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The Institute for Complexity Management
Making the complex simple
April 30, 2017

I. Charles McCullough, III
Inspector General of the Intelligence Community
Office of the Inspector General
Washington, D.C. 20511

REF: Unlawful Domestic Intelligence Collection Activities and Cover-up

Dear Mr. McCullough:

In May of 2016, we briefed Mr. Cook and Mr. Matcheson, staff members on the Senate Select Committee on Intelligence (SSCI). We presented them with irrefutable evidence of unlawful domestic intelligence collection activities and a subsequent cover-up by members of the U.S. intelligence community (USIC) also involving congress and the Federal courts. During that meeting, we requested that Senator Burr seek to appoint a special prosecutor to independently investigate the matter but he refused. A copy of our May 16, 2016, letter to the SSCI staff is attached at Exhibit A.

After briefing the SSCI staff, we left them with two voluminous notebooks containing irrefutable proof of crimes by the intelligence community that violate Article I (patents and copyrights), Article II (treaties), Amendment IV (search and seizure) and Amendment V (takings) of the U.S. Constitution. A photograph of the books of evidence is attached at Exhibit B. Senator Burr refused to seek the appointment of a special prosecutor as we requested. Instead, we were directed by SSCI staff to contact your office.

On July 10, 2016, we wrote the attached letter to you. A copy of the letter is attached at Exhibit C. On April 5, 2017, we received a letter from your "hotline manager" advising us that your office would be taking no action to investigate the matter. A copy of the letter is attached at Exhibit D.

Please find a copy our April 28, 2017, report of investigation into the matter of Demodulation which is attached at Exhibit E. [REDACTED] the report is also enclosed. The report and attached evidence irrefutably prove that the intelligence community, including the Federal Bureau of Investigation (FBI), the U.S. Army and the National Security Agency (NSA) mounted an unlawful domestic intelligence operation to remove munitions and detonators off of the Picatinny Arsenal. A photograph of the stolen munitions and detonator is attached at Exhibit F.

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The purpose of the operation was to test a sample of microwire and trade secrets that were misappropriated by the USIC from the small American company made up of U.S. citizens. Microwire has critical U.S. intelligence applications because whenever it is moved in the earth's gravitational field it gives off a burst of energy. It needs no batteries to operate and the signal can be detected at near and far distances—even by satellites in space. A photograph of microwire is attached at Exhibit G. Sworn eyewitness testimony proves that the intelligence operation at Picatinny Arsenal and the Patuxent Naval Air Station was done by U.S. Army and NSA intelligence operatives with the involvement of the Israeli Minister of Defense. The report provides irrefutable evidence of a cover-up by the Executive, Legislative and Judicial Branches of the U.S. Government (USG) to prevent their exposure of U.S. Constitutional violations.

The prior evidence provided to the SSCI staff, along with the enclosed report and exhibits, demonstrate that USG is complicit in a cover-up that extends to the highest levels of the Department of Justice including the FBI, congress and the Federal Courts.



John H. Hnatio, EdD, PhD
Executive Director

cc:

Senator Burr, Chair SSCI
Representative Nunes, Chair HPSCI
Senator Grassley, Chair Judiciary
Representative Goodlatte, Chair Judiciary
Ms. Reyes, Clerk of the Federal Court
Ms. Wiegand, Clerk of the Federal Court
Ms. Ashton, Director, OPR-DOJ
Mr. Comey, Director, FBI

EXHIBIT A

REDACTED FOR RELEASE



The Institute for Complexity Management
Making the complex simple
May 12, 2016

Mr. Christian Cook
Senior Policy Advisor
U.S. Senate Select Committee on Intelligence
211 Hart Senate Office Building
Washington, D.C. 20510

Dear Mr. Cook:

The purpose of this letter is to serve as formal notification to you and the Senate Select Committee on Intelligence of a criminal scheme involving the U.S. Intelligence Community including but not limited to the Director of National Intelligence, the National Security Agency, the Department of Defense, the Department of Energy, the Federal Bureau of Investigation and other elements of the Department of Justice.

We request that all of the documents included herewith be protected from any disclosure to other than authorized members and staff of the Senate Select Committee on Intelligence

This report of criminal conduct by the U.S. Intelligence Community is independent of ongoing civil litigation in the Federal Courts regarding the matter of Demodulation and is being confidentially reported to you to protect the national security. It is possible that ongoing civil litigation relating to this matter has been tainted by the criminal actions of members of the Executive, Legislative and Judicial Branches of the U.S. Government.

Enclosed with this letter please find a copy of my CV which provides my background and experience in the investigation of matters such as those described below.

OVERVIEW

Demodulation is a small New Jersey based company that developed and patented a revolutionary technology called microwire. Microwire produces small bursts of energy whenever it is moved in the earth's magnetic field. These small bursts of energy can be detected at near or far distances even by satellite. The technology has highly classified national security and intelligence uses.

Demodulation contends that it has been the victim of a systemic scheme by the U.S. Government and their contracted agents to misappropriate the technology for use in classified programs. The scheme involves the Executive, Legislative and Judicial Branches of the U.S. Government.

The Executive Branch has engaged in the misappropriation of the Demodulation technology using clandestine intelligence means and by refusing to investigate criminal RICO activities involving

various federal agencies. The Legislative Branch has used influence peddling to support the illicit activities of the Executive Branch. The Judicial Branch has excluded material evidence of the scheme in their consideration of the Demodulation matter.

The Constitutional implications of the case involve the patents and copyright clause of Article I, the treaty provisions of Article II, the unlawful search and seizure provisions of Amendment IV and the takings clause of Amendment V.

CASE SUMMARY

The Institute for Complexity Management (ICM) was contacted by an employee at the U.S. Department of Commerce requesting that we provide assistance to a small company that was the victim of difficulties in commercializing their technology. ICM is a charitable non-profit organization that provides services to American citizens that are the victims of government fraud, waste and abuse. We then contacted the small New Jersey-based company, called Demodulation.

We have conducted an exhaustive investigation of the matter. Our investigation has uncovered irrefutable proof that Demodulation was the victim of an intentional scheme by the U.S. intelligence and defense community and their contracted agents, hereinafter referred to by the collective term "the U.S. Government," to clandestinely misappropriate the company's exclusively owned intellectual property. The Demodulation technology known as microwire is called "dual use" because it has both national security, as well as, commercial applications. Many of the defense and intelligence applications of the misappropriated technology are highly classified by the U.S. Government.

The scheme is implemented by an enterprise consisting of U.S. Government intelligence and defense agencies, their privately contracted agents and corporations operating in the State of New York. The enterprise leverages both Federal and State of New York grant funds intended to support small businesses to "bait" small companies with promises of lucrative financing to help commercialize their valuable technologies. Valuable technologies are then misappropriated from the small businesses and directed to large technology development centers across the State of New York where they are exploited by large corporations without proper remuneration to the small business owners of the technology. These activities are conducted in violation of Article I (patent and copyright clause), Amendment IV (search and seizure) and Amendment V (takings clause) of the U.S. Constitution.

We have received testimony that U.S. Government and State of New York claims that these technology centers generate thousands of new high-paying jobs each year are false. We have uncovered evidence of widespread conflicts of interest and received testimony of financial irregularities involving NYSTAR, the [REDACTED], [REDACTED], and the [REDACTED] members of the alleged enterprise.

The intelligence and defense agencies of the U.S. Government originally misappropriated the microwire technology from a scientist in Romania at the time of the fall of the former Soviet Union (FSU). During this same time period, Demodulation received a lawful license from the Romanian scientist to exclusively use the microwire technology. As Demodulation moved forward to commercialize the technology they lawfully acquired, the U.S. Government engaged in their own secret microwire development programs using the Romanian technology. These activities raise serious

questions about the U.S. treaty provisions of Article II of the U.S. Constitution. The U.S. Government secretly infringed on Demodulation's exclusive license with the Romanian scientist and the company's portfolio of 15 co-dependent microwire patents. The Article II implications arise from the fact that the U.S. Government violated treaties and international norms relating to the protection of intellectual property by unlawfully misappropriating, via classified intelligence means and methods, the microwire technology from another nation state ally.

After the U.S. intelligence and defense community misappropriated the microwire technology and began their classified development programs they realized that they did not possess essential trade secrets owned by Demodulation that are indispensable to optimize applications of the microwire technology for classified intelligence and defense uses. Thus began a multi-year clandestine effort by the U.S. intelligence and defense community to misappropriate Demodulation's trade secrets relating to microwire. The Constitutional implications of these activities are that the U.S. Government engaged in unlawful domestic intelligence collection activities against citizens of the United States in violation of the search and seizure provisions of Amendment IV to the Constitution.

By misappropriating Demodulation's trade secrets, secretly developing the company's microwire technology and infringing on their patents, the U.S. Government acted to intentionally evade Amendment V (the takings clause) of the Constitution. Demodulation received no remuneration from the U.S. Government for the use of their lawfully and exclusively-owned intellectual property. This intellectual property included an exclusive use license from the Romanian scientist, their portfolio of 15 co-dependent microwire patents and the large body of trade secrets developed by Demodulation to reduce their patents to practice.

Demodulation reported these violations to law enforcement authorities throughout the State of New York and the Federal Government. In all cases, Demodulation requests for a criminal investigation were denied.

Demodulation filed numerous civil claims against the U.S. Government in the Federal District Court of Claims including breach of contract, misappropriation of trade secrets and patent infringement. Over the past two and one-half years, U.S. Government Counsel has intentionally limited the discovery that would confirm the plaintiff's allegations of clandestine U.S. intelligence activity to misappropriate his microwire technology and the classified uses of microwire by the U.S. Government and their contracted agents. The Court has chosen to disregard the government's failure to provide the discovery of material evidence that would provide irrefutable proof of clandestine U.S. intelligence operations to misappropriate microwire and the actual classified uses of microwire by the U.S. Government.

CONCLUSIONS

The Demodulation case demonstrates a systemic breakdown in the U.S. intelligence apparatus where members of the intelligence community are operating in defiance of the Constitution of the United States. All three branches of government are involved.

The Executive Branch through the intelligence apparatus of U.S. Government is violating Article I of the Constitution by misappropriating Demodulation's patented ideas and trade secrets. By misappropriating the microwire technology of a nation state ally (Romania) the Executive Branch is

violating the treaty provisions of Article II of the Constitution. The Executive Branch has violated the search and seizure provisions of Amendment IV of the Constitution by conducting unlawful surveillance of U.S. citizens. The Executive Branch is abusing the state secrets privilege to prevent the exposure of U.S. Government criminal RICO activity. The Executive Branch has denied due process to the plaintiff by excluding material evidence of criminal RICO predicate acts by federal agencies demonstrating that the plaintiff's allegations of U.S. Government misconduct are true and by refusing to investigate citizen complaints of criminal U.S. Government RICO activities.

The Legislative Branch has unduly used its influence to support the Executive Branch and their private contracted agents as they violate the Constitution. Former [REDACTED] supported federal funding for [REDACTED] that operates in upstate New York. [REDACTED] is a so-called "black" contractor for the United States intelligence community operating out of their classified facility in [REDACTED] New York. [REDACTED] entered into a partnership to develop of microwire with a foreign country in possible violation of International Trade in Arms Regulations (ITAR). Former CEO of the corporation and then [REDACTED] interfered with Demodulation's attempts to commercialize their technology. The Legislative Branch turned a blind eye to the plaintiff's requests that congress conduct appropriate oversight of the Executive Branch and their contracted agents.

The Judicial Branch disregarded material evidence in the case of Demodulation demonstrating that U.S. Government counsel engaged in the exclusion of material evidence that proves the plaintiff's allegations of contract breach, the misappropriation of trade secrets and patent infringement by the U.S. Government. The actions by the Court were systematic and intentional. First, the Court disallowed the exclusivity of Demodulation's original license with the Romanian scientist. The Court then disallowed plaintiff's contract breach and trade secrets causes of action by sanctioning the Demodulation plaintiff for the criminal RICO conduct of his former attorneys when these actions were completely outside of the control of the plaintiff himself. The court then disregarded U.S. Government "cover patents" that infringed on the plaintiff's large portfolio of pre-existing patents. The Court then disregarded irrefutable proof of the classified U.S. Government use of plaintiff's microwire as set forth in five classified reports that the U.S. Government was compelled to disclose to the plaintiff during discovery. The Court then disregarded irrefutable proof that the U.S. Government was engaged in unlawful intelligence operations against U.S. citizens in violation of Amendment IV to the Constitution. Finally, the Court shielded the U.S. Government from exposure by sealing material evidence and applying the state secrets privilege.

REQUEST FOR CONGRESS TO APPOINT A SPECIAL PROSECUTOR

Based on the foregoing description and our exhaustive investigation of the Demodulation matter and several other cases like it, we are formally requesting the appointment of an independent special prosecutor to investigate the activities of federal agencies in the misappropriation and development of advanced technologies from U.S. citizens in violation of the Constitution and laws of the United States.

CONTENTS OF THIS NOTEBOOK

1. The Institute for Complexity Management (ICM) completed an exhaustive investigation of the Demodulation matter. The investigation revealed massive corruption involving RICO criminal conduct by the U.S. intelligence community and their contractors including [REDACTED]; New York State

Government; public-private enterprise development agencies in New York; [REDACTED], and; the [REDACTED]. A complete copy of the investigative report including all exhibits is affixed at Tab 1.

2. As part of discovery in the civil case, U.S. Government counsel was compelled to release five classified (redacted to unclassified) reports. ICM asserts that these reports provide irrefutable proof that the Department of Energy misappropriated and used, in violation of the terms of their cooperative research and development agreement (CRADA) with Demodulation, the small business's microwire technology. This material evidence was disregarded by U.S. Government counsel and the Federal District Court [REDACTED] as it granted summary judgement for dismissal to the U.S. Government in the Demodulation matter. Complete copies of the unclassified redacted reports were placed under seal and must be obtained from the court records of Judge [REDACTED] who presided over the case of Demodulation in the Federal [REDACTED] Court [REDACTED].
3. As part of discovery in the civil case, irrefutable evidence that the U.S. Navy misappropriated and was using Demodulation's microwire technology was provided to U.S. Government counsel and the Court. Judge Wheeler also placed under court seal a letter seen by me (Dr. John H. Hnatio) that provided irrefutable proof that the U.S. Navy had, in fact, contracted with a foreign company for over a decade to procure microwire. A copy of this letter, placed under seal by the Court, can be obtained from Judge [REDACTED] who presided over the case of Demodulation in the Federal [REDACTED] Court [REDACTED].
4. As part of discovery in the civil case we obtained an e-mail string dated May 3, 2005, between Mr. [REDACTED], Vice President for University Relations and President [REDACTED] both of [REDACTED]. The e-mails refer to a "bogus proposal" written by Mr. [REDACTED] where Mr. [REDACTED] states, "I will visit you in Attica. Nice work" to President [REDACTED]. This e-mail string is indicative of possible widespread grant fraud by [REDACTED] University involving co-mingled federal and New York State taxpayer funds by senior university administrators. In addition, a significant portion of the e-mail was redacted by [REDACTED] University attorneys before it was provided under discovery. The e-mail string can be obtained from [REDACTED] University's counsel.
5. In his sworn deposition former General Counsel [REDACTED], Mr. [REDACTED], indicated that [REDACTED], in fact, has classified contracts with the U.S. Government. Constructed in 1966, the [REDACTED] Plant serves as [REDACTED] top secret military and intelligence facility where the U.S. Government and [REDACTED] do their most sensitive work together under "black" programs. Classified work is also done at their research facilities in [REDACTED]. A copy of Mr. [REDACTED] sworn deposition can be obtained from Corning's counsel.
6. In spite of numerous denials by [REDACTED] officials that they were not working on microwire, a contract with a foreign firm to develop microwire was obtained during discovery. This contract document may reveal an association with the theft of munitions from Picatinny Arsenal to test Demodulation's microwire as part of a clandestine U.S. intelligence operation reportedly involving the U.S. Army and the National Security Agency. The facility where this testing was done was reported to be in direct contact with the minister of defense of a foreign country. See number 10 below.

7. [REDACTED] was the company where the munitions and detonators stolen from Picatinny Arsenal were transported to test the effectiveness of Demodulation's microwire. Suspecting that [REDACTED] was a shell company established by the intelligence community as a cover operation, the plaintiff's former counsels were asked by their client to obtain certification from the New York Department of State as to the operating status of the company. New York State reported in a memorandum that the company was defunct by virtue of bankruptcy. Demodulation was later told by their attorneys that the document was stolen. Later, the law firm produced an obviously forged document on New York Department of State letterhead stating that [REDACTED] was operating in good standing. A poor quality copy of the original document mysteriously reappeared in the law firm's files after the client questioned them as to why the matter was not being reported to law enforcement for investigation. A subsequent letter to the New York Department of State by a third party also reported that [REDACTED] was operating in good standing. The xerox copy of the original letter, the forgery and the subsequent response to a third party response is affixed at Tab 2.

8. The munitions and detonators stolen from Picatinny Arsenal were later moved from the premises of [REDACTED] by the owner of the building, Mr. [REDACTED] for storage in his garage located in a residential community in Maroneck, New York. After the munitions were discovered by Demodulation the theft was reported to Mr. [REDACTED] of the Department of Commerce who, in turn, notified the Federal Bureau of Investigation (FBI). The munitions and detonators were subsequently picked up by the Westchester bomb squad. The FBI did not investigate the theft of the munitions and detonators even after they were informed that the theft was part of a clandestine intelligence operation possibly involving foreign intelligence activities. Photographs of the stolen munitions and detonators are affixed at Tab 3.

9. The Institute for Complexity Management completed a comprehensive analysis of the cooperative research and development agreement (CRADA) between the Department of Energy and Demodulation. It is the DOE contracting official who is responsible for all aspects of CRADA activities. Judge [REDACTED] of the Federal [REDACTED] Court [REDACTED] and the presiding judge in the matter of Demodulation ruled that DOE contracting officers are not responsible for the contracting activities of their contractors. Demodulation is appealing this determination. The analysis concludes that serious failures by the DOE contracting official to properly monitor the CRADA activity of their contractor resulted in egregious breaches of contract, the misappropriation of Demodulation's trade secrets by the U.S. Government and the implementation of DOE work around schemes to optimize the performance of the microwire technology they misappropriated from Demodulation outside the scope of the CRADA contract. The complete CRADA analysis is affixed at Tab 4.

10. Mr. [REDACTED] provided documents and a sworn deposition to the U.S. Government, counsel in the Demodulation case. In his deposition, Mr. [REDACTED] described the activities of Mr. [REDACTED] former President of [REDACTED], and Mr. Daniel Gutierrez an employee of the U.S. Army. He described interactions between [REDACTED] and the defense minister of a foreign country. Mr. [REDACTED] also described an intelligence operation where detonators and 155mm inert Howitzer munitions were clandestinely removed from Picatinny Arsenal for the testing of Demodulation's microwire. Mr. [REDACTED]'s deposition can be obtained from U.S. Government counsel, Mr. [REDACTED]

11. On February 3, 2010, Senator Thomas Coburn wrote a letter to Secretary of Energy Steven Chu requesting information on all work being done by the Department of Energy on microwire. A copy of Senator Coburn's letter is affixed at Tab 5.

12. On May 10, 2010, Brigadier General Garrett Harencak, Principal Deputy Administrator for Military Applications of the National Nuclear Security Administration responded on behalf of Secretary of Energy Chu. The letter described unauthorized work by the DOE outside of the scope of the Demodulation CRADA joint work statement (JWS) including developmental work on gas, pressure and position sensors and states, "No applications have evolved from the work performed under the CRADA." Under discovery, Demodulation compelled the production of five DOE classified (redacted to unclassified) reports that described various DOE uses of microwire. One specific DOE application involves the use of microwire for gas pressure monitoring in nuclear weapons. Research by the Institute for Complexity Management into the government uses of microwire disclosed that DOE was directing millions of dollars of Plant and Laboratory Directed Research and Development (PLDRD) funds to the development and use of microwire at the same time DOE was misappropriating Demodulation's trade secrets under their CRADA. A copy of Brigadier General Harencak's letter to Senator Coburn is affixed at Tab 6. A copy of PLDRD expenditures by DOE [REDACTED] during the same period of the Demodulation CRADA is attached at Tab 7.

13. The NSA ANT catalog is a 50-page formerly classified document listing technology available to the United States National Security Agency (NSA) Tailored Access Operations (TAO) by the Advanced Network Technology (ANT) Division to aid in cyber surveillance. Published reports in the open literature reveal that microwire has been used in cyber surveillance and eavesdropping devices to upgrade the performance of the first and second generation devices described in the ANT catalogue. The subject of a January 4, 2009 article by Moorehead University indicated that microwire is being used for eavesdropping devices by the U.S. Government. A copy of the article is affixed at Tab 8.

14. From June 13, 2013, to September 2015, I (Dr. John Hnatio) interacted with Demodulation's former attorneys at [REDACTED] situated in Paramus, New Jersey. During this period, the former attorneys for Demodulation took actions to scuttle the case of Demodulation. These activities included but were not limited to: a) failure to compel discovery by the U.S. Government of material evidence critical to the case; b) failure to conduct critical depositions in the case; c) failure to abide by the Court's rules for discovery (later resulting in court sanctions); d) filing critical motions after court deadlines expired; and e) improperly distributing court protected information to unauthorized persons (later resulting in court sanctions). The sanctions resulting from the conduct of the [REDACTED] Law firm resulted in the dismissal with prejudice of Demodulation's trade secrets cause of action. Our investigation concludes that there is reason to believe that the [REDACTED] Law Firm was under some kind of external influence to intentionally scuttle the case of Demodulation. This is most evident in the extortion letters sent by [REDACTED] Law Firm to their Demodulation client demanding that he deny the involvement of the National Security Agency in the misappropriation of his microwire technology under threat of abandonment. See number 15 below.

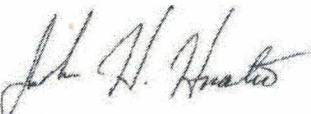
15. On May 18th and 28th, 2015, respectively, the [REDACTED] Law Firm sent letters to Demodulation stating that unless Demodulation agreed to a certain set of facts as stated by the [REDACTED] Law Firm, they would abandon their representation of Demodulation. The letters represent an attempt to extort their Demodulation client to remain silent about the loss of material evidence in the case, the possible role of

the National Security Agency in misappropriating Demodulation's microwire technology. Copies of the two extortion letters and Demodulation rebuttals are affixed at Tab 9.

16. Between December 2014 and December 2015 I (Dr. John Hnatio) wrote three letters to Ms. Robin Ashton, Chief Counsel, Office of Professional Responsibility of the Department of Justice. The letters to Ms. Ashton came on the heels of tens and tens of requests to the Federal Bureau of Investigation (FBI) to mount a criminal investigation of the Demodulation matter. The FBI never acknowledged our repeated requests for an investigation. The letters informed Ms. Ashton of suspected RICO activities and the failure of the FBI to investigate the crimes being reported to them. The letters requested a separate investigation by her office. Ms. Ashton did not respond to any of the letters which are affixed at Tab 10.

17. On February 28, 2016, the Institute for Complexity Management filed a Freedom of Information Act request with the Department of Justice (DOJ) seeking specific documents that show the U.S. Government violated the Constitution of the United States and obstructed justice. On March 3, 2016, we received a letter from Mr. Lyn Hardy, Special Counsel for FOIA/PA of the DOJ Office of Professional Responsibility (OPR) stating that my (Dr. John Hnatio's) certification of identity previously provided to the DOJ under penalty of perjury pursuant to 28 U.S.C. §1746 was not sufficient to identify me as the true requestor of the information triggering a potentially months long appeal process to delay the release of the requested documents. On March 29, 2016, we filed an official appeal. The FOIA request asks for documents showing that the FBI disregarded numerous requests to investigate the matter of Demodulation and two other cases similar to it. We are awaiting a ruling from DOJ on our appeal. A copy of the FOIA request to DOJ is affixed at Tab 11.

Sincerely yours,



John Hnatio, EdD, PhD
Executive Director

cc: Representative Devin Nunes
Chair, House Permanent Select Committee on Intelligence

EXHIBIT B

Extensive Evidence Provided to Senate & House Intelligence Committees

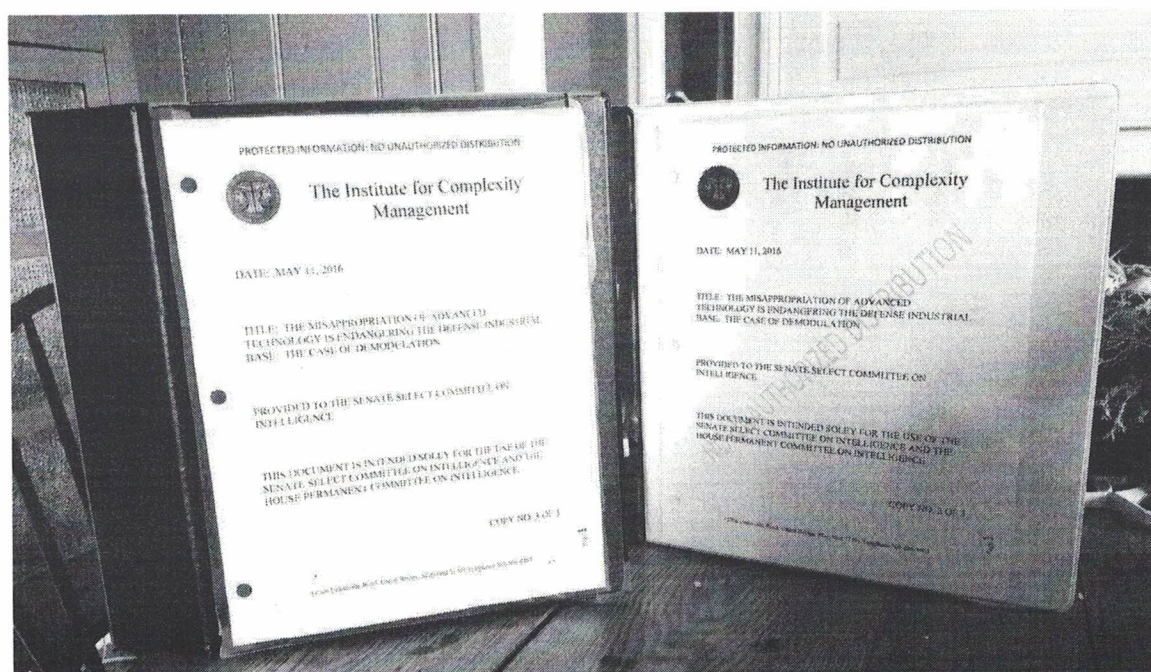


EXHIBIT C

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The Institute for Complexity Management
Making the complex simple
July 10, 2016

I. Charles McCullough, III
Office of the Inspector General of the Intelligence Community
Investigations Division
Reston 3
Washington, D.C. 20511

Dear Mr. McCullough:

On June 27, 2016, we met with Mr. Christian M. Cook and Mr. John D. Matchison of the Senate Intelligence Committee. We reported violations of Articles I & II and Amendment IV of the U.S. Constitution by members of the U.S. Intelligence Community. We officially requested that Congress name a special prosecutor to look into our allegations since they involve wide-scale corruption across the Executive, Legislative and Judicial Branches of the U.S. Government.

Please be advised that the National Security Agency, the Department of Defense, the Department of Justice, the Federal Bureau of Investigation, the Department of Energy among others are all complicit in the corruption that we reported to Mr. Cook and Mr. Matchison. Messrs. Cook and Matchison declined, on behalf of the Senate Intelligence Committee, our request to seek the appointment of an independent special prosecutor to investigate and make recommendations on the matter.

For your information we have provided evidence of our allegations to numerous officials of the U.S. Government and requested federal investigations of this matter since 2014 all with no response. We have contacted DNI Clapper, CIA Director Brennan, Attorney General Lynch, five Inspector Generals of the Intelligence Community and many others all with absolutely no response. We also provided significant evidence to Messrs. Cook and Matchison.

In our discussions with Messrs. Cook and Matchison, we expressed our dismay when they suggested that we once again turn to the IC to investigate themselves in view of their past disregard for our concerns. We do not agree that it is appropriate to have the fox watching the chicken coop any longer in a matter of such grave seriousness to our Constitution and our national security. Nonetheless, we are compelled to report this matter to you or risk being tainted as disobliging.

If you have any questions please feel free to contact me at the Institute for Complexity Management (ICM) or by e-mail at <http://www.jgpgis.org>.

Sincerely,

John H. Hnatio, EdD, PhD
Executive Director

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(1) Attach-Ltr. to Mr. Christian Cook

cc:

Mr. Christian Cook, Senior Policy Advisor
Mr. John D. Matchison, Staff Member

No Further Distribution

EXHIBIT D



OFFICE OF THE INSPECTOR GENERAL OF THE INTELLIGENCE COMMUNITY
MANAGEMENT AND ADMINISTRATION DIVISION
WASHINGTON, DC 20511

5 April 2017

Mr. John H. Hnatio
13607 Unionville Road
Union Bridge, MD 21791

Dear Mr. Hnatio:

The Office of the Inspector General of the Intelligence Community (IC IG) has reviewed the information you forwarded. Our office will not be initiating a formal investigation into your allegations.

Thank you for contacting the IC IG. Our office considers this matter closed. If you have questions, please contact us at 855-731-3260.

A handwritten signature in cursive script, reading "Harriet Pinkerton", is written over a horizontal line.

Harriet Pinkerton
IC IG Hotline Manager

EXHIBIT E

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The Institute for Complexity Management

Making the complex simple

April 30, 2017

MEMORANDUM FOR: The Record

SUBJECT: Report of Investigation—Demodulation, Inc.

SUMMARY

The Institute for Complexity Management (ICM) is a politically unaffiliated non-profit organization. ICM has conducted a three-year investigation into reports that the United States Government (USG) engaged predatory and anticompetitive conduct in their dealings with a small company called Demodulation. The case involves a highly advanced technology called microwire that is used for highly classified national security applications by the USG. Microwire is thinner than a human hair and whenever it is moved in the earth's gravitational field it gives off a burst of energy that can be detected at near and far distances—even by satellites in space.

After the fall of the Soviet Union, the USG misappropriated the microwire technology from the former Soviet satellite state of Romania using intelligence means and methods. But the USG was not able to optimize the performance of microwire. At the same time, the USG was clandestinely misappropriating the microwire technology, Demodulation obtained a license to use the core microwire patent directly from the Romanian electro-physicist who invented the technology. Demodulation then developed a patent portfolio of thirteen additional patents around the core Romanian microwire technology patent and created a large body of trade secrets that vastly enhanced the performance of microwire. Demodulation successfully produced several working prototypes of their improved microwire products.

Demodulation presented briefings and displayed their working prototypes across the USG in hopes of finding a government sponsor to help them commercialize their advanced microwire technology. But the United States Intelligence Community (USIC) already had possession of the microwire technology via their own intelligence collection activities and could not afford to be exposed for misappropriating the technology from Romania, by now an important North American Treaty Organization (NATO) ally. The USIC then mounted a highly organized domestic intelligence collection operation to obtain Demodulation's microwire trade secrets.

The USIC operation included fraudulent inducement for the small company to provide briefings to USIC members as Demodulation tried to find a USG sponsor who would help them commercialize their microwire products. The real purpose of the briefings, however, was for the USG to misappropriate Demodulation's microwire trade secrets. Under the USIC domestic intelligence collection operation, the small company was also fraudulently induced to enter into a Cooperative Research and Development Agreement (CRADA) by the Department of Energy [REDACTED]. A CRADA is a special contract in which the USG helps

small businesses to commercialize their products to promote U.S. competitiveness in advanced technology markets. DOE and their contractor at [REDACTED] subsequently breached the CRADA contract for the express purpose of misappropriating the company's microwire trade secrets. DOE subsequently spent millions of dollars using Demodulation's misappropriated trade secrets to optimize the performance of microwire for classified USG uses.

The USIC domestic intelligence operation also included the theft of samples of Demodulation's microwire product along with munitions and detonators off of the Picatinny Arsenal by USIC operatives. The munitions were clandestinely transported to a shell company established by the USIC where Demodulation microwire was tested to track munitions in flight. Demodulation's microwire samples were subsequently transported to the Patuxent Naval Air Station for more aggressive testing. ICM retains the sworn testimony of participants and eye witnesses to these events and the involvement of National Security Agency and U.S. Army intelligence operatives in these events. ICM also has sworn testimony from an eyewitness that operators of the shell company were in direct contact with the Defense Minister of Israel.

After Demodulation discovered the theft of their trade secrets they pursued three civil lawsuits. One of the lawsuits was against the USIC shell company that misappropriated samples of Demodulation's microwire for testing on munitions and detonators clandestinely removed from the Picatinny Arsenal by USIC operatives. Demodulation's counsels, under the influence of the Federal Bureau of Investigation (FBI), scuttled this court case early on. Two additional lawsuits in the Federal courts were also scuttled under the direct influence of the FBI, in collusion with Demodulation's own counsels, the Department of Justice defense counsels and three Federal judges.

The matter of Demodulation was reported to the Senate Judiciary Committee. They refused to take any action to investigate the actions of the FBI, the Justice Department or the judicial misconduct being reported to them. The matter was reported to the House Judiciary Committee. They took no action. Irrefutable evidence of unlawful domestic intelligence collection activities was provided to the Senate Select Committee on Intelligence (SSCI). They refused ICM's request to seek the appointment of a special prosecutor to investigate the matter. The same evidence was provided to the House Permanent Select Committee on Intelligence (HPSCI) that also refused to act on the matter.

The misconduct of Demodulation's attorneys, USG defense counsels and the three Federal judges who conspired to scuttle the company's lawsuits was reported by ICM to appropriate disciplinary authorities. The Office of Professional Responsibility (OPR) of the Justice Department has not acknowledged the ICM complaint against USG defense counsels. Attorney ethics authorities in the States of New Jersey and Illinois are currently investigating the allegations of legal malpractice by Demodulation's attorneys. ICM has been provided with no status update of a December 7, 2016, complaint for judicial misconduct against one of the Federal Judges involved. In the case of the complaint against the other two Federal judges, the court is violating the Code of Conduct for Federal Judges and the Rules for Judicial-Conduct and Judicial-Disability Proceedings (RJCP) to protect their judicial colleagues from accountability.

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REPORT OF INVESTIGATION

The Institute for Complexity Management (ICM) is a non-profit organization that provides pro-bono assistance to small businesses who become the victims of predatory anticompetitive conduct by the U.S. Government.

In June 2013, the Institute for Complexity Management (ICM) was contacted by a senior U.S. Government (USG) official about a small New Jersey based company called Demodulation Inc. The USG official expressed concern that the small company was the victim of predatory anti-competitive conduct by agencies of the Federal Government. From June 2013, to the present time, ICM has conducted an exhaustive investigation of the matter.

The ICM principal investigator (PI) who conducted this investigation is a retired USG official who has been involved for over 30 years in national security matters. The PI is highly educated, has a strong technical grasp of a broad range of advanced technologies that are used by the United States and other countries for defense and intelligence purposes and has held some of the highest security clearances in the USG.

During his career with the USG, the PI for this investigation was responsible for overseeing technology transfer at the Department of Energy's (DOE) nuclear weapons laboratories. He was later assigned by the Secretary of Energy as a loaned executive to the U.S. Senate to support the development of legislation to improve the transfer of advanced technologies from all ten of the DOE national laboratories to industry. The PI subsequently became the director of technology transfer programs to prevent the proliferation of former Soviet nuclear and biological weapons of mass destruction technology to countries whose interests are inimical to those of the United States. A copy of the PI's resume is attached at Exhibit A.

Microwire is a highly advanced technology thinner than a human hair that gives off a small burst of energy whenever it is moved in the earth's gravitational field. It needs no batteries. The small burst of energy can be detected at both near and far distances-even by satellites in space giving it vital classified national security applications. A photograph of microwire is attached at Exhibit B.

In the early 2000's the USG misappropriated the microwire technology from the former Soviet satellite state of Romania using intelligence means and methods. But the USG was not able to optimize its' performance. A major obstacle to improving the performance of microwire was the USG's inability to properly control the composition and production processes for microwire

In the mid 2000's, Demodulation Inc. visited Romania and obtained a license to use the core patent the technology was based on. Demodulation was unaware that the USG had already misappropriated the technology for its own classified uses. Demodulation then developed an independent portfolio of 13 patents along with a large body of trade secrets including composition control and production standards that greatly enhanced the performance of microwire.

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Demodulation was so successful in optimizing the performance of microwire that they were now able to produce fully functional prototypes of various microwire products that irrefutably proved the valuable applications of the technology for highly classified applications. With Demodulation's success and technical briefings to various agencies of the USG about the new capabilities of microwire, however, their trade secrets became the target of a well-organized but highly unconstitutional domestic collection operation carried out by various members of the U.S. intelligence community. A summary timeline of the Demodulation matter is attached at Exhibit C. In the end, the USG found itself in the unnerving position of having unlawfully conducted intelligence operations against Romania in violation of treaties, misappropriated Demodulation's trade secrets and infringed on Demodulation's portfolio of patents.

A three-year investigation by ICM into the matter of Demodulation has unearthed irrefutable proof that the National Security Agency (NSA) and the U.S. Army engaged in an unlawful domestic intelligence collection operation against Demodulation Inc. to misappropriate their microwire trade secrets—activities that violate Article I (patent and copyrights clause), Article II (treaty provisions), Amendment IV (protection against unlawful search and seizure) and Amendment V (the takings clause) of the U.S. Constitution.

According to the sworn testimony of an eyewitness, the U.S. Army clandestinely removed munitions and detonators from the Picatinny Arsenal as part of a secret intelligence operation to test the effectiveness of Demodulation's improvements to microwire. After the munitions and detonators were removed from Picatinny Arsenal they were transferred to a shell company established by the intelligence community in Mamaroneck, New York, where they were tested with Demodulation's microwire prior to more aggressive testing by the National Security Agency (NSA) at the U.S. Naval Air Station at Patuxent (Pax) River. The stolen munitions and detonators were later recovered by the FBI and remain in storage at a New York City Police Department evidence warehouse. During ICM's investigation photographs of the stolen munitions and detonators were taken prior to their recovery by the FBI and they appear at Exhibit D.

Picatinny Arsenal has been a hotbed of Israeli espionage with the exploits of Jonathan Pollard and Ben Ami Kadish and their Israeli intelligence handler Yosef Yagur. Pollard did grave damage to the national security of the United States by releasing sensitive national defense information to his Israeli intelligence handlers resulting in the collateral deaths of U.S. intelligence operatives. The investigation of espionage at Picatinny Arsenal in the Pollard case found that the Israeli spy network there was much larger but the USIC was unable to ferret out any additional intelligence moles. The later arrest of Kadish proved this was true.

An eyewitness to the operations of the shell company, where the microwire testing was done provided sworn testimony that personnel working there were in direct contact with the Defense Minister of Israel. The same eye-witness provided sworn testimony that he was at Pax River where he personally saw USIC operatives testing Demodulation's microwire. The Department of Justice and the USG defense counsel withheld this information from Demodulation and the courts in subsequent legal proceedings. ICM obtained copies of the eyewitness sworn testimony that was provided to the Department of Justice in which the USG was advised that Demodulation

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was a target of a USIC operation to misappropriate and test their microwire. This testimony was withheld from Demodulation and the courts by the USG in subsequent legal proceedings.

The ICM investigation also found that Demodulation was fraudulently induced by the Department of Energy's (DOE) [REDACTED] to enter into a Cooperative Research and Development Agreement (CRADA) for the express purpose of misappropriating Demodulation's microwire trade secrets. CRADA's are special contracts between the USG and small businesses that are intended to help small companies like Demodulation speed up the commercialization of advanced technologies like microwire. [REDACTED] breached their CRADA contract and intentionally misappropriated Demodulation's trade secrets. The ICM investigation revealed that DOE was simultaneously investing millions of dollars under their Plant and Laboratory Research and Development Program to optimize the performance of microwire for USG uses based on the trade secrets they misappropriated from Demodulation under the CRADA. A budget line item of these expenditures appears at Exhibit E. This evidence was withheld by the USG from Demodulation and the courts in subsequent legal proceedings.

During the same time period, the Obama Administration was secretly in negotiations to release Jonathan Pollard from a life sentence for espionage and arranging for Pollard's return to Israel. Meanwhile, ICM was reporting the results of ICM's investigation to members of the USIC including the Federal Bureau of Investigation (FBI). Throughout this period, the USG including the FBI steadfastly refused to take any action whatsoever. Special Agents of the FBI at the Newark field office confidentially confided that their supervisory agents and U.S. District Attorney Paul Fishman were personally blocking any investigation into the matter. Fishman was an Obama appointee. Certainly, any exposure of new Israeli espionage against the United States risked a public opinion backlash that would have surely queered the Administration's deal with Israel to give up Pollard.

To complicate matters further, Demodulation's principal shareholder was James O'Keefe Jr. The son of James O'Keefe Jr. is James E. O'Keefe III. James E. O'Keefe III is a conservative activist journalist famous for exposing fraud and corruption through his non-profit organization known as Project Veritas. Among the exploits of the younger O'Keefe include the national exposure of ACORN, voter fraud and the molestation of children at school by their teachers. In particular, his exposure of ACORN enraged the Obama White House causing the younger O'Keefe to become the target of politically motivated retaliation. This retaliation raised serious suspicions that the Obama Administration, via former Attorney General Eric Holder, directly interfered in the senior O'Keefe's legal cases.

ICM's first contacts to Capitol Hill involved the Chairmen of the Senate and House Judiciary Committees because of the intransigence of the FBI and the Department of Justice to investigate the criminal aspects of the Demodulation matter. Senator Grassley steadfastly refused to consider the matter and never responded to ICM's numerous appeals to investigate. ICM contacts with Chairman Goodlatte on the House side were similarly disregarded.

On May 11, 2016, ICM sent a letter to the Senate Select Committee on Intelligence (SSCI) formally requesting that a special prosecutor be appointed to investigate ICM's findings. A copy of this letter appears at Exhibit B. This letter was followed by an ICM briefing to the SSCI staff

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in which they were provided with two four inch notebooks of evidence that irrefutably proved that the National Security Agency (NSA) and the U.S. Army engaged in unlawful domestic intelligence collection activity against U.S. citizens.¹ Photographs of the two binders appear at Exhibit F.

At the SSCI briefing, ICM was surprised when the staff in attendance showed no outrage or concern whatsoever over the serious matters and irrefutable evidence being handed to them. ICM was unaware, however, that one of Senator Burr's most important constituents was Babcock and Wilcox, a major private contractor at DOE's ██████████ ██████████—the very same organization that was involved in misappropriating Demodulation's microwire trade secrets on behalf of the USIC. It is noted that Senator Burr himself engaged with Demodulation in prior meetings along with former Senator Tom Coburn to discuss the critical national security applications of microwire.

SSCI staff totally dismissed what they were being told and offhandedly advised ICM to report the matter to the Office of Inspector General of the Intelligence Community (IGIC) instead. ICM protested, telling SSCI staff that going to IGIC to correct a problem that the IC itself was responsible for creating in the first place was just like asking the fox who ate the farmer's chickens to turn himself into animal control. As a matter of record, ICM insisted on leaving copies of the two notebooks with SSCI staff and hand-delivered additional copies of the two notebooks of evidence to Representative Nunes, Chairman of the House Permanent Select Committee of Intelligence (HPSCI). ICM was intent on avoiding the fate of whistleblower Edward Snowden who was accused of failing to report the Constitutional violations being committed by the NSA to all proper authorities of the USG including Congress before releasing evidence that, in fact, the USG was conducting domestic intelligence collection operations against U.S. Citizens in violation of the Patriot Act.

After repeated attempts to contact Representative Nunes, his staff advised that they were "too busy" to address the matter and refused to accept ICM's offer to brief them on the contents of the two notebooks. They were, however, recipients of the same May 11, 2016, letter sent to the SSCI staff that is attached at Exhibit G. On July 10, 2016, ICM wrote directly to the IGIC McCullough to assure that we met our responsibility to officially report the matter to the proper authorities as offhandedly suggested by the SSCI staff. In that letter, we expressed our lack of confidence that Mr. McCullough would take any action. A copy of the letter we sent to the IGIC is attached at Exhibit H. On April 5, 2017, after contacting the SSCI staff telling them that we never received any feedback to our letter to Mr. McCullough, we received a letter from the of the IGIC's-Management and Administration Division's hotline manager advising that they would not be initiating any formal investigation of the matter. A copy of this letter is attached at Exhibit I.

The ICM investigation also revealed that members of the USIC intentionally interfered in three civil court cases brought by Demodulation. One case involved the matter of unlawful intelligence collection activities but the case was scuttled by the plaintiff's own legal counsels under influence from the FBI. Two other cases before the Federal courts were similarly scuttled by Demodulation's own counsels under the influence of the FBI and in collusion with the Department Justice defense team with the cooperation of the three Federal judges presiding over

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Demodulation's legal cases. The obstruction of the administration of justice included extortion of the Demodulation plaintiff by his own legal counsels under pressure from the FBI to deny any NSA involvement in the matter coupled with demands that the plaintiff perjure himself before the Federal courts about his legal counsels' attempts to intentionally scuttle the case of *Demodulation v. the United States*.

The ICM investigation also found that the Justice Department's USG defense counsel engaged in egregious misconduct by withholding evidence under discovery and by failing to report the unethical conduct of the plaintiff's attorneys to the appropriate authorities as he was required to do. USG defense counsel did not act because he was fearful of incriminating himself and the entire Department of Justice defense team in their own unlawful conduct. A redacted copy of the ethics complaint filed with the Office of Professional Conduct (OPC) of the Department of Justice is attached at Exhibit J. OPC has never responded to ICM's complaint of misconduct by either the FBI or USG defense counsel.

The Federal judges presiding over both of Demodulation's cases knew full-well that egregious misconduct was taking place before both of their courts but did not act to report it to appropriate disciplinary authorities thus violating the Code of Conduct for Federal Judges. For example, in one of Demodulation's Federal court cases, the presiding judge came forth to recuse herself from hearing the matter after two and one-half years into the case because she had a relationship with the Department of Energy's Undersecretary. She was replaced and the matter of Demodulation had to be started again from scratch at tremendous injury to the Demodulation plaintiff. The move was calculated to "tire out" the plaintiff and discourage him from pursuing his case.

The new judge assigned to the matter worked in conjunction with Department of Justice USG defense counsels and the plaintiff's own attorneys who were under the influence of the FBI to intentionally scuttle Demodulation's legal cases and to despoil any possibility of a successful appeal. The attorneys did this by withholding and spoliating material evidence essential to prevail in winning the cases and on appeal. The federal judges presiding over Demodulation's cases facilitated the unethical actions of both counsels for the defense and the plaintiff.

On December 7, 2016, ICM filed formal complaints under the Code of Conduct for Federal Judges and the Rules for Judicial-Conduct and Judicial-Disability Proceedings (RJCP) with two different Federal courts against two of the Federal judges involved. Copies of these two complaints are attached at Exhibit K. In one case, ICM received notice that its complaint of December 16, 2016, was received, however, that court has not given ICM any update whatsoever as to the status of any disciplinary proceeding in the matter.

In the matter of ICM's disciplinary complaint against the other Federal judge, however, the court clerk provided a court order dated March 24, 2017, summarily dismissing the complaint. A redacted copy of the court's Opinion and Memorandum is attached at Exhibit L. In an egregious conflict of interest, and in direct violation of the Code of Conduct for Federal Judges and the RJCP, the order dismissing the complaint was signed by the same judge who earlier presided over the case of *Demodulation v. the United States*—the very same judge who was later forced to recuse herself from the Demodulation case. On April 1, 2017, ICM wrote a letter to the clerk of

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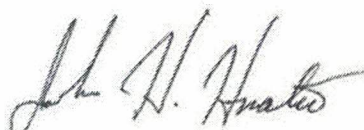
the court spelling out the specific violations under the Code of Conduct for Federal Judges and the RJCP. A copy of the redacted letter is attached at Exhibit M.

On April 12, 2017, ICM received a response from the court with another order from the same judge vacating her own prior order to dismiss the ICM complaint—the judge was thus caught “red-handed” trying to scuttle the complaint and any objective review of the matter. A copy of this court order is attached at Exhibit N. Then on April 17, 2017, ICM received another opinion and memorandum from yet another judge on the same court dismissing the complaint for exactly the same unfounded reasons. But, in this case, the judge reported that she had conducted her review on the very same day that she dismissed the complaint. This was impossible to do given the voluminous evidence provided to the court for review. There was simply too much evidentiary material to review in a single day demonstrating that she did not even review the evidence before summarily dismissing the complaint. A redacted copy of the April 17, 2017, communication from the court is attached at Exhibit O.

On April 25, 2017, ICM wrote back to the court reporting that the judicial system for the accountability for Federal judges was corrupted. ICM requested that the entire matter be immediately transferred to another circuit. A redacted copy of this letter is attached at Exhibit P.

In the matter of Demodulation all three branches of the U.S. Government acted to violate the Constitution of the United States. The Executive Branch intentionally allowed its own agents to misappropriate and obstruct justice as they violated Articles I and II and Amendments IV and V of the U.S. Constitution. The Legislative Branch, via SSCI and HPSCI interference and inaction, respectively, failed to meet their obligation to oversee the intelligence activities of the Executive Branch. Finally, the judicial system allowed itself to be corrupted by the outside influence of the Executive and Legislative Branches.

This “meltdown” of the U.S. Constitutional form of government illustrates that the safeguards currently in place to assure the separation of powers are no longer effective. Until these safeguards are restored there can be no system of justice in America.



John H. Hnatio
Principal Investigator

List of Exhibits

- A. Resume of Principal Investigator (PI)
- B. Picture of Microwire
- C. Summary Timeline of the Case of Demodulation
- D. Photographs of Munitions and Detonators Removed from Picatinny Arsenal
- E. Budget Line Item of Department of Energy (DOE) Expenditures on Microwire
- F. Photographs of the Two Large Binders of Evidence Presented to the House and Senate Intelligence Committees
- G. May 11, 2016, ICM Letter to the Senate Select Committee on Intelligence
- H. July 10, 2016, ICM Letter to the Inspector General of the Intelligence Community
- I. April 5, 2017, Letter from the IGIC's-Management and Administration Division's Hotline Manager Declining to Investigate
- J. ICM Complaint of Misconduct by USG Defense Counsel Sent to the Department of Justice
- K. Copies of ICM Complaints Against Federal Judges and Demodulation's Counsels
- L. March 24, 2017, Federal Court Order Summarily Dismissing the ICM Complaint against One of the Federal Judges
- M. April 1, 2017, ICM Letter to the Clerk of the Federal Court Exposing the Corruption of the Judicial Misconduct Accountability System
- N. April 12, 2017, Letter from the Federal Court Vacating Their Prior Order of Dismissal
- O. April 17, 2017, Federal Court Order by another Federal Judge Summarily Dismissing the ICM Complaint
- P. April 25, 2017, ICM Letter to the Federal Court Exposing the Corruption of the Judicial Misconduct Accountability System

EXHIBIT F

Stolen Munitions and Detonators from Picatinny

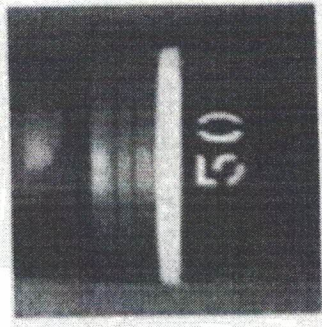
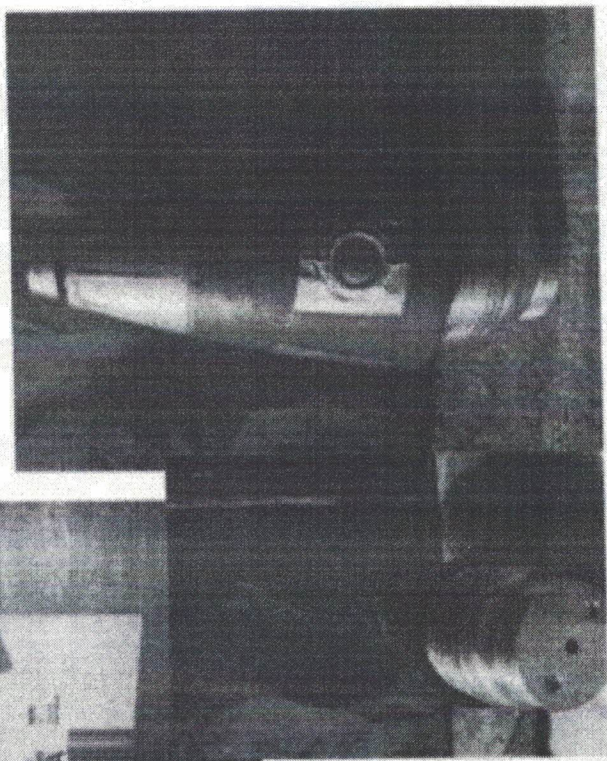
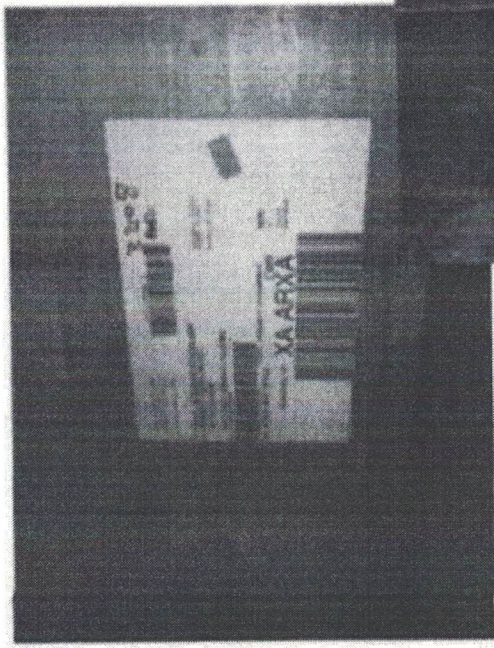
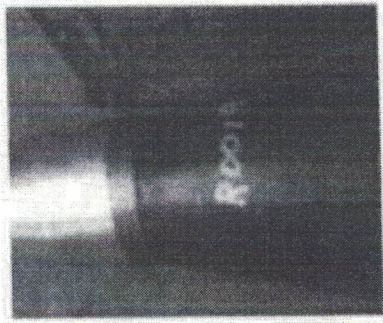


EXHIBIT G

Microwire Product

