung up, LL told me that there was some question about the authorship of the patents! Subsequently, LL and I both sent our patent attorney our own accounts of how a certain invention was made. Lo and behold! LL was completely unable to recall the time I imparted this invention to him. He produced a photocopy of a page from his notebooks which he claimed showed the invention. Everything he thinks of or hears goes into his notebooks. Sometimes he credits material and sometimes not. Everyone tends to forget where ideas come from and regard them as their own. LL does this to a much more striking degree than most but has no insight into process at all.

Another patent application concerned a well known stereo effect which we called the "3-Effect". As I mentioned, I began work on this technique and initiated the whole project over LL's objections. It was clear from the beginning that this effect could probably not be protected by patent and that the wise course was to create a game and market or license the game. We nearly succeeded and probably would have put the company on sound financial footing with this effort if LL, against the vigorous opposition of all in the company (except of course Mr. Meyer), had not decided to try to patent and license the already well known and patented technique. I researched the patent and technical literature thoroughly and brought to our attention Mr. Dudley's previous patent on this technique. It was, of course, possible that we could find a new wrinkle of value, but it seemed unlikely.

Since LL was scheming to fire everyone, and since our patent attorney probably advised him that it was illegal to try to remove coinventors' names from the application, he decided to break the patent up into a group of patents so that he could achieve his devious aims without obviously invalidating the whole patent. This was one of the patents on which he asked our attorney to secretly remove my name and to conceal this removal from me. In any case, the attempt to separate the sections of the patent was absurd since everybody had worked together on it. I knew that the most straightforward thing to do would be to license Mr. Dudley's patent thus giving us the best chance of succeeding with LL's strategy and so I attempted to contact Dudley's patent attorney.

LL however, in spite of the fact that he was, through my efforts, well acquainted with the Dudley patent and

had even visited Mr. Dudley a couple years earlier, insisted that I not talk to his patent attorney. I stated repeatedly at this time that I didn't want my name on this patent since I felt litigation was likely. As we proceeded with LL's "brilliant" licensing strategy, we had companies tell us that this technique was public domain (unpatentable) and with at least one company created a bad legal tangle. The end result was that a large disorganized company with money to burn licensed our 3 Effect technology just to play safe but have not--and very likely will never produce- a penny of the millions which LL assured us were going to pour into Stereographics coffers.

One patent application has been Stereographic's main attraction; This is known as the Stereodimensional System and consists of the 3DTV system using the special electronic glasses for viewing. I have already mentioned the cloud that hangs over this patent due to LL's behavior relative to its major inventor, Jim Stewart and his employer GESI. That such a cloud existed relative to this and other patents only became clear to me after leaving the company when I had time to retain my own attorneys and to review the events of the last few years.

As our patent was being prepared, I discovered a similar patent by Paul Levy(I did all this research-to my knowledge, LL has not entered a technical library in 30 years). We felt there was a chance of getting around it and included a reference to it in our application. Recently (1983), I reread the patent and discussed it with Mr. Levy and it is now clear the Levy anticipated Jim Stewart in the display system used in the Stereodimensional system.

Furthermore, the patent office recently rejected all our claims to the electronics involved since they were obvious and this necessitated the removal of Mr. Meyer's name from the patent. I also located and gave to LL copies of Russian work on the above/below method which clearly anticipated ours. In addition it has come to my attention that this technique was commonly used in high speed videography for 2D work. It now seems very clear that the company has no rights to this system. Also, I have recently devised simpler and better systems which will probably completely eliminate the market for Mr. Levy's system. I always felt and stated many times that it was very unwise to rely on patents on 3d hardware as the keystone to success, but LL's computer-phobia, personality problems and inability to actually make any interesting 3D video, left him with no choice but to embrace hardware. If the company had been operated democratically or at least sensibly, the loss of this or any of the patents would have been of little importance.

Another of LL's patents involved projecting red and green colors on a screen to get a uniform orange as a check on 3D projection. I wanted to include this as a minor point in another patent but LL insisted on spending alot of time and money on it as a separate patent. In any event, it is incumbent on patentees to include all known prior art relevant to the claims of a patent. Prior use of this technique would certainly be relevant and would probably invalidate any such patent. while LL was finalizing this patent application, Chris Condon told us of the prior use of this technique by Michael Findley. LL failed to mention this in his application. I'm sure LL's memory will have yet another lacuna here. In any case it's all irrelevant since the patent office wisely denied it anyway.

Another application which would be similarly harmless-- were it not for the fact that it has directed a major portion of the company's resources into it-- concerns autostereoscopy. This means 3D without glasses, and is a venerable art that is the subject of many hundreds of patents. Since leaving the company I have continued to research the subject and it is clear that LL was anticipated by nearly 50 years. The whole issue is probably moot since I cannot see any commercial viability here regardless of patents. LL's most recent patent(1983) concerns means of creating a single stereo image from pairs of cameras and seems to have the same defects as the others: there is question as to its origins(I thought of some of the basic ideas and discussed them with him years ago); others have thought of and used some of the ideas before and it probably has little or no commercial value.

Richard Wolton had the same experience on a different patent leading to the same necessity of both of them writing letters to our patent attorneys regarding who invented what on which patent.

As soon as LL realized I was going to oppose his egomaniacal destruction of the company, he began the same scheming against me that all the others had been subject to. This took many forms including telling Davidson

and Bell that I was crazy, was jealous of his invention, was a liability etc, in short projecting on me all of his own unlovely characteristics. Firstly, if I am going to be jealous, I'm going to pick someone technically competent and with some ideas that are commercially valuable. Secondly, I didn't care then and don't care now who gets credit for any invention. I started this company to have fun, to learn. I make no claim to sainthood, but if it's necessary to generate testimonials to out relative honesty- and sanity, I'm willing.

However, I am not in control of the company and its funds, and will never be. I am not attempting to gain control of Stereographics and will not again subject myself to LL's abuse. However, I would-like to see all those who put time and money into the company get some reward and would also like to see my stock become valuable. I am writing this letter because it is now clear to me that this is not likely to happen unless Lipton's stranglehold on the company is removed.

Some of the claims on some of the patents might hold up, but I don't believe they will ever generate as much money as they cost. LL has already spent some ca \$50,000 on patents and owes some \$50,000 more. He announced at the recent shareholders meeting that he plans to spend \$200,000 more on foreign patents! On leaving the company I suggested to LL that I felt the company's patent position was far less solid than he wanted people to believe. His response "Starks are you crazy!:-There's millions here." He subsequently became obsessed with the idea that I had a patent in my possession that belonged to Stereographics and though ' I made it clear to the board members that I had no such patent and merely referred to my feeling for what had probably been done before, he continued to make the most absurd efforts to obtain this mythical patent.

It was only in my last days with the company that I retained my own attorney and began to realize how totally unethical and illegal many of LL's actions were. I began to realize that his whole life is a charade aimed at manipulating and exploiting people. I now understood why he had no real friends and why he could viciously turn on people who had helped him for years the minute they came between him and his ambition, or even if they merely ceased to be of use to him. He was exposed as a seriously disturbed person with no real concept of friendship, loyalty or love. He has a built- in self-destruct, which dooms all "his" projects. As one of his long time "friends" put it- "He has the most powerful death wish I've ever seen."

Several business opportunities I know of and probably many I don't, disappeared due to LL's personality problems. A few words are appropriate here about "Lipton's" book on 3D movies-Foundations of the Stereoscopic Cinema.

I was working on this book for 5 years when I met LL and continued to do so. With only a few exceptions, I obtained all the 1,000 or so references. To my knowledge, LL has not been in a technical library in the last Decade. I spent a considerable amount of money and thousands of hours on research. Often I annotated the references and I wrote or rewrote parts of the book. Also, we discussed much of the material on a daily basis. I gradually realized that LL had no intention of sharing authorship or royalties and that he would simply say goodbye if I attempted to assert my rights. I decided that what was most important was continuing to do 3D, so I let him get away with it. Unlike the general work I had envisioned dealing with all of stereo imaging and especially with stereo television, this book turned out to be a narrow, pedantic work with limited appeal and usefulness and received some truly terrible reviews. He spent most of his time and much of the book working out rules for 3d photography, which I discovered, had been set forth by Russian workers a decade earlier. In spite of this he attempted to present these conclusions as his own, simply leaving out anything that contradicted this impression.

I think that the only hope for Stereographic's survival is to immediately give control of the company's R&D, hiring and firing and finances to other persons. A highly competent person with considerable experience in electro optics, video, and computers would be an obvious choice for this position. LL can be retained as research advisor. He will of course resist this but I believe that his abuses of California corporate law, patent law, and shareholders interests are numerous enough that he can be barred from holding any executive position. A major reorientation of the company priorities is clearly necessary. Even If 3DTV remains the exclusive focus, better technology is available than that being pushed by the company and competition from other companies will be a major problem.

Most of what I've said here is supported by independent documentation and testimony. The documents referred to should be available for public inspection in the files of the company and its lawyers. It is also possible to talk with some of the people working in the company from mid 1982 to mid 1983.

Michael Starks
Founder and former VP
StereoGraphics Corp

UPDATE 20 YEAR'S LATER (2002)

The above letter was written in 1983 and it's now nearly 20 years later! What has happened? StereoGraphics managed to survive, due mostly to the fact that I had given it a good start and many good contacts. However, in spite of being present at the beginning of the computer revolution, the beginning of the internet revolution, having over 30 employees at some times, worldwide contacts, and burning maybe \$10 million of investors money and maybe twice that of their own, it has shrunk to a tiny company, has totally failed to diversify or form any major alliances and has no significant protect able hardware or software. It cannot stop anyone from taking away its market (mainly highly overpriced LCD shutter glasses for Unix machines that cost ca. \$50 to produce and selling for nearly \$1000!!). StereoGraphics has continually made the absurd claim that it's LCD technology is proprietary (i.e. patent protected) and that nobody else can make high quality LCD shutter glasses but in my response to such a letter from Lenny Lipton (LL) in 1995, I cited the large body of prior art on LCD glasses (listed e.g., in my publications such the Stereoscopic Imaging Technology article on the 3DTV Corp web page since 1995), which dates back at least to the late 1960's, and the thousands of relevant patents, books and papers on LCD technology and noted that it was near certain that the StereoGraphic's LCD's violated various patents by others. At least 30 companies have made LCD shutter glasses over the last 15 years, and they are now available for as little as \$5. I have tested some of them side by side with the \$1000 StereoGraphics ones and often cannot see any difference in image quality. In any case it's clear beyond dispute that high quality LCD shuttering technology has been in the public domain for many years and that anyone who wished could take away their market by underselling them. One company, NuVision, was set to do just that in the late 1990's. It was a spin-off from the well-known USA company Tektronix. I think Tek sold off their LCD operation to the Singapore Company Vikay and the Taiwanese Company Delta, due I assume to bad management that caused it to lose money, but apparently NuVision then hired some of the same people to run the new company! They were making admirable progress in eating StereoGraphics lunch but then Vikay decided to move their factory to China, met with delays and went bankrupt! NuVision still exists but seems not to be pursuing this market vigorously. In any event glasses and transmitters compatible with the vastly overpriced and overrated (by StereoGraphics!) Crystaleyes will soon appear so the unfortunate users will finally be able to replace these for about one fifth the price. Of course the LL continues to claim that it has the only high quality products that they are patent protected so nobody else can make good products etc. LL sent letters to some persons including myself in the 80's and 90's claiming ownership of LCD glasses, the above/below (or over/under or top/bottom) image format/technique etc. I responded in detail and I think conclusively refuted these absurd claims and added that I was sure they were infringing on the patents of other companies. I never heard back from them. Here is my 1995 response on the subject of the above/below image technique.

ORIGIN OF "ABOVE / BELOW" STEREO TECHNIQUE

In citing my 1985 patent (Lipton, Starks et al) as the origin of over/under or sync pulse insertion field sequential stereo technology, StereoGraphics fails to grasp, or deliberately ignores, the fundamental difference between the 60Hz, 525 line analog NTSC video system described therein and the variable frequency, variable resolution, digital computer system that is the subject of my more recent inventions. Nor could Lipton et al claim to invent the inserting of sync pulses in analog video signals at 120hz etc as this was already well established in the art of high-speed videography at that time. Also it was described in a prior Russian patent that I had translated and gave to Mr. Lipton prior to our own application (1980). So, they could only claim their own specific

circuit for accomplishing this--a much narrower claim. Nor were they using a "computer" in their work, but rather an off the shelf video effects board that was not programmable. Furthermore, the display devices were custom-built TV sets modified to accept extra sync pulses and not digital computer monitors. To perform sync pulse insertion in a computer video signal that runs at wide variety of frequencies and resolutions, without generation of spurious vertical parallax in the resulting double speed signal (not necessarily or generally 120hz) with an external device (not internal modifications as in Lipton et al) requires numerous inventive steps not even imagined by them and it is these which are the subject of my inventions. Further, many companies (Tektronix, Redlake, SGI, Coreco etc) have used the over/under for many years for computer graphics stereo without any interference from Stereographics.

In sum it is my opinion as a recognized expert on stereo imaging that there is no possibility that Stereographics nor any other entity owns the over/under (also known as above/below, top/bottom or sync pulse insertion or sync doubling) technique and that for television or computer graphics use it is clearly in the public domain.

In any case, the patent is now (2002) expired so the issue is moot unless they actually use these false claims to collect money or other considerations from somebody (as was presumably the case with all their investors!).

>From what I've heard and would expect, the Loony Liptonstein (his ancestral family name--and the name the staff used in the old days due to his bizarre behavior and the apt analogy with Frankenstein, but we sometimes called him "Tiny" due to his girlfriend's characterization of his diminutive penis) nightmare has continued at StereoGraphics- i.e., egomania, deceit, plotting and backstabbing, lying and manipulating and near total lack of intelligent management. The company has expended vast sums on what seem utterly worthless patents--all in a very tiny area of LCD technology. It has alienated and just ripped off and disappointed hundreds of people who have worked for or with the company. For some years it had a president named Dick Martin --who I was told was as much of an asshole as Liptonstein, -- though I find that hard to believe, and the two of them looted the company for huge salaries and other benefits. After the company lost a lot of money and failed to make any progress in 10 years, Martin was finally given the boot but unfortunately for the shareholders, Liptonstein stayed on.

In spite of having a large staff, millions for R&D, and superb contacts throughout the world of hi-tech, about all the company has done for 20 years is to make third-rate imitations of my own (i.e. 3DTV Corp's) products and projects. In 1993 I was making what I think was the world's first commercial stereoscopic games and 3D CDROM and some months after I announced it they announced the same project. I sold my system to Chinon America who put it out in late 1994 as their CyberShades system and it was enjoying great success. Then, Kodak, who owned stock in Chinon, told them to stop selling digital cameras that competed with Kodak's. Chinon refused so Kodak bought majority interest and shut them down. Otherwise, Chinon and I might dominate the 3D videogame market to this day!

I believe the StereoGraphics product was a terrific flop and both the boxes I got had glasses that fell apart within minutes. It was a frequent experience at trade shows to walk up to a demo with their glasses to find them not working. Sometimes the ambient lighting interfered with the IR transmission. The glasses were also fragile-I once saw someone put the glasses on and snap them in two.

When I started 3DTV Corp in 1989 (with total investment of \$100,000 from 1989 to present!) I had some free lance engineers (I only briefly-1995-6---had two part-time employees and before and since have done everything but electronic work and programming myself) make a 3D video record and playback system. StereoGraphics made a system, which recorded the two images side by side. This eliminated half the horizontal pixels needed for discerning depth-truly one of the stupidest stereo systems ever created which they have failed to replace to this day, even though I have described on my page for several years a modern high bandwidth digital system SolidCam system which is causing their clients to desert for our product (except those too dumb or too lazy to find the 3DTV Corp page!).

Amazingly, though Loony has been the company's biggest liability since day one, the investors still cling to him like flies to shit. I would think it incredible that nobody in 20 years had the brains or energy to ask me or someone about StereoGraphics and act on the advice, except that this situation is really typical not only in the 3D industry but in business generally. Lunatics, morons and thieves who use their companies as a scheme to add to their bank accounts and massage their egos are the rule, regardless of the illusions of the founders, investors and public. I would think of StereoGraphics as the Enron of 3D (infamous USA energy company bankrupted in 2001) except that they have not gone out of business yet and they have serious competition for this award from others. I'll give some more examples later.

StereoGraphics latest "marvel" is the Synthagram---an autostereoscopic (no glasses) 3D display. This seems great unless one knows the history and technology of 3D. Dozens of companies large and small have made such displays during the last 30 years and at least a dozen have them right now. Of course SG will claim their display is superior but I don't see much difference and it's triple the price of those from DTI etc. I don't think any autostereo display has ever made any money (if we subtract investments and free money from government contracts, etc.). There is just a very small market for these and getting rid of the glasses has its downside---the displays are expensive, there is little or no software, ordinary stereo images made with usual cameras and techniques look bad or are useless and there is significant restriction on the viewers position. On top of this StereoGraphics, like 4D GMBH (a German company with a much bigger and nicer autostereo display) has evidently been paid by DDD (thieves who use my patent without a license--more on them later) to show their synthetic 3D(i.e. not real multicamera stereo) which is so poor that even for an expert like myself it is hard to see any 3D at all. And this is the best Liptonstein can do after 20 years and maybe \$30 million dollars--showing miserable stereo images on a slight variation on well known display technology with no market!

Maybe however they are learning. Now at least they have begun to copy my novel products that do have a market! One of my associates showed Liptonstein and other StereoGraphics employees our 2D to 3D converting software and real-time stereo image format converter--i.e. our Solidizer and 3DMP (3D Media Player) in late 2001. It had been on my web page for a year by that time.

Lo and behold-- about 8 months later we see proudly announced on the StereoGraphics web page a media format converter and Stereoizer, which converts 2D video to 3D. Very possibly, it violates my patents and they are counting on the fact that I won't sue. However I have sold my patent rights to a bigger and more aggressive company and they could be in for a big surprise!

However I don't want to create the impression that copying 3DTV Corp technology or business plans is unique to Liptonstein. It's been a very popular way to enter the 3D business and maybe dozens of companies have done the same thing. To quote Oscar Wilde's famous epigram "Imitation is the sincerest form of flattery"! I have even helped many of them! It was after all my intention to stimulate this whole field and Loony (as he once noted to me in a rare insight) is just one of my tools to accomplish this. This was one of the reasons I did not try to terminate StereoGraphics Corporation many years ago.

Of course I did not originate LCD glasses, field sequential videotapes, multiplexers etc either. We all borrow from others but some do it which proper attribution and with class and some are just thieves. But few have made the effort I have to document and credit the prior art see, egg, the SIT article on this page).

With regards to StereoGraphics Corp and many other companies in the 3D arena, I often wonder to what extent their proponents believe they have some valuable proprietary technology and to what extent they are just elaborate frauds. I sometimes think Liptonstein is so crazy that he does not know himself. On the whole, I think he has knowingly duped his investors, coworkers, and clients for 20 years. Which brings us naturally to the next entry ---DDD.

DDD (Xenotech)

DDD as it's now known on the London stock market is another typical 3D business. It appears to me mainly

lies, stupidity and deceit to enable the “inventors” to use questionable technology to move large sums money from the investor’s bank accounts to their own. Here’s what I know about the true story of DDD.

1. In late 94 or early 1995, John Merritt, a scientist who is a mutual friend of myself and Phil Harman of DDD (then known as Xenotech) asked me to send him a tape of my current 2D to 3D work so he could show it to Phil who was interested to do a joint venture of some kind with my company (3DTV Corp). I did and learned that instead of showing to Phil and returning to me, he sent the tape to them in Australia. A few months later at the annual SPIE meeting I asked Phil about the tape. He denied ever seeing it.

2. A year later I was at the SPIE meeting and met Andrew Mullin, a programmer who worked for Xenotech. He said, "It really turned our heads around when we saw your tape."

3. Sometime after this Xenotech contacted us claiming they were interested to license our technology and Phil met with Josh Wattles, an attorney, myself and Alan Shulman in Los Angeles and after signing an a comprehensive NDA (nondisclosure agreement), looked at our patent, which was applied for but unpublished.

4. DDD never licensed anything and Phil subsequently claimed in email to me that our technique did not work! This is especially interesting as our patent clearly describes the technique of making 3D video from 2D, which is described in their patent (and which they continue using without a license). One has only to compare the figures in my US patent 6108005 with their original Australian patent.

5. I pointed out to Phil in email (this is ca. Feb. 98) that the crucial claims in their WIPO patent regarding horizontal warping of images to create artificial parallax seemed to me clearly to be a subset of our very general claims on applying mesh grids to 2D images. He made no response but it apparently became an internal joke to refer to our patent after this as "a subset" of DDD's.

6. We videotaped testimony of a former DDD employee giving intimate details of their REAL response to our patent and many other highly damaging comments and actions. Among these was Phil's comment on reading our USA patent application (approximate words) "I'm extremely worried--they have the mesh grids". They decided not to license but to pretend to their investors, their clients, the patent offices and the securities commissions controlling stock offerings that they had owned the technology and had no competition.

7. In their numerous press releases company literature, messages to shareholders, patent filings and 82 page SEC prospectus (formerly downloadable from their web page and now available from me) over the last 4 years, they have not said one word about 3DTV Corp or my solidizing (i.e. 2D to 3D converting) technology. I leave it for others to judge whether this is deliberate misrepresentation and actionable. They never went public in the USA, perhaps because they realized that they could go to jail but turned up the next year as DDD on the Canadian stock market. In 2001 they moved to the London stock exchange and announced they had received another \$10 million investment.

8. I saw their 6-minute offline (not real-time) 2D to 3D demo at the Intel booth at Siggraph a year ago and it made me dizzy--something that only roller coasters and exceptionally beautiful women can sometimes do.

9. I saw a tape of their real-time demo a year ago and it was quite dull and flat.

10. It is my belief that I have priority on the best to make stereo video from 2D real-time or non-real-time.

11. It is my belief that DDD cannot stop anyone from doing offline (non real-time).

12. They want more than \$1000/minute to do these 3D conversions, which makes it highly unlikely they will ever make any money.

13. I can do offline 3D conversion in other countries for about 10% of what DDD wants and don't have to violate anyone's patents!

14. DDD has burned their way through maybe \$10 million USD, made no money and, so far as I can see, has no technology of significant value, with the possible exception of some of the algorithms to speed up offline conversion, and only if used by someone in another country with low labor costs.

15. Like StereoGraphics and many others, they count on my lacking the will or the money to sue them. Since I have now sold my patents to a big and aggressive company they will likely be in for an unpleasant surprise.

C3D Digital (Chequemate Intl.)

In 1996, Loren Swenson visited me, a former stage magician who had started a company called MDS which hoped to make cheap 3D simulator rides. He looked at everything I had, including the 2D to 3D conversion technology and departed with some tapes and some expensive equipment (some of which he never paid for—a notable characteristic that caused a friend of mine to threaten to come to his house and stand on his front lawn until he paid him.). I had shown him my simple idea of offsetting the two fields of normal 2D video to set the image back in the TV to create a 3D effect. He took a tape of this back to Salt Lake City and sold it to some friends for a large sum (something like \$1.5 million!). Millions more were raised from or via a financial services company named Chequemate Intl. So far as I know, none of these persons had the slightest experience with high tech or 3D.

I agreed to supply them with LCD shutter glasses for 3D viewing. They filed a patent on this technique, though I think its public domain as I had been using it since the mid 80's, and proceeded to design and build a very expensive box about the size of a VHS VCR with a TV tuner, remote control and multiple plugs for the wired glasses. Nobody felt it necessary to ask my opinion about any of this. The resulting box called RealEyes cost maybe \$300 to make and was retailed for about \$600. I supplied about 25,000 pairs of wired LCD glasses. Wired glasses were a serious mistake and I could easily have supplied wireless ones. I also had superior 2D to 3D conversion technology I could have provided. Predictably, the project was a disaster and about 2 years later they went out of business, still owing me about \$40,000.

About 6 months later I got a call from J. Michael Heil who informed me Chequemate (now C3D Digital) had raised another \$10 million and hired him as the new CEO. He told me he could not see 3D as he had only one eye and that his only interest was to hold on to his stock long enough and keep the price high enough to be able to sell it. I gave him various suggestions and said I'd be willing to help provided they paid the \$40,000 they owed me. He said fine he would and I flew to Salt Lake for a meeting. At the meeting, I described my products and told him something of the whole industry and its history. He said, "We need everything you have". I waited to hear and talked to him on the phone several times but he never paid anything nor did he ever offer to collaborate in any way. I subsequently had a visit from Doug Stanley, a video cameraman whom Heil hired as the new head of technology and production at C3D. He knew virtually nothing about 3D and little about high tech and was very immature and arrogant. I could not understand what Heil could possibly be thinking to hire him to such an important position. Recently I found out that he is Heil's relative. Doug likewise showed good judgment in hiring---his two major assistants on 3D were a part time actor and amateur boxer and Michael Miller, who knew a little about 3D due to his being my former employee at StereoGraphics but who is a classic loose cannon who never seems to finish any project more complex than lunch and who's main claims to fame seem to be his comic book collection and a warehouse full of items he's borrowed and never returned.

C3D spent \$60,000/month to lease C band satellite channel (the giant and already obsolete dishes) and began to broadcast some real 3D tapes but mostly the fake 3D made with the RealEyes box. I suppose there were never more than a few hundred people in the country who had the big dishes and LCD glasses and could view the 3D.

I left the USA at the end of 1999 to work for 3DTV KK, which later changed its name to J3D.Com

and then to 3D.Com.

3DTV KK had started to broadcast 3D programs for use with LCD glasses and were reselling the RealEyes box. They knew almost nothing about 3D and showed me a demo with the right and left eyes reversed. I signed an agreement with them that made me one of the company's largest shareholders and moved to Tokyo to work at their Technical Director.

Most people expect Japanese businessmen to be forthright, honest intelligent, well educated and to exercise good judgment. Over the next 6 months I discovered that Hisatake Tagoe, the head of 3DTV KK was exactly the opposite.

I was only there to help him convince people to buy shares in his company. He was paying \$50,000/month rent on a huge office on the 47th floor of the Shinjuku Center Bldg but would not buy me a good computer to work on or give me any budget for R&D. He had the mentality of a shopkeeper-buy 3D goods for \$5 and sell them for \$10 and this seemed to be his entire plan. In fact one of the first things I did was to offer him a detailed business plan for the 3D market and he said, "We don't need a business plan"! At first I thought he meant he already had one but eventually I realized he had nothing but vague ideas-mainly to take in more money than he spent and to divert as much as possible into his own accounts-as I learned he had done with 3 previous companies he had bankrupted in the last few years (which made his current company illegal under Japanese law)! I found this out just days before I decided to leave --from a bill collector who was pursuing him! I mailed the following letter, translated into Japanese, to 60 of the biggest shareholders in 3DTV KK

Dear Shareholders:

This letter is from Michael Starks, President of 3DTV Corp of USA, who was Technical Director of 3DTV KK (now J-3D.COM) for 6 months. I am the world's best known persons in 3DTV and have worked in 3D Imaging continuously since 1973. As one of the largest shareholders in J-3D.COM, I want to try to help make it a success. It has become clear to me that this will only happen if its director, H. Togoe, is removed and replaced with someone competent, honest and sane. In the USA, it would be very easy to remove him and in fact he would be in jail for his many crimes. In Japan I can only take action against him with your help. From the very beginning of my association with Togoe (December 1999), I realized that he was seriously deficient in many ways but I hoped that he would learn and change. His nearly total ignorance of 3D imaging, the Internet, high tech. and international business was surprising and he learned very slowly. Several of his staff were equally stupid and all of them failed to understand even the most simple things after many explanations. He also expected me to develop new products and technologies but refused to provide any money to do this. In addition he lacked the most basic skills in talking to and evaluating people and ideas and failed to hire anyone who had these skills and understanding. Also I finally became aware that instead of taking my advice on numerous issues, he ignored it, and was scheming behind my back to steal technologies from me and other companies and have cheap imitations made by companies in Taiwan, in violation of the patent and fair trade laws of Japan, USA, Taiwan and China.

Tagoe has broken many contracts with me, with companies I introduced him to and many others for more than ten years . He has numerous bill collectors and angry investors pursuing him from at least 3 other businesses he bankrupted in Osaka(the last one being an airplane rental company). I believe that it is a violation of Japanese law to start a new company within 7 years of a bankruptcy and that J-3D.COM is an illegal company. Before that he defrauded numerous persons in his native Kansai and Kyushu(Kagoshima). I discovered these facts from a bill collector who contacted me just a few days before I decided to leave the company in June of 2000. This bill collector represents many persons who are still trying to collect money from Togoe. Togoe however, has removed or embezzled hundreds of millions of yen from his bankrupt companies and showed me the large

house he owns in Koenji and talked about other properties he bought.

He is a man totally lacking in honesty, fairness, decency and common sense. I think there is no chance for J-3D.COM unless Togoe is removed from the company immediately. I will be happy to provide you with any information you need. It is best if you contact me by email mstarks@attglobal.net or if you do not have email then by fax to USA 0014156801678. Please send email or fax in English. If this is impossible then you can send them in Japanese but there will be a long delay for me to translate them.

Regards
Michael Starks
President
3DTV Corp USA

I hoped that they might possibly throw him out. A few contacted me and agreed to try but Japan is still a feudal society where nearly everyone behaves exactly as expected and nobody rocks the boat. As in most of the third world (Japan qualifies socially if not economically) employees are dirt and the CEO is king and unless he kills someone nobody will do anything to stop him. So, in spite of the letter, nothing happened. By the end of 2001 the company was nearly bankrupt and then I saw an announcement on the web page of a Korean VC company called Terasource that they had invested \$5 million USD in J3D.com. I also found that Terasource had invested over \$3 million USD to buy controlling interest in

C3D Digital, which by then was bankrupt. As they went down the tubes they made an announcement on their web page that they made an announcement they had received \$15 million in funding. Below is what they filed with the SEC and here is what it probably meant:

that C3D can get up to 15 million in slices no greater than 2million over eighteen months. But, the money costs 15% of the amount received up front plus an "if come" additional cost should the company stock ever rise above 120% of the price at the time they took the money. The good news for C3D - - they can get \$15mil and only have to give-up stock. The bad news: they are probably giving-up control to this offshore company. The likely "truth".?-- This is just a tax game and the offshore company doesn't have the money yet for C3D to request and the offshore company is already controlled by the current owners of C3D.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20544 FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) AUGUST 31, 2000
CHEQUEMATE INTERNATIONAL, INC.
(Exact name of registrant as specified in charter)
UTAH 001-15043 76-02798
(State or other jurisdiction (Commission File Number) (IRS Employer
of incorporation) Identification No.)
330 WASHINGTON BLVD., MARINA DEL REY, CALIFORNIA 90292

(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (310) 306-6666

ITEM 5. Other Events

A. FINANCING AGREEMENT

On August 31, 2000, Chequemate International, Inc. (the "Company") executed a Private Equity Credit Agreement with a single Accredited Investor located offshore.

The Agreement grants to the Company the option to put shares of stock to the Investor (i.e., requires the Investor to purchase stock from the Company) at the Company's discretion over an eighteen month period, and requires the Investor to pay 85% of the market price to the Company for such stock, in amounts of at least \$250,000.00 per put exercise (but no more than the lesser of \$2 million or 150% of the weighted average volume over the previous 15 trading days), and in a total aggregate amount of at least \$4,000,000.00 and up to \$15,000,000.00. The Company is obligated under the Credit Agreement to file a Registration Statement covering the Shares, and for the Registration Statement to be declared effective prior to the exercise of any put option.

With each put exercise, the Investor will also be issued a Warrant to purchase 20% as many shares of stock as were put to the Investor, at any time during the five years following the put exercise, at a price of 120% of the market price at the time of the put exercise.

The Company will use the funds received as a result of this transaction for general internal working capital purposes.

The terms of the transaction summarized in part above, are qualified in all respects by reference to the actual Agreements which are attached hereto as Exhibits, and by this reference incorporated herein.

ITEM 7. Financial Statements and Exhibits

(c) Exhibits. The following documents are filed as exhibits to the report:

(10.1) Private Equity Credit Agreement with Paladin Trading Co., Ltd.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed in its behalf by the undersigned hereunto duly authorized.

DATED this 13th day of September, 2000.

CHEQUEMATE INTERNATIONAL, INC.

By /s/ J. Michael Heil

J. Michael Heil
Chief Executive Officer

EXHIBIT 10.1
PRIVATE EQUITY CREDIT AGREEMENT
BY AND BETWEEN
CHEQUEMATE INTERNATIONAL, INC.
AND PALADIN TRADING COMPANY LIMITED
Dated as of August 31, 2000

PRIVATE EQUITY CREDIT AGREEMENT is entered into as of the 31st day of August, 2000 (this "AGREEMENT"), by and between PALADIN TRADING COMPANY LIMITED, a corporation organized and existing under the laws of The Bahamas ("INVESTOR"), and CHEQUEMATE INTERNATIONAL, INC., a corporation organized and existing under the laws of the State of Utah (the "COMPANY").

WHEREAS, the parties desire that, upon the terms and subject to the conditions contained herein, the Company shall issue and sell to Investor, from time to time as provided herein, and Investor shall purchase, up to Fifteen Million Dollars (\$15,000,000) of the Common Stock (as defined below); and

WHEREAS, such investments will be made in reliance upon the provisions of Section 4(2) ("SECTION 4(2)") of the Securities Act of 1933 and Regulation D, and the rules and regulations promulgated thereunder (the "SECURITIES ACT"), and/or upon such other exemption from the registration requirements of the Securities Act as may be available with respect to any or all of the investments in Common Stock to be made hereunder.

NOW, THEREFORE, the parties hereto agree as follows: etc etc.

A few weeks later I had a conversation with Steve Kim, head of Foreign Investment for Terasource and he said he was sure that Terasource had never invested in J3D.Com. It is typical of third world countries that fake announcements are made (often by bribing newspapers etc) in order to manipulate stock prices or gain investors. I was told later that Masa Son, one of the richest men in Japan and a long-time acquaintance of Togoe, had given him about \$2 million USD to save his company. Will he give him another \$2 million at the end of 2002 and every year thereafter? 3D.Com is the name bought by C3D and used by them for a time but now there is some arrangement with Togoe and the Koreans so he can use their name.

Terasource already had some type of investment in a Korean 3D company Anotherworld run and majority owned by Philmoon Seong whom I had met in Korea 6 years earlier when he was involved with another Korean 3D Company called Wooboo. As a result, dozens of Koreans and several Korean companies now are listed as shareholders of C3D who have filed with the US SEC as wishing to sell their stock. Names and shares owned are listed below. As I looked at these companies pages and added what I knew, I realized that I had more interesting and potentially valuable technology by myself than they had combined. If you knew the industry as well as I did you could see through the hype and understand that all these guys had very little of value and were desperately trying to come up with something to increase the value of their stocks. Since I was competing with them and felt I already had what they needed, I wrote the following letter and tried to get them to collaborate.

18187543790@jfaxsend.com <<mailto:18187543790@jfaxsend.com>>; 18185096263@jfaxsend.com Cc: marketing@anotherworld.to; youngji@terasource.com <<mailto:youngji@terasource.com>>; webmaster@c3d-media.com; 8225594599@jfaxsend.com; skkim@terasource.com; jbksein@unitel.co.kr; ir@locos.com; aj7080@haansoft.com; boblee@saehan.co.kr; jasonsong@bloomberg.net <jasonsong@bloomberg.net>; funf9336@infoweb.ne.jp <funf9336@infoweb.ne.jp>; ischoo@aol.com; jbmoon@hhi.co.kr; irusa@3d.com; iraustralia@3d.com; 16364771011@jfaxsend.com <16364771011@jfaxsend.com> san@terasource.com <san@terasource.com>; kevcho@terasource.com; jhlee@terasource.com; brucelee@terasource.com <brucelee@terasource.com>; jmkim@terasource.com <jmkim@terasource.com>; jklee@terasource.com; dykang@terasource.com

Sent: Thursday, January 17, 2002 10:33 AM **Subject:** Re: COOPERATION or COMPETITION?

Chandros Mahon C3D Media ; Philmoon Seong C3D Technology ; In Q Lee ; SKKim ; Terasource Venture Capital

Dear Sirs:

Permit me to introduce myself. I am Michael Starks, President and owner of 3DTV Corp--the world's best known and oldest company in 3D TV. I am also a shareholder of a new USA company For3D Corp., in Fourvis Co. of Korea and one of the largest shareholders in 3D.Com (formerly J-3d.com

of Tokyo-one of the companies in the Terasource portfolio). I have done hardware and software development with many companies in China and Korea in the 3D field for ten years.

I have worked fulltime in the field of stereoscopic imaging since 1973. My group of companies have new products which will be marketed soon and it is essential that we begin cooperation immediately.

Please see www.3dmagic.com for info on 3DTV Corp products, but of course our newest products and marketing strategies and those of other members of our group are not on this page.

Our comprehensive business plan includes companies in Europe, Japan, China, Korea and USA, with broadcast of 3D programs via all routes(satellite, cable, the web etc) and new techniques for capturing, transmitting and displaying both standard 3DTV and HDTV.

For example, we have software which converts 2D video into 3D realtime which is superior to any other such product. We also have realtime 3D Media Players which can convert any type of stereo image file into any other and stream it over the net with a 3D Server which has been sold to large corporations and to agencies of the US Government.

We have demonstrated realtime dual camera 3D HDTV and are in discussions with Sony for use with their 3D HDTV. We have other technologies and applications and have had over 100 meetings with major companies in the last year and will be presenting our products at many trade shows in the coming year.

The alternative to cooperation is that we will be competing and this makes no sense at all--especially to The Terasource Group since they are starting so late and with limited knowledge of the field in which the 3DTV group is already well advanced. If there is no meaningful cooperation established between C3D/3D.COM and the 3DTV group in the very near future, then I think it is reasonable for me to take this matter to the investors/shareholders in C3D/3D.COM, and Terasource by emailing this letter to them. I am already a major shareholder in 3D.COM due to my stock in J-3D.COM, and intend to purchase shares in C3D and Terasource and to present my views at their shareholders meetings. If necessary, I can put what I consider a true and accurate account of the history of these companies and their products and prospects for the future on my web page, which will soon appear in Japanese and Korean. I am now based in Asia and have a full time assistant fluent in Chinese, Korean and Japanese so it is quite easy for me to have discussions or exchange email and documents in any language.

The prospects for C3D/3D.COM appear good until one looks at the facts. I tried to cooperate with both of these companies in the last 2 years however their management showed a complete lack of common sense, intelligence, understanding of 3D and honesty. For 6 months (Jan to June 2000) I was technical director of J3D.COM in Tokyo but Mr. Togoe was completely incompetent, refused to give me any funds to develop products and to the present has spent about USD \$2 million with almost nothing to show for it. The only assets of the Tokyo company are the money in the bank which Terasource has given it. It hopes to go public on the new Mother's stock market, but with no real assets, a very bad reputation, the depressed Japanese economy and competition from the 3DTV group, it

seems very unlikely to succeed.

The Japan branch of 3D.COM is in the hands of an incompetent criminal lunatic. I am one of the largest shareholders in this company. However as Togoe is totally dishonest and crazy he thinks he can just pretend that it is not true and undoubtedly has just taken my name off the shareholders list and never mentions this to anyone. He could just as easily do this with Terasource. He violates any contract he wants and in fact violated the one he signed with C3D. Togoe is well known to have bankrupted at least 3 companies prior to starting j-3d.com (in violation of Japanese law which requires a 7 year wait after bankruptcy). Thus it appears that the Japan company is not even a legal entity. Numerous angry investors in Togoe's schemes are pursuing him, trying to get their money back. He seems to have stolen millions from these ventures and owns various expensive property that he acquired during the time his companies were going bankrupt. He was probably months or even weeks from bankruptcy prior to the Terasource investment. If Terasource really gave him USD \$5million they should immediately call a meeting of the board of directors in Japan and replace Togoe. If this cannot be done then at least they should put their own accountant there with sole authority to sign checks. Since I quit as tech director of j3d.com in June, 2000, I think they have not had anyone there with any competence in 3D, and probably not even in media of any kind.

I contacted the 60 largest shareholders to try to remove him or put him in jail, and though many agreed with me, in Japan it can be difficult to do and people are reluctant to make the effort. In the USA or Korea he would have been jailed long ago. I attach a copy of the letter to the shareholders.

Regarding C3D, I was the major force in getting this company started 4 years ago, when it was called Chequemate Intl. I gave them the idea for their Realeyes 2D to 3D converter box and provided 20,000 pairs of LCD glasses. However they thought they knew what they were doing and so spent ca. USD \$10 million and were bankrupt. Then they hired Michael Heil as new CEO, raised another USD \$10 million and decided they were going to start a 3D satellite TV channel. They did nearly everything wrong it is possible to do and about a year later, they were bankrupt.

It is fine to have a nice web page but of course there must be a solid plan and I believe we have it and you do not. I will next provide an analysis of the products on the recent 3D.COM web page. There seems to be very little made by C3D/3D.COM and nothing of any real novelty or interest. The 3DTV group has either the same or better or cheaper products in nearly every category and some of the products violate various patents and trademarks.

1. The flickerless TV was originally patented by one of the 3DTV group in China and is an illegal copy by Apec of Taiwan. A year ago, I notified j3d.com and their shareholders that this violated the patent and fair trade laws of all the involved countries and WTO laws. In any case, anyone can buy them cheaper directly from 3DTV group.

2. Anotherworlds (now C3D Media or 3d.com) glasses/drivers. The original ones are a stupid design--uncomfortable and heavy. Totally useless. The new ones they have pictured on the web seem not to be available and though they look nice. Like I/O glasses they really are inferior to 3DTV group designs. You get fingerprints on the lenses easily

and the any room light shines off the inside into your eyes and there's no way to darken the filters. The various drivers (glasses interfaces) seem to offer nothing new and are readily available from 3DTV group. In addition we have several superior glasses and driver designs and methods we can demonstrate and these are currently being patented.

3. 3D Boy---this is my name and the items pictured are made by 3DTV group. They haven't a clue how to make this type of interface and it includes a chip with copyrighted code that they do not have.

4.No glasses LCD monitor comes from another company and anyone in the world can buy them directly. Many companies make competing products and none of them make any money! Of course its possible someone will get a serious contract from govt/military etc but this is a very long shot. Sanyo.4D GMBh, Dresden 3D, etc etc have better displays, including some with head tracking and very large size.

5. 3d workstation and 3dpc. These I think are just monitors bought from Delta in Taiwan (who been trying to sell them for ca. 4 years) which have some sort of dongle/emitter built in. Any such system has built in obsolescence! Very small market for such an item.

6. NuView lens made by USA company and sold worldwide. Not great quality and small market with many competitors.

7. 3DBox Super--- the useless old Realeyes boxes formerly made by C3D based on my work, which bankrupted them of their first \$10million! Only a few left and completely obsolete.

8. 2D to 3D converter boxes they show are the prototypes I made 2 years ago. They are first generation solidizers which only put the image back into the TV screen and thats all. Useless and they have no stock anyway. The second generation soldizer which I have now made is much better and also 3D group now has software 3D convertor which is far superior.

9. 3D Projection system. This is only a simple demux unit which is available worldwide from 3DTV group which has installed over 200 units in last 2 years worldwide and has contracts for 1000 units currently being installed.

10. Stereocam---they can't legally use this name as its a USA trademark. This looks like an inferior copy of the NuView lens which is patented in the USA so it can only cause trouble and it is extremely unlikely to make any money.

11. 3DTV game adapter---I could probably sue anyone anywhere using the 3DTV name if I was inclined. Just another LCD glasses driver with sync doubler etc inside. Many competitors--little or no money in this market either.

12. RGB glasses. These are probably the orange/blue anaglyph glasses which many persons are using, unaware that they are patented by a Chinese scientist about ten years ago. As usually made, they are useless for viewing more than a few minutes but the 3DTV group has made improvements that permit a full length movie to be watched and our 2D to 3D converter can change a 2D or 3D movie into this format in realtime.

Summary. So far as I can see, neither C3D or 3D.COM have anything novel or interesting or even worth patenting. If this is wrong, please let me know.

Content is king and C3D/3D.COM seem to have virtually no software at all. The 3DTV group can solve this problem quickly.

Another thing I wonder about is the absence of Strata from C3D's plans. C3D owned Strata and I think it was the only part of the company making a profit but somehow it has vanished. Did someone buy it from C3D? If so, where are the earnings from that?

Another issue to be addressed is the fact that I am preparing to file two major lawsuits against C3D for nonpayment and for copyright violations.

I have notified C3D many times about these issues both in conversations with their personnel(eg the former CEO Michael Heil) and in letters sent by my attorney to Mr. Heil and more recently to Mr. Mahon but in spite of assurances that these matters would be taken care of, nothing has been done in 3 years.

The unpaid invoices are for 3D glasses delivered to C3D several years ago. This matter can be settled for under \$50,000. The copyright violations result from the fact that C3D was selling on its web page unauthorized copies of about a dozen 3D videotapes belonging to my company and to others. I did them the favor of notifying them and telling them to stop immediately. I did not notify the other companies involved of these violations. My attorney asked in writing, several times that C3D provide us a letter stating how many copies of our tapes were sold, paying us a small fee for the copies and the violations and returning all copies of our video. Mr. Heil assured me that this would be done. A year passed in which he failed to respond to faxes, letters or phone calls about these matters. If I decide to file a copyright suit in Federal court, it will probably be for several million dollars, as is typical in such a case.

Settling these matters is obviously a prerequisite for any cooperation.

Of all the persons involved, only Steve Kim responded and he indicated there was nothing he could do about this and he knew little about C3D and that Mr. Mahon was in charge. I called Mr. Mahon and he said he had seen a demo of our software and there was nothing of interest to him and nothing I had to show him. I learned that C3D had sent something over \$1million of the money paid for its stock back to Anotherworld in Korea. I suspect no contract exists to support this transfer and that this is highly illegal. I also suspect that the sale of Strata, (apparently the only division of C3D to consistently make some money) to its former owners for apparently for \$1 is also cause for a shareholders suit. Mahon seems to have no real power at all. He guaranteed one of my associates he would pay the long outstanding invoices to 3DTV Corp. Of course he never paid anything.

Seong speaks little English and he and another Korean from Los Angeles seem to have all the authority. If these guys handle C3D/Anotherworld/3D.COM the way they are used to doing in Asia, they might all go to jail. I wish them good luck-they will need it!

Below is some fascinating info on C3D from their SEC filings. Other fascinating info will never be told, as most of the people in the original company are Mormons, the Mormon church was or is a shareholder, Blaine Harris was running the company until someone was caught using company stock as loan collateral etc etc.

Very scary stuff. As filed with the Securities and Exchange Commission on

November 30, 2001 Registration No. 333-56554

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3/A

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CHEQUEMATE INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

UTAH	76-0279816 (State
or other jurisdiction of	(I.R.S. Employer incorporation
or organization)	Identification Number) 10
Universal City Plaza	Suite 1100 Universal
City, CA 91608	818-655-3078

(Address, including zip code, and telephone number,

including area code, of Registrant's principal

executive offices)

Chandos Mahon

CEO and President

10 Universal City Plaza Suite 1100 Universal City, CA 91608 818-655-3078 (Name, address, including zip code, and telephone number, including area code, of agent for service)

This Registration Statement consists of a total of 39 pages. The Exhibit Index

is on page 37.

Approximate date of commencement of proposed sale to public: At such time or times after the effective date of this Registration Statement as the Selling Shareholders shall determine.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier registration statement for the same offering.

If delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

--- Title of of Securities to be Registered Share (2)	Amount to be Registered Offering Price (2)	Proposed Maximum Aggregate	Proposed Maximum Fee	Amount Registration Per
--- Common Voting Stock	60,326,424 (1)	\$0.17	\$10,255,492.08	\$2,451.06

(1) These shares of common stock are offered for resale by seventy-four (74) selling securityholders - Terasource Venture Capital Co., Ltd., Philmoon Seong, Blaine Harris, Hyundai & Terasource D-Convergence Venture Investment Partnership, MMAA - Terasource Venture Investment Partnership, Terasource W-N Venture Investment Partnership, Hyang Hee Shin, Sang Im Nam, I-O Display Systems, LLC, Ki Seok Park, United Business Systems, Inc., Seung Hoon Lee, Ji Sun Lee, Kyung Rock Lee, William Brinkmeier, Hye Young Cho, Pil-Soo Sung, Dutchess Advisors, Ltd., Inside Telenetcom Co., Ltd., Stanley H. Rojeski, Scott Applegate and Capital Plus, Rocky Mountain Employee Benefits, Inc., Paul Lebarre, Chandos Mahon, Wan Ki Choi, Myeung Rae Kim, Jeong Joo Heo, Programming Services, Inc., Thomas A. Nix, Young Doo Choi, Lawrence J. Wilk, Ernest McKay, Joo Ryang Um, Kyeong Eel Joo, Berthel Growth & Income Trust I, Frank Friedlein, Gon Seong Yoo, Young Joo Kim, Myeong Hee Sung, Myeong Ja Kang, Byeong Cheol Cho, Eun Jeong Heo, National Financial Communications Corp., Kyung Min Kim, Lions Gate Entertainment, Inc., Gi Sea Nam, Young Seok Seong, Chan Joo Park, Jun Ho Yoon, Fernando Gomez, Jeong Ho Park, Sung Gyoon Kim, Seung Hwan Lee, Ki Young Ko, Jang Rak Choi, Seong Jin Choi, Myeong Hee Lee, Eagle Plaza, L.C., Soo Won Lee, Jin Soo Park, Seong Yong Hwang, Gyoo Hang Chang, BH Productions, Cinema Internet Networks, Inc., Yong Hyeon Jee, Alan Miller, Kirk Kaalberg, Charles P. Miller, John Metzler, Nanci Sue Harvey-Brinkmeier, Joe Melton, Karen A. Wilson, DST Asset Management Company.

WE HAVE LARGE AND CONTINUING LOSSES AND A LARGE ACCUMULATED DEFICIT. Our substantial and continuing losses since inception, coupled with significant ongoing operating expenses, raise serious doubt regarding our ability to continue as a going concern. We have an accumulated deficit of \$55,713,971 as of March 31, 2001. We have incurred a net loss for the three months ended June 30, 2001, of \$1,483,877 and have sustained substantial ongoing losses during each of the preceding three fiscal years, of \$18,735,809 for the fiscal year ended March 31, 2001; \$18,735,469 for the fiscal year ended March 31, 2000; and \$4,213,079, for the fiscal year ended March 31, 1999. These losses have caused a dramatic decline in the value our common stock, and it may be anticipated that additional losses may cause a further decline in the value of our common stock. Although we have undertaken substantial steps in the past few months to reduce our operating overhead and have received a cash infusion of \$3.5 million in return for issuing 38,504,275 shares of common stock to approximately forty-three new investors, it may be anticipated that our losses will continue at least in the near term, and we can give no assurance that we will ever generate substantial revenues from operations, or achieve profitability.

RISKS ASSOCIATED WITH VISIONCOMM, INC.

The business of VisionComm, Inc. ("VCI") acquired by us is also subject to many of the same risks and

uncertainties discussed here, including the risks associated with intense competition in the private cable television business, the need for additional capital, and introduction of new and unproven technologies. VCI has suffered losses from operations since inception. VCI has an accumulated deficit of \$3,327,770 as of June 30, 2001; and has reported a net loss for the fiscal year ended December 31, 2000, of \$1,038,479 and for the three months ended March 31, 2001 of \$185,733.

The Another World Shareholders and the number of shares of our common stock included in this Prospectus with respect to each Another World Shareholder are as follows: Terasource Venture Capital Co., Ltd., 7,618,842; Philmoon Seong, 5,186,553; Investment Partnership, Hyundai & Terasource D-Convergence, 2,118,020; MNAA - Terasource Venture Investment Partnership, 2,118,020; Terasource W-N Venture Investment Partnership 2,062,261; Hyang Hee Shin, 1,865,009; Sang Im Nam, 1,821,175; Ki Seok Park, 1,489,797; Seung Hoon Lee, 1,312,620; Ji Sun Lee, 1,306,773; Kyung Rock Lee, 1,305,253; Hye Young Cho, 1,071,166; Pil-Soo Sung, 1,044,985; Inside Telenetcom Co., Ltd., 932,389; Wan Ki Choi, 527,111; Myeung Rae Kim, 512,147; Jeong Joo Heo, 507,082; Young Doo Choi, 465,320; Joo Ryang Um, 375,810; Kyeong Eel Joo, 374,291; Gon Seong Yoo, 358,912; Young Joo Kim, 338,975; Myeong Hee Sung, 277,967; Myeong Ja Kang, 274,376; Byeong Cheol Cho, 257,616; Eun Jeong Heo, 257,293; Kim Kyung Min 202,501; Gi Sea Nam, 194,259; Young Seok Seong, 192,003; Chan Joo Park, 188,043; Jun Ho Yoon, 171,329; Jeong Ho Park, 163,962; Sung Gyoon Kim, 159,358; Seung Hwan Lee, 156,089; Ki Young Ko, 153,372; Jang Rak Choi, 159,643; Seong Jin Choi, 149,459; Myeong Hee Lee, 149,367; Soo Won Lee, 134,448; Jin Soo Park, 133,435; Seong Yong Hwang, 133,389; Gyoo Hang Chang, 132,837; Yong Hyeon Jee, 151,024. We are including 38,504,275 shares of our common stock in this Prospectus that have been issued to the Another World Shareholders.

Shares issued to officers:

Chandos Mahon, 560,858 shares; William Brinkmeier, 373,116 shares; Thomas Nix, 317,344 shares; Larry Wilk, 284,448 shares; Frank Friedlein, 328,531 shares; Ernest Mckay 390,213 shares; Paul LeBarre 561,640 shares. As explained below, this Prospectus also includes additional shares owned respectively by Brinkmeier, Wilk, Nix, and Friedlein that they received as VisionComm Shareholders

SUMMARY OF SHARES OFFERED BY SELLING SECURITYHOLDERS

The following table sets forth certain information with respect to the Selling Securityholders and the Securities held by each Selling Securityholder. Because the Selling Securityholders may actually offer and/or sell less than all of the Securities offered by this Prospectus, and because this offering is not being underwritten on a firm commitment basis, it is not possible to state with certainty the amount of Securities that will be held by the Selling Securityholders after completion of this offering. Therefore, the table below assumes that all Securities offered by this Prospectus will be sold. The Securities offered by this Prospectus may be offered from time to time in whole or in part by the Selling Securityholders. See "Plan of Distribution."

of Securities Owned Prior to the Offering	Amount of Securities to be Offered	Selling Securityholder	Amount of Securities After the Offering	Percentage of Class Owned After the Offering
7,618,842	0	Terasource Venture Capital Co., Ltd.	0.00%	7,618,842
7,218,400	0	Crooks Hollow	0.00%	7,218,400
5,186,555	0	Philmoon Seong	0.00%	5,186,553

2,750,000	558,159	Blaine Harris 0.74%	3,308,159
2,535,377	0	I-O Display Systems, 0.00% LLC	2,535,377
2,118,020	0	Hyundai & Terasource 0.00% D-Convergence Venture Investment Partnership	2,118,020
2,118,020	0	MMAA - Terasource 0.00% Venture Investment Partnership	2,118,020
2,062,261	0	Terasource W-N Venture 0.00% Investment Partnership	2,062,261
1,865,009	0	Hyang Hee Shin 0.00%	1,865,009
1,821,175	0	Sang Im Nam 0.00%	1,821,175
1,489,797	0	Ki Seok Park 0.00%	1,489,797
840,000	640,000	United Business .08% Systems, Inc.	1,480,000
1,312,620	0	Seung Hoon Lee 0.00%	1,312,620
1,306,773	0	Ji Sun Lee 0.00%	1,306,773
1,305,253	0	Kyung Rock, Lee 0.00%	1,305,253
1,242,522	30,000	William Brinkmeier 0.04%	1,272,522
1,071,166	0	Hye Young Cho 0.00%	1,071,166
1,044,988	0	Pil-Soo Sung 0.00%	1,044,988
1,020,000	700,000	Dutchess Advisors, Ltd. 320,000	0.42%
932,389	0	Inside Telenetcom Co., 0.00% Ltd.	932,389
		Stanley H. Rojeski	797,632

797,632 0 0.00%

600,000	183,000	Scott Applegate And 0.24% Capital Plus	783,000
400,000	295,567	Rocky Mountain 0.39% Employee Benefits, Inc.	695,567
561,640	0	Paul Lebarre 0.00%	561,640
560,858	0	Chandos Mahon 0.00%	560,858
527,111	0	Wan Ki Choi 0.00%	527,111
512,147	0	Myeung Rae Kim 0.00%	512,147
507,082	0	Jeong Joo Heo 0.00%	507,082
500,000	0	Programming Services, 0.00% Inc.	500,000
466,599	30,000	Thomas A. Nix 0.04%	496,599
465,320	0	Young Doo Choi 0.00%	465,320
433,703	0	Lawrence J. Wilk 0.00%	433,703
390,213	0	Ernest Mckay 0.00%	390,213
375,810	0	Joo Ryang, Um 0.00%	375,810
374,291	0	Kyeong Eel Joo 0.00%	374,291
371,823	0	Berthel Growth & 0.00% Income Trust I	371,823
370,511	0	Frank Friedlein 0.00%	370,511
358,912	0	Gon Seong Yoo 0.00%	358,912
		Young Joo Kim	338,975

338,975 0 0.00%

277,967	0	0.00%	Myeong Hee Sung	277,967
274,376	0	0.00%	Myeong Ja Kang	274,376
257,616	0	0.00%	Byeong Cheol Cho	257,616
257,293	0	0.00%	Eun Jeong Heo	257,293
250,000	0	0.00%	National Financial Communications Corp.	250,000
202,501	0	0.00%	Kim, Kyung Min	202,501
200,000	0	0.00%	Lions Gate Entertainment, Inc.	200,000
194,259	0	0.00%	Gi Sea Nam	194,259
192,003	0	0.00%	Young Seok Seong	192,003
188,043	0	0.00%	Chan Joo Park	188,043
171,329	0	0.00%	Jun Ho Yoon	171,329
142,222	25,000	0.03%	Fernando Gomez	167,222
163,962	0	0.00%	Jeong Ho Park	163,962
159,358	0	0.00%	Sung Gyoon, Kim	159,358
156,089	0	0.00%	Seung Hwan Lee	156,089
153,372	0	0.00%	Ki Young Ko	153,372
159,634	0	0.00%	Jang Rak Choi	159,634
			Seong Jin Choi	149,459

149,459	0	0.00%		

149,367	0	0.00%	Myeong Hee Lee	149,367

100,000	45,000	0.06%	Eagle Plaza, L.C.	145,000

134,448	0	0.00%	Soo Won Lee	134,448

133,435	0	0.00%	Jin Soo Park	133,435

133,389	0	0.00%	Seong Yong Hwang	133,389

132,837	0	0.00%	Gyoo Hang Chang	132,837

100,000	0	0.00%	BH Productions	100,000

95,000	0	0.00%	Cinema Internet Networks, Inc.	95,000

151,024	0	0.00%	Yong Hyeon Jee	151,024

75,000	0	0.00%	Alan Miller	75,000

44,577	0	0.00%	Kirk Kaalberg	44,577

24,850	0	0.00%	Charles P. Miller	24,850

17,831	0	0.00%	John Metzler	17,831

12,425	0	0.00%	Nanci Sue Harvey-Brinkmeier	12,425

11,038	0	0.00%	Joe Melton	11,038

6,213	0	0.00%	Karen A. Wilson	6,213

3,715	0	0.00%	DST Asset Management Company	3,715

			TOTAL	62,453,150

C-3D DIGITAL, INC.**124 FERRY STREET S.W., ALBANY, OREGON, 97321, PH. 541-791-4813 FAX. 541-791-4819**

Michael Heil(Former C3D CEO) address???

C-3D DIGITAL, INC.**124 POINT WEST BOULEVARD, ST. CHARLES, MO 63301,**

PH (636) 724-1004 FAX (636) 947-6488

Chandos Mahon
9811 Owensmouth Ave.
Unit 15
Chatsworth, CA 9131110336 Variel Avenue
Chatsworth, CA 91311
Attn: Chandos Mahon

5. 2D TO 3D CONVERSION. Within one year of this Settlement Agreement, Chequemate will convert from 2D to 3D stereoscopic (the "Conversion"), a mutually acceptable film title from the library of Lions Gate. Chequemate will have exclusive distribution rights with Lion Gate to the conversion, subject to the parties agreeing upon distribution terms and conditions which shall have a minimum term of seven (7) years. In the event that the parties do not agree on a mutually acceptable film and/or do not agree on distribution terms, the parties shall have no obligations to one another under the terms of this paragraph which shall be deemed deleted from this Settlement Agreement.

Lions Gate Entertainment
4553 Glencoe Ave., Suite #200
Marina Del Rey, CA 90292
Attn: Wayne Levin**EXHIBIT 10.6**

C3D decided to buy 3D glasses and interface units from Jeff Ferguson, who entered the 3D business via his father Jim who is a pioneer in the LCD business. He has specialized in buying up bankrupt 3D companies related to 3D and LCD technology. First he bought the remnants of Virtual I/O, a USA corp founded and run by Greg Amadon and his wife Lyndon Rhodes. Virtual I/O sucked up \$56 million in venture capital from some big names-AT&T, TCI etc and had only one product-the I-glasses dual LCD headset with the two tiny TV's in it. They sold for ca. \$400 and they lost money nonstop. I was sent the prospectus for the bankruptcy sale in 1998 and it is a fascinating document. It was just as hopeless for Ferguson as for Amadon and he stopped making the I-glasses in 2001. His only HMD(dual tv headset) offering now is a \$1000 model made by Daeyang in Korea.

Next Ferguson bought or acquired the remains of H3D Entertainment-maker of the well known tiny LCD shutter glasses.

H3D was started by Mike Vessely and Peter Olsen ca. 1997. They hired me as consultant for about 4 hours and figured they learned everything I knew. Olsen had made a lot of money in the pc arena

and thought he was pretty smart. I guessed he would crash and burn in 3 years. I was off by a few months. He felt the way ahead was to get Fox to let him film the X Files in 3D and transfer it to video. He hired my friend Chris Condon to make an ten perf pulldown 35 mm 3D motion picture lens and camera that Fox could substitute for their own 35mm camera, thus having their normal 2D print and a 3D print at the same time. What are the chances a major multibillion dollar company will let anyone mess with their hottest product. Yes its less than zero and that's how many minutes of the X files Olsen got to film He spent a fantastic amount of money on the glasses and interfaces though but the original design was still stupid beyond belief. It had narrow vertically oriented LCDs-ie taller than wide and you felt like you were looking thru slits. One of the most salient aspects of vision is that our eyes are side by side for wide, panoramic viewing. These glasses prevented this. When I pointed this out to him he started ranting about how this was really clever. I realized it was hopeless to try to talk to such a fool and that was our last conversation. I think he left a lot of unpaid bills, including Condon and presumably this is how Ferguson acquired the H3D glasses. Eventually they were changed to horizontal LCD's and a few other changes made and they have since been known as the I/O glasses. C3D made the following agreement with Ferguson but of course never paid him. He sued and even though his suit was incorrectly made, he collected several hundred thousand dollars and C3D let him keep it. They still owe him and as you will note from the shareholder's list below he is still a large shareholder.

C-3D DIGITAL PURCHASE AGREEMENT

This Purchase Agreement (the "Agreement") dated this 4th day of February, 2000 between CHEQUEMATE INTERNATIONAL, INC., a Utah corporation ("Buyer" or "Chequemate") doing business as C-3D Digital, with its principal offices located at 330 Washington Blvd., Suite 507, Marina del Rey, CA 90292-5146 ("Buyer"), and i-O Display Systems, LLC, a California limited liability company, with its principal offices located at 1370 Willow Road, Menlo Park, California 94025-1516 ("Seller");

WITNESSETH:

WHEREAS, Buyer desires to purchase from Seller and Seller desires to sell to Buyer, on the terms and subject to the conditions of this Agreement, certain goods;

NOW THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained in this Agreement, the parties agree as follows:

ARTICLE 1. SALE OF GOODS

Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, Five Hundred Thousand Dollars (\$500,000.00) (less any balance presently owed to Seller by Buyer) worth of Seller's goods, in particular, 3D video viewing, 3D internet viewing and/or 3D gaming systems or other 3D products. The unit price shall be the lowest distributor price offered by the Seller for the Seller's goods for a given configuration and purchase volume. Exhibit "A" is the Seller's price list effective February 1st, 2000.

ARTICLE 2. PURCHASE PRICE

2.1 PAYMENT OF PURCHASE PRICE: In consideration for the transfer and assignment by Seller of the Assets, and in consideration of the representations, warranties and covenants of the Seller set forth herein, Buyer on the

conditions set forth herein states that:

- (a) Buyer shall pay to Seller the sum of Five Hundred Thousand Dollars (\$500,000.00).
- (b) Payment will be made in full on or before February 18, 2000. Payment will be in cash or, at Buyer's option, in the form of Chequemate International, Inc. restricted common stock, or both. Any such shares of stock shall be valued at the average of the end of day closing price for free-trading common stock in Chequemate International, Inc., over the previous five (5) days of trading. The number of shares to be issued shall be sufficient in value to equal the balance due on the date of payment.

ARTICLE 3. DOCUMENTATION

DELIVERIES: In the event that stock in Buyer is used as all or a portion of the purchase price, Buyer shall deliver to Seller the following instruments and documents against delivery of the goods:

- (a) Stock Certificates issued in the name of Seller, for the balance due, of Buyer's common stock. (See Section 2.1); and
- (b) The certificate of the President or Secretary of the Buyer confirming that proper minutes and resolutions of the Buyer's Board of Directors have been secured approving the purchase of the goods.
- (c) Purchase may be made in whole or in part in the form of cash or certified funds.
- (d) Seller shall have demand registration rights on any and all stock accepted hereunder toward the purchase price.

ARTICLE 4. SALES TAXES

Buyer shall pay all sales, use and transfer taxes arising out of the transfer of the Assets.

ARTICLE 5. DELIVERY

All goods purchased hereunder are F.O.B. Seller's warehouse, Menlo Park, California.

Buyer may take delivery of the goods in whole or in part, from time to time, during the one hundred twenty (120) days following the payment of the purchase price hereunder. Buyer shall give Seller reasonable notice of the number of consumer kits of which it anticipates taking delivery.

ARTICLE 6. OTHER TERMS

All provisions of the Strategic Procurement Agreement entered into by the parties on or about September 16, 1999, shall apply to this transaction to the extent that this agreement does not expressly contradict them.

ARTICLE 7. REPRESENTATIONS AND WARRANTIES AND BUYER.

Buyer represents and warrants to the Seller as follows:

- 7.1 ORGANIZATION AND QUALIFICATION. Chequemate is a corporation duly organized, validly existing and in good standing under the laws of the State of Utah. Chequemate has all requisite power and authority to own or operate its properties and conduct its business as it is now being conducted.
- 7.2 CAPITALIZATION; SUBSIDIARIES. The authorized capital stock of Chequemate consists of 500,000,000 shares of Common Stock. As of October 25, 1999, 23,866,834 shares of Chequemate's Common Stock were issued and outstanding. As of February 2, 2000, there was a 1 to 4 reverse split, resulting in fewer than 6 million shares being outstanding. All issued and outstanding shares of capital stock of Chequemate are validly issued, fully paid, non-assessable and free of preemptive rights.
- 7.3 AUTHORITY RELATIVE TO THIS AGREEMENT. Chequemate has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Chequemate, and no other corporate proceedings on the part of Chequemate are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Chequemate and, assuming this Agreement constitutes a valid and binding obligation of the Seller, this Agreement constitutes a valid and binding agreement of Chequemate, enforceable against Chequemate in accordance with its terms.
- 7.4 SEC REPORTS. Since January 1, 1998, to the best of its knowledge Chequemate has filed all required forms, reports and documents ("Chequemate SEC Reports") with the Securities and Exchange Commission (the "SEC") required to be filed by it pursuant to the federal securities laws and the SEC rules and regulations thereunder, all of which have complied in all material respects with all applicable requirements of the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and interpretive releases promulgated thereunder. None of such Chequemate SEC Reports, including without limitation any financial statements, notes, or schedules included therein, at the time filed, contained any untrue statement of a material fact, or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Each of the consolidated balance sheets in or incorporated by reference into the Chequemate SEC Reports fairly presents or will fairly present the financial position of the entity or entities to which it relates as of its date, and each of the related consolidated statements of operations and retained earnings and cash flows or equivalent statements in the Chequemate SEC Reports (including any related notes and schedules) fairly presents or will fairly present the results of operations, retained earnings and cash flows, as the case may be, of the entity or entities to which it relates for the period set forth therein (subject in the case of unaudited interim statements, to normal yearend audit adjustments) in each case in accordance with generally-accepted accounting principles applicable to

the particular entity consistently applied throughout the periods involved, except as may be noted therein; and independent certified public accountants for Chequemate have rendered or will render an unqualified opinion with respect to each audited financial statement included in the Chequemate SEC Reports. The consolidated financial statements included in the Chequemate SEC Reports are hereinafter sometimes collectively referred to as the "Chequemate Financial Statements."

- 7.5 CONSENTS AND APPROVALS: NO VIOLATION. Neither the execution and delivery of this Agreement by Chequemate nor the consummation of the transactions contemplated hereby nor compliance by Chequemate with any of the provisions hereof will conflict with or result in any breach of any provision of the Articles of Incorporation or by-laws of Chequemate or any Subsidiary, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, except pursuant to the Securities Act and the Exchange Act, such filings and approvals as may be required under the "blue sky", takeover or securities laws of various states, or result in a default (with or without due notice or lapse of time or both) (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, contract, license, agreement or other instrument or obligation to which Chequemate is a party or by which Chequemate, any of its Subsidiaries or any of their respective assets may be bound, result in the creation or imposition of any lien, charge or other encumbrance on the assets of Chequemate or violate any order, writ, injunction, decree, statute, rule or regulation applicable to Chequemate or any of its respective assets.
- 7.6 LITIGATION, ETC. Except as disclosed in the Chequemate SEC Reports or in Exhibit "B" attached hereto, there is no action, claim, or proceeding pending or, to the knowledge of Chequemate, threatened, to which Chequemate is or would be a party before any court or Governmental Authority acting in an adjudicative capacity or any arbitrator or arbitration tribunal with respect to which there is a reasonable likelihood of a determination having, or which, insofar as reasonably can be foreseen in the future would have, a material adverse effect on Chequemate and since December 31, 1997, there have been no claims made or actions or proceedings brought against any officer or director of Chequemate arising out of or pertaining to any action or omission within the scope of his employment or position with Chequemate, which claim, action or proceeding would involve a material adverse effect on Chequemate taken as a whole. All material litigation and other material administrative, judicial or quasi-judicial proceedings to which Chequemate is a party or to which it has been threatened to be made a party, are described in the Chequemate SEC Reports, or Exhibit "B" attached hereto.
- 7.7 COMPLIANCE WITH LAW AND PERMITS. Chequemate has owned and operated its properties and assets in substantial compliance with the provisions and requirements of all laws, orders, regulations, rules and ordinances issued or promulgated by all Governmental Authorities having jurisdiction with respect thereto. All necessary governmental certificates, consents, permits, licenses or other authorizations with regard to the ownership or operation by Chequemate of their respective properties and assets have been

obtained and no violation exists in respect of such licenses, permits or authorizations. None of the

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documents and materials filed with or furnished to any Governmental Authority with respect to the properties, assets or businesses of Chequemate contains any untrue statement of a material fact or fails to state a material fact necessary to make the statements therein not misleading.

7.8 CHEQUEMATE COMMON STOCK. The shares to be issued by Chequemate pursuant to this Agreement have been duly authorized and, when issued in accordance with the terms of the this Agreement, will be validly authorized and issued and fully paid and nonassessable, and no shareholder of Chequemate will have any preemptive rights or dissenter's right with respect thereto.

ARTICLE 8. SECURITIES ASPECTS OF AGREEMENT

8.1 All parties to this Agreement mutually understand, agree and covenant that any referenced sale or other disposition of any security under this Agreement shall be controlled and governed by this section. Specifically should there arise any conflict of application or interpretation under this section and any other provision or section of this Agreement, this section shall be given primary definition and control. The term "securities" for the purposes of this Agreement shall mean and include all shares of Chequemate, and any warrants to acquire those shares as well as any other instrument or obligation customary or commonly described as a security. Each of the following terms and conditions of the issuance and distribution of the securities shall be fully applicable unless otherwise specifically waived or treated in the following paragraphs.

8.2 Each security issued pursuant to the terms of this Agreement shall be a "restricted" security unless otherwise specifically referenced as being issued pursuant to a registration or offering.

8.3 Seller understands and agrees that a restricted security, for the purposes of this Agreement, is one which is issued without meeting registration requirements under both federal and state law within the United States. Each party to this Agreement further agrees and acknowledges that the nature of a restricted security is that it is not freely tradable. That is, the holder of such security cannot immediately market or further distribute such security in the open market, or through private transactions without the express written consent of the issuer, primarily Chequemate under the terms of this Agreement.

8.4 Seller fully acknowledges and understands that the resale of a restricted security will normally require substantial holding periods unless subsequently subject to an intervening registration under applicable federal and state securities laws. Seller acquiring restricted stock under this Agreement further acknowledges and agrees that the principal, though not exclusive, means by which restricted securities are resold under United States law and conforming state laws and regulations is Securities and Exchange Commission ("SEC") Rule 144, which essentially requires a holding period of one year before the stock can be resold or any interest therein

further sold or assigned. In general terms, Rule 144 would require that there be current public information about the Company before the provisions of the Rule could be relied upon for subsequent resale, that the aforementioned holding period had been

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met, that the sales occurred through independent arms-length and unsolicited brokerage transactions, that certain volume limitations on the number of shares sold in each three month period be observed, and that a report of sales will be filed with the SEC. Seller understands that the foregoing constitutes only a general description of Rule 144 and that such person is or has the means to become familiar with all of the specific provisions and terms of Rule 144 through his independent legal advisors. Seller further acknowledges and agrees that while Rule 144 is not exclusive, that it is anticipated and intended that it would be the primary means by which securities acquired under this Agreement could be resold absent the specific registration provisions of this Agreement.

- 8.5 Seller further acknowledges and agrees that, except as specifically provided by the terms of this Agreement, none of the corporate parties will have any obligation to register securities issued, and have no present intention to register such securities other than is specifically provided for by this Agreement. Each person under this Agreement acquiring securities further understands and agrees that individual registration of securities, absent registration by the issuer, is usually not practical and should not be relied upon as a means for resale or other distributions of securities acquired under this Agreement.
- 8.6 Any entity acquiring securities pursuant to this Agreement with the intent to divide such securities among its principal shareholders or members as part of the acquisition process, will be responsible for obtaining the knowledgeable consent and agreement of such actual shareholder to the terms of this Agreement, specifically referencing this paragraph.
- 8.7 Seller fully understands and agrees that should such person be deemed to be in a "control" position as to Chequemate incident to the completion of this Agreement, that such person must comply with the volume limitations of Rule 144 to complete sales of his or her securities acquired, except for securities which have been otherwise registered pursuant to this Agreement. A control person has been defined by the SEC, and by most state securities regulatory agencies, as a person who has the capacity to exercise control over the issuing company. While no precise mathematical formulation of a control person is applicable to all situations, the following are generally presumed to be control people:
- (i) a person holding 10% or more of the shares of the issuing company;
 - (ii) any principal officer or any director of the issuing company.
- 8.8 Seller represents that it is acquiring the Shares for its own account, for investment and not with a view to the distribution or resale thereof. The Seller further represents that its financial and other circumstances are such that it has adequate means of providing for its current and anticipated future needs without having to sell or otherwise dispose of the

Shares, and that the Seller is able to bear the economic risks of this investment and consequently is able to hold the Shares for an indefinite period of time and to sustain the loss of its entire investment in the Shares, in the event such a loss should occur.

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- 8.9 Seller acknowledges and represents that, due to its knowledge and experience in financial and business matters, its investment experience generally and its experience with investments similar to the Shares in particular, Seller, either alone or together with its advisors, if any, is able to understand and merits of, and the risks involved in, its proposed investment in the Shares. Seller, either alone or together with its advisors, if any, has the capacity to protect its own interests in connection with this transaction.
- 8.10 Seller acknowledges that Chequemate has furnished or made available to Seller all financial and other data relating to Chequemate, required by Seller to enable it to make an informed decision concerning its approval of this transaction and its resulting acquisition of the Shares. In particular, Seller acknowledges that it has received and reviewed the financial statements of Chequemate for the past two years and complete copies of all of the Chequemate SEC Reports for such period. Seller acknowledges that it has been informed that Chequemate has not previously conducted business except as disclosed in the Chequemate SEC Reports. Seller represents and acknowledges that it and its principals have been engaged in the business of providing cable television services and pay-per-view services in the hotel/lodging industry, which is intended area of business for which the goods are being acquired by the Buyer. In this regard, Seller has been acquainted with the Chief Executive Officer of Chequemate. Seller further represents and acknowledges that it has had full opportunity to obtain additional information from Chequemate to verify the accuracy of the information supplied by it and to evaluate the merits of its investment decision, including, without limitation, full opportunity to ask questions of and receive satisfactory answers and other information from Chequemate, its officers, directors and other persons acting on its behalf, and all such questions have been answered, and such other information supplied, to Seller's full satisfaction. Seller is aware of, and has thoroughly evaluated, to its own satisfaction, the high degree of risk associated with investing in Chequemate, including but not limited to, the specific risks associated with Chequemate's business and the risks associated with the ownership of common stock.
- 8.11 Seller hereby represents and warrants to Chequemate that Seller is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D. Seller further represents and warrants that it is a limited liability company, and that each of the equity owners of Seller is an "accredited investor" by reason of the fact that each of the equity owners meets one or both of the following criteria:
- (i) The owner is a natural person whose individual net worth, or joint net worth with owner's spouse, at the time of this agreement, exceeds \$1,000,000; or
 - (ii) The owner is a natural person who had an individual income in

excess of \$200,000 in each of the two most recent years, or joint income with owner's spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year.

ARTICLE 9. FURTHER ASSURANCES

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The parties agree to execute such additional or modified agreements as are reasonably necessary to give full effect to the intentions of the parties as shown in this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it as of the day and year first above written.

BUYER

CHEQUEMATE INTERNATIONAL, INC.

a Utah corporation

By J. Michael Heil, CEO

SELLER

i-O Display Systems, LLC

a California limited liability company

By Jeff Ferguson, President

A final story in which I was only peripherally involved must be told as it is quite fascinating, even though I may get it a little confused and spell some names wrong. A Canadian mining company Siliwood Entertainment wanted to make a killing in the USA. They bought a cheap publicly traded USA company and decided to enter the 3D business. They became or merged with NewVisual Entertainment of Southern California. Various Hollywood types including investment banker Ray Willenberg and Frank DeMille (grandson or great grandson of the famous film pioneer Cecil B DeMille) invested in the company. They were looking for some 3D expertise and content. They knew of a 35 mm 3D sports film. They located the maker Michael Sullivan. Unfortunately he was in jail for fraud or drug dealing or both. The day he was released from jail he was sitting down to dinner with the NuVisual guys and was soon hired to head the company. He was given authority to sign checks. They decided to send 3 crews around with groups of famous rock stars touring to film the whole tour in 3D. They "bought" some equipment from me (mostly never paid for) and had 3 or 4 different 3D video cameras recording. They shot maybe 200 hours of 3D video and brought it back to edit. They spent lavishly and Mr. Sullivan seems to have have a great fondness for yachts, girls and white powders. One day Ray realized nearly all the money was gone. He confronted Sullivan who pulled out a gun and told him that if he entered his office again it would be the last time. Soon all the money was gone and they could not even get the videotapes back from the edit houses as they could not pay their bills. Worse, they had absolutely no rights to use the footage or the music. So far as I know nothing has been seen of it to this day about 4 years later! At this point they called me to help them!! Of course they had no money, no 3D content and no technology! Of course I could do nothing and neither has anyone else.

We have left out one of the earliest entrants in the 3D circus-the Korean Company KASAN. They started ca 1993 and had developed some 3D LCD glasses and a special pc board which used a technique very much like, if not identical what is now properly called line blanking or confusingly, interlace. They were bright, hardworking and more than a little arrogant. I met them in Korea in 1993 when I was helping another Korean company to start a 3D tv and game business. Soon after, they came to see me in the usa. They said they wanted to collaborate. In truth they came to steal.

I loaned them some hardware and software, which they refused to return or pay for. They were getting big in the pc board market in Korea and expanding worldwide. Chinon (mentioned above) was going to use their system instead of mine until they discovered that it would not work on over 50% of the pc's they tested. Kasan was working closely with Jerry Pettersen of Sweden, one of the founders of the company Cycore and creators of the 3D object streamer Cult3D. Jerry is a very bright guy with a Korean wife and a big fan of 3D. They hoped to take over the 3D world. In a move to enter the world pc board market, Kasan bought a USA company named Jazz multimedia and placed their own Korean guy to manage it. He alienated everyone and quickly ran it into the ground. It was all downhill from there and by 1998 Kasan was bankrupt and is out of 3D and in control of the banks. Mr Bong OH, former president was given a place to stay by one of my Korean partners Mr. Ko. Another sad end for a promising company brought down by egotism.