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TAX BENEFIT EXCHANGE

How Small Businesses Can Get Private Capital and Create Jobs

launched by the-5th-estate.com &
integrated by dpe.electronic-boardroom.com

by June Klein and Ira Klein

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IRA KLEIN

TMVi Tax Law Incentive Proposal for Small Businesses

PART 1

Problem

- Small businesses cannot get financing to maintain or upgrade. Start ups likewise are shut out of the credit markets. This inability to get capital is the primary reason small businesses, which generate about 70% of all new private sector jobs, are not hiring. In the US, the unemployment rate is 9.4% and the under employment rate is 17%.
- The last time the unemployment rate was greater than 9% was the recession of 1980 which led to the defeat of President Carter and the election of President Reagan. The prime rate was around 20% and many businesses were unable to borrow at such high interest rates.
- The US Economic Recovery Act of 1981 (ERTA) enacted a provision whereby businesses could sell tax benefits for cash. The law was unnecessarily complicated but was highly successful in creating an incentive for businesses to buy equipment even though the purchase gave such businesses no current tax benefit because of NOLs or tax credits.
- The 1981 law was very successful but was repealed in 1983 for political reasons. Nevertheless, jobs were created and the economy grew.

Proposal

- A small business can sell its new depreciation deductions to any US taxpayer. This has no cost to the US Treasury since these depreciation deductions are already scored in the deficit calculations by the Congressional Budget Office. All that is needed to be done is for Congress to enact tax legislation to allow the sale of new depreciation deductions for equipment. (This TMVi Tax Law Incentive Proposal can be adapted to assist United Kingdom small businesses by allowing the sale of current UK depreciation deductions through a City of London clearinghouse.)
- The sale of new depreciation deductions will be for cash at a value to be determined by the market. The seller will buy equipment and then file a form with the IRS showing the name, address and tax ID of the Buyer. There will be no secondary market for the sold tax benefits in order for the IRS to administer this program. The Buyer will be a US taxpayer who can use the tax benefits of depreciation to reduce its taxes. The Buyer will use its private capital and transfer the cash to Seller. The Seller will use the cash to reduce its cost of the new equipment or use the cash as working capital.
- This concept contemplates the creation of a clearinghouse whereby Sellers and Buyers of depreciation tax benefits come to a transparent tax benefit market. The market will create a bid and ask price for the tax benefits to determine a fair market value.
- A further expansion of the sale of tax benefit concept would be to enact new legislation providing for a 10% investment tax credit (ITC) on all new equipment. This tax benefit can be sold in the same manner as new depreciation deductions. This ITC proposal is a Phase II portion of the sale of tax benefits because:
 - New legislation will increase the deficit unlike the new depreciation deduction portion which is already in the law.
 - The ITC proposal requires more than 50% of the equipment to contain US content. This provision might cause issues with World Trade Organization (WTO) rules which prohibit "subsidies" for local content. The proposal is not a "subsidy" intended to put foreign produced equipment at a disadvantage; the intent is to grow the domestic US market through production for US consumption. It is better to seek just the sale of new depreciation deductions at this time which is not controversial and does not add to the deficit. We do not want the perfect to be the enemy of the good.

PART 1

TMVi Tax Law Incentive Proposal for Small Businesses

Example

Seller Newco buys \$500,000 worth of new computer servers and workstations. Under current US tax law just enacted in December 2010, Newco can expense the entire \$500,000. However, Newco has other deductions so that it will run at a tax loss this year. Therefore, the new depreciation for the new computer equipment gives Newco no current tax benefit.

Newco goes to the tax benefit clearinghouse and offers to sell \$500,000 of new depreciation deductions. Corporation X which has significant capital and is currently paying tax at 35%, seeks to buy the \$500,000 depreciation deduction worth 35% of \$500,000= \$175,000. Other than a small transactional cost and a small profit to Corporation X to be determined by the "bid and asked" market, Seller Newco receives \$175,000 cash which reduces its current equipment cost purchase to \$325,000. No government funds are involved; the only change the government will see is that Corporation X not Newco will claim the \$500,000 depreciation deduction. Private capital is now being used more efficiently to grow small businesses and increase small business employment.

Summary

The sale of new depreciation deductions for equipment can be enacted quickly with no cost to the US Treasury. These sales can be accomplished through a tax benefit clearinghouse where willing buyers and sellers can sell new depreciation deductions. Sellers will receive private capital from private buyers for their new depreciation deductions. Government will be an enabler not a director as to who, what or where the private capital will be used. Small businesses will be empowered to monetize these new depreciation deductions. This will efficiently utilize capital, grow small businesses and increase small business employment.

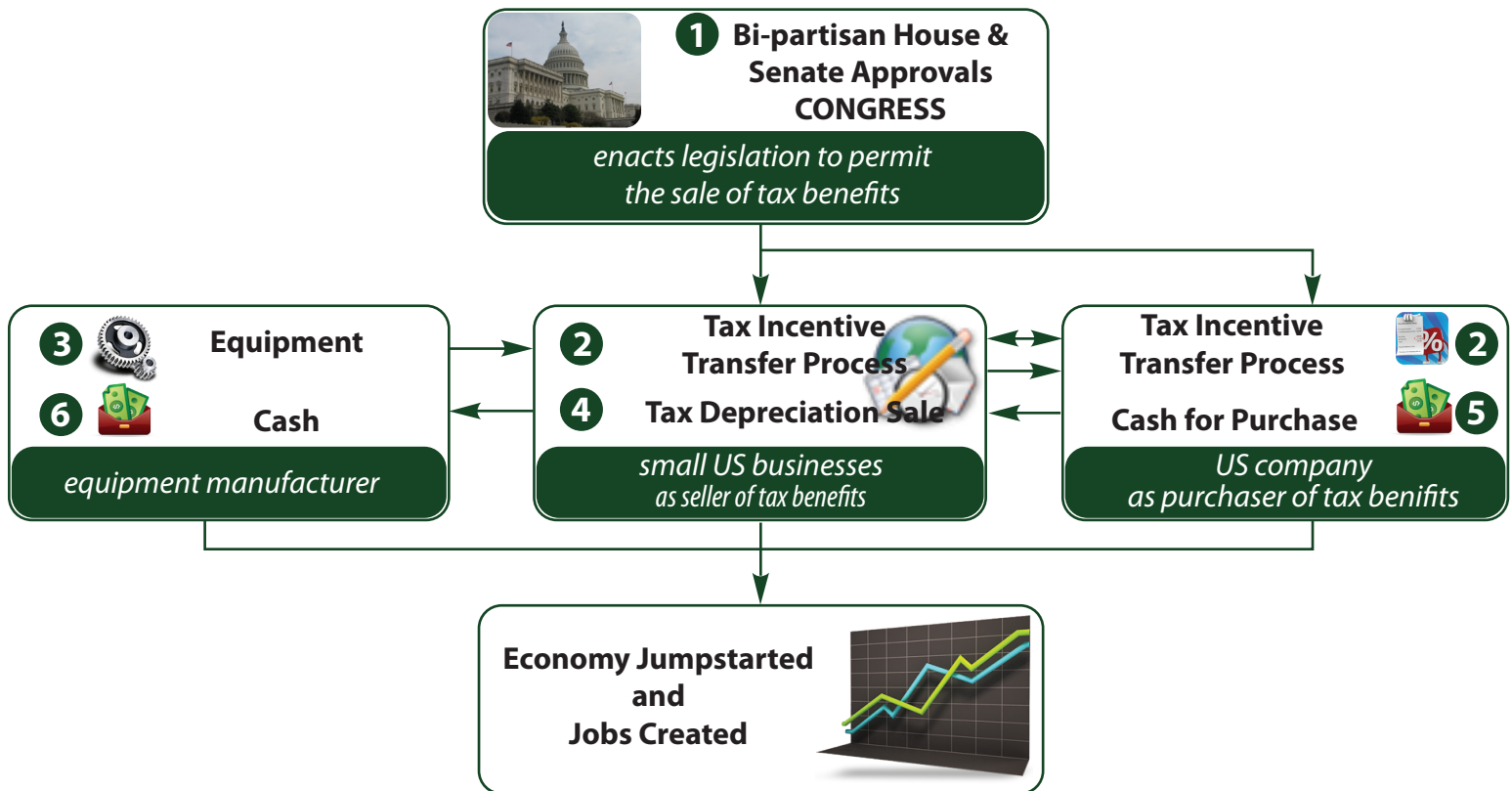
Next Steps

- Need introduction to House Ways and Means Committee to present proposal
- Need introduction to Chancellor of the Exchequer to present UK version of proposal
- Select Chairman for the DPE Consortium of Leaders who demonstrate concrete programs that boost the economy and create jobs and announce at annual award dinner.
- Formalize the consortium with members like British Airways, Dow Chemical, Stonehedge Partners... and continue progressing with the DPE site as the communications integrator for tax benefit exchange processes.

PART 1

TMVi Tax Law Incentive Proposal for Small Businesses

TMVi TAX LAW INCENTIVE™ FLOW DIAGRAM



TMVi TAX LAW INCENTIVE FLOW

1 Congress enacts a tax law allowing the sale of tax depreciation deductions for equipment purchases. No increase in the deficit results since the tax depreciation benefits are already enacted and scored by the Congressional Budget Office.

2 A new tax incentive transfer process for Small U.S. Businesses is created. A simple IRS form is filed by seller and buyer of depreciation tax benefits. A private non-governmental tax clearinghouse is formed to facilitate the sale of depreciation tax benefits. The market price for the depreciation tax benefits will be determined by a "bid and asked" process.

3 Small U.S. Business orders equipment to expand or upgrade its business and receives U.S. tax benefits of depreciation deductions.

4 U.S. Company Purchaser buys depreciation deductions from Small Business at price determined by the market.

5 U.S. Company Purchaser transfers cash to Small U.S. Business for the purchase of U.S. tax benefits of depreciation deductions.

6 Small U.S. Business transfers cash to Equipment Manufacturer to pay for purchased equipment, reduce borrowing costs or use the cash for working capital. Equipment Manufacturer supplies goods in (3) above.

TMVi Tax Law Proposal empowers Small Businesses to monetize its depreciation deductions using private capital with no cost to the US treasury. This results in a more efficient use of existing government tax incentives, thereby jumpstarting the small business economy and empowering them to increase jobs.

Phase II of proposal can:

- include medium and large businesses
- explore a 10% Investment Tax Credit for equipment with more than 50% US content
- be adapted for United Kingdom businesses

BRITISH AIRWAYS WINNER PRESS RELEASE



British Airways Winner Community
TECHNOLOGY & MARKETING VENTURES, INC. SELECTED AS A
BRITISH AIRWAYS FACE-OF-OPPORTUNITY WINNER

New York, Jan. 5, 2011 –British Airways announced that Technology & Marketing Ventures, Inc., (TMVi), has been selected as a 2010 Face-of-Opportunity winner and has been awarded travel to anywhere in the world to conduct vital business meetings as well as attend exclusive business conferences. This award also provides June Klein, CEO with critical tools and contacts to further build her business relationships abroad and stimulate growth through the power of face-to-face interaction.

"We are thrilled to be chosen by British Airways as a Face-of-Opportunity winner," said June Klein, CEO. "These flights will give us the chance to collaborate further with our research partner Oxford Internet Institute, brainstorm on blended value business models with Oxford SAID scholars, discuss the TMVi Tax Law Incentive Proposal with the Chancellor of the Exchequer's office, and create a CEO consortium to catapult the economy and job solutions integrated through our TikiWiki collaborative network site."

Technology & Marketing Ventures, Inc. is a New York City based venture developer and management consultancy. TMVi formulates and executes strategies that change competitive landscapes. Through their Electronic-Boardroom TMVi® Brand, they have changed global processes for electronic governance, trading, exchanges, inheritance and lifestyles. TMVi's current focus is on electronic media, government and experts.

TMVi's integrated solution for the economy starts with communications that drive accountability, known as Fifth Estate the-5th-estate.com This is enhanced with a distributed public expertise site focused on solving government problems <http://dpe.electronic-boardroom.com/dl1>

Untapped private capital will flow to small businesses to fund capital investments which lead to jobs, demand and production. These principles are the megatrend for the decade.

Before taking off abroad, June Klein will attend the British Airways Face-of-Opportunity conference in New York City on Feb. 2, 2011 where she will meet with top influential international business experts while networking with venture capitalists, renowned entrepreneurs, media and other business owners. Willie Walsh, Chief Executive Elect, International Airlines Group and Keith Williams, CEO, British Airways will host the London conference.

Simon Talling-Smith, Executive Vice President Americas, British Airways, will introduce the NY conference followed by keynote speeches from best-selling authors, newspaper columnists and celebrity entrepreneurs, who will provide TMVi with planning, marketing and travel tools.

This will assist TMVi in its strategy to become the integrator of tax exchange solutions evolving through a distributed public expertise site and resulting in US and UK job growth. Results require formalizing of a consortium of selected CEOs with the leadership skills to jumpstart the economy and create jobs. Watch for the press release about this leadership group in concert with government, economy and jobs.

"June Klein's winning story is inspiring and our hope is that this award program is a powerful catalyst in ensuring lasting and fruitful business for Technology & Marketing Ventures," said Simon Talling-Smith, Executive Vice President, British Airways.

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<http://dpe.electronic-boardroom.com/dl1>

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OXFORD INTERNET INSTITUTE RESEARCH & TMVi EXECUTION

*Below is a strong example of the-5th-estate.com phenomenon
where thought leadership meets global executionsm Email June Klein*

Phase 1: Team and Roles

- Oxford Internet Institute (OII) - Global Research & Inspiration
- Institute Defense Analyses (Tech Policy, Wash., DC) - OII Analyses & Reports Client
- UNESCO (Internet Governance, Paris) - OII Analyses & Reports Client
- Technology & Marketing Ventures Inc. (TMVi) - OII Sponsor; 5th estate Champion; Panelist on Wikileaks Phenomenon at Oii Anniversary Symposium; Distributed Public Expertise Solution Provider for Economy & Job Crisis; Strategic Planning Projects for OII's next decade
- Higher Education Funding Council of England - TMVi Matching Sponsor

Phase 2: Model Example of academic research (IDA paper) impact on integrated solutions for business, industry, government and society (TMVi's DPE site & proposal)

- Global Marketing Integrator – British Airways Contest Winner, June Klein
- US Tax Law Expert – TMVi General Counsel, Ira Klein
- Technology Infrastructure Experts – Chip Jones and June Klein
- Business Solution Developers & Funder – Technology & Marketing Ventures, Inc.
- Collaborative Network Organization – Distributed Public Expertise Site (DPE)
- US and UK Governments' Problem – Economy and Job Solution
- OII & TMVi – 5th estate discussions on improving the social issue of unemployment.
- SAID & TMVi – pilot blended value business model for social proposition of job creation.

Phase 3: Jobs, Demand and Production via Untapped Private Capital flow to cash poor, small businesses to fund their capital investments and a Tax Benefits Exchange to cash rich businesses.

- TMVi to become the integrator of tax exchange solutions evolving through a distributed public expertise site and resulting in US and UK job growth.
- Results require formalizing of a consortium of selected CEOs with the leadership skills to jumpstart the economy and create jobs.
- Through a positive 5th estate communications program that drives accountability, TMVi calls upon the public to reach the House, Ways and Means Committee Chairman and the Chancellor of the Exchequer's office
- The evolution of the TMVi Tax Law Incentive Proposal will lead to multi-disciplinary successes for the world in the next decade.
- Other OII –TMVi Activities

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TECHNOLOGY & MARKETING VENTURES INC.

- Television
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- Consulting

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Electronic-Boardroom TMVi® Solutions are focused on the

- **Policy level** of Television, Education, Network, Newsletter, Database and Consulting businesses.
- **The Strategy Formulation level** of these businesses is the focus of **The Fifth Estate**.
5th estate is a megatrend ignited by the communications spectrum that drives accountability.
5th estate today is what the internet was 10 years ago.
- **The Strategy Execution level** of Electronic-Boardroom TMVi® Policies is the focus of Distributed **Public Expertise**.
dpe.electronic-boardroom.com is the focal point for ventures that change the game.

The-5th-estate.com is the concierge to the seachange upon us such as distributed public expertise and job crisis; freedom of expression and wikileaks, privacy control and cloud computing

TMVi Fifth Estate Definitions

- the megatrend through 2020 where the unimaginable is fast becoming a reality.
- This is analogous to what the internet was 10 years ago.
- Communications spectrum that drives accountability.
- "Networked You" enabled by the internet in ways that hold entities accountable (OII).
- Canada's premiere investigative series.
- The name of the original DIY 60's Rock & Roll band that has just been revived.

William Dutton's Definition

- "The Fifth Estate is not simply the blogging community, nor an extension of the media, but 'networked individuals' enabled by the Internet in ways that can hold the other estates accountable."
- A strategic research project of OII sponsored since 2009 by TMVi.

Wikipedia Definitions

- no fixed meaning...but refers to various classes...
- new media like blogging that is different from traditional journalism or press.

PART 3 **DISTRIBUTED PUBLIC EXPERTISE** **SOLUTIONS TO ECONOMY AND JOB CRISES**

WHY WE NEED A COLLABORATIVE NETWORK ORGANIZATION FOR DPE NOW



Distributed Public Expertise

Jumpstarting US Economy and Creating Jobs

Abstract

Technology & Marketing Ventures, Inc. (TMVi) has developed a creative, integrated bi-partisan solution to jumpstart the American economy and create American jobs. To facilitate executing the plan, TMVi has architected and designed a focused collaborative network organization (CNO). The TMVi Tax Law Incentive Proposal™ allows businesses to sell unused tax benefits to other businesses in order to fund capital investments. The availability of this previously untapped private capital will lead to more jobs, demand and production. See TMVi TAX LAW INCENTIVE™ Diagram in Part 1 for a high level flow of how the process works. The challenge TMVi faces is to get our unique thinking into government hands to move the legislation forward and provide American jobs again.

Why We Need CNO for DPE Now

On Friday November 5, 2010, President Obama stated in his video blogs and across various websites, TV interviews, news conferences and newspaper articles that he is open to any ideas that would move the American economy forward and create private sector American jobs. This is what is known as 'The Fifth Estate'... a spectrum of communications that drive social accountability. Yet, left unsaid in President Obama's speech was the vehicle to get him the information he requested.

In an Oxford Internet Institute (OII) paper Director, William Dutton said 'government's usage of distributed public expertise (DPE) through Collaborative Network Organizations (CNOs) is less common than in the private sector.' William Dutton's research also concludes that government needs to harness the reach of the internet to tap the wisdom of distributed public expertise and realize the potential for networking with citizens as advisors.

The combination of an omnipresent need, empirical research and lack of channel to submit the TMVi Tax Law Incentive Proposal, led TMVi to develop and launch a CNO focused on DPE at <http://dpe.electronic-boardroom.com>. Through this central location, TMVi identifies citizen experts as well as premiere research. The DPE site highlights integrated pragmatic solutions to jumpstart the American economy and create American jobs. Moreover, the DPE administrators will present the results to the relevant government officials for their review and document the evolutionary path to desired outcomes.

PART 3

DISTRIBUTED PUBLIC EXPERTISE SOLUTIONS TO ECONOMY AND JOB CRISES

DISTRIBUTED PUBLIC EXPERTISE SITE DESCRIPTION

In architecting the Distributed Public Expertise Site, TMVi defined the 4 pillars necessary for a successful CNO. Set forth below is the TMVi™ recap of the CNO which encompasses best practices and reproducible results.

Technology:

We selected Tiki Wiki CMS Groupware v6.0 software because unlike MediaWiki, it has security features normally found in a content management system; it allows for mobile access and it has integrated extensive capabilities. Everything on our server uses standard LAMP professional software which will integrate with the systems and processes of others in any setting, business or academic. We used industrial strength hosting based in the US and UK with redundant data centers, wide bandwidth, low latency, dedicated IP address and SSL certificate.

Marketing:

The CNO has 3 key messages.

Fifth Estate is the most powerful idea of the decade.

Citizen Experts can help solve government problems.

Converting unused tax benefits into cash can fund small business growth.

Ventures:

Critical participants are given privileged access to content and control via CNO groupware settings. Oll's focus is on DPE and Fifth Estate research related activities. President Obama's office plus House of Representatives' focus is for proposal co-creation activities. Institute for Defense Analyses (IDA) might like to build upon our pilot program.

"Inc.":

Pulling it all together, we expect to capture, reward and publicize this DPE as a focused, best practice success story. This was a key strategy recommendation in the Oxford research paper.

ABOUT PART 4 TECHNOLOGY & MARKETING VENTURES INC.

TMVi BUSINESS CONCEPT



® **TECHNOLOGY &
MARKETING
VENTURES
INC.**

SINCE 1992
TMVi Rating and Analysis
Electronic-BoardroomTMVi® Solutions

CONSULTING ● EDUCATION ● DATABASE ● TV ● NEWSLETTER ● NETWORKING

TMV.com

helps clients prosper from changing competitive landscapes via venture development.

JuneKlein.com

Provides strategy and development for policy level leaders and Ira Klein's expertise is tax law and structuring.

Electronic-Boardroom.com and Store.electronic-boardroom.com

novel ideas, integrated content, communications, distribution and products

More Solutions:

The-5th-Estate.com : for the networked you and accountable entities

DPE.Electronic-Boardroom.com : for governments, universities, institutions, economy

EvolvingBoomers.com : for private wealth

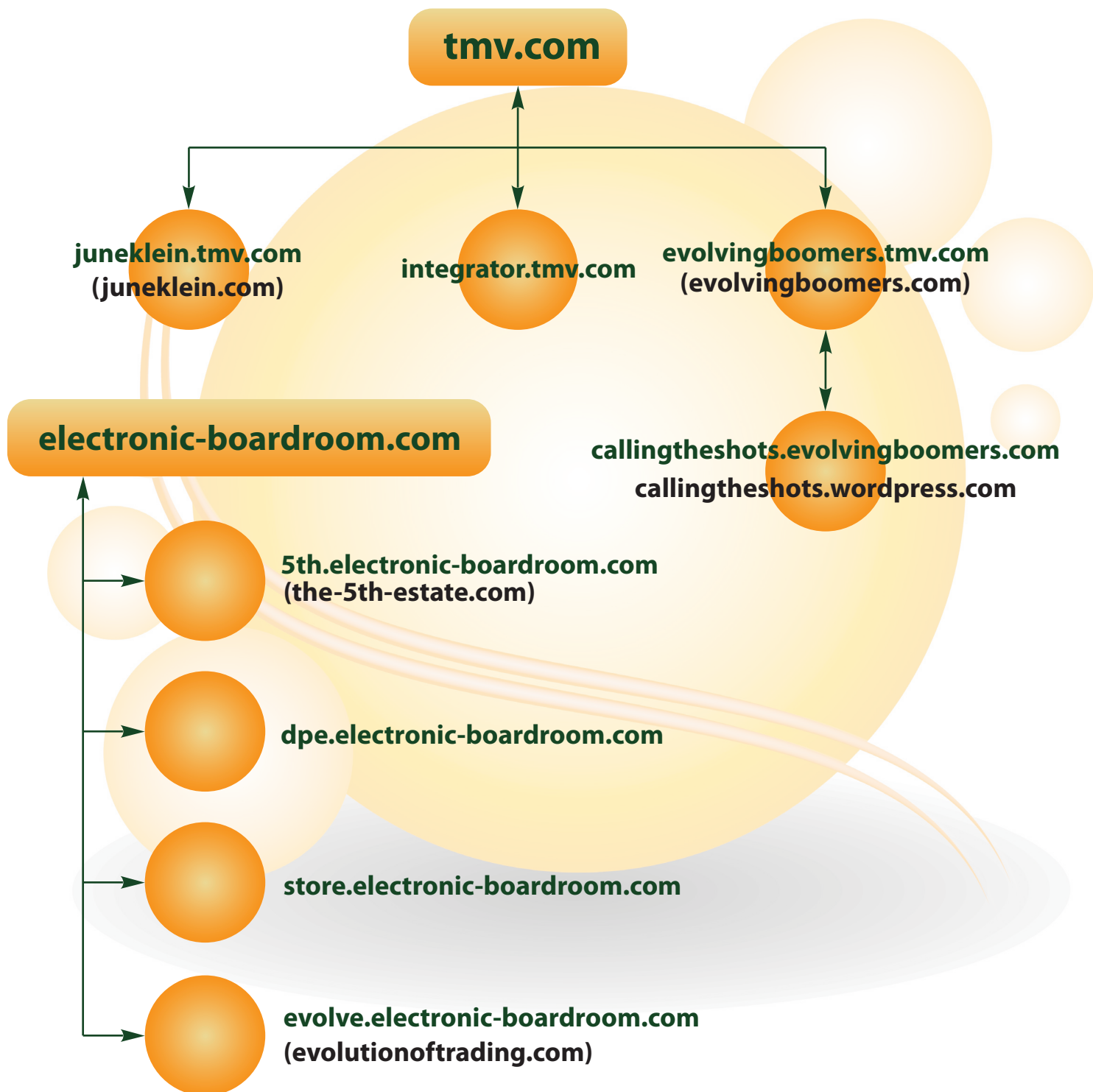
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ABOUT

Technology & Marketing Ventures, Inc. has provided thought and execution leadership to institutions and governments since 1992. Their game-changing results are known as Electronic-Boardroom TMVi® Solutions in education, networking, consulting, database, television and newsletter. TMVi collaborates with the Oxford Internet Institute on Fifth Estate business intelligence research and Distributed Public Expertise implementations. TMVi is a British Airways Face of Opportunity Winner.

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TMVi WEB STRUCTURE



ABOUT

PART 4 TECHNOLOGY & MARKETING VENTURES INC.



JUNE KLEIN

June Klein has an MBA in Finance & Marketing from NYU Stern, BS in Education and Math from BU, CDP from ICCP, Graduate Technology Certificate from IBM Systems Research Institute and Governance Certificates. She collaborates with Oxford Internet Institute on the Fifth Estate, is a winner of British Airways Business Contest, and the Ronald Reagan Entrepreneur Award. Prior to founding her own firm, June Klein held executive positions at Federal Reserve Bank, Merrill Lynch, IBM, Citigroup, JPMorganChase and Wang. As CEO of Technology & Marketing Ventures, Inc., she formulates and executes strategies that change competitive landscapes. She helps her policy level clients prosper via venture development. jklein@tmv.com



IRA KLEIN

Ira Paul Klein has a JD from BU Law; a LLM in Taxation from NYU Law and is an Adjunct Professor of Tax law in the MBA and Certified Financial Planner Programs at Fairfield's Graduate Business School. Previously, Ira Klein was Senior Tax Counsel at Dow Chemical and was with a Wall Street law firm. As General Tax Counsel of Technology & Marketing Ventures, Inc., he analyzes and structures tax law related ventures encompassing the internet, businesses and government.

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