

EXHIBIT 10



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Team 4 Investigates Invention Promotion Companies

Largest One Headquartered In Pittsburgh



It's the American dream: inventing your own product and making a fortune. But a Team 4 investigation has discovered dozens of inventors who say that they've lost a fortune with invention promotion companies. The largest one is headquartered in Pittsburgh. The following is Team 4 investigator Jim Parsons' report.

An estimated 25,000 inventors each year take their ideas to one of these companies. And, as Team 4 found out with hidden cameras and an invention



of our own, no idea is too ridiculous. [Team 4 Investigates ISC](#) They've built a better mousetrap, or in this case, a ski-disk, a shoe that cools your feet with air flow, a bungee chair to spice up your sex life. They're backyard inventors who believe that their creations are virtual money machines. "I still have hope and I have a dream that it will be successful," said Rosie McAllister of Weirton, who came up with an idea four years ago for nursing home residents called the Aqua Flow. The Aqua Flow is a water-filled belt that provides a drink with the push of a button. McAllister didn't know what to do with her idea until she saw a late-night ad on TV. Portion of TV advertisement: "Uh huh. ISC has a toll-free number and you can find out about free information on how ISC will assist you in attempting to submit your invention confidentially to industry, and obtain a patent. Really?" Rosie and her husband met with a salesman at ISC's world headquarters in downtown Pittsburgh. "He looked at it and he said, 'Do you think you would take \$3 million for this product?'" "The way his demeanor was that this was going to go. This was one of the best ideas he's seen in a long time," her husband, Rudy McAllister, said. "He said the researchers were going to have a ball. Right. And just wait for the money to come in." Instead, the money went out. The McAllisters spent more than \$7,000 and never heard from one company interested in manufacturing the Aqua Flow. They're not alone. ISC's success stories are few. From 1997 to 1999, the company signed up more than 5,000 new clients. But only 11 clients earned more money than they paid ISC. "I have never met any person who has made any money from an invention marketing company," said Lynn Alstadt, a patent attorney who teaches law at the University of Pittsburgh. Parsons asked him about invention promotion companies. "It truly amazes me how people are willing to spend \$5,000, \$10,000 for these invention marketing companies," Alstadt said. "They take anything that comes in the door." Anything? Team 4 wanted to see if that was true, so we came up with the silliest invention we could think of. The result? The phone hat. We asked a seamstress to sew it together. The phone slips into a pouch, then it fits over the head and, voila, a cheap, hands-free cellphone. Ridiculous, right? Not according to a salesman at ISC. Parsons took his invention and a hidden camera to the company's Columbus, Ohio, office. ISC salesman Roger Mesecher instantly sees potential success for the phone hat. "In volume, we'll make that thing for under a dollar. So it's a good promotional item," he said. "So see, it's got some potential. "See, if your idea looked like something we couldn't work with, we'd tell you that right now." Parsons asked if it is something he could work with. "Oh yeah," Mesecher said. As required by

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federal law, Mesecher does throw in this word of caution: "We have a large number of people who come in here. A small number will be successful, because, well, primarily, they don't follow through, but it's risk anyway." But then he adds this: "I can't tell you the success factors. I mean, to be honest with you, but I'd say it's got a good shot. It's certainly above the average. It isn't something wacky." Mesecher should not have said that, according to Jennifer Lawlor, an ISC executive in Pittsburgh. "Our policy is not to give you an evaluation of your invention, and so if that was the case, probably Roger's going to be coming in for retraining." Roger may also need retraining for saying this: "We've made a lot of millionaires." In 1994, ISC agreed to pay a \$1.2 million settlement with the Federal Trade Commission. It prohibited ISC from "misrepresenting the financial gain or success that has been achieved by its clients." The FTC accused ISC of using "deceptive practices." Parsons said to the Pittsburgh ISC executive: "You're not allowed to misrepresent financial gain. Roger told me, 'We've made a lot of millionaires.'" "Well, we're not allowed to talk about success," the executive said. Especially since success is so rare. "They did a lot of damage, and I don't want nobody else to have to go through what we went through, (who has) this kind of hope, (who has) this kind of ideas, and have this happen to them," McAllister's husband said. It's not just ISC. The FTC shut down two Pittsburgh-based invention promotion companies in 1997. And an Oakmont firm, Davison and Associates, has a current FTC lawsuit pending. ISC admitted no wrongdoing when it settled with the federal government.

If inventors are looking for options for their ideas, they can try the following links:

- [United States Patent And Trademark Office](#)
- [FTC's Invention Promotion Tips](#)

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