

2%

### MEGADIAMOND PCD SALES / HALL 2% ROYALTY 1966-1987

YEAR	\$ PCD SALES	\$ ROYALTY PAID TO HALL
1966	0 ■	0
1967	0 ■	0
1968	0 ■	0
1969	1602 ■	32
1970	776 ■	16
1971	5,298 ■	106
1972	8,743 ■	175
1973	4,538 ■	91
1974	189,563 ■	3,791
1975	150,893 ■	3,018
1976	44,498 ■	890
1977	126,708 ■	2,534
1978	340,072 *	6561
1979	481,900 *	9,638
1980	202,150 *	4,043
1981	545,050 *	10,901
1982	552,050 *	11,041
1983	390,500 *	7,810
1984	1,551,492 ◇	18,092
1985	893,013 ◇	30,873
1986	1,677,019 ◇	12,762
1987	10,000,000 approx. ◇	0
TOTALS	20,000,000 approx.	122,374

- Data from Louis Pope, sec'y Mega in 1977.
- \* Data calculated from royalty received by Hall
- ◇ Data from Smith-Megadiamond



THE FRIGO ROYALTY

INCLUDING SOME EXAMPLES OF CHECKS SIGNED BY FRIGO



## THE FRIGO ROYALTY & HIGH PRESSURE/HIGH TEMPERATURE PRESS CONSTRUCTION

MEGA MINUTES OF MARCH 24, 1972, PAGE 20, ITEMS 1 & 6.

Today we met in Tracy's office and

1. read last meetings minutes.....

6. The topic came up and we discussed the agreement made when Mega was incorporated. Namely, Tracy's press building business was formed first and is separate from Mega. There is no conflict of interest and Tracy has complete freedom in the press construction area while Mega has complete freedom in the area of material synthesis.

The minutes were signed by M. Duane Horton and B.J. Pope.

Comment---Mega did not honor this agreement. Tracy, realizing that there was no practical way of stopping Mega from building their own presses short of a lawsuit protested but to no avail. He later relented, however, when **Art Frigo** (Mega's new president) and other officers offered an improved royalty position in exchange for his engineering designs and advice on building some new presses. That improved royalty position, as previously discussed on page 11 of the Historical Sketch and Arguments (HSA), beginning at line 18 included a \$1500.00 per month fixed royalty, a reassurance of paying the 2% royalty on all PCD's, and an agreement to pay the 2% royalty monthly rather than biannually.

Mega's counsel claims that the \$1500.00 royalty is an unspecified "advance royalty" and in a counter claim demands that all of this monthly royalty be repaid to Mega. This is preposterous.



Yearly payments of the \$1500.00 royalty are tabulated below.

<u>YEAR</u>	<u>\$ AMOUNT</u>
1978	4,500.00
1979	18,000.00
1980	16,500.00
1981	13,500.00
1982	10,500.00
1983	16,500.00
1984	10,000.00
1985	27,000.00
1986	<u>18,000.00</u>
<b>TOTAL</b>	<b>\$135,000.00</b>