

Form **8718**
(Rev. January 1998)
Department of the Treasury
Internal Revenue Service

17053203036C4
**User Fee for Exempt Organization
Determination Letter Request**

▶ Attach this form to determination letter application.
(Form 8718 is NOT a determination letter application.)

For IRS Use Only

Control number
Amount paid 500
User fee screenor

1 Name of organization

DRUG REFORM COORDINATION NETWORK, INC.

2 Employer Identification Number

52-2034866

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request

Fee

a ☐ Initial request for a determination letter for:

• An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or

• A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years . . . ▶ \$150

Note: If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of _____

name of organization

have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶

Title ▶

b ☒ Initial request for a determination letter for:

• An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or

• A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years . . . ▶ \$500

c ☐ Group exemption letters . . . ▶

\$500

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 98-8, 1998-1, I.R.B. 225.

Check the box on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the Internal Revenue Service for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Send the determination letter application and Form 8718 to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send the application and Form 8718 to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

Attach Check or Money Order Here

POSTMARK

RECEIVED

JUL 20 '99

JUL 21 '99

CINCINNATI
SERVICE CENTER

1705320303604
**Application for Recognition of Exemption
Under Section 501(a)**

OMB No. 1545-0057

If exempt status is approved,
this application will be open
for public inspection.

Read the instructions for each Part carefully. A User Fee must be attached to this application.
If the required information and appropriate documents are not submitted along with Form 8718 (with payment
of the appropriate user fee), the application may be returned to the organization.

Complete the Procedural Checklist on page 6 of the instructions.

Part I. Identification of Applicant (Must be completed by all applicants; also complete appropriate schedule.)
Submit only the schedule that applies to your organization. Do not submit blank schedules.

Check the appropriate box below to indicate the section under which the organization is applying:

- a ☐ Section 501(c)(2) — Title holding corporations (Schedule A, page 7)
b ☒ Section 501(c)(4) — Civic leagues, social welfare organizations (including certain war veterans' organizations), or local associations of employees (Schedule B, page 8)
c ☐ Section 501(c)(5) — Labor, agricultural, or horticultural organizations (Schedule C, page 9)
d ☐ Section 501(c)(6) — Business leagues, chambers of commerce, etc. (Schedule C, page 9)
e ☐ Section 501(c)(7) — Social clubs (Schedule D, page 11)
f ☐ Section 501(c)(8) — Fraternal beneficiary societies, etc., providing life, sick, accident, or other benefits to members (Schedule E, page 13)
g ☐ Section 501(c)(9) — Voluntary employees' beneficiary associations (Parts I through IV and Schedule F, page 14)
h ☐ Section 501(c)(10) — Domestic fraternal societies, orders, etc., not providing life, sick, accident, or other benefits (Schedule E, page 13)
i ☐ Section 501(c)(12) — Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations (Schedule G, page 15)
j ☐ Section 501(c)(13) — Cemeteries, crematoria, and like corporations (Schedule H, page 16)
k ☐ Section 501(c)(15) — Mutual insurance companies or associations, other than life or marine (Schedule I, page 17)
l ☐ Section 501(c)(17) — Trusts providing for the payment of supplemental unemployment compensation benefits (Parts I through IV and Schedule J, page 18)
m ☐ Section 501(c)(19) — A post, organization, auxiliary unit, etc., of past or present members of the Armed Forces of the United States (Schedule K, page 19)
n ☐ Section 501(r)(25) — Title holding corporations or trusts (Schedule A, page 7)

1a Full name of organization (as shown in organizing document) DRUG REFORM COORDINATION NETWORK, INC.		2 Employer identification number (EIN) (if none, see Specific Instructions on page 2) 52-2034866
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted for additional information (see instructions) David Borden (202) 293-8346
1c Address (number and street) 2000 P ST., NW	Room/Suite 615	JUL 20 '99 JUL 21 '99 RECEIVED FEDERAL SERVICE CENTER
1d City, town or post office, state, and ZIP+ 4. If you have a foreign address, see Specific Instructions for Part I, page 2. Washington, DC 20036		
1e Web site address http://www.drcnet.org	4 Month the annual accounting period ends December	5 Date incorporated or formed May 12, 1997

6 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? ☐ Yes ☒ No
If "Yes," attach an explanation.

7 Has the organization filed Federal income tax returns or exempt organization information returns? ☒ Yes ☐ No
If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.


990 EZ 1997, Covington, Kentucky office

8 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a ☒ Corporation — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also attach a copy of the bylaws.
b ☐ Trust — Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
c ☐ Association — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence that the organization was formed by adoption of the document by more than one person. Also include a copy of the bylaws.

If this is a corporation or an unincorporated association that has not yet adopted bylaws, check here ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization, and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

PLEASE SIGN HERE  **David Borden, President** **6/21/99**
(Signature) (Type or print name and title or authority of signer) (Date)

For Paperwork Reduction Act Notice, see page 5 of the instructions.

Part II. Activities and Operational Information (Must be completed by all applicants)

- 1 Provide a detailed narrative description of all the activities of the organization — past, present, and planned. Do not merely refer to or repeat the language in the organization's document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

SEE ATTACHMENT "A"

- 2 List the organization's present and future sources of financial support, beginning with the largest source first.

grants, dues from members, nondeductible contributions, royalties and investment income

Part II. Activities and Operational Information (continued)**3 Give the following information about the organization's governing body:****a** Names, addresses, and titles of officers, directors, trustees, etc.**b** Annual compensation

see attachment "B"

4 If the organization is the outgrowth or continuation of any form of predecessor, state the name of each predecessor, the period during which it was in existence, and the reasons for its termination. Submit copies of all papers by which any transfer of assets was effected.

see attachment "C"

5 If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (e.g., financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees).

see attachment "D"

6 If the organization has capital stock issued and outstanding, state: (1) class or classes of the stock; (2) number and par value of the shares; (3) consideration for which they were issued; and (4) if any dividends have been paid or whether your organization's creating instrument authorizes dividend payments on any class of capital stock.

N/A

7 State the qualifications necessary for membership in the organization; the classes of membership (with the number of members in each class); and the voting rights and privileges received. If any group or class of persons is required to join, describe the requirement and explain the relationship between those members and members who join voluntarily. Submit copies of any membership solicitation material. Attach sample copies of all types of membership certificates issued.

see attachment "E"

8 Explain how your organization's assets will be distributed on dissolution. In the event of dissolution, the directors, after satisfying all liabilities of the organization, will direct the officers to distribute all remaining assets of the organization to one or more tax-exempt organizations described in section 501(c)(4) of the Internal Revenue Code engaged in similar activities as the organization.

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Part II. Activities and Operational Information (continued)

- 9 Has the organization made or does it plan to make any distribution of its property or surplus funds to shareholders or members? ☐ Yes ☒ No
If "Yes," state the full details, including: (1) amounts or value; (2) source of funds or property distributed or to be distributed; and (3) basis or, and authority for, distribution or planned distribution.
- 10 Does, or will, any part of your organization's receipts represent payments for services performed or to be performed? ☐ Yes ☒ No
If "Yes," state in detail the amount received and the character of the services performed or to be performed.
- 11 Has the organization made, or does it plan to make, any payments to members or shareholders for services performed or to be performed? ☐ Yes ☒ No
If "Yes," state in detail the amount paid, the character of the services, and to whom the payments have been, or will be, made.
- 12 Does the organization have any arrangement to provide insurance for members, their dependents, or others (including provisions for the payment of sick or death benefits, pensions, or annuities)? ☐ Yes ☒ No
If "Yes," describe and explain the arrangement's eligibility rules and attach a sample copy of each plan document and each type of policy issued.
- 13 Is the organization under the supervisory jurisdiction of any public regulatory body, such as a social welfare agency, etc.? ☐ Yes ☒ No
If "Yes," submit copies of all administrative opinions or court decisions regarding this supervision, as well as copies of applications or requests for the opinions or decisions.
- 14 Does the organization now lease or does it plan to lease any property? ☒ Yes ☐ No
If "Yes," explain in detail. Include the amount of rent, a description of the property, and any relationship between the applicant organization and the other party. Also, attach a copy of any rental or lease agreement. (If the organization is a party, as a lessor, to multiple leases of rental real property under similar lease agreements, please attach a single representative copy of the leases.)

see attachment "F"
- 15 Has the organization spent or does it plan to spend any money attempting to influence the selection, nomination, election, or appointment of any person to any Federal, state, or local public office or to an office in a political organization? ☒ Yes ☐ No
If "Yes," explain in detail and list the amounts spent or to be spent in each case.

see attachment "G"
- 16 Does the organization publish pamphlets, brochures, newsletters, journals, or similar printed material? ☒ Yes ☐ No
If "Yes," attach a recent copy of each.

Part III. Financial Data (Must be completed by all applicants)

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

Revenue	(a) Current Tax Year From 1/1 To 6/15	3 Prior Tax Years or Proposed Budget for Next 2 Years			(e) Total
		(b) 1997	(c) 1998	(d)	
1 Gross dues and assessments of members . . .	\$15,431	\$4,971	\$30,965		\$51,367
2 Gross contributions, gifts, etc.	\$44,744	\$52,169	\$114,891		\$211,794
3 Gross amounts derived from activities related to the organization's exempt purpose (attach schedule) (Include related cost of sales on line 9.)					
4 Gross amounts from unrelated business activities (attach schedule)			\$636		\$636
5 Gain from sale of assets, excluding inventory items (attach schedule)			\$8,730		\$8,730
6 Investment income (see page 3 of the instructions)	\$36	\$12	\$71		\$119
7 Other revenue (attach schedule)	\$2,404	\$136	\$2,983		\$5,523
8 Total revenue (add lines 1 through 7)	\$62,615	\$57,288	\$153,266		\$278,164
Expenses					
9 Expenses attributable to activities related to the organization's exempt purposes					
10 Expenses attributable to unrelated business activities					
11 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
12 Debursements to or for the benefit of members (attach schedule)					
13 Compensation of officers, directors, and trustees (attach schedule)	\$16,500	\$40,504	\$55,680		\$112,684
14 Other salaries and wages	\$9,092	\$2,935	\$28,293		\$40,320
15 Interest					
16 Occupancy	\$2,189	\$2,876	\$8,486		\$13,551
17 Depreciation and depletion	\$560	\$299	\$600		\$1,459
18 Other expenses (attach schedule)	\$16,879	\$25,132	\$47,970		\$89,981
19 Total expenses (add lines 9 through 18)	\$45,220	\$71,746	\$141,029		\$257,995
20 Excess of revenue over expenses (line 8 minus line 19)	\$17,395	-\$14,458	\$12,237		\$20,174

B. Balance Sheet (at the end of the period shown)

Assets		Current Tax Year as of 6/15
1 Cash	1	\$32,093
2 Accounts receivable, net	2	0
3 Inventories	3	0
4 Bonds and notes receivable (attach schedule)	4	0
5 Corporate stocks (attach schedule)	5	0
6 Mortgage loans (attach schedule)	6	0
7 Other investments (attach schedule)	7	0
8 Depreciable and depletable assets (attach schedule)	8	\$287
9 Land	9	0
10 Other assets (attach schedule)	10	\$530
11 Total assets	11	\$32,910
Liabilities		
12 Accounts payable	12	
13 Contributions, gifts, grants, etc., payable	13	
14 Mortgages and notes payable (attach schedule)	14	
15 Other liabilities (attach schedule)	15	\$6,200
16 Total liabilities	16	\$6,200
Fund Balances or Net Assets		
17 Total fund balances or net assets	17	
18 Total liabilities and fund balances or net assets (add line 16 and line 17)	18	\$26,710

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ☐

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Part IV. Notice Requirements (Sections 501(c)(9) and 501(c)(17) Organizations Only)**1** Section 501(c)(9) and 501(c)(17) organizations:

Are you filing Form 1024 within 15 months from the end of the month in which the organization was created or formed as required by section 505(c)?

If "Yes," skip the rest of this Part.

☐ Yes ☒ No

If "No," answer question 2.

2 If you answer "No" to question 1, are you filing Form 1024 within 27 months from the end of the month in which the organization was created or formed?

If "Yes," your organization qualifies under Regulation section 301.9100-2 for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 3 and 4.

☒ Yes ☐ No

If "No," answer question 3.

3 If you answer "No" to question 2, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3?

If "Yes," give the reasons for not filing this application within the 27-month period described in question 2. See Specific Instructions, Part IV, Line 3, page 4, before completing this item. Do not answer question 4.

☐ Yes ☐ No

If "No," answer question 4.

4 If you answer "No" to question 3, your organization's qualification as a section 501(c)(9) or 501(c)(17) organization can be recognized only from the date this application is filed. Therefore, does the organization want us to consider its application as a request for recognition of exemption as a section 501(c)(9) or 501(c)(17) organization from the date the application is received and not retroactively to the date the organization was created or formed?☐ Yes ☐ No

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Schedule B

Organizations described in Section 501(c)(4) (Civic leagues, social welfare organizations (including posts, councils, etc., of veterans' organizations not qualifying or applying for exemption under section 501(c)(19)) or local associations of employees.)

- 1 Has the Internal Revenue Service previously issued a ruling or determination letter recognizing the applicant organization (or any predecessor organization listed in question 4, Part II of the application) to be exempt under section 501(c)(3) and later revoked that recognition of exemption on the basis that the applicant organization (or its predecessor) was carrying on propaganda or otherwise attempting to influence legislation or on the basis that it engaged in political activity? ☐ Yes ☒ No
If "Yes," indicate the earliest tax year for which recognition of exemption under section 501(c)(3) was revoked and the IRS district office that issued the revocation.

- 2 Does the organization perform or plan to perform (for members, shareholders, or others) services, such as maintaining the common areas of a condominium; buying food or other items on a cooperative basis; or providing recreational facilities or transportation services, job placement, or other similar undertakings? ☐ Yes ☒ No
If "Yes," explain the activities in detail, including income realized and expenses incurred. Also, explain in detail the nature of the benefits to the general public from these activities. (If the answer to this question is explained in Part II of the application (pages 2, 3, and 4), enter the page and item number here.)

- 3 If the organization is claiming exemption as a homeowners' association, is access to any property or facilities it owns or maintains restricted in any way? ☐ Yes ☐ No
If "Yes," explain.

- 4 If the organization is claiming exemption as a local association of employees, state the name and address of each employer whose employees are eligible for membership in the association. If employees of more than one plant or office of the same employer are eligible for membership, give the address of each plant or office.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION



C E R T I F I C A T E

THIS IS TO CERTIFY that all applicable provisions of the DISTRICT
OF COLUMBIA NONPROFIT CORPORATION ACT have been complied with and
accordingly, this CERTIFICATE of INCORPORATION is hereby issued to
DRUG REFORM COORDINATION NETWORK, INC.

as of MAY 12TH , 1997 .

Hampton Cross
Director

Katherine A. Williams
Administrator
Business Regulation Administration

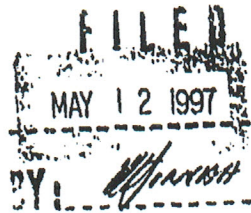
Robert D. Henry
Robert D. Henry

Act. Asst. Superintendent of Corporations
Corporations Division

William Barry, Jr.
Mayor

036 8811

ARTICLES OF INCORPORATION
of
DRUG REFORM COORDINATION NETWORK, INC.



TO: Department of Consumer and Regulatory Affairs,
Business Regulation Administration, Corporations Division,
614 H Street, N.W., Washington, D.C. 20001

We, the undersigned natural persons of the age of twenty-one years or more, acting as incorporators of a corporation under the District of Columbia Nonprofit Corporation Act (D.C. Code, 1981 edition, Title 29, Chapter 5), adopt the following Articles of Incorporation:

- FIRST: The name of the corporation is Drug Reform Coordination Network, Inc.
- SECOND: The period of duration is perpetual.
- THIRD: The purpose for which the corporation is organized is to heighten public awareness of the consequences of drug policies, including but not limited to the current war on drugs; to promote rational debate on drug prohibition and alternatives to total prohibition; and to promote positive reform in the drug laws.

To these ends, the corporation will:

- (a) research the public health, medical, economic, social, criminal justice, and other costs of the war on drugs, and related topics;
- (b) communicate regularly with organizations and individuals concerned with drug policy;
- (c) provide communications and networking services to such persons;
- (d) disseminate information about drug policy and the impact of the war on drugs, through the Internet, through a newsletter and other bulletins, through the mass media, and by other means;
- (e) distribute informational and action-oriented bulletins on drug policy reform.

FOURTH: The corporation will have no members.

FIFTH: The Board of Directors shall have the power to vote.

SIXTH: The method of election or appointment of the Board of Directors, their qualifications, powers, duties, compensation and tenure of office, the manner of

filling vacancies on the Board and the manner of calling and holding meetings of the Directors, shall be as stated in the bylaws of the corporation. The power to adopt or amend organizational bylaws is reserved to the Board of Directors.

- SEVENTH: (a) Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
- (b) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its Directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof.
- (c) Upon the dissolution of this corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated to achieve similar purposes to this corporation.

EIGHTH: The address, including street and number and zip code, of the initial registered office is 4455 Connecticut Ave., NW, Suite B-500, Washington, D.C. 20008, and the name of the initial registered agent at such address is David Borden.

NINTH: The number of Directors constituting the initial Board of Directors is eight and the names and addresses, including street and number and zip code, of the persons who are to serve as the initial Directors until the first annual meeting or until their successors be elected or appointed and qualified are:

NAME

ADDRESS

David Borden

Washington, D.C.

Keith Cylar

New York, NY

Dawn Day

Princeton, NJ

Cheryl Epps

Washington, D.C.

Richard M. Evans

[REDACTED]
Northampton, [REDACTED]

Clifford A. Schaffer

[REDACTED]
Canyon Country, CA [REDACTED]

Joey Tranchina

[REDACTED]
Redwood City, CA [REDACTED]

Aaron D. Wilson

[REDACTED]
New York, NY [REDACTED]

TENTH: The name and address, including street and number and zip code, of each incorporator is:

NAME

ADDRESS

David Borden

[REDACTED]
Washington, D.C. [REDACTED]

Cheryl Epps

[REDACTED]
Washington, D.C. [REDACTED]

Peter Kempner

[REDACTED]
Washington, D.C. [REDACTED]

DATE: May 9, 1997

David Borden

INCORPORATOR

Cheryl Epps

INCORPORATOR

Peter Kempner

INCORPORATOR

I, DEBORAH SUGAR, a Notary Public, hereby certify that on the 9TH day of May, 1997, David Borden, Cheryl Epps, and Peter, appeared before me and signed the foregoing document as incorporators, and have averred that the statements therein contained are true.

Deborah Sugar

Deborah Sugar
Notary Public District of Columbia
My Commission Expires: June 30, 2000

FILE

MAY 24 1999

ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION
OF
DRUG REFORM COORDINATION NETWORK, INC.

TO:
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION
CORPORATIONS DIVISION
614 H STREET, N.W. ROOM 407
WASHINGTON, D.C. 20001

Pursuant to the provisions of the District of Columbia non-profit Corporation Act, the undersigned adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is: Drug Reform Coordination Network, Inc.

SECOND: The following amendment of the Articles of Incorporation was adopted by the Corporation in the manner prescribed by the District of Columbia Non-profit Corporation Act:

Article Fourth shall be amended to read as follows:

"The Corporation shall have one or more classes of members, as determined by the bylaws, who support the goals and objectives of the Corporation. Members shall have no right to vote for directors or on any other matters affecting the Corporation."

Article Seventh, subparagraph (c), shall be amended to read as follows:

"Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation by distributing those assets exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for such purposes and activities as permitted by Section 501(c)(4) of the Internal Revenue Code which shall at the time qualify as exempt from taxation under Section 501(c)(4) of the Internal Revenue Code, as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes."

THIRD: The amendment was adopted in the following manner: The amendment was adopted at a meeting of the Board of Directors held on May 13, 1999, and received the

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS



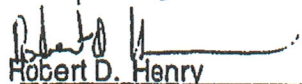
CERTIFICATE

THIS IS TO CERTIFY that all applicable provisions of the DISTRICT
OF COLUMBIA NONPROFIT CORPORATION ACT have been complied with
and
accordingly, this **CERTIFICATE of AMENDMENT** is hereby issued to
DRUG REFORM COORDINATION NETWORK, INC.

as of May 24th, 1999.

Lloyd J. Jordan
Director

Patricia A. Montgomery
Administrator
Business Regulation Administration


Robert D. Henry

Act. Asst.

Superintendent of Corporations
Corporations Division

Anthony A. Williams
Mayor

vote of a majority of the Directors in office, there being no members having voting rights
in respect thereof.

Date: 5/24/99

Drug Reform Coordination Network, Inc.

By David Borden
David Borden, President

ATTEST: Adam J. Smith
Adam J. Smith, Secretary

036 0011

BYLAWS
of
DRUG REFORM COORDINATION NETWORK, INC.
as adopted on July 25, 1997, amended on May 13, 1999

ARTICLE I. Name

The name of the corporation is the "Drug Reform Coordination Network, Inc." hereinafter referred to as "the corporation."

ARTICLE II. Purpose

As provided in the Articles of Incorporation, the corporation is organized to elevate public awareness of the negative consequences of drug prohibition and to advocate for drug policy reform and non-prohibition approaches.

ARTICLE III. Board of Directors

A. The property, affairs, and business of the corporation shall be managed by the Board of Directors, which may delegate the implementation of such matters to the executive director.

B. The number of members of the Board of Directors of the corporation shall be an odd number greater than or equal to three, except that the number may differ from these requirements following the resignation or removal of any Director, and excepting the initial board.

C. The Directors of the Board shall all be at least 18 years of age.

D. The term of office of each Director shall be three years, except that the term of office of each of the original eight Directors of the corporation shall be one, two, three, one, two, one, two, and three years respectively, in the order in which they are listed in the Articles of Incorporation.

E. At least one Director's term shall expire at the conclusion of every annual meeting of the Board of Directors. The first such meeting when a Director's term expires shall be the annual meeting held in 1999.

F. A vacancy existing by reason of the expiration of a Director's term shall be filled by designation by a two-thirds vote of the Directors at the annual meeting of the Board of Directors. The Board may re-elect a Director whose term is expiring to a new term of office.

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G. A vacancy existing by reason of the resignation, death, or removal of a Director before the expiration of his or her term shall be filled by designation by a two-thirds vote of the remaining Directors. A Director elected to fill a vacant seat on the Board shall serve until the expiration of that term.

H. A Director may resign at any time by giving written notice of resignation to another Director of the Board. Any resignation shall take effect at the time received, unless another time is specified in such notice. Unless specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

I. The Board of Directors shall by a two-thirds vote choose from among the Directors a Chair of the Board who shall preside at all meetings. Meetings of the Board may be called by the Chair or the Executive Director, unless the Chair or the Executive Director designates another Director to call a meeting.

J. A Director may be removed, for valid cause, by a two-thirds vote of the Directors of the Board at any time by action of the Board, provided that 48 hours' notice of the proposed action is included in the notice of the meeting at which such vote is to be taken.

ARTICLE IV. Meetings of the Board of Directors

A. The Board of Directors may hold its meetings at such places as shall be specified in the meeting notices. Meetings may also be held by telephone conference call or e-mail, following protocols that approximate those used for in-person meetings, or as otherwise designated.

B. Meetings of the Board of Directors shall be held whenever called by the chair of the Board or upon notice signed by a two-thirds majority of the Directors. Advance notice shall be 48 hours, which may be waived by unanimous agreement of the Directors.

C. The Board of Directors shall hold an annual meeting during the first quarter of the year.

D. At any meeting, the presence of more than half of the Directors of the Board, disregarding any unfilled vacancies which may then exist, shall constitute a quorum for the transaction of business.

E. Except as otherwise specifically provided by statutes or these bylaws, adopting, changing, or amending these bylaws, or directly relevant policies or practices, shall require a two-thirds vote of the Directors of the Board. However, the Board is not empowered at any time to enact changes to these bylaws, or take other actions, that would bring the corporation into conflict with its original stated purpose.

F. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members of the Board of Directors. Such consent shall have the same force and effect

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as a unanimous vote at a meeting duly called. The signed consent, or a signed copy, shall be placed in the minute book

ARTICLE V. Membership

Membership shall be granted to any individual who pays dues or volunteers to perform work for the organization. Classes of members include: a) "full" members who pay \$25.00 per year and received a subscription to the organization's printed newsletter; and b) "virtual" members who pay \$10.00 per year and receive e-mail bulletins only. Neither class of members shall have the right to vote.

ARTICLE VI. Officers

A. The officers of the corporation shall be the chair, president, vice-president, secretary, and treasurer. The chair and president must be Directors. The vice-president, secretary and treasurer may be Directors.

B. One officer may hold no more than two of the positions, and no one officer shall hold the two positions of president and vice-president, nor of president and secretary.

C. The term of office of the chair, secretary, and treasurer of the corporation shall be one year, ending at the conclusion of the annual meeting.

D. The officers of the corporation shall be elected by a two-thirds vote of the Board of Directors at the annual meeting.

E. A vacancy existing by reason of the resignation, death, or removal of an officer before the expiration of his or her term shall be filled by designation by a two-thirds vote of the Directors. An officer elected to fill a vacant seat shall serve until the expiration of that term.

F. An officer may resign at any time by giving written notice of resignation to a Director of the Board. Any resignation shall take effect at the time received, unless another time is specified in such notice. Unless specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VII. Duties of Officers

A. The chair or the president shall have the power to supervise and direct the management and operation of the Corporation and to make decisions as to management, operations, and policy which may arise between meetings of the Board of Directors, so long as such decisions are consistent with decisions of the Board of Directors. The chair shall also call and preside over meetings of the Board of Directors.

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B. The secretary shall keep minutes of all proceedings of the Board of Directors.

C. The treasurer shall ensure that the staff of the corporation keep and maintain adequate records of the business transactions of the corporation.

ARTICLE VIII. Staff, Contracts, Loans, Checks, Drafts, Bank Accounts, Etc.

A. The Board of Directors may delegate the hiring, administration, and termination of staff personnel to the executive director of the corporation.

B. The executive director shall be elected by a two-thirds vote of the Board of Directors to serve as an employee of the corporation. The executive director, who may be a member of the Board of Directors, shall have the responsibility for carrying out the overall policy, control, and administration of the corporation, as determined by the Board of Directors. The executive director is authorized to enter into contracts and agreements, effect loans and advances, sign and endorse checks, and deposit and withdraw funds from the corporation's account or accounts in the name of the corporation, so long as such actions are intended to serve to further the purposes of the corporation.

ARTICLE IX. Advisory Board

A. The executive director may create and develop an Advisory Board for advice on activities relevant to the corporation's purpose.

B. An individual may be added to the Advisory Board by agreement between the individual and the executive director.

C. Advisory Board members may resign from the Advisory Board by providing written notice. Advisory Board members may be removed by the executive director with or without cause by providing written notice.

ARTICLE X. Amendment of Bylaws and Articles of Incorporation

A. These bylaws may be amended or repealed by the Board of Directors at a meeting by a two-thirds vote of the Directors present. Advance notice shall be 48 hours, which may be waived by unanimous agreement of the Directors.

B. The corporation's Articles of Incorporation may be amended, or new Articles of Incorporation adopted, by the Board of Directors at a meeting by a two-thirds vote of the Directors present. Advance notice shall be 48 hours, which may be waived by unanimous agreement of the Directors.

ARTICLE XI. Dissolution of the Corporation

- A. The Board of Directors may dissolve the corporation only by a unanimous vote.
- B. A resolution to dissolve the corporation must also include an up-to-date financial report and provisions to distribute the assets and property of the corporation.
- C. Upon dissolution of the Corporation, any assets remaining after paying or making provision for the payment of all the liabilities of the Corporation shall be disposed of in accordance with the laws of the District of Columbia, Section 501(c)(4) of the Internal Revenue Code or any future federal tax code, and the Articles of Incorporation.

ARTICLE XII. Parliamentary Authority

Robert's Rules of Order, Newly Revised, by Sarah Corbin Robert, shall be used in all cases not covered by these bylaws.

Part III. Financial Data (Schedules)

(Form 1024, Drug Reform Coordination Network, 52-2034866)

Statement of Revenue and Expenses

line 5 (gain from sale of assets, excluding inventory):

	<u>current tax year</u>	<u>1997</u>	<u>1998</u>	<u>Total</u>
computer equipment	0	0	\$6,870	\$6,870
office equipment	0	0	\$1,405	\$1,405
furniture	0	0	\$455	\$455

line 7 (other revenue):

	<u>current tax year</u>	<u>1997</u>	<u>1998</u>	<u>Total</u>
royalties	\$2,404	\$136	\$2,983	\$5,523

line 13 (compensation of officers):

	<u>current tax year</u>	<u>1997</u>	<u>1998</u>	<u>Total</u>
David Borden	\$8,250	\$21,216	\$28,766	\$58,232
Adam J. Smith	\$8,250	\$19,288	\$26,914	\$54,452

line 18 (other expenses):

	<u>current tax year</u>	<u>1997</u>	<u>1998</u>	<u>Total</u>
accounting fees	\$345	0	\$2,108	\$2,453
advertising	\$310	0	\$163	\$473
bank fees	\$602	\$382	\$1,062	\$2,046
computer rental & repair	\$200	\$2,196	\$1,568	\$3,964
computer supplies	0	0	\$1,378	\$1,378
conferences	\$240	\$1,703	\$2,006	\$3,949
dues & subscriptions	\$1,005	\$65	\$881	\$1,951
exhibiting	0	0	\$897	\$897
health benefits	\$3,145	\$1,509	\$4,021	\$8,675
insurance	\$1,396	\$1,273	\$1,588	\$4,257
Internet access	\$1,434	\$1,110	\$1,710	\$4,254
Internet hosting	\$681	\$527	\$2,572	\$3,780
Internet services (other)	\$824	0	0	\$824
legal fees	0	\$200	\$1,780	\$1,980
licenses & permits	0	\$618	\$107	\$725
literature	\$503	138	\$324	\$965
member premiums	0	0	\$2,049	\$2,049
miscellaneous	\$544	\$514	\$957	\$2,015
office supplies	\$828	\$659	\$1,771	\$3,258
payroll administration	\$175	0	\$540	\$715
payroll taxes	0	\$4,274	\$7,356	\$11,630
postage & delivery	\$549	\$518	\$1,541	\$2,608
printing & reproduction	\$959	\$2,208	\$2,166	\$5,333
relocation	\$0	\$801	\$0	\$801
taxes	\$60	0	\$200	\$260
telephone	\$2,587	\$5,549	\$7,022	\$15,158
training	\$25	\$95	\$63	\$183
travel & meals	\$467	\$793	\$2,140	\$3,400

Balance Sheet

line 8 (depreciable and depletable assets):

software \$287

line 10 (other assets):

credit card receipts \$530

line 15 (other liabilities):

accounts payable \$3,101
payroll tax liabilities \$3,099

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Sign up using this form or by visiting our web site at www.stopthedrugwar.org.

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☐ YES! I want to become a supporting member of DRCNet!

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- ☐ \$10 Virtual Membership
- ☐ other amount \$ _____
- ☐ \$50 ☐ \$100
- ☐ \$250 ☐ \$500

Join now by enclosing a check or money order, or make your donation by credit card using our secure online donation form at www.drcnet.org/drcnetreg.html.

Check / Inc: ☐ Payment Enclosed



cc# _____ exp. _____

Contributions to DRCNet are not tax-deductible.

Name: _____

Street/P.O. Box: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

E-mail: _____

Return to: Drug Reform

Coordination Network

2000 P Street NW, Suite 615

Washington, DC 20036

Voice: (202) 293-8340

Fax: (202) 293-8344

E-Mail: drcnet@drcnet.org

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www.stopthedrugwar.org

**DRUG REFORM
COORDINATION
NETWORK**

2000 P STREET NW

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WASHINGTON, DC 20036

Voice (202) 293-8340

Fax (202) 293-8344

drcnet@drcnet.org

Because ignorance can only be
fought with information!

Take Action Against Prohibition

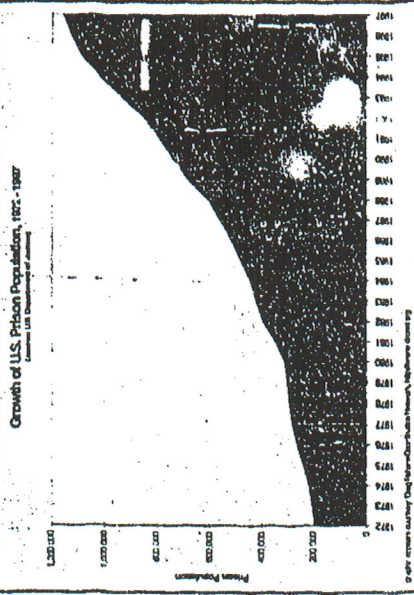
Subscribe to DRCNet!

The Drug Reform Coordination Network's Rapid Response Team is a FREE e-mail information network on the cutting edge of 21st century activism. DRCNet members receive instant updates on current legislation and opportunities to influence the media.

Members also receive *The Week Online*, DRCNet's weekly e-zine covering the Drug War and the growing global reform movement. *The Week Online* includes news from around the world, insightful analysis, expert commentary from leading reform voices, interviews, links to reform oriented resources, and an editorial.

DRCNet's members include parents and teachers, professionals and students, Progressives, Libertarians, Republicans, Democrats and none-of-the-aboves who are concerned about the impact of the Drug War on our society.

So join us!



Why Drug Policy Reform?

- 1 out of 3 African American men nationwide between the ages of 18 and 35 are in prison, on parole or probation, on any given day.
- The United States incarcerates a higher percentage of its population than any other nation.
- 2/3 of all new AIDS cases in the United States are related to injection drug use.
- Up to 40% of murders in major cities and 20% nationwide are related to the illegal drug trade.
- The federal drug budget has increased 17-fold since 1980, yet the availability of drugs to minors has remained consistently high.

It's time to reassess our strategies and search for new solutions. To find them, we need to distinguish between the harms of drug abuse and the harms of drug prohibition and the Drug War.

DRCNet's Services:

Legislative Alerts

The Week Online

Events Calendar

Discussion Groups

Online Library

DRCNet's Issues:

Sentencing Reform

Decriminalization

Asset Forfeiture Reform

Drug Education

Medical Marijuana

Needle Exchange

Chronic Pain

Drug War Militarization

more...

ATTACHMENT A

(Form 1024, Drug Reform Coordination Network, 52-2034866)

The Drug Reform Coordination Network Inc. ("Network") provides public education by providing information on drug policy on the world-wide-web. This is an ongoing, permanent activity of the Network. The Network's web sites include information on the consequences of drug prohibition and the war on drugs, and on related topics, including, but not limited to, drug education, mandatory minimum sentencing, methadone maintenance, needle exchange, drug-related AIDS prevention, the role of the military in the war on drugs, law-enforcement views on the drug war, and other nations' drug policies. The Network provides sophisticated reasoning and evidence in advocating the case for public health-based approaches to drug abuse as alternatives to criminalization. This activity furthers the Network's exempt purpose by helping to elevate the quality of the public debate on drug policy. This activity is carried out by staff, with help from interns and volunteers. Work takes place in the Network's office, with the exception that some volunteers perform work off-site. Staff at times do such work at home or while traveling. This activity takes up approximately 30% of the Network's time. All persons have unrestricted access to all portions of the Network's web sites. The Network does not charge fees for access to its web sites.

The Network disseminates informational and advocacy bulletins on drug policy via e-mail, Internet discussion forums, fax, and mail. This is an ongoing, permanent activity of the Network. The Network's bulletins often point to relevant informational resources on the Internet or to other organizations. This activity furthers the Network's exempt purpose by informing its members and other readers of events, resources, and current issues relevant to drug policy. This activity is carried out by staff, with help from interns and volunteers. Work takes place in the Network's office, with the exception that some volunteers perform work off-site. Staff at times do such work at home or while traveling. All persons have access to the Network's bulletins on the Internet for no charge. This activity takes up approximately 30% of the Network's time, less than half of which consists of grassroots legislative efforts.

The Network produces articles on drug policy to appear in other organizations' newsletters and on the Network's web site. This is an ongoing, permanent part of the Network's work. This activity furthers the Network's exempt purpose by informing readers on events and topics related to drug policy. This activity is carried out by staff, with help from interns and volunteers. Work is carried out for the most part within the Network's office, though staff at times do such work at home or while traveling. It is anticipated at this point that the Network's articles is made available free of charge. This activity takes up approximately 15% of the Network's time.

The Network provides information relevant to drug policy to persons in the media. This is an ongoing, permanent part of the Network's work. This activity furthers the Network's exempt purpose by helping to elevate the quality of media coverage of drug policy, thereby fostering an informed public debate. This activity is carried out by staff, with help from interns and volunteers. Work takes place in the Network's office, with

the exception that some volunteers perform work off-site. Staff at times do such work at home or while travelling, and sometimes meet with media personnel in person at other locations. This activity takes up roughly 15% of the Network's time.

The Network provides e-mail discussion groups and world-wide-web chat rooms and forums on a variety of topics, including general drug policy, harm reduction (health-based policy alternatives and health outreach strategies), needle exchange programs, industrial hemp, medical marijuana, chronic pain and other topics. These activities are an ongoing, permanent part of the Network's work. The Network disseminates mailings, and staff attend conferences and meetings, for the purpose of promoting these discussion groups and enhancing the quality and quantity of forum participation. This activity furthers the Network's exempt purpose by informing and connecting persons having an interest in drug policy, fostering public debate, and collecting information on drug policy and its impact. This activity is carried out by staff, with help from interns and volunteers. Work takes place in the Network's office, with the exception that some volunteers perform work off-site. Staff at times do such work at home or while travelling. All persons have access to the Network's electronic discussion groups at no charge. This activity takes up approximately 10% of the Network's time.

The Network commenced these activities in May, 1997.

ATTACHMENT B

(Form 1024, Drug Reform Coordination Network, 52-2034866)

Board of Directors:

David Borden

Washington, DC

Kelth Cylar

New York, NY

Richard M. Evans

Northampton, MA

Steven D. Persky

Santa Monica, CA

Joey Tranchina

Redwood City, CA

Officers:

Chair:

Richard M. Evans

President:

David Borden

Vice-President:

Adam J. Smith

Washington, DC

Secretary:

Adam J. Smith

Treasurer:

Steven D. Persky

Annual Compensation:

David Borden and Adam Smith currently receive annual compensations of approximately \$18,000 each. (Actual amounts vary, as both officers' positions are shared by the Network and the DRCNet Foundation; the percentage of payroll costs assumed by the Network varies between different pay periods, and is calculated every month based on detailed time sheet records of how employees have spent their time.) Other officers are not compensated.

ATTACHMENT C

(Form 1024, Drug Reform Coordination Network, 52-2034866)

The organization is an outgrowth of an unincorporated entity known as "Drug Reform Coordination Network" or "DRCNet" which operated between December, 1993 through May, 1997. The unincorporated entity was terminated and the organization was incorporated (1) to enhance the ability of the organization to carry out tax-exempt activities on a more extensive basis; 2) to enhance the credibility and ability of the organization to raise funds; and 3) to limit the personal liability of the principals of the organization.

However, though DRCNet had functioned as a sole proprietorship in legal terms, the organization's mission was always that of a public welfare organization - specifically, educating the public on drug policy issues and advocating for a more effective, rational, humane drug policy. The organization remained a sole proprietorship during this time, solely for the sake of simplicity, and because the founder, David Borden, wanted to be sure that he was ready to handle the legal responsibilities associated with managing a corporation, before the organization took that step. In keeping with his and the organization's objectives, Borden took only a modest, set monthly income, and voluntarily left all other assets within the organization. In 1997, we decided to make the transition to an actual non-profit, to increase our credibility with funding agencies and major donors.

Borden decided to donate all non-tangible assets that make the organization unique to the non-profit corporation (named Drug Reform Coordination Network, Inc.), including its name, mailing lists, web sites, publications, literature, and relationships with members and funders. Hence, no sale of non-tangible assets between the proprietorship and the corporation took place, because the ingredients of the organization were all donated instead.

During the first approximately 1 1/2 months of the existence of the Drug Reform Coordination Network, Inc., most of the activities of the corporation were delegated to the DRCNet proprietorship, in order to effect a smooth transition, and to allow the Executive Director (Borden) and the Board of Directors some time to study up on matters relating to non-profit administration. The attached chart lists the transition expenses, as well as amounts paid by the corporation to the proprietorship toward the bill for that time period.

From the founding of the corporation through August 1, 1998, the DRCNet proprietorship lent its equipment to the Drug Reform Coordination Network, Inc., at no charge. On August 1, 1998, the Network purchased the equipment for \$700, a fraction of the equipment's market value. Borden donated the remainder of the equipment value. (Accountants have placed the value of the equipment at \$3,045, and the value of Borden's donation at \$2,345.) A listing of that equipment is also shown below.

Borden agreed to allow the Drug Reform Coordination Network to repay its liability, \$1,167.54 for the 1997 transition period expenses, plus \$700 for the August 1 equipment purchase, at the rate of \$200 per month, with no interest.

TRANSITION EXPENSES:

(all expenses are for the time period 5/14/97 - 6/30/97, unless otherwise noted)

Payroll Expenses:

David Borden (5/14/97 - 5/30/97):	1,370.97
Adam J. Smith (5/14/97 - 6/27/97):	4,007.31
Allcia Nadia Histerkamp (5/14/97 - 6/27/97):	1,032.91

General Expenses During Transition Period:

Computer Self-Service	2.25
Computer Equipment (monitor)	243.20
Office Furniture (computer desks)	253.78
Internet:	
Local Internet Access	102.23
Mailing List Fees	170.00
Web Site Fees	56.67
Telephone	824.79
Literature	15.00
Office Supplies	303.66
Printing and Reproduction	98.67
Bank Service Charges	74.51
Travel Expenses	353.95
Health Insurance (5/15/97 - 8/14/97)	922.38

Other Expenses Incurred on Behalf of Corporation:

Filing & Notary fees for Articles of Incorporation:	108.00
David Borden's time preparing Articles (two days):	160.00
Internet Domain (drenet.org, one year):	50.00
Internet Domain (stopthedrugwar.org, 19 months):	80.00
Internet Encryption Certificate (5/31/97 - 12/31/97):	180.00

TOTAL BILL FOR TRANSITION: **\$10,410.28**

(does not include transfer of equipment or other physical assets)

AMOUNTS PAID BY CORPORATION TO PROPRIETORSHIP SO FAR:

Membership Dues: 885.00
(dues were received on behalf of corporation during transition, are credited here toward payment)

1997:	4,400.07
1998:	2,954.67
1999:	1,003.00

TOTAL RECEIVED SO FAR (7/1/99): **\$9,442.74**

AMOUNT STILL DUE FROM TRANSITION: **\$967.54**

AMOUNT DUE FROM EQUIPMENT TRANSFER: **\$700.00**

TOTAL REMAINING: **\$1,667.54**

The following is a list of equipment that was sold at below-market value from the DRCNet proprietorship to the corporation. The original purchase dates and prices are included for reference.

Fall 1993:

A.L.S. 386 DX-33 computer system	\$600.00
----------------------------------	----------

December 1994:

Computer upgrade to 486-DX60	\$1,417.50 (upgrade to same machine)
------------------------------	--------------------------------------

1995:

Brother Thermal Fax Machine	\$315 (3/95)
Canon BJ-200 bubble jet printer	\$240 (6/95)
Computer Center	\$100 (7/95)
Bookcase	\$69 (7/95)
Conner 850 MB hard drive	\$243 (8/95)
Color Scanner	\$535 (10/95)
Tape Backup Drive	\$125 (10/95)
Microsoft Natural Keyboard	\$116 (11/95)
28.8 Modem	\$159 (11/95)

1996:

CPU upgrade (DX100) + RAM	\$525 (2/96 -- upgrade to same machine)
File Cabinet (4 drawer, legal size)	\$194 (7/96)
Hard Drive	\$200.91 (9/96)
Packard-Bell P-75 computer	\$1,018.83 (9/96)
Hard Drive	\$206.19 (9/96)
Telephones (4 4-line phones)	\$495 (9/96)
Desk	\$148 (9/96)

SOFTWARE:

Windows '95 (four licenses)	
Microsoft Office '95 (two licenses)	
OmniPage Pro	
Adobe Photoshop 3.0	
Adobe Pagemaker 6.0	
Intuit Quickbooks 4.0	
Delrina Winfax Pro 7.0	
Lotus Smart Suite '96	
Microsoft Front Page	
Eudora Pro 3.0 (two licenses)	
Norton Utilities for Windows '95 (two licenses)	
Norton Anti-Virus for Windows '95 (two licenses)	
CuteFtp 1.8	
Winzip 6.2	

Attachment D

(Form 1024, Drug Reform Coordination Network, 52-2034866)

The organization is affiliated with DRCNet Foundation, Inc., a non-profit organization recognized as tax-exempt under section 501(c)(3) of the Internal Revenue Code. The two organizations share employees, office space and other facilities. The two organizations have some common officers and directors.

The organization allocates expenses associated with employee salaries, office equipment, rent, telephones, etc. based, whenever possible on the actual usage by each organization. If any questions regarding allocation of such expenses arise the organization pays more than its share of office expenses, based on the premise that it is acceptable for the organization, not DRCNet Foundation, Inc., to pay more than its share of office expenses.

The two organizations maintain separate bank accounts and financial records and prepare separate financial reports as supervised by an outside certified public account firm, and allocate expenses between the two organizations as described above, based on recommendations supplied by its accountants.

Attachment E

(Form 1024, Drug Reform Coordination Network, 52-2034666)

Membership is voluntary, and anyone who is interested and pays the required dues can become a member. Classes of members include: a) "full" members who pay \$25.00 per year and receive a subscription to the organization's printed newsletter; and b) "virtual" members who pay \$10.00 per year and receive e-mail bulletins only. Members do not have the right to vote. Sample solicitation materials are included with the application as attachment "D". The organization currently has "full" members and "virtual" members.

The following solicitation message appears at the end of most of our e-mail bulletins:

DRCNet needs your support! Donations can be sent to 2000 P St., NW, Suite 615, Washington, DC 20036, or made by credit card at <http://www.drcnet.org/drcreg.html> on the web. Contributions to DRCNet are not tax-deductible.

The following appeal was distributed to our e-mail subscribers on March 25, 1999:

Dear friends:

Like many advocacy groups, DRCNet depends on small and mid-size non-tax-deductible contributions from its members to fund its lobbying work, activity that can't be financed from most grants. Because of the extensive amount of time we've spent this year on the Higher Education Act reform campaign, and on our new online lobbying system, we are running dangerously low on 501(c)(4) lobbying funds, and need your help. Will you support the cause today and make a donation, large or small, to DRCNet?

As you probably know, we have offered free copies of the book *Shattered Lives: Portraits from America's Drug War*, along with membership, to readers donating \$35 or more. Today we are extending a special 1 1/2 day offer -- get the same membership and book for only \$25. This offer represents a one-year membership discount, and is available to anyone submitting their dues by credit card before midnight tomorrow (Wednesday night), or who phones or sends e-mail letting us know that their check is in the mail.

You can wire in your credit card donations via our secure web form at <http://www.drcnet.org/drcreg.html>, or if you prefer, call (202) 293-8340 or fax to (202) 293-8344. (The web form still says \$35, but don't worry, we will send the book to anyone who sends at least \$25.) If paying by check, please mail to DRCNet, 2000 P St., NW, Suite 615, Washington, DC 20036. (Please consider using our web form even if paying by check, as it will help us process your memberships faster.) Please note that contributions to DRCNet are not tax-deductible.

If you are new to DRCNet, please check out the latest issue of our weekly newsletter, available online at <http://www.drcnet.org/wol> -- and if you haven't visited our online petitions for forfeiture reform and HEA reform, please visit <http://www.drcnet.org/forfeiture/> and <http://www.RaiseYourVoice.com> to tell Congress how you feel about the Drug War! Thank you for your support.

Sincerely,

David Borden
Executive Director

(To sign off this list, <mailto:listproc@drcnet.org> with the line "signoff drc-net" in the body of the message, or <mailto:kfish@drcnet.org> for assistance. To subscribe to this list, please use our quick-signup form at <http://www.drcnet.org/signup.html>.)

ATTACHMENT F

(Form 1024, Drug Reform Coordination Network, 52-2034866)

The Drug Reform Coordination Network leases a 530 square foot, three room office suite at 2000 P St., NW, Suite 615, Washington, DC 20036, for \$754.98/month. The lease extends from October 6, 1997 through September 30, 1999. The relationship between the organization and the other party is solely that of tenant and landlord.

A copy of the lease is attached.

Attachment G

(Form 1024, Drug Reform Coordination Network, 52-2034866)

The organization has spent no money on activities relating to elections of appointments of public officials. The organization is considering creating a political action committee under IRC Section 527. The decision as to whether or not to form a P.A.C., to attempt to influence the selection, nomination, election or appointment of public officials in the future has not yet been made. If that decision is made in the affirmative, then such activity will be conducted solely under the auspices of the P.A.C., and shall conform to the requirements of the Internal Revenue Code as well as federal, state and other jurisdictions' election laws. Such activity would constitute a secondary activity of the organization, accounting for at most a small percentage of the organization's expenditures.

✓

received
10-1-97

LEASE AGREEMENT FOR

Drug Reform Coordination Network

Suite # 615

**HEADQUARTERS BUILDING
2000 P Street, N.W.
Washington, DC 20036**

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HEADQUARTERS BUILDING

LEASE AGREEMENT

T.V. O'CONNOR
THIS LEASE AGREEMENT (hereinafter the "Lease") is made and entered into on this 1st day of September, 1997, by and between 2000 P Street Trust, a District of Columbia trust (hereinafter called "Lessor") and Drug Reform Coordination Network, a District of Columbia non-profit corporation (hereinafter called "Lessee").

WITNESSETH, that, for and in consideration of the rents, mutual covenants, and agreements hereinafter set forth, the parties hereto do hereby mutually agree as follows:

1. DEMISED PREMISES

Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, upon the terms and the conditions hereinafter provided, suite 615 (such suite being hereinafter referred to as the "Demised Premises") deemed to contain approximately 533 square-feet of area, located on the sixth (6th) floor of the office building (currently known as the "Headquarters Building") situated at 2000 P Street N.W., Washington, DC (such building being hereinafter referred to as the "Building" and which definition shall include the parcels of land associated with the Building which are currently known as Square 0096 - Lot 0807 and Square 0096 - Lot 0099, Washington, DC). The Demised Premises is generally outlined on the Building's floor plan(s) attached hereto and made a part hereof as Exhibit "A". The Demised Premises shall not include any of the Building's common areas, mechanical, electrical, or equipment closets/rooms. The statement of approximate area of the Demised Premises set forth above is not a representation or warranty by Lessor, but is rather an amount agreed upon by Lessor and Lessee. The square footage of the Demised Premises shall not be subject to remeasurement.

2. TERM

(A) The term of this Lease shall commence on the first (1st) day of October, 1997 (the "Commencement Date"). Unless extended or earlier terminated as provided in this Lease, the term of this Lease shall expire on the 31st day of September, 1999 (the "Termination Date").

(B)1. In the event that the Lessor is not able to give possession of the Demised Premises to the Lessee on the (or after) Commencement Date; then Lessor, its Agent ("Agent" hereinafter defined) and employees shall not be liable or responsible for any claims, damages, or liabilities arising in connection therewith or by reason thereof, nor shall Lessee be excused from its obligations to perform under the Lease.

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2. However, in the occurrence of an event described above: i) the Lessee shall occupy the Demised Premises (the "Occupancy Date"), on that date that the Lessor has notified Lessee in writing that it is delivering possession of the Demised Premises to the Lessee; ii) the Commencement Date shall be deemed to be the first (1st) day of the first (1st) full calendar month following the Occupancy Date; and iii) all provisions of this Lease shall also apply to the period from the Occupancy Date through the day before the Commencement Date, in addition to applying on and after the Commencement Date. ~~****~~ ✓

3. If none of the events described in 2(B)1. above occur, the Lessee shall occupy the Demised Premises on the Commencement Date as stated above in 2(A), and the Occupancy Date and the Commencement Date shall be deemed to be one-in-the-same.

(C) (Intentionally Omitted)

(D) For the purpose of this Lease, the term "Occupancy Date" and "Commencement Date" shall also mean any extended Occupancy Date and Commencement Date which may be established pursuant to the operation of the provisions of this section of the Lease.

(E) The term "Lease Year" as it appears herein means that period of twelve (12) consecutive calendar months commencing on the first (1st) day of the month in which the Commencement Date (as it may be revised hereunder) occurs and each consecutive twelve (12) month period thereafter.

3. USE

(A) Lessee shall use and occupy the Demised Premises solely for general office purposes only, and in accordance with, and subject to, all applicable zoning regulations. The Demised Premises shall not be used for any other purpose or purposes without the prior written consent of Lessor. Lessee shall not use or occupy the Demised Premises for any unlawful purpose, and will comply with all present and future laws, ordinances, regulations, and orders of all governments, government agencies and any other public authority having jurisdiction over the Demised Premises (including, without limitation, the Americans with Disabilities Act) and will provide Lessor written evidence of such compliance if so requested in writing by Lessor.

(B) Lessee shall take all action necessary to prevent any conduct or activity by any of its invitees whomsoever: i) on any common area of the Building; or ii) in the Demised Premises; which may cause injury or damage to any person or property, or which, in Lessor's opinion, may be disturbing or offensive to, any other tenants of the Building or to any member(s) of the public in the vicinity of the Building. The Lessee shall indemnify, defend and save harmless the Lessor from any liability, loss, or obligation arising out of, or related to, any such conduct or activity. Other than for Lessee's customary, day-to-day ingress and egress to/from the Demised Premises associated only with Lessee's allowable use hereunder, Lessee shall not use or permit the use of any such common

~~Notwithstanding the foregoing, if Lessor is not able to deliver the Demised Premises on or before the Commencement Date, Lessee shall at its sole option have the right to terminate the Lease and have any deposits returned provided written notice was given to Lessor prior to delivery of space.~~

area of the Building for any purpose without the prior written consent of Lessor (which may be conditioned, without limitation, on Lessee obtaining such insurance coverage for such use as shall be satisfactory to Lessor).

4. RENT

(A) Lessee covenants and agrees to pay to Lessor the Rent (as hereinafter defined) of every kind and nature specified in this Lease. This shall include: i) Base Rent and Monthly Rent (both as hereinafter defined); and ii) any sums, charges, expenses, and costs identified in this Lease to be paid by Lessee to Lessor, all of which shall be deemed additional rent hereunder. All such amounts becoming due hereunder from Lessee are sometimes hereafter referred to collectively as "Rent." Lessee's obligation to pay said Rent shall begin on the Occupancy Date and shall continue to remain an obligation of Lessee until said obligation to pay Rent is completely satisfied.

Lessee shall make all payments of Rent: i) each by one (1) check in lawful currency of the United States of America, payable to "Headquarters", and delivered to c/o R B Associates, Inc. attention Rent Payment; at 1054 31st Street N.W. suite 1000, Washington, DC 20007, or to such other party or to such other address, or pursuant to such other reasonable direction as Lessor may designate from time to time by written notice to Lessee; ii) without demand; and iii) without deduction, set-off, or counterclaim. If Lessor at any time or times accepts Rent after it shall become due and payable, or in a lesser amount than may actually be due, such acceptance shall not excuse any delay upon subsequent occasions, or constitute, or be construed as, a waiver of any or all of Lessor's rights hereunder. In the event any check given by Lessee to Lessor pursuant to this Lease is dishonored, Lessee shall pay to Lessor, as additional rent upon demand, the charges assessed against Lessor by the financial institution in which the dishonored check was deposited, and Lessor may require that Lessee pay all subsequent amounts due hereunder in the form (or similar) of a bank check. No endorsement or statement on any check shall be deemed an accord or satisfaction and Lessor may accept such check in payment without prejudice to any of Lessor's rights hereunder.

(B) On and after the Commencement Date, Lessee shall pay to Lessor a fixed, minimum, guaranteed, base rent (the "Base Rent") of the sum of Seventeen Thousand, Eight Hundred, Fifty-Five & 52/100 Dollars (\$ 17,855.52), subject however to the increases as provided for in the section of this Lease, entitled "Consumer Price Index Escalation".

The Base Rent above shall be payable in minimum monthly installments of Seven Hundred, Forty-Three & 98/100 Dollars (\$743.98) (hereinafter referred to as the "Monthly Base Rent"), which Lessee hereby agrees to pay in advance to Lessor and Lessor hereby agrees to accept, subject however to increases as provided for in the section of this Lease, entitled "Consumer Price Index Escalation". The term Monthly Rent as it appears herein is deemed to mean Monthly Base Rent as adjusted pursuant to any applicable section of the Lease.

(C) Monthly Rent as specified above shall be payable in advance on the first (1st) day of each calendar month during the term of this Lease, however, the first (1st) such monthly installment shall be due upon affixation of Lessee's signature hereto. Lessee shall also pay to Lessor with the payment of Monthly Rent any and all such payments of additional Rent provided for herein including pursuant to that section of this Lease, entitled "Real Estate Taxes".

(D) If the Occupancy Date occurs on a day other than the first (1st) day of a calendar month, said Monthly Rent for such partial month shall be Twenty-Four & 79/100 Dollars (\$24.79) per day, for each day of that month from the Occupancy Date until the Commencement Date.

5. DEPOSIT

Simultaneously with the execution of this Lease by Lessee, Lessee shall deposit with Lessor the sum of Seven Hundred, Forty-Three & 98/100 Dollars (\$ 743.98) (the "Security Deposit"), as a deposit to be used as security for payment of Rent and for the performance by Lessee of all of Lessee's obligations hereunder, said Security Deposit to be held by Lessor for the entire term of this Lease and any extensions or renewals thereof. Lessor shall have the right, but shall not be obligated, to apply all or any portion of the Security Deposit toward the losses or damages resulting from any default by Lessee, in which event Lessee shall be obligated to promptly deposit with Lessor the amount necessary to restore the Security Deposit to its original amount. In the event Lessee fails to perform its obligations to commence payment of Rent on the Occupancy Date or to take possession of the Demised Premises by not later than the Commencement Date provided herein, said Security Deposit shall not be deemed liquidated damages and Lessor may apply the Security Deposit to reduce Lessor's damages, and such application of the Security Deposit shall not preclude Lessor from recovering from Lessee all additional damages incurred by Lessor. Except as hereinafter provided, said Security Deposit shall bear interest at the passbook rate of interest per annum paid by the financial institution in which said Security Deposit is placed by Lessor and said interest shall be held by Lessor together with and as part of the Security Deposit as aforesaid. At Lessor's option, Lessor may apply the Security Deposit toward payment to Lessee of any allowance payable to Lessee hereunder in which case no interest on the Security Deposit shall be payable to Lessee, but in such event Lessor shall remain responsible for any return of the Security Deposit to which Lessee may be entitled at the expiration or termination of this Lease. In no event shall the Security Deposit or any part thereof be required to be placed by Lessor in any escrow account, any such requirement being thereby waived by Lessee, and it is agreed that said Security Deposit may be commingled with other funds of Lessor or other deposits (or both).

6. (A) OPERATING EXPENSES (Intentionally Omitted)

(B) REAL ESTATE TAXES

In the event the Real Estate Taxes of the Building and/or land (or full parcel(s)) on which it is located on or is associated with) increase during any Lease Year of the term hereof over the amount of the Real Estate taxes incurred by Lessor during tax year 1998, (such period of time being October 1, 1997 to September 30, 1998) hereinafter referred to as the "Base Tax Amount", Lessee shall pay to Lessor, as additional Rent (commencing with Lease-Year two (2)), Lessee's proportionate share of the increase (if any) in such Real Estate Taxes. Said increase shall be as determined by Lessor on a Lease Year basis, irrespective of the use by governmental authorities of any tax year or fiscal year for the calculation or imposition of such Real Estate Taxes. The proportionate share to be so paid by Lessee shall be the percentage which the total square feet of the Demised Premises bears to the total square feet of all space in the Building which is rentable, which percentage at time of the Commencement Date is 1.25% (and shall remain during the term hereof).

The term "Real Estate Taxes", means all taxes, assessments and charges, both general and special, of whatever kind or description, levied or assessed upon or payable with respect to the Building, the related land (or full parcel(s)) on which it is located and any common areas or appurtenances in connection therewith, together with the costs, fees and expenses (including, without limitation, for attorneys, consultants and expert witnesses) incurred by Lessor in challenging or obtaining or attempting to obtain a reduction of such Real Estate Taxes or any assessment related thereto, regardless of the outcome of such challenge.

Commencing on the first (1st) day of the second (2nd) Lease Year, and on the first (1st) day of each calendar month thereafter (subject to change on the first (1st) day of each successive Lease Year), Lessee will pay to Lessor, as additional Rent with Monthly Rent, one-twelfth (1/12th) of Lessee's proportionate share of any increases in the amount of Real Estate Taxes over the Base Tax Amount. Such one-twelfth (1/12th) payments are payable hereunder, as estimated by Lessor and said one-twelfth (1/12th) payments by Lessee shall be calculated based on such estimate.

Within ninety (90) days after the expiration of each Lease Year, Lessor shall submit to Lessee a statement of the increases in Real Estate Taxes over the Base Tax Amount during such Lease Year, including Lessee's aforesaid proportionate share of such increases. Within thirty (30) days after the delivery of such statement (including any statement delivered after the expiration or termination of the term of this Lease), Lessee shall pay to Lessor, as additional rent, an amount equal to its proportionate share of the amount of the difference between the amount of the increases (if any) in Real Estate Taxes for such Lease Year over the Base Tax Amount, less the aggregate amount of the additional Rent payments made with the payment of Monthly Rent by Lessee as aforesaid attributable to the one-twelfth (1/12th) payments for increases in Real Estate Taxes. If the aggregate amount of the additional Rent payment for increases in Real Estate Taxes, paid by Lessee as one-twelfth (1/12th) payments as aforesaid, exceeds Lessee's proportionate share of the increases in Real Estate Taxes for the previous Lease Year over the Base Tax Amount, the excess shall be credited toward payment of the next installment(s) of Monthly Rent to be paid by Lessee after Lessee

receives said statement of increases in Real Estate Taxes from Lessor until such excess is fully credited to Lessee.

Lessee, at its expense shall have the right at all reasonable times and pursuant to Lessor's other reasonable instructions to audit Lessor's books and records relating to Lessor's determination of any increases in Real Estate Taxes for the then present or immediately prior Lease Year for which additional rental payments become due. Lessee hereby agrees that any such information provided by such an audit shall be kept confidential and shall survive this Lease.

(C) CHAR SERVICE COSTS (Intentionally Omitted)

7. CONSUMER PRICE INDEX ESCALATION

As provided for below, the Monthly Base Rent shall be adjusted on each anniversary of the Commencement Date during the term of this Lease, commencing with the first (1st) anniversary of the Commencement Date (each such anniversary date being referred to in this section as an "Adjustment Date"), by the amount of any increase, during a certain twelve (12) month period preceding the Adjustment Date in question, in the index now known as "United States Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers" ("CPI-U"), all items for Washington, DC-MD-VA (1982-84=100%) (hereinafter referred to as the "Index"). Said adjustment shall be hereinafter referred to as "CPI Escalation".

The Monthly Rent, as adjusted by the CPI Escalation, shall be equal to the Monthly Base Rent set forth in section 4(B) herein, multiplied by the fraction whose: i) numerator is the published Index for that month which is two (2) months immediately prior to the Adjustment Date; and ii) denominator is the published Index for that month which is two (2) months immediately prior to the Commencement Date (the "Base Index"). Lessee shall pay Monthly Rent as adjusted pursuant to this section commencing with each anniversary of the Commencement Date as aforesaid. The adjusted Monthly Rent shall remain in effect until the next succeeding anniversary of the Commencement Date when a new adjusted Monthly Rent computed pursuant to this section becomes effective. In no event shall the amount of Monthly Rent as adjusted pursuant to this section be less than the amount of Monthly Rent in effect for the month immediately preceding the adjustment.

If the Index is discontinued with no successor or comparable successor Index, the parties shall attempt to agree upon a substitute formula, but if the parties are unable to agree upon a substitute formula, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing. If there is no published Index for the month specified above, then the published Index for the immediately preceding month shall apply.

8. ASSIGNMENT AND SUBLETTING

(A) Lessee may not assign or otherwise transfer this Lease, or sublet (including permitting occupancy or use by another party), the Demised Premises, or any part thereof, without the prior written consent of Lessor, in Lessor's sole and absolute discretion, which shall be requested by Lessee giving Lessor thirty (30) days prior written notice of Lessee's intention to assign this Lease or sublet all or any part of the Demised Premises. In the event Lessee seeks permission to sublease all or any part of the Demised Premises (which such permission Lessee may seek only so long as there is no uncured event of default hereunder) the notice shall: i) identify the area of the Demised Premises Lessee seeks to sublease; ii) include the proposed sublease/assignment document signed by the appropriate parties; and iii) include such financial information (and incorporation/partnership or other organizational documentation if the proposed sublessee/assignee is not an individual) regarding the proposed sublessee or assignee that the Lessor may require. Within thirty (30) days after receipt of said notice of intent to assign or sublease together with all the supporting documentation as aforesaid, Lessor shall have the option to: i) terminate the Lease, if Lessee desires to assign this Lease; or ii) terminate the Lease with regard to that portion of the Demised Premises which Lessee seeks to sublet, or alternately to sublet that portion of the Demised Premises from Lessee for the term which Lessee desires to sublet that portion of the Demised Premises; or iii) grant or withhold its consent to the matters set forth in Lessee's notice of intention to assign or sublet. Lessor may exercise the option by giving Lessee written notice of its election to exercise the option, withhold consent, or otherwise, within said thirty (30) day period. Lessor's failure to respond to Lessee's notice of intent to assign or sublease within said thirty (30) day period shall be conclusively deemed to evidence Lessor's denial of the consent to the matters set forth in Lessee's notice of intention to assign or sublease. In no event may Lessee retain any profit or gain as a result of any subletting or assigning hereunder, all of which shall be the property of Lessor.

The effective date of termination, or the effective date of commencement of the sublease to Lessor, shall be mutually agreed upon by Lessor and Lessee. If the parties cannot agree upon a termination date or upon a sublease commencement date to the Lessor, the termination date or sublease commencement date shall be the date that is sixty (60) days after the date Lessor received the notice that Lessee desired to assign the Lease or sublet all or any portion of the Demised Premises. Upon termination, all of the rights and obligations of Lessor and Lessee under the terms of this Lease shall be terminated, or terminated with regard to that portion of the Demised Premises that Lessee notified Lessor that Lessee desired to sublet, except that Lessee shall continue to be obligated to pay Rent and all other charges for the Demised Premises which accrue to the date of termination.

If Lessor consents to the proposed sublease or assignment and Lessor does not exercise its option to terminate or sublet, Lessee may assign this Lease or sublet the part of the Demised Premises so identified as aforesaid within sixty (60) days after the date that the Lessor notifies Lessee of its consent. Notwithstanding anything to the contrary herein, it is expressly understood that Lessee shall be required, in all cases, however, to obtain Lessor's prior written consent to any assignee, any assignment, or any sublessee, or any subletting, which consent may be given or

have the option, by written notice to Lessee, to require Lessee to remove such Alteration at the expiration or earlier termination of this Lease or to leave it in place as Lessor's property at the expiration or earlier termination of this Lease. In the event Lessee removes any of these Alterations and the like, Lessee agrees, at Lessor's election, to: 1) to repair any damage to the Building caused by said removal and to restore the Demised Premises to a condition equal to that on the Occupancy Date; or 2) pay Lessor, as additional Rent, for all costs incurred by Lessor to undertake such repairs.

Lessor, at the expiration or earlier termination of the term of this Lease, may elect to require Lessee to remove all or any part of the Alterations made by Lessee subsequent to the Commencement Date, unless Lessor agrees in writing not to require the removal of any Alterations at the time Lessor consents to the Alterations. Removal of Lessee's Alterations shall be at Lessee's cost and expense, and Lessee shall, at its cost and expense, repair any damage to the Demised Premises or the Building caused by such removal.

Lessee shall remove all of its property at the expiration or earlier termination of this Lease, unless otherwise specified by Lessor, as set forth above. In the event Lessee does not remove its property at the expiration or earlier termination of the Lease, such property shall become the property of Lessor.

In the event Lessee fails to remove its property or the Alterations requested to be removed by Lessor on or before the expiration, or earlier termination, of the term of the Lease, then Lessor may remove such property and Alterations from the Demised Premises at Lessee's expense, and Lessee hereby agrees to pay to Lessor, as additional Rent, the cost of such removal together with any and all damages which Lessor may suffer and sustain by reason of the failure of Lessee to remove the same. Said amount of additional Rent shall be due and payable upon receipt by Lessee of a written statement of costs and damages from Lessor.

11. LIENS

Lessee shall promptly pay all persons furnishing labor or materials with respect to any work performed by Lessee or its contractors on or about the Demised Premises. If any mechanics' or other lien is asserted against the Demised Premises, or the Building for work, labor, services, or materials, done or supplied to or claimed to have been done for or supplied to Lessee, such lien shall be discharged by Lessee, at its sole cost and expense, within ten (10) days from the date Lessee receives written notice from Lessor to discharge said lien, by the payment thereof or by filing/posting any bond required by law. If Lessee shall fail to discharge any such lien, Lessor may, at its option, discharge the same and treat the cost thereof (together with an administrative fee of fifteen percent (15%) of such costs) as additional Rent, due and payable upon receipt by Lessee of a written statement of costs from Lessor. It is hereby expressly covenanted and agreed that such discharge of any lien by Lessor shall not be deemed to waive or release Lessee from its default under the Lease for failing to discharge the same.

Lessee will indemnify and hold harmless Lessor from and against any and all claims, damages and expenses incurred by Lessor, arising from any liens placed against the Demised Premises or the Building and the land (or full parcel(s)) upon which it is situated, or other parcels associated with the Building) as a result of work performed on behalf of Lessee in the Demised Premises at its own cost and under its own control and direction, or making any Alterations to the Demised Premises.

12. MAINTENANCE BY LESSEE

Lessee at its sole cost and expense shall keep, maintain, and repair the Demised Premises and the fixtures and equipment therein (including, without limitation, all of the Improvements) in clean, safe and sanitary condition, shall take good care thereof, and shall suffer no waste or injury thereto. At the expiration or earlier termination of the term of this Lease, Lessee shall surrender the Demised Premises and the Improvements, broom clean and in the same order and condition in which they were on the Occupancy Date, ordinary wear and tear and damage by the elements, fire and other insured casualty excepted. Without limiting the general provision above, Lessee, at its sole cost and expense shall be responsible for the following items within/for or at the Demised Premises: i) cleaning and janitorial services and supplies for all areas which shall include (but not be limited to) any eating area(s)/room(s), kitchenette(s), shower(s), or lavatory(s); ii) replacement cost of all lighting elements of all light fixtures which are not Building Standard fixtures (as well as the maintenance of any such fixtures); iii) supply and maintenance of any locks/keys/hardware for (a) locks on any internal doors within the Demised Premises, or (b) any non Building Standard items on any entry door(s) to the Demised Premises; and iv) maintenance of any security system(s) or Alteration (whether or not approved by Lessor).

13. SIGNS AND ADVERTISEMENTS

No sign, advertisement, or notice shall be inscribed, painted, affixed, or displayed on any part of the outside or the inside of the Demised Premises or the Building without Lessor's prior written consent and then only in such place, number, size, color and style (i.e., Building standard lettering) as is authorized by Lessor. If any such sign, advertisement or notice is exhibited without first obtaining Lessor's written consent, Lessor shall have the right to remove the same, and Lessee shall be liable for any and all expenses incurred by Lessor by said removal, as additional Rent.

Lessor agrees to display the Lessee's name on one (1) strip (line) on the Building directory in the size and style of lettering used by Lessor, at Lessor's one (1)-time, initial expense; and at the Lessee's sole cost and expense any time thereafter. Lessor agrees to display the Lessee's name on (or adjacent to) the main entry door of the Demised Premises in Building standard color, size and style of lettering, at Lessor's one (1)-time, initial expense; and at the Lessee's sole cost and expense thereafter.

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Lessor shall have the right to prohibit any advertisement of Lessee or reference to the Building, Lessor, or its Agent which in Lessor's opinion tends to impair the reputations of said parties or of the Building or its desirability as a high-quality commercial-use building, and, upon written notice from Lessor, Lessee shall immediately refrain from and discontinue any such advertisement or reference.

14. DELIVERIES AND MOVING OF LESSEE'S PROPERTY

No furniture, equipment, deliveries, or other bulky matter of any description shall be received into the Demised Premises or the Building, or carried in the elevators except in the manner and during the times approved by Lessor. Lessee shall obtain Lessor's prior determination of the manner in which said property may be moved into the Building. All moving of furniture, equipment and other material within the public areas shall be under the direct control and supervision of Lessor who shall, however, not be responsible for any damage to or charges for moving the same. Lessor shall have the sole right to determine the load capacities of the elevators of the Building and to determine if Lessee's property can be safely transported in the elevators. Lessee agrees promptly to remove from the sidewalks adjacent to the Building or any of the Building common areas, any of the Lessee's furniture, equipment or other material there delivered or deposited.

15. LESSEE'S EQUIPMENT

(A) Lessee will not install or operate in the Demised Premises any electrically operated equipment or other machinery (other than typewriters, word processing machines, personal computers, adding machines, radios, televisions, tape recorders, dictaphones, bookkeeping machines, copying machines, clocks, and other business machines and equipment normally employed for general office use) which require high electricity consumption for operation, without first obtaining the prior written consent of Lessor, who may condition such consent upon payment by Lessee of additional Rent as compensation for additional consumption of electricity and/or other utility services. Such additional Rent shall be in addition to Lessee's other obligations under this Lease to pay any costs specified elsewhere in this Lease.

If any or all of Lessee's equipment requires electricity consumption in excess of the capacity of the electrical system existing in the Demised Premises, and if Lessor consents to the installation of such equipment, then all additional transformers, distribution panels and wiring that may be required to provide the amount of electricity required for Lessee's equipment shall be installed, if reasonably feasible, by Lessor at the cost and expense of Lessee. If Lessee's equipment causes Lessee's consumption of electricity to exceed the Building standard amount provided by Lessor (as determined by Lessor), or if such equipment is to be consistently operated beyond the normal Building hours of 8:00 a.m. to 6:00 p.m., Monday through Friday, and 9:00 a.m. to 1:00 p.m. on Saturday, Lessor may at its option: i) install a separate electric meter for the Demised Premises at Lessee's sole cost and expense; ii) install a separate meter at Lessee's sole cost and expense, to

record the specific equipment that is causing Lessee's excessive consumption of electricity; or iii) determine the equitable amount to be charged to Lessee for such excessive consumption of electricity. In the event Lessor installs a separate meter for the Demised Premises, Lessee shall then pay the cost of electricity it consumes as recorded by such meter directly to the electric company. In the event Lessor separately meters the specific equipment or in the event Lessor itself determines the equitable amount to be charged to Lessee as aforesaid, Lessee shall be billed periodically by Lessor based upon such excessive consumption.

(B) Lessee shall not install any equipment of any kind or nature whatsoever or permit any use of the Demised Premises which will or may necessitate any changes, replacements or additions to, or in the use of (but not necessarily limited to), the water system, heating system, plumbing system, air-conditioning system, or electrical system of the Demised Premises or the Building without first obtaining the prior written consent of Lessor. Any machines or mechanical equipment belonging to or being used by Lessee which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Lessor or to any tenant in the Building shall be installed and maintained by Lessee, at Lessee's expense, on vibration eliminators or other devices sufficient to eliminate such noise and vibration.

(C) Lessor shall have the right to prescribe the weight and position of all heavy equipment and fixtures, including, but not limited to, data processing equipment, record and file systems, and safes which Lessee intends to install or locate within the Demised Premises. Lessee shall obtain Lessor's prior review and approval before installing or locating heavy equipment and fixtures in the Demised Premises, and if installation or location of such equipment or fixtures, in Lessor's opinion, requires structural modifications or reinforcement of any portion of the Demised Premises or the Building, Lessee agrees to reimburse Lessor, as additional Rent, for any and all costs incurred by Lessor to review or make such required modifications or reinforcements, and such modifications or reinforcements shall be completed prior to Lessee installing or locating such equipment or fixtures in the Demised Premises. Lessee shall reimburse Lessor within thirty (30) days of receipt of any statement setting forth those costs.

B. SERVICES AND UTILITIES

(A) Lessor shall provide and maintain the following utilities and services (unless interrupted by Lessee's mis-use or negligence):

- (i) Hot and cold water to those lavatories or to any Lessor approved kitchenette/sink within the Demised Premises.
- (ii) Automatically operated elevator service (at least one (1) elevator) at all times.
- (iii) Cleaning and care services for the Building common areas as determined by Lessor.

(iv) Heat and air-conditioning in seasons as determined by Lessor, Monday through Friday from 8:00 a.m. to 6:00 p.m. and on Saturday from 9:00 a.m. to 1:00 p.m., except for the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Fourth of July, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day, and any other national holiday promulgated by a Presidential Executive Order or Congressional Act. Lessor shall provide heat and air-conditioning at times in addition to those specified in the preceding sentence at Lessee's expense, provided Lessee gives Lessor notice prior to 1:00 p.m. on a business day in the case of after-hours service on that business day and prior to 3:00 p.m. on the immediately preceding business day in the case of after-hours service on a Saturday, a Sunday or a holiday. Lessor shall charge Lessee for said after-hours services the same rate it charges other tenants of the Building. Lessor reserves the right, in its sole discretion, to increase the hourly charge for said after-hours service, but in no event shall the rate per hour charged Lessee be more than the rate per hour charged other tenants of the Building. In the event the same after-hours service is also requested by other tenants of the Building in addition to Lessee, the charge therefor to each tenant requesting such after-hours service shall be pro-rated among all requesting tenants based upon the respective square footages of each of the demised premises of the tenants requesting such after-hours service.

(v) Maintenance and electric lighting service for all public areas in the Building, as well as all Building Standard light fixtures within the Demised Premises.

(vi) Building access system as determined by Lessor.

(vii) Electricity and electrical facilities to furnish Building standard amounts (as determined by Lessor) of electricity for equipment of Lessee installed pursuant to the section of this Lease entitled, "Lessee's Equipment".

(viii) Removal of trash from the Demised Premises on an as-needed basis as determined by the Lessor, if and only if: (a) Lessee properly places such trash in receptacles and in an orderly fashion, (b) Lessee follows all of Lessor's instructions (such instructions to be of a reasonable nature) regarding such trash, and (c) such trash is of an office nature and is of reasonable amounts.

(B) In the event any public utility supplying energy requires, or government law, regulation, executive or administrative order results in a requirement, that Lessor or Lessee must reduce, or maintain at a certain level, the consumption of electricity for the Demised Premises or Building, which affects the heating, air-conditioning, lighting, or hours of operation of the Demised Premises or Building, Lessor and Lessee shall each adhere to and abide by said laws, regulations or executive orders without any reduction in Rent.

(C) Lessor's inability to furnish, to any extent, these defined services, or any cessation thereof, resulting from, but not limited to, any causes including from entry from inspections, repairs, alterations, improvements and installations by Lessor, its Agent, employees or contractors pursuant to the section of this Lease entitled "Entry for Inspections, Repairs, and Installation", or from renovation, redecoration or rehabilitation of any area of the Building, including the lobby, or any of

the surrounding public spaces, shall not render Lessor liable for damages to either person or property, nor be construed as an eviction of Lessee, nor work as an abatement of any portion of Rent, nor relieve Lessee from fulfillment of any covenant or agreement hereof. Should any of the Building equipment or machinery cease to function properly for any cause, Lessor shall use reasonable diligence to repair the same promptly, but Lessee shall have no claim against Lessor for damages or for a rebate of any portion of Rent on account of any interruptions in any services occasioned thereby or resulting therefrom.

Lessor shall not be liable to Lessee for any loss, damage, or expense which Lessee may sustain if the quality or character of utilities or services used upon or furnished to the Demised Premises (or Lessee) are no longer available or suitable for Lessee's requirements, or if said utilities or services are interrupted as a result of actions by the public utility companies or any cause other than Lessor's gross negligence or willful misconduct.

17. LESSEE'S RESPONSIBILITY FOR DAMAGE

Any and all injury, breakage or damage to the Demised Premises, the Building, or the Improvements arising from any cause done by Lessee, its agents, contractors, servants, employees and visitors, or by individuals and persons making deliveries to or from the Demised Premises, except as provided for in the section of this Lease entitled, "All Risk Coverage Insurance", shall be repaired by Lessor at the sole expense of Lessee. The payment by Lessee for the cost of such repairs by Lessor, shall be due as additional Rent with the next installment of Monthly Rent after Lessee receives a bill for such repairs from Lessor. This provision shall not be in limitation of any other rights and remedies which Lessor has or may have in such circumstances.

18. ENTRY FOR INSPECTIONS, REPAIRS, OR INSTALLATIONS

Lessee shall permit Lessor, its Agent, employees or contractors, to enter the Demised Premises at all reasonable times and in a reasonable manner, without charge to Lessor or diminution of Monthly Rent payable by Lessee, to: i) examine, measure, inspect, or protect the Demised Premises or the Building, and upon one (1) day written notice, to make such repairs or installations as in the judgment of Lessor may be deemed necessary to maintain or protect the Demised Premises or Building or as may be required by any governmental requirements (beyond any responsibility of the Lessee hereunder); or ii) exhibit the same to prospective purchasers of the Building or prospective lenders to Lessor; or iii) exhibit the same to prospective tenants during the last six (6) months of the term of this Lease; and iv) in the event of an emergency, enter the Demised Premises or the Building without notice and make whatever repairs are necessary to protect the Demised Premises or the Building, or personal property. Lessor shall use reasonable efforts to minimize interference to Lessee's business when making repairs, but Lessor shall not be required to perform the repairs at a time other than during normal working hours.

to make installations related to the construction of tenant improvements work being performed by Lessor for other tenants of the Building, to make repairs, alterations and improvements arising due to repairs, alterations and improvements to any areas adjoining the Demised Premises, to erect, use and maintain pipes and conduits in and through the Demised Premises, or to make installations, improvements and repairs to utility services of the Building located in or about the Demised Premises. Lessor shall use reasonable efforts to minimize interferences with Lessee's business operations, but Lessor shall not be required to perform such work at a time other than normal working hours.

19. INSURANCE RATING

Lessee shall not conduct or permit to be conducted any activity, or place any equipment or property in or about the Demised Premises that will increase in any way the rate of All Risk Coverage insurance or other insurance on the Building, unless consented to by Lessor. Lessor's consent may be conditioned upon Lessee's payment of any costs arising directly or indirectly from such increase. If any increase in the rate of All Risk Coverage insurance or other insurance on the Building is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to Lessee's activity, equipment or property in or about the Demised Premises, said statement shall be conclusive evidence that the increase in such rate is due to such activity, equipment or property and, as a result thereof, Lessee shall be liable for such increase. Any such rate increase and related costs incurred by Lessor shall be deemed additional Rent due and payable by Lessee to Lessor upon receipt by Lessee of a written statement of the rate increase and costs. Lessee may contest, at its sole cost and expense, any insurance rate increase, provided such action by Lessee will not adversely affect the insurance coverage of Lessor.

20. INDEMNITY AND PUBLIC LIABILITY INSURANCE

(A) Lessee shall indemnify and save harmless Lessor and its Agent from any and all liability, damage, expense, cause of action, suits, claims, judgments and cost of defense arising from injury to person or personal property in and on the Demised Premises, or upon any adjoining sidewalks or public areas of the Building, which arise out of the act, failure to act or negligence of Lessee, its agents or employees.

(B) In order to assure such indemnity, Lessee shall, at its sole cost, carry and keep in full force and effect at all times during the term of this Lease, a commercial general liability policy with a single limit of at least One Million & 00/100 Dollars (\$1,000,000.00) including coverage for bodily injury, property damage and personal injury liability.

21. WORKER'S COMPENSATION INSURANCE

Lessee shall carry and keep in full force and effect at all times during the term of this Lease, at its sole cost, worker's compensation or similar insurance in form and amounts required by law. Such insurance shall contain waiver of subrogation provisions in favor of Lessor and its Agent.

22. ALL RISK COVERAGE INSURANCE

Lessor shall obtain and maintain All Risk Coverage insurance covering the Building. Lessee shall obtain and maintain throughout the term of this Lease and any extension or renewal periods, "All Risk Coverage" insurance insuring against damage to and loss of all of the Improvements in or used in connection with the Demised Premises (whether constructed by Lessor or Lessee), fixtures, glass in windows and plate glass, equipment, furniture, and all other personal property in and about the Demised Premises. Lessor and Lessee hereby release each other and waive any claims they may have against the other for loss or damage to the Building, Demised Premises, the Improvements, fixtures, equipment and/or any other personal property arising from a risk insured against, under the All Risk Coverage insurance policies to be carried by Lessor and Lessee, as required above, even though such loss or damage was caused by the negligence of Lessor and Lessee, their agents or employees, except for the amount of the deductible under said policies. Lessor and Lessee agree to obtain and maintain throughout the term of this Lease endorsements to their respective All Risk Coverage policies waiving the right of subrogation of their insurance companies against the other party and its agents and employees. Except to the extent expressly provided herein, nothing contained in this Lease shall relieve Lessor or Lessee of any liability to each other or to their insurance carriers which Lessor or Lessee may have under law or the provisions of this Lease in connection with any damage to the Building, Demised Premises, the Improvements, fixtures, equipment, furniture, and all other personal property, by fire or other casualty.

23. LESSEE'S CONTRACTOR'S INSURANCE

Lessee shall require any contractor of Lessee performing work on the Demised Premises to carry and maintain, at no expense to Lessor:

(A) commercial general liability insurance, including contractor's liability coverage, contractual liability coverage, completed operations coverage, broad form property damage endorsement and contractor's protective liability coverage, to afford protection with limits, for each occurrence, of not less than One Million & 00/100 Dollars (\$1,000,000.00) with respect to personal injury, death, or property damage; and

(B) worker's compensation or similar insurance in form and amounts required by law.

24. REQUIREMENTS FOR LESSEE'S INSURANCE POLICIES

The company or companies writing any insurance which Lessee is required to carry and maintain or cause to be carried or maintained pursuant to this Lease as well as the form of such insurance shall at all times be subject to Lessor's approval and any such company or companies shall be a good and responsible insurance company, licensed to do business in the District of Columbia. Lessee's public liability and All Risk Coverage insurance policies and certificate(s) evidencing such insurance shall name Lessor and its Agent as additional insureds and shall also contain a provision by which the insurer agrees that such policy shall not be canceled except after thirty (30) days written notice to Lessor. Lessee agrees to provide to Lessor prior to taking possession of the Demised Premises (and annually thereafter thirty (30) days prior to the expiration of such policy) the certificate(s) evidencing such insurance; Lessor may withhold delivery of the Demised Premises without delaying the Occupancy or Commencement Dates, or triggering any abatement of Rent, if Lessee fails to provide Lessor with the certificate(s).

Any insurance carried or to be carried by Lessee hereunder shall be primary over any policy that might be carried by Lessor. If Lessee shall fail to perform any of its obligations regarding the acquisition and maintenance of insurance, Lessor may perform the same and the cost of same shall be deemed additional Rent, payable upon Lessor's demand. All insurance coverages hereunder shall contain deductibles in amounts reasonably satisfactory to the Lessor with the exception of the general liability policy which shall have no deductible at all.

25. LIABILITY FOR DAMAGE TO PERSONAL PROPERTY AND PERSON

(A) All personal property of Lessee, its employees, agents, subtenants, business invitees, licensees, customers, clients, family members, guests or trespassers, in and on the Demised Premises shall be and remain in and on the Demised Premises and the Building at the sole risk of Lessee and said parties and Lessor shall not be liable to Lessee or any such person or party for any damage to, or loss of personal property thereof, including loss or damage arising from (but not limited to): i) any act, including theft, or any failure to act, of any other persons; ii) the leaking of the roof; iii) the bursting, rupture, leaking or overflowing of water, sewer or steam pipes; iv) the rupture or leaking of heating or plumbing fixtures, including security and protective systems; v) short-circuiting or malfunction of electrical wires or fixtures, including security and protective systems; or vi) the failure of the heating or air-conditioning systems. Lessor shall also not be liable for the interruption or loss to Lessee's business arising from any of the above-described acts or causes. Lessee specifically agrees to save Lessor and its Agent harmless in all such cases.

(B) Lessor shall not be liable for any personal injury to Lessee, Lessee's employees, agents, subtenants, business invitees, licensees, customers, clients, family members, guests or trespassers arising from the use, occupancy and condition of the Demised Premises or the Building, unless such party establishes that there has been gross negligence or willful misconduct on the part of Lessor, provided however that the Lessor shall nevertheless continue to be insured hereunder.

26. DAMAGE TO THE BUILDING AND/OR THE DEMISED PREMISES

If: i) the Demised Premises is damaged by fire or other casualty insured against by Lessor's All Risk Coverage insurance policy covering the Building; and ii) the Demised Premises can be fully repaired, in Lessor's opinion, within 180 days from the date of the insured risk; then the Lessor, at Lessor's expense, shall repair such damage, provided, however, Lessor shall have no obligation to repair any damage to, or to replace, Lessee's non-building standard tenant improvements or any other property located in the Demised Premises. Except as otherwise provided herein, if: i) the entire Demised Premises is rendered untenable by reason of the insured risk, then Monthly Rent shall abate for the period from the date of such damage to the date when Lessor has completed repairs to the Demised Premises as specified above; or ii) if only a portion of the Demised Premises is so rendered untenable by reason of the insured risk, then Monthly Rent shall abate for such period in the proportion which the area of the portion of the Demised Premises so rendered untenable bears to the total area of the Demised Premises. However, if prior to the date when such repairs have been completed, any portion of the Demised Premises so damaged shall be rendered tenantable or shall be used or occupied by Lessee or any person claiming through or under Lessee, then the amount by which the Monthly Rent shall abate shall be equitably apportioned for the period from the date of any such use or occupancy to the date when such repairs are completed. No compensation or claim or reduction of Rent will be allowed or paid by Lessor by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the Demised Premises or any portion of the Building.

Notwithstanding the foregoing, if, prior to or during the term of this Lease: i) the Demised Premises is so damaged that, in Lessor's opinion, the Demised Premises cannot be fully repaired within 180 days from the date the damage occurred; or ii) the Building is so damaged that, in Lessor's opinion, substantial repair or reconstruction of the Building shall be required (whether or not the Demised Premises is damaged or rendered untenable), then, in any of such events, Lessor, at its option, may give to Lessee, within sixty (60) days after such fire or other casualty, a thirty (30) days notice of termination of this Lease and, in the event such notice is given, this Lease shall terminate (whether or not the term shall have commenced) upon the expiration of such thirty (30) days with the same effect as if the date of expiration of such thirty (30) days were the date definitely fixed for expiration of the term of the Lease, and the then-applicable Monthly Rent shall be apportioned as of such date, including any rent abatement as provided above.

27. DEFAULT OF LESSEE

This Lease shall, at the option of Lessor, cease and terminate if: i) Lessee fails to pay Rent, including any installment of Monthly Rent, additional Rent, costs of the Improvements (if any are payable by Lessee hereunder), or any sums, charges, expenses and costs of any kind or nature identified in this Lease as additional Rent, although no legal or formal demand has been made, and such failure to pay Rent continues for a period of five (5) days after written notice addressed to Lessee has been delivered by Lessor to the Demised Premises; or ii) Lessee violates or fails to

perform any of the other conditions, covenants or agreements of this Lease, and any violation or failure to perform any of those conditions, covenants or agreements continues for a period of ten (10) days after written notice thereof has been delivered by Lessor to Lessee, or, in cases where the violation or failure to perform cannot by its nature be corrected within ten (10) days, Lessee does not begin to correct the violation or failure to perform within ten (10) days after receiving Lessor's written notice and/or Lessee thereafter does not diligently pursue the correction of the violation or failure to perform. Any said violation or failure to perform or to pay any Rent, if left uncorrected, shall operate as a notice to quit, any further notice to quit or notice of Lessor's intention to re-enter being hereby expressly waived. Lessor may thereafter proceed to recover possession under and by virtue of the provisions of the laws of the jurisdiction in which the Building is located or by such other proceedings, including re-entry and possession, as may be applicable. If Lessor elects to terminate this Lease, everything herein contained on the part of Lessor to be done and performed shall cease without prejudice to the right of Lessor to recover from Lessee all Rent accruing up to and through the date of termination of this Lease or the date of recovery of possession of the Demised Premises by Lessor, whichever is later. Should this Lease be terminated before the expiration of the term of this Lease by reason of Lessee's default as hereinabove provided, or if Lessee abandons or vacates the Demised Premises before the expiration or termination of the term of this Lease, the Demised Premises may be relet by Lessor for such rent and upon such terms as are not unreasonable under the circumstances, and, if the full Rent hereinabove provided is not realized by Lessor, Lessee shall be liable for all damages sustained by Lessor, including, without limitation, deficiency in Rent, reasonable attorneys' fees, brokerage fees, and expenses of placing the Demised Premises in a condition equal to that of the Demised Premises on the Occupancy Date. Any damage or loss of Rent sustained by Lessor may be recovered by Lessor, at Lessor's option, at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or, at Lessor's option, may be deferred until the expiration of the term of this Lease, in which event the cause of action shall not be deemed to have accrued until the date of expiration of said term. The provisions contained in this section shall be in addition to and shall not prevent the enforcement of any claim Lessor may have against Lessee for anticipatory breach of the unexpired term of this Lease.

28. REPEATED DEFAULTS

If Lessee is in default of this Lease with respect to the same or substantially the same provision hereof two (2) or more times during any three (3) months period during the term of this Lease, then, at Lessor's election, Lessee shall not have any right to cure such repeated default, the terms and conditions of the section of this Lease entitled, "Default of Lessee", notwithstanding. In the event of Lessor's election not to allow a cure of a repeated default, Lessor shall have all of the rights provided for in that section of this Lease for an uncured default.

29. WAIVER

If Lessor institutes legal or administrative proceedings against Lessee and a compromise or settlement thereof is made, the same shall not constitute a waiver of Lessee's obligations to comply with any covenant, agreement or condition of this Lease, nor of any of Lessor's rights hereunder. No waiver by Lessor of any breach of any covenant, condition, or agreement specified herein shall operate as an invalidation or as a continual waiver of such covenant, condition or agreement itself, or of any subsequent breach thereof. No payment by Lessee or receipt by Lessor (or any party designated by Lessor to receive any payments of Rent) of a lesser amount than the amount of Rent due Lessor shall be deemed to be other than payment on account of the earliest stipulated Rent. In addition, no endorsement or statement on any check or letter accompanying a check for payment of such Rent shall be deemed an accord and satisfaction. Lessor, or any party designated by Lessor, may accept such check or payment without prejudice to Lessor's right to recover the balance of such Rent or to pursue any other remedy provided for in this Lease or in the governing law of the jurisdiction in which the Building is located. No re-entry by Lessor, and no acceptance by Lessor of keys from Lessee, shall be considered an acceptance of a surrender of the Lease.

No reference to any specific right or remedy shall preclude Lessor from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled at law or in equity.

30. SUBORDINATION AND COVENANTS WITH MORTGAGEES

This Lease is subject and subordinate to the lien of all and any mortgages which may now or hereafter encumber or otherwise affect the real estate (including the Building) of which the Demised Premises is a part, or Lessor's leasehold interest therein, and to all and any renewals, restatements, extensions, consolidations, modifications, recastings or refinancings thereof. The foregoing subordination is and shall be self-executing, but in confirmation of such subordination, Lessee shall, at Lessor's or any mortgagee's request, promptly execute any requisite or appropriate certificate or other document. Lessee hereby constitutes and appoints Lessor as Lessee's attorney-in-fact to execute any such certificate or other document for or on behalf of Lessee if Lessee does not execute said certificate or document within five (5) days after receipt thereof. The term "mortgages" shall include ground leases, both construction and permanent financing, and deeds of trust and similar security instruments.

Notwithstanding any other provision of this Lease or of law to the contrary, if a mortgagee shall so elect by notice to Lessee or by the recording of a unilateral declaration of subordination (without the necessity of any instrument or agreement with or by Lessee), this Lease and Lessee's rights hereunder shall be superior and prior in right to the mortgage of which such mortgagee has the benefit, with the same force and effect as if this Lease had been executed, delivered and recorded prior to the execution, delivery and recording of such mortgage, subject, nevertheless, to such conditions as may be set forth in any such notice or declaration.

Lessee agrees that in the event that any proceedings are brought for the foreclosure or termination of any such mortgage, Lessee shall attorn to the purchaser at such foreclosure sale, if requested to do so by such purchaser, and Lessee agrees to execute and deliver within ten (10) days after such request, a confirmation of such attornment. Lessee shall also recognize such purchaser as the Lessor under this Lease. Lessee waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Lessee any right to terminate or otherwise adversely affect this Lease and the obligations of Lessee hereunder in the event that any such foreclosure proceeding is prosecuted or completed.

If the Building, the Demised Premises or any part respectively thereof is at any time subject to a mortgage or a deed of trust or other similar instrument, and this Lease or the rents are assigned to such mortgagee, trustee or beneficiary, and the Lessee is given written notice thereof, including the post office address of such assignee, then Lessee may not terminate this Lease for any default on the part of Lessor without first giving written notice by certified or registered mail, return receipt requested, to such assignee. Every such notice under this paragraph shall specify the default in reasonable detail, and afford such assignee a reasonable opportunity (which shall not be less than thirty (30) days) to make performance, at its election, for and on behalf of Lessor.

Lessee covenants as follows with each holder of a mortgage (including, without limitation, the Current Mortgagee), which covenants shall be for the benefit of and enforceable only by such mortgagee:

(i) Rent Paid in Advance: No beneficiary of any mortgage of all or any part of the Building shall be bound by any payment of Rent for more than one (1) month in advance;

(ii) Not Bound by Lessor's Default: No beneficiary of any mortgage of all or part of the Building shall be bound by any default of Lessor under this Lease or be responsible for any defect in the Demised Premises or responsible for any refund or rebate owed to Lessee, unless such beneficiary has received the funds that constitute such refund, or for any work or improvement not completed by Lessor or any prior landlord.

(iii) Nonrecourse to Lessor: In the case of any foreclosure of the lien of any mortgage, the rights and remedies of Lessee in respect of any obligations of any successor landlord hereunder shall be nonrecourse to any assets of such successor landlord other than its interest in the Demised Premises; and

(iv) No Abatement: Lessee's obligation to pay Rent shall not be subject to any abatement, deduction, counterclaim, or set-off as against any mortgagee, or purchaser upon the foreclosure of any mortgage or the delivery of a deed in lieu thereof to any mortgagee, by reason of a landlord default occurring prior to such foreclosure or the delivery of such deed.

31. CONDEMNATION

If the whole or a "substantial part of the Demised Premises" or the Building is condemned or acquired in lieu of condemnation by any governmental authority for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the date when title vests in such governmental authority. Lessee shall have no claim against Lessor or the condemning authority for any portion of the amount of the condemnation award or settlement that Lessor claims as its damages arising from such condemnation or acquisition, or for the value of any unexpired term of the Lease. Lessee may make a separate claim against the condemning authority for a separate award for the value of any of Lessee's tangible personal property and trade fixtures, for moving and relocation expenses and for such business damages and/or consequential damages as may be allowed by law, provided the same shall not diminish the amount of Lessor's award.

If less than a "substantial part of the Demised Premises" is condemned or acquired in lieu of condemnation by any governmental authority for any public or quasi-public use or purpose, the rent shall be equitably adjusted on the date when title vests in such governmental authority and the Lease shall otherwise continue in full force and effect. For purposes of this section, a "substantial part of the Demised Premises" shall be considered to have been taken if twenty-five percent (25%) or more of the Demised Premises is condemned or acquired in lieu of condemnation, or if less than twenty-five percent (25%) of the Demised Premises is taken and the portion of the Demised Premises taken renders the entire Demised Premises untenable for the conduct of Lessee's business.

If twenty-five percent (25%) or more of the Building is condemned (whether or not the Demised Premises shall have been condemned) and Lessor elects to demolish the remainder of the Building, Lessor may elect to terminate this Lease.

32. RULES AND REGULATIONS

Lessee, its agents and employees shall abide by and observe the rules and regulations attached hereto as Exhibit "C" and such other reasonable rules and regulations as may be promulgated from time to time by Lessor for the operation and maintenance of the Building, provided a copy thereof is sent to Lessee. Nothing contained in this Lease shall be construed to impose upon Lessor any duty or obligation to enforce such rules and regulations, or the terms, conditions or covenants contained in any other lease as against any other tenant, and Lessor shall not be liable to Lessee for violation of the same by any other tenant, any other tenant's employees, agents, business invitees, licensees, customers, clients, family members or guests.

33. RIGHT OF LESSOR TO CURE LESSEE'S DEFAULT

If Lessee defaults in the making of any payment to any third (3rd) party required hereunder, or doing any act required to be made or done by Lessee relating to the Demised Premises, then Lessor may, but shall not be required to, make such payment or do such act, and the amount of the costs and expenses thereof, if made or done by Lessor, plus an administrative fee of fifteen percent (15%) of such costs and expenses, with interest on the total amount at a rate equal to two (2) percentage points above the base rate or prime rate of interest per annum as published from time to time in the Money Rates section of the Wall Street Journal, accruing from the date paid by Lessor, shall be paid by Lessee to Lessor and shall constitute additional rent hereunder due and payable by Lessee upon receipt of a written statement of costs from Lessor. The making of such payment or the doing of such act by Lessor shall not operate to cure Lessee's default, nor shall it prevent Lessor from the pursuit of any remedy to which Lessor would otherwise be entitled.

34. LATE CHARGES

If any installments of Monthly Rent, additional Rent or other charges to be paid by Lessee pursuant to this Lease are not actually received by Lessor within five (5) days of the date such payment was due (inclusive of such due date), Lessee shall pay to Lessor, as a late charge, five percent (5%) per annum of such installment, additional Rent or other charge, and if any such installments of Monthly Rent, additional Rent or other charges are not actually received by Lessor within ten (10) days after the same becomes due and payable, they shall bear interest at a rate (per annum) of the greater of: i) seven percent (7%); or ii) a rate equal to two (2) percentage points above the then base rate or prime rate of interest per annum as published from time to time in the Money Rates section of the Wall Street Journal, either of the applicable rate accruing from the date such installment or payment became due and payable to the date of receipt of such payment thereof by Lessor. Such interest shall constitute additional Rent due and payable to Lessor by Lessee upon the date of Lessor's receipt of payment of the delinquent payment referenced above.

35. BANKRUPTCY

If Lessee or any guarantor of this Lease shall become bankrupt or insolvent, or file any debtor proceedings or if Lessee or any guarantor shall take or have taken against either party in any court pursuant to any statute either of the United States or of any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Lessee's or any such guarantor's property, or if Lessee or any such guarantor makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, then this Lease shall terminate and Lessor, in addition to any other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and property from the Demised Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee, all without service of notice

or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

36. NO PARTNERSHIP

Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee, or to create any other relationship between the parties hereto other than that of Lessor or Lessee.

37. NO REPRESENTATIONS BY LESSOR

Neither Lessor, or its Agent, or employees of Lessor has made any representations or promises with respect to the Demised Premises or the Building except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Lessee except as herein expressly set forth. Unless specified in Exhibit "B", Lessee unconditionally accepts the Demised Premises and the Building (including but not limited to the level of service provided by HVAC, electrical, or other systems) in their then "as is" condition as of the Occupancy Date. Taking of possession of the Demised Premises by Lessee shall be conclusive evidence that the Demised Premises and the Building are in good and satisfactory condition at the time of such taking of possession.

38. BROKER AND AGENT

Lessee represents and warrants to Lessor that, except for Randall H. Hagner & Company (the "Broker" who's fees, if any are owed, shall be dictated by a separate agreement between Lessor and Broker), Lessee has not employed any broker, finder or other person who may claim any commission or fee, in carrying on the negotiations, or had any dealings with any broker, finder or such other person relating to this Lease. Lessee shall indemnify and hold Lessor harmless from and against any claim or claims for brokerage or other commission, fee or amount arising from or out of any breach of the foregoing representation and warranty by Lessee.

Lessor appoints and Lessee recognizes, until such time as Lessor otherwise notifies Lessee in writing, R B Associates, Inc. as Lessor's management agent (referred to in this Lease as "Agent") for the management and operations of the Building including the issuance and receipt of all notices and the instituting and processing all legal actions on behalf of Lessor under this Lease.

39. WAIVER OF JURY TRIAL

Lessor and Lessee hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on or with respect to any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee hereunder, Lessee's use or occupancy of the Demised Premises, and/or any claim of injury or damage.

40. ENFORCEMENT OF LEASE

In the event Lessor is required to, or elects to take legal action to enforce against Lessee the performance of Lessee's obligations under this Lease, then Lessee shall immediately reimburse Lessor for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Lessor in its successful prosecution of that legal action.

41. NOTICES

All notices or other communications hereunder, except for service of process, shall be in writing and shall be deemed duly given if delivered in person, by certified mail, return receipt requested; or by registered mail, postage prepaid: i) if to Lessor, c/o R B Associates, Inc., attention: Real Estate Division, 1054 31st Street, N.W., suite 1000, Washington, DC 20007; and ii) if to Lessee, at _____, prior to the Occupancy Date and at the Demised Premises thereafter. The party to receive notices and the place notices are to be sent for either Lessor or Lessee may be changed by either party by written notice given to the other pursuant to the provisions of this section.

42. ESTOPPEL CERTIFICATES

At any time and from time to time, upon not less than ten (10) days prior written notice from Lessor or the Current Mortgagee, or any other mortgagee, to Lessee, Lessee agrees to execute, acknowledge and deliver to Lessor or the mortgagee requesting same an estoppel certificate containing such information with respect to the status of this Lease as Lessor or such mortgagee may reasonably request, including, but not limited to the following certifications: i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications); ii) the dates to which the rent and other charges hereunder have been paid by Lessee; iii) whether or not Lessor is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Lessee may have knowledge; iv) the address to which notices to Lessee should be sent and, if Lessee is a corporation, the name and address of its registered agent in the jurisdiction in which the Building is located; and v) that Lessee has not paid Rent more than thirty

(30) days in advance. Any such statement delivered pursuant hereto may be relied upon by any owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the Building or of Lessor's interest, or any prospective assignee of any such mortgage.

43. HOLDING OVER

In the event Lessee continues in possession of the Demised Premises without Lessor's consent after the date of expiration of the term of this Lease or any extension period thereof, Lessee shall, by virtue of this section of the Lease, become a lessee by the month and hereby agrees to pay to Lessor (subject to further increases thereafter) a Monthly Rent equal to twice the amount of: i) the Monthly Rent in effect during the last month of the term of this Lease as it may have been extended; plus ii) the one-twelfth (1/12th) payment made with Monthly Rent pursuant to the sections of this Lease entitled, "Real Estate Taxes". The month-to-month tenancy shall commence with the first (1st) day next after the expiration of the term of this Lease. Lessee as a month-to-month tenant shall continue to be subject to all of the conditions and covenants of this Lease, except as aforesaid with respect to Rent. Lessee shall give to Lessor at least thirty (30) days written notice of any intention to quit the Demised Premises. Lessee shall be entitled to thirty (30) days written notice to quit the Demised Premises, except in the event of nonpayment of the modified Monthly Rent in advance or breach of any other covenant or provision of this Lease, in which event Lessee shall not be entitled to any notice to quit, the usual thirty (30) days notice to quit being hereby expressly waived.

In the event Lessee holds over after the expiration of the term of the Lease or extension period thereof, and Lessor desires to regain possession of the Demised Premises promptly at the expiration of the term of this Lease or extension period thereof, then at any time prior to Lessor's acceptance of modified Monthly Rent from Lessee as a month to month tenant hereunder, Lessor, at its option, may notify Lessee of Lessor's desire to so regain possession and may forthwith reenter and take possession of the Demised Premises without process, or by any legal process in force in the jurisdiction in which the Building is located.

44. RIGHTS RESERVED BY LESSOR

In addition to any and all other rights of Lessor hereunder and in law, Lessor shall have the following rights, exercisable without notice to Lessee, without liability for damage or injury to property, person or business and without effecting an eviction, constructive or actual, or disturbances or Lessee's use or possession of the Demised Premises or giving rise to any claim for set-off, abatement of rent or otherwise:

(A) To change the Building's name or street address (without any responsibility to Lessee for any resulting costs, such as changing stationary);

(B) To affix, maintain and remove any and all signs on the exterior and interior of the Building; except any signs that may have been approved under the section of this Lease entitled "signs and advertisements";

(C) To designate and approve: i) prior to installation, all window shades, blinds, drapes, awnings, window ventilators, lighting and other similar equipment to be installed by Lessee; or ii) the placement of any personal property of Lessee that may be visible from the exterior of the Demised Premises or the Building;

(D) To decorate and make repairs, alterations, additions and improvements, whether structural or otherwise, in, to and about the Building and any part thereof, and, during the continuance of any of such work, to temporarily close doors, entry ways, and common areas in the Building and to temporarily interrupt or suspend Building services and facilities, all without affecting Lessee's obligations hereunder;

(E) To grant to anyone the exclusive right to conduct any business or render any service in the Building, provided Lessee is not thereby excluded from uses expressly permitted herein;

(F) To alter, relocate, reconfigure and reduce the common areas of the Building, as long as the Demised Premises remains reasonably accessible; and

(G) To alter, relocate, reconfigure, reduce and withdraw the common areas located inside or outside the Building, including parking and access roads, as long as the Demised Premises remain reasonably accessible; to establish, modify and enforce reasonable rules and regulations with respect to the common areas; to enter into, modify and terminate easements and other agreements pertaining to the use and maintenance of the common areas; to close all or any portion of the common areas to such extent as may, in the opinion of Lessor, be necessary to prevent a dedication thereof or the accrual of any rights to any person or to the public therein; to close temporarily any or all portions of the common areas; to change the size, location, elevation and nature of any of the common areas; to utilize portions of the common areas for entertainment, displays, kiosks, carts, and booths; and to do and perform such other acts in and on said areas and improvements as, in Lessor's sole judgment, Lessor shall determine to be advisable.

45. COVENANTS OF LESSOR

Lessor covenants that it has the right to make this Lease for the term of the Lease aforesaid. Further, Lessor covenants that if Lessee shall pay the rent and shall perform all of the covenants, agreements and conditions specified in this Lease to be performed by Lessee, Lessee shall, for the term of the Lease, freely, peaceably and quietly occupy and enjoy the full possession of the Demised Premises without molestation or hindrance by Lessor, its Agent or employees, subject, however, to the section of this Lease entitled "Subordination". Entry into the Demised Premises for inspections, repairs, alterations, improvements and installations by Lessor, its agents, employees or contractors

pursuant to the section of this Lease entitled "Inspections, Repairs and Installations" and the exercise by Lessor of Lessor's rights reserved in the section of this Lease entitled "Rights Reserved by Lessor" shall not constitute a breach by Lessor of this covenant, nor entitle Lessee to any abatement or reduction of rent. In addition, any activities of Lessor, whether in the form of renovation, redecoration or rehabilitation of any area of the Building, including the lobby, and any of the surrounding public spaces by Lessor or in the form of organized activities, public or private, shall not be deemed violation by Lessor of Lessor's covenant of quiet enjoyment benefitting Lessee.

46. LIEN FOR RENT

In consideration of the mutual benefits arising under this Lease, Lessee hereby grants to Lessor a lien on all property of Lessee now or hereafter placed in or upon the Demised Premises (except such part of any property as may be exchanged, replaced, or sold from time to time in the ordinary course of business operations or trade of Lessee), and such property shall be and remain subject to such lien of Lessor for payment of all Rent and other sums agreed to be paid by Lessee herein. Said lien shall be in addition to and cumulative upon Lessor's liens provided by law. Said lien shall be second in priority to the rights of any lessor of, or the mortgagee of, any equipment or personal property under any equipment lease or mortgage, the rights of the seller under any conditional sales contract, or the rights of the lender under any leasehold mortgage consented to by Lessor. Lessee shall reimburse to Lessor, as additional Rent, all costs and expenses, including reasonable attorney's fees, which Lessor incurs by reason of or in connection with any request for waiver of Lessor's lien hereunder or enforcement of Lessor's rights hereunder, such costs and expenses to be due and payable within fifteen (15) days of receipt of a statement of such costs and expenses from Lessor.

47. EFFECTIVENESS OF LEASE

The furnishing of the form of this Lease by Lessor shall not constitute an offer to or option of Lessee and this Lease shall become effective upon and only upon its execution by both parties hereto.

48. TRASH SORTING: ENVIRONMENTAL LAWS

Lessee covenants and agrees, at its sole cost and expense, to comply with all present and future laws, orders, and regulations of the District of Columbia, federal, municipal, and local governments, departments, commissions, agencies and boards regarding the collection, sorting, separation, and recycling of garbage, trash, rubbish and other refuse (collectively, "Trash"). Lessee shall sort and separate its Trash into such categories as are provided by law. Each separately sorted category of Trash shall be placed in separate receptacles as directed by Lessor. Lessor reserves the right to refuse to collect or accept from Lessee any Trash that is not separated and sorted as required

by law, and to require Lessee to arrange for such collection at Lessor's sole cost and expense, utilizing a contractor satisfactory to Lessor. Lessee shall pay all costs, expenses, fines, penalties, or damages that may be imposed on Lessor or Lessee by reason of Lessee's failure to comply with the provisions of this Section 48, and, at Lessee's sole cost and expense, shall indemnify, defend and hold Lessor harmless (including legal fees and expenses) from and against any actions, claims, and suits arising from such noncompliance, utilizing counsel reasonably satisfactory to Lessor.

Lessee shall not use any portion or all of the Building or the Demised Premises for the generation, treatment, storage or disposal of "hazardous materials", "hazardous waste", "hazardous substances" or "oil" (collectively, "Materials") as such terms are defined under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., as amended, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901 et seq., as amended, and any and all other "environmental statutes" which regulate the use of hazardous and/or dangerous substances, and the regulations promulgated thereunder and any and all state and local laws, rules and regulations, without the express prior written consent of Lessor, and then only to extent that the presence and/or discharge of the Materials is: i) properly licensed and approved by all appropriate governmental officials and in accordance with all applicable laws and regulations; and ii) in compliance with any terms and conditions stated in said prior written approval by the Lessor. Lessee may use such Materials in the ordinary course of business, provided that such use is in accordance with all applicable statutes, laws, rules and regulations, and any manufacturer instructions; and provided further that Lessee may not discharge any Materials except as provided by applicable statutes, laws, rules and/or regulations, and specifically may not discharge any Materials in any public sewer or any drain and/or drainpipe leading or connected thereto. Lessee shall promptly give written notice to Lessor of any communication received by Lessee from any governmental authority or other person or entity concerning any complaint, investigation or inquiry regarding any use or discharge (or alleged use or alleged discharge) by Lessee or any Materials. Lessor shall have the right (but not the obligation) to conduct such investigations or tests (or both) as Lessor shall deem necessary with respect to any such complaint, investigation or inquiry, and Lessee, at its expense, shall take such action (or refrain from taking such action) as Lessor may request in connection with such investigations and tests by Lessor. Lessee shall indemnify, defend (with counsel selected by Lessor), and hold Lessor harmless from and against any such improper use or discharge (or both) by Lessee, including any costs of all necessary clean-up activities occasioned by Lessee's actions, whether during the term or after termination of this Lease.

49. NO PARKING

Lessee agrees that the demise by this Lease does not include the rental or use of any parking spaces or parking passes.

50. RECORDATION

Lessee shall not record this Lease or any memorandum thereof without the prior written consent of Lessor. All fees, costs, taxes and expenses in connection with the filing and recording of this Lease or any memorandum thereof shall be the sole obligation of Lessee. Lessor may condition its consent to any request by requiring that only a memorandum of lease be filed and recorded, such memorandum to exclude information as to the amount of Rent specified in this Lease.

51. GENDER

Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution or substitutions.

52. BENEFIT AND BURDEN

The terms and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and each of their respective representatives, successors and permitted assigns. Lessor may freely and fully assign its interest hereunder. In the event of any sale or transfer of the Building by operation of law or otherwise by the party named as Lessor hereunder (or any subsequent successor, transferee or assignee), then said party, whose interest is thus sold or transferred shall be and is completely released and forever discharged from and with respect to all covenants, obligations and liabilities as Lessor hereunder after the date of such sale or transfer.

In the event Lessor shall be in default under this Lease, and if as a consequence of such default, Lessee shall recover a money judgement against Lessor, such judgement shall be satisfied only out of the proceeds of sale received upon execution of such judgement against the right, title and interest of Lessor in the Building as the same may then be constituted and encumbered and Lessor shall not be liable for any deficiency. In no event shall Lessee have the right to levy execution against any property of Lessor other than its interests in the Building. In no event shall any personal judgment lie against any partner in Lessor or any officer, director, shareholder, or trustee in any partnership or corporation which is a partner in Lessor.

53. GOVERNING LAW

This Lease and the rights and obligations of Lessor and Lessee hereunder shall be governed by the laws of the District of Columbia.

54. SAVINGS CLAUSE

If any provision of this Lease or the application thereof to any person or circumstance is to any extent held invalid, then the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby, and each provision of the Lease shall be valid and enforced to the fullest extent permitted by law.

55. CORPORATE LESSEE

If Lessee is or will be a corporation, the persons executing this Lease on behalf of Lessee hereby consent, represent and warrant that Lessee is a duly incorporated or a duly qualified (if a foreign corporation) corporation and authorized to do business in the District of Columbia; and that the person or persons executing this Lease on behalf of Lessee is an officer or are officers of Lessee, and that they as such officers are duly authorized to sign and execute this Lease. Simultaneously with the execution and delivery of this Lease by Lessee to Lessor, Lessee shall deliver to Lessor documentation satisfactory to Lessor evidencing Lessee's compliance with the provisions of this section. Further, Lessee agrees to promptly execute all necessary and reasonable applications or documents confirming such registration as requested by Lessor or its representatives required to permit the issuance of necessary permits and certificates for Lessee's use and occupancy of the Demised Premises. Any delay or failure by Lessee in submitting such application or document so executed shall not serve to delay the Commencement Date or delay or waive Lessee's obligations to pay rent hereunder. Lessee, if a corporation, states that its registered agent in the District of Columbia is _____, having an address at _____

_____ and that it is a corporation in good standing in the District of Columbia.

56. JOINT AND SEVERAL LIABILITY

If two (2) or more individuals, corporations, partnerships or other business associations (or any combination of two (2) or more thereof) shall sign this Lease as Lessee, the liability of each of them shall be joint and several. In like manner, if Lessee named in this Lease shall be a partnership or other business association the members of which are, by virtue of statute or general law, subject to personal liability, the liability of each of such member shall be joint and several.

57. BUSINESS DAY/WORKING DAY

The terms "business day" and "working day" are terms describing each calendar day Monday through Friday except any holiday identified specifically or generically in the section of this Lease entitled, "Services and Utilities" falling on one of such calendar days.

58. ENTIRE AGREEMENT

(A) This Lease, together with the Exhibits attached hereto and made a part hereof, contains and embodies the entire agreement of the parties hereto, and no representations, inducements, or agreements, oral or otherwise, between the parties not contained and embodied in this Lease and said Exhibits shall be of any force or effect, and the same may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by all parties hereto.

(B) The Lessee and the Lessor agree, understand, and acknowledge that the Lease has been freely negotiated by both parties; and that in any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Lease or any of its terms and conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party having drafted this Lease or any portion thereof.

59. LESSEE'S REPRESENTATIONS

The financial information and references submitted by Lessee are made a part of this Lease and has been an inducement for the Lessor to lease the Demised Premises to the Lessee under the terms herein. If any of the representations contained in that financial information or references are discovered at any time to be misleading, incorrect or untrue, Lessor has the right to cancel this Lease and repossess the Demised Premises according to any remedy provided by law. Lessor may also recover from the Lessee any loss or damages (including Rent for the full term hereunder) which the Lessor may have suffered from such misrepresentation.

60. HEADINGS

The captions, section numbers, and table of contents appearing in this Lease are included only as a matter of convenience and in no way define, limit, or describe the scope of intent of such sections of this Lease, nor in any way affect this Lease.

[Signatures, notaries, and Exhibits follow]

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be signed in their names by their duly authorized representatives and delivered as their act and deed, intending to be legally bound by its terms and provisions.

WITNESS:

Date: _____

LESSOR: 2000 P Street Trust

By: *R.D. Bernstein*
Richard D. Bernstein, its
Authorized Representative

LESSEE: Drug Reform Coordination Network

By: *David Borden*
Print name
Title
David Borden
Executive Director

[Notaries, and Exhibits Follow]

Acknowledgment of Corporate Lessee

State of District of Columbia

SS:

County of _____:)

I, Luzenia Harley a Notary Public in and for the jurisdiction aforesaid, acknowledge that the person satisfactorily proven to me to be DAVID BORDEN is the EXECUTIVE DIR of the Lessee named in the foregoing and annexed Lease, who executed the foregoing instrument on behalf of Lessee as said Lessee's free act and deed for the purposes therein contained.

WITNESS my hand and official seal this 30 day of September 1977.

Luzenia Harley
Notary Public

(Notarial Seal)

My Commission Expires: 3-14-98

EXHIBIT "A"

FLOOR PLAN OF DEMISED PREMISES

036 0078

EXHIBIT "C"

Rules and Regulations

The following rules and regulations have been formulated for the safety and well-being of all the lessees of the Building. Any violation of these rules and regulations by any lessee which continues after notice from Lessor shall be sufficient cause for termination, at the option of Lessor, of the Lessee's lease.

Lessor may, upon request by any Lessee, waive the compliance by such Lessee of any of the following rules and regulations, provided that: i) no waiver shall be effective unless signed by Lessor or Lessor's authorized agent; ii) any such waiver shall not relieve the Lessee from the obligation to comply with such rule or regulation in the future unless expressly consented to, in writing by Lessor; and iii) no waiver of a rule or regulation granted to any lessee shall relieve any other lessee from the obligation unless such other lessee has received a similar waiver in writing from Lessor.

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls or other parts of the Building not occupied by any Lessee (hereinafter "Common Areas") shall not be obstructed or encumbered by any lessee or used for any purpose other than ingress and egress to and from the Lessee's Demised Premises. Lessor shall have the right to control and operate the Common Areas, and the facilities furnished for the common use of the Lessee in such manner as Lessor, in its sole discretion, deems best for the benefit of the Lessees generally. No lessee shall permit the visit to its Demised Premises of persons in such number or under such conditions as to interfere with the use and enjoyment by other lessees of the Common Areas.

2. No awnings or other projections shall be attached to the outside walls of the Building. No drapes, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of a lessee's Demised Premises.

3. No sign, advertisement, notice or other lettering or material(s) shall be exhibited, inscribed, painted or affixed by any lessee on any part of the outside or inside of the Lessee's Demised Premises, the Building or elevators. In the event of the violation of the foregoing by any lessee, Lessor may remove same without any liability, and may charge the expense incurred by such removal to the lessee or lessees violating this rule. All interior signs on the doors and directory table shall be inscribed, painted or affixed for each lessee by Lessor at the expense of such lessee, and shall be of a size, color and style acceptable to Lessor.

4. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the Common Areas.

5. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown or placed therein. All damages resulting from any misuse of the fixtures shall be borne by the lessee whose employees, agents, visitors or licensees shall have caused the same.

036 0079

6. There shall be no marking, painting, drilling into or other form of defacing or damage of any part of a lessee's Demised Premises or the Building. No boring, cutting or stringing of wires shall be permitted. No lessee shall construct, maintain, use or operate within its Demised Premises or elsewhere within or on the outside of the Building, any electrical device, wiring or apparatus in connection with a loud speaker system or other sound system. Lessor will, however, permit a Lessee to install muzak or other internal music system within the Lessee's Demised Premises if the music system cannot be heard outside of the Demised Premises.

7. No Lessee shall make or permit to be made any disturbing noises or disturb or interfere with the occupants of the Building or neighboring Buildings or premises or those having business with them, whether by the use of any musical instrument, radio, tape recorder, whistling, singing or any other way. No Lessee shall throw anything out of the doors or windows, off the balconies or down the corridors or stairs.

8. No bicycles, vehicles or animals, birds or pets of any kind shall be brought into or kept in or about a Lessee's Demised Premises. No cooking shall be done or permitted by any Lessee on its Demised Premises, except that, with Lessor's prior written approval, a lessee may install and operate for the convenience of its employees, a lounge or coffee room with microwave oven, sink and refrigerator. No lessee shall cause or permit any unusual or objectionable odors to originate from its Demised Premises. Each lessee shall be obligated to maintain sanitary conditions in any area approved by the Lessor for food and beverage preparation and consumption.

9. No space in or about the Building shall be used by any Lessee for the manufacture, storage, or sale or auction of merchandise, goods or property of any kind.

10. No flammable, combustible, explosive, hazardous or toxic fluid, chemical or substance shall be brought into or kept upon a lessee's Demised Premises.

11. No additional locks or bolts or alarms of any kind shall be placed upon any of the doors or windows by any lessee, nor shall any changes be made in existing locks or the mechanism thereof. The doors leading to the Common Areas shall be kept closed during business hours except as they may be used for ingress and egress. Each lessee shall, upon the expiration or termination of its tenancy, return to Lessor all keys or codes used in connection with its Demised Premises, including any keys or codes to the Demised Premises, to rooms and offices within the Demised Premises, to storage rooms and closets, to cabinets and other built-in furniture, and to toilet rooms whether or not such keys or codes were furnished by Lessor or procured by Lessee, and in the event of the loss of any such keys and the codes for any alarms, such lessee shall pay to Lessor the cost of replacing the locks. On the expiration or termination of a lessee's lease, the lessee shall disclose to Lessor the combination of all locks for safes, safe cabinets and vault doors and the codes for any alarms, if any, remaining in the Demised Premises.

12. All deliveries and removals, or the carrying in or out of any safes, freight, furniture or bulky matter or material of any description, must take place in such manner and during such hours as Lessor may require. Lessor reserves the right to inspect all freight, furniture or bulky matter or materials to be brought into the Building and to exclude from the Building all or any of such which violates any of these rules and regulations or the Lease.

13. Any person employed by Lessee to do janitorial work within the Demised Premises must obtain Lessor's written consent prior to commencing such work, and such person shall, while in the Building and outside of said Demised Premises, comply with all instructions issued by the superintendent of the Building. No lessee shall engage or pay any employees on the Lessee's Demised Premises, except those actually working for such lessee on said Demised Premises.

14. Any person(s) or company supplying spring water, ice, coffee, soft drinks, towels, or other like merchandise or service shall follow Lessor's directions for delivering same. Lessor has the right to prohibit entry to the Building by such person(s) or company who does not follow Lessor's directions.

15. (Intentionally Omitted)

16. Lessor reserves the right to exclude from the Building at all times any person who is not known or does not properly identify himself to the Building management or its agents. Lessor may at its option require all persons admitted to or leaving the Building between the hours of 6:00 p.m. and 8:00 a.m., Monday through Friday, and at all times on Saturdays, Sundays and holidays, to register. Each Lessee shall be responsible for all persons for whom it authorizes entry into the Building, and shall be liable to Lessor for all acts of such persons.

17. Each Lessee, before closing and leaving its Demised Premises at any time, shall assure that all lights are turned off and the Demised Premises are locked.

18. The requirements of Lessees will be attended to only upon application at the office of the Building. Building employees shall not perform, and shall not be requested by any Lessee to perform, any work or do anything outside of their regular duties, unless under special instructions from the Building management.

19. Canvassing, soliciting and peddling in the Building is prohibited and each Lessee shall cooperate to prevent the same.

20. No water cooler, plumbing or electrical fixtures shall be installed by the Lessee without Lessor's prior written consent.

21. There shall not be used in any space, or in the Common Areas of the Building, either by any Lessee or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

22. Mats, trash or other objects shall not be placed in the Common Areas.

23. Lessor shall not maintain or repair suite finishes or fixtures which are non-standard, including, but not limited to, kitchens, bathrooms, wallpaper, and special lights.

24. No space demised to any lessee shall be used, or permitted to be used, for lodging or sleeping or for any illegal purpose.

25. Employees of Lessor other than those expressly authorized are prohibited from receiving any packages or other articles delivered to the Building for any lessee and, should any such employee receive any such package or article, he or she in so doing shall be the agent of such lessee and not Lessor.

26. No Lessee shall install or permit or allow installation of a television antenna in the windows or upon the exterior of its Demised Premises or the Building.

27. No Lessee shall tie in, or permit others to tie in, to the electrical or water supply of the Building without prior written consent of the Building management.

28. No Lessee shall remove, alter or replace the Building standard ceiling, light diffusers or air conditioning terminals in any portion of its Demised Premises.

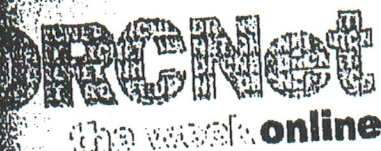
29. No vending machines shall be permitted to be placed or installed in any part of the Building by any lessee. Lessor reserves the right to place or install vending machines in any of the Common Areas of the Building.

30. No lessee shall place, or permit to be placed, on any part of the floor or floors of the space demised to such lessee a load exceeding the floor load per square foot which such floor was designed to carry and which is allowed by law.

31. Lessor reserves the right to specify where in the space demised to any Lessee business machines and mechanical equipment shall be placed or maintained in order, in Lessor's judgment, to absorb and prevent vibration, noise, and annoyance to other Lessees of the Building.

32. Lessee shall abide by any request from the Lessor or the Building management for the Lessee to open or close any window within the Demised Premises. Lessee shall not open or close any other windows not within the Building.

33. Lessor reserves the right to rescind, amend, alter or waive any of the foregoing rules and regulations at any time when, in its sole judgment, it deems it necessary, desirable or proper for its best interest and for the best interests of the lessees, and no such rescission, amendment, alteration or waiver or any rule or regulation in favor of one Lessee shall operate as an alteration or waiver in favor of any other Lessee. Lessor shall not be responsible to any lessee for the non-observance or violation by any other Lessee of any of these rules and regulations at any time.



The Week Online with DRCNet

Issue #96, 6/25/99

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SPECIAL \$30 MEMBERSHIP/BOOK OFFER THROUGH JUNE 30: See <http://www.drcnet.org/wol/092.html#thanks> for details!

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(visit the last Week Online)

or check out The Week Online archives

1. Governor of New Mexico Calls Drug War "Failed" -- Calls for Discussion of Alternatives

Gary Johnson, Republican Governor of New Mexico, ignited a firestorm in his state on Wednesday (6/23) by calling for a re-examination of the failed drug war and a discussion of alternatives, including decriminalization.

"It (the drug war) needs to get talked about," he said in an interview, "and one of the things that's going to get talked about is decriminalization. We really need to put all options on the table."

Johnson, who said that the drug war was a "miserable failure" that "hasn't worked," noted that "the drug problem is getting worse. It's not getting better."

The suggestion became a big story in the New Mexico media, with the state's largest newspaper, the Albuquerque Journal, running it as the lead story the following day (see <http://www.abqjournal.com/news/3news06-24.htm>) and local news stations interviewing DARE officers and others for reaction.

Steven Bunch, President of the New Mexico Drug Policy Foundation, commended the governor for bringing the issue to public debate.

"Governor Johnson is absolutely correct about the failure of the so-called drug war. Prohibition has caused more problems than the policy has solved. It has corrupted our nation and it insures that our children have access to substances that we cannot possibly control in a black market."

Predictably, not every New Mexico elected official was receptive to the idea.

A spokeswoman for Rep. Joe Skeen (R-NM) told the Journal that the congressman's views "can be summed up in three words: 'Just Say No.'"

Johnson, who is 46 years-old and is the father of two teenage children, has previously acknowledged that he had used marijuana, and occasionally cocaine while in college. Now an avid triathlete, he stopped using drugs in his early 20's and has not used alcohol in 12 years.

"What I did was criminal," he said, "and yet those people that I knew that did the same and those that still do it today, I don't consider them criminals."

MAKE A DIFFERENCE: Write to Governor Johnson and let him know that you appreciate his political courage -- especially if you're from New Mexico. If you have family or friends in New Mexico, urge them to call. The Governor's number is (505) 827-3000, or you can write to Governor Gary E. Johnson, Office of the Governor, State Capitol Building, Santa Fe, New Mexico 87503, or comment through the net at <http://164.64.43.1/opinion/Opinion.htm>. His office needs to hear from people, especially constituents, so Governor Johnson will know there is support for what he is trying to accomplish.

Submit letters to the editor to the Albuquerque Journal at opinion@abqjournal.com, fax to (505) 823-3812, or mail to: Letters to the Editor, The Albuquerque Journal, P.O. Drawer J, Albuquerque, NM 87103. Your letter needs to include your name, address and phone number, and your signature if using fax or snail-mail. It should probably be under 200 words, to have the best chance of getting printed.

2. Hyde's Civil Asset Forfeiture Reform Act Passes House Easily

(press release from the Drug Policy Foundation, <http://www.dpf.org>)

WASHINGTON, June 24 -- The Civil Asset Forfeiture Reform Act of 1999, a bill sponsored by Reps. Henry Hyde (R-IL), John Conyers (D-MI), Bob Barr (R-GA) and Barney Frank (D-MA), sailed through the House of Representatives by a 375-48 margin at 5:05pm today.

"This is the most important property-rights legislation to come out of the House this year," said Drug Policy Foundation Senior Policy Analyst Scott Ehlers. "Americans are a step closer to being protected from some of the worst abuses of police power."

Ehlers said that proponents of the bill were hoping that it would pass by a wide enough margin for the Senate to take notice. "The House has clearly and resoundingly said that property rights are important and that the Senate should pass this bill."

An amendment by Reps. Asa Hutchinson (R-AR) and Anthony Weiner (D-NY), which would have watered down H.R. 1658 and strengthened civil asset forfeiture laws, failed by a 268-155 vote. H.R. 1658 would make numerous changes to civil forfeiture law, including:

- Forcing the government to prove that seized property is related to a crime, as opposed to the current practice of the owners' having to prove that their property is not guilty;
- Creating an "innocent owner" defense, whereby property owners unaware of criminal activity occurring on their property could recover their property;
- Providing indigent defendants with appointed counsel; and
- Eliminating the cost-bond requirement, which currently requires property owners to pay up to \$5,000 or 10 percent of the seized property's value in order to contest the seizure in court.

(Thanks to the many of you who responded to our asset forfeiture alerts. We will alert you when there is a bill to lobby for in the Senate. Visit <http://www.fear.org> for further information.)

3. Vancouver's Cannabis Cafe, Hemp BC Closed

Peder Nelson, nelson@drcnet.org

The Cannabis Cafe and Hemp BC of Vancouver, British Columbia were closed by court order on Wednesday, June 9. The closing came after Supreme Court Justice Thomas Melnick upheld a city council decision denying the businesses an operating license. At the same time, Melnick granted an injunction to Vancouver city council lawyers to close the two proprietorships.

Marijuana activist Marc Emery, who stirred up local, national, and international politics with his outspoken views, founded the stores in 1994. In 1998, Emery sold the shops to Shelly Francis, who operated them until the shutdown. Both the shop and the cafe were raided several times by local police, and were the subject of an investigation run jointly by local authorities and the US Navy.

The city council held a special show-cause hearing on May 17-18, 1999, to determine whether a business license would be granted to Francis. Her request was denied. The council cited reasons such as lack of cooperation with local

police, patrons smoking while in the establishments, and the degradation of the community. Nevertheless, local merchants and community members attended the meeting armed with 10,000 signatures on a petition in support of the Cannabls Cafe and Hemp BC. The denial prompted an application for relief by both parties directed to the BC Supreme Court.

In his decision, Justice Melnick noted that the city attorney's demands of Francis at the show-cause hearing "would make the expression 'red tape' appear inconsequential," but that in the end, "the city faces losing credibility in enforcing its licensing scheme" if the injunction were not granted.

The closing of the businesses represents a victory for Vancouver Mayor Phillip Owen, who had publicly vowed that the stores would be "toast." A spokesman for the mayor told The Week Online he had no comment for this story.

"I guess they've won," Francis said in an interview with the Vancouver Sun. "[But] I will always continue this fight to decriminalize marijuana. It's one that has to be fought." Her lawyers said Ms. Francis is planning an appeal.

Read DRCNet's earlier coverage of this story at <http://www.drcnet.org/wo/061.html#hempbc>. The Hemp BC website is still online at <http://www.hempbc.com>.

4. Activist Banned From Talking About Marijuana

A Los Angeles Superior Court judge has ordered a medical marijuana user to stop speaking publicly about marijuana, or face a two year prison term. Joe "Hemp" Kidwell was sentenced last week by Judge Albert Matthews for cultivating fourteen marijuana plants in a storefront office in Venice Beach in 1998. Kidwell, whose doctor testified in his defense at his trial, is protected under the state's laws barring prosecution of people who use marijuana medicinally. But the judge also restricted him from using marijuana anywhere but inside his own home.

Kidwell has been an outspoken and controversial marijuana activist. Before his conviction, he operated First Hemp Bank Distribution Network, a Venice buyer's club. He was arrested two other times last year, once for offering a police officer a joint, which resulted in a misdemeanor conviction. The other arrest, resulting from a report that he was smoking marijuana on a public promenade, will go to trial next week.

The Week Online spoke with Kidwell's attorney, Ronald Richards, who said Kidwell will appeal the probationary restrictions under statutory and Constitutional grounds. Kidwell also criticized the government's continued reliance on prohibition, saying, "The definition of insanity is doing the same thing over and over again and thinking it's going to solve a social problem." "Locking everybody up and making them criminals for simply growing some marijuana, not for sale, is insane."

5. NEW YORK: Staten Island Assemblyman Wants Needle Exchange Banned

Taylor West, tlw5@duke.edu

A bill that would effectively ban legal needle exchange in the state of New York has been introduced into the state assembly by Eric Vitaliano, a Democrat from

Staten Island. The legislation comes on the heels of recent plans to launch a needle exchange program in that borough and New York Governor George Pataki's appointment of Dr. Antonia C. Novello as Health Department Commissioner.

Vitaliano's bill would rescind the provision in New York's state code (Title VII, Section 3381) that allows the Commissioner to grant exemptions for individuals and "classes of persons" from the state's law against the possession or distribution of hypodermic instruments. That provision has allowed for the establishment of 12 state-licensed needle exchange programs throughout New York since 1992.

Kristine Smith, a spokesperson for the Department of Health, stated the department's opposition to the bill. "We do not support this legislation. We feel that our needle exchange programs have been very successful in reaching out to individuals who otherwise may never come in contact with treatment and prevention opportunities. It is important also to stress our commitment to gaining community support before we establish each exchange." Newly confirmed Commissioner Novello has also publicly stated her personal support for New York's needle exchange programs.

The Staten Island AIDS Task Force recently requested permission from the Health Department to begin a mobile needle exchange program on the island. The final decision has not yet been made, but the Task Force is moving ahead with planning stages while awaiting the state's approval. Vitaliano wrote a letter to Governor Pataki opposing the program, but received no direct reply.

Elsewhere in New York, needle exchange activists' response to Vitaliano's bill was critical. Donald Grove, director of development for the New York-based Harm Reduction Coalition, remarked that the introduction of such a bill "shows just how little science and the reality of microbes and viruses has to do with elective politics."

Grove also related Vitaliano's campaign to those of others attacking needle exchange in the Empire State. "There has been a malicious movement to misinform the New York public about needle exchange programs," he told The Week Online. "This is another example of political goals obscuring the facts about a practice that has been proven to save lives and protect the public health."

The bill is not expected to advance far in the legislature, but Grove acknowledged that it may still affect the needle exchange cause. "Vitaliano's bill is like a Pat Buchanan campaign," he explained. "It is fairly clear that it won't succeed, but it will serve to yank the discussion and the agenda further in his direction. Instead of talking about preventing the spread of viruses and improving the public health, we'll be hearing the same unsubstantiated hysteria from the same parade of people. Every time this happens, it results in more scurrying around within the Health Department, more regulations and restrictions in order to protect public relations."

Meanwhile, Vitaliano's camp maintains its anti-needle exchange position. "There are better ways to prevent exposure to deadly diseases," the assemblyman stated in a press release. The press release did not elaborate on those ways.

6. IDAHO: "Drug Bust: The Longest War" TV Special Preempted by Drug Testing Speech in Boise

Peder Nelson, nelson@drcnet.org

On Sunday, June 20, television viewers across the country watched an NBC special report, "Drug Bust: The Longest War." The program, hosted by Geraldo Rivera, highlighted many of the failings of current US drug policy. But viewers of KTVB-TV in Boise, Idaho saw a speech by US Chamber of Commerce President Tom Donohue promoting drug testing in the workplace instead. The program was aired as part of "Enough is Enough," an anti-drug campaign the station is sponsoring.

DRCNet learned of the preempting when subscribers in Boise wrote us to complain. Local resident Russ Belville wrote that he had spoken earlier with reporters from the station who were concerned that KTVB's involvement with the campaign could cause a "conflict of interest" for the newsroom. "Seems to me there's no conflict at KTVB's newsroom at all," Belville wrote this week. "If it doesn't follow the 'Enough is Enough' agenda, it doesn't get aired on KTVB -- even if it is a special report from one of their parent network's news department."

Doug Armstrong of KTVB-TV told the Week Online that the station preempted the NBC show because it needed a primetime run for the final episode of "Incredible Idaho," a local nature program. He added that the station had a previous commitment to air the Donohue's speech.

John Brine, a spokesman for NBC, said that while the Idaho station's choice to replace the Geraldo special with a pro-drug war speech was "interesting," there was nothing unusual about an affiliate choosing not to air it. "The show was picked up throughout the nation and broadcast at about the same rate as other shows," he said. Local stations generally have the option of preempting network programs for local shows when they have other obligations or needs.

A summary and excerpts from Drug Bust can be read online at <http://www.msnbc.com/news/281474.asp>. Enough is Enough has a web site at <http://www.ktvb.com/program/enough.html>.

7. News in Brief

Jane Tseng, jane@drcnet.org

Former D.A.R.E. Officer Sentenced In Cocaine Case

A former D.A.R.E. officer in Wisconsin was sentenced last week to five years in prison for selling cocaine. Kenneth Dodge, an employee of the Menominee Tribal Police Department since February 1983, was fired in June 1997 after selling cocaine to an undercover agent on three occasions while he was a bartender at a local tavern. In addition to the five-year prison sentence, Circuit Court Judge Earl Schmidt revoked Dodge's driver's license for three years and fined him \$302 in court fees and fines.

Swiss High Court Rules Ecstasy Sales Not a "Serious" Crime

On Tuesday June 15, the Swiss Supreme Court overturned a one-year prison sentence given by the State Court of Bern to a man convicted of selling 1000 tablets of Ecstasy. In its ruling, the Supreme Court classified Ecstasy as a "soft drug," saying that while Ecstasy was not a harmless substance; it did not pose a serious health risk.

Rick Doblin, president of the Multidisciplinary Association for Psychedelic

Studies, told The Week Online, "It's a link between honest medical research and objective risk assessment, both of which the we could use more of in the United States." The court also rejected a plea from a state court for a harsher sentence for a man convicted of selling more than 1,300 tablets of Ecstasy. Drug offenses classified as "serious," such as dealing cocaine or heroin, carry sentences of up to 20 years in prison under Swiss law.

On Sunday, the Guardian printed an editorial in support of the Swiss Court decision. The editorial can be found at <http://www.guardian.co.uk/>.

Scottish Public Health Docs Call for Marijuana Legalization

This week, the British Medical Association's Scottish committee on public health medicine called for the legalization of marijuana for recreational and medical use. The doctors, who plan to put forward a motion at the association's annual conference in Belfast next month, are the first medical professionals to advocate a measure supporting the legalization of recreational use of marijuana. The doctors said they hope the legalization of marijuana will cut down on the use of more dangerous drugs such as heroin and cocaine. George Venters, the chairman of the Scottish Committee, has said he feels confident that the committee will easily win public support after all the facts are out. A spokesperson for the BMA would only comment that the ideas presented by the committee do not represent the ideas and policies of the association as a whole.

8. Supreme Court Roundup

Jane Tseng, jane@drcnet.org

Court Refuses to Hear Singleton Appeal

This week, the Court refused to hear an appeal concerning a ruling last year in which prosecutors offered leniency to witnesses in exchange for testimony. By refusing to hear the case, the Court effectively ruled that the common but controversial federal practice of offering leniency to witnesses in exchange for testimony is still acceptable.

The controversy arose after the January decision by the 10th US Circuit Court of Appeals to uphold the conviction of Sonya Singleton in a cocaine trafficking case. Singleton had appealed her conviction, saying that the prosecution's witnesses were offered leniency for his testimony, which helped convict her and other defendants. Singleton's lawyer argued to the court of appeals that the testimony provided by the prosecution's witness could not be used because of a federal law forbidding the exchange of anything of value for testimony.

Singleton's lawyer commented that "the government's practice of buying testimony" will "eat away at the integrity of the judicial system." The Court reasoned that if Congress had written the law to make it illegal for prosecutors to continue their long-standing practice of offering lesser sentences in exchange for testimony, they would have worded the law in such a way as to eliminate doubts. More detailed information on the case in question can be found at <http://www.drcnet.org/wol/074.html#singleton>.

Dyson Traffic Stop Ruling Overturned

The Supreme Court reversed a ruling by a mid-level Maryland appeals court this week that had ruled that searching a vehicle without a warrant is unlawful. The decision upholds an exception to the 4th amendment dating back to 1925

that states that police do not need a warrant when searching a vehicle. The case came before the court after Kevin Darnell Dyson's conviction of conspiracy to possess cocaine with the intent to distribute. The police stopped Dyson on July 3, 1996 and searched his car after an informant told them that Dyson would be on his way home from New York City; where he had allegedly gone to buy cocaine. The police found 23 grams of crack cocaine in a bag in Dyson's trunk.

Dyson appealed his conviction, saying that the search was unlawful because the police had had time to obtain a warrant before searching Dyson's car. The justices noted that previous rulings in 1982 and 1996 affirmed that police do not need a warrant in order to search a vehicle if they had cause to believe there was evidence of a crime.

Court to Hear Case on Juror Removal

The Supreme Court also agreed to hear an Arizona drug case this week which will determine whether or not some criminal convictions would have to be overturned because of jury selection errors. The case concerns Abel Martinez-Salazar, who was arrested in Phoenix and was later convicted for possession of heroin with the intent to distribute and using or carrying a firearm during a drug crime. During the trial, Martinez-Salazar's lawyer used one of his automatic challenges to remove a juror. Martinez-Salazar later claimed that the juror was biased and that his lawyer should not have been forced to use one of his 11 preemptory challenges to remove that juror. The 9th US Circuit Court of Appeals decided that Martinez-Salazar's due-process rights were violated because under federal law, defendants are not required to use their automatic challenges to remove prospective jurors if they show bias. The prosecution argues that because a biased-juror was never allowed on the jury, the conviction still holds.

9. WASHINGTON: Free Video and Lunch-Talk Series

The Institute for Policy Studies' Drug Policy and Foreign Policy in Focus projects invite you to attend their RETHINKING THE DRUG WAR: A FREE SUMMER VIDEO AND SPEAKER SERIES. Films (with experts to speak following film) will be shown weekly through August 19th. Cosponsored by the Progressive Challenge and the Social Action and Leadership School for Activists.

RETHINKING THE DRUG WAR:

A Free Summer Video and Speaker Series

Thursdays, noon to 2:00pm

Institute for Policy Studies, 733 15th St., NW, Suite 1020, Washington, DC

Sponsored by IPS' Drug Policy and Foreign Policy in Focus Projects Brown Bag lunch series. Drinks and dessert provided. For information, contact Samara or Jenny at (202) 234-9382, ext. 220.

Thursday, June 24:

Video- "The Drug Dilemma: War or Peace" (Walter Cronkite)

Drug War 101: Overview of US Policy

Speaker: Paul Lewin (Research Director, Common Sense for Drug Policy)

Thursday, July 1:

Video- "Seeds of War" (Australian documentary)

A History of the US War on Drugs

Speakers: William Chambliss (Author and Professor, GWU) and Carol Bergman (Research and Policy Reform Center)

Thursday, July 8:

Video- "America's War on Drugs" (America's Defense Monitor)

Addicted to Failure: the US Drug War Overseas

Speakers: Coletta Youngers (Washington Office on Latin America) and Peter Zirnite (DC-based journalist)

Thursday, July 15:

Video- "Unholy Alliance" (The CIA, the Afghan War, and heroin trafficking)

Covert Operations and the Drug Trade Speaker: Bob Parry (Editor and Publisher, I.F. Magazine)

Thursday, July 22:

Video- "Sex, Drugs, and Democracy" (The Dutch Model)

International Drug Policy and Alternatives

Speaker: Scott Ehlers (Senior Policy Analyst, Drug Policy Foundation)

Thursday, July 29:

Video- "Snitch" (PBS Frontline documentary)

How the System Operates: Police, Prosecutors, and Drug Laws

Speaker: Eric Sterling (President, Criminal Justice Policy Foundation)

Thursday, August 5: Video- "The Corner" (Nightline program on a Baltimore drug market)

Race, Poverty, and the Drug Economy

Speaker: Cheryl Epps (DC-based drug policy expert)

Thursday, August 12:

Video- "Women of Substance" (Mothers and Addiction)

Other Casualties of the Drug War: Women and Students

Speakers: Diane Riley (Invited)(International Harm Reduction Network) and Adam Smith (Associate Director, DRCnet)

Thursday, August 19:

Video- "The Legacy" (PBS documentary)

Three Strikes and Other Legislative Hysteria

Speakers: Vincent Schiraldi (Executive Director, Justice Policy Institute) and Rep. Barbara Lee D-CA (Invited)

Visit <http://www.ips-dc.org> for information about the Institute for Policy Studies and links to the programs that are sponsoring this series.

10. EDITORIAL: Can't Keep a Good Idea Down

Adam J. Smith, Associate Director, ajsmith@drcnet.org

File this in the "You Just Can't Keep a Good Idea Down" folder. New Mexico Governor Gary Johnson, a Republican, sparked controversy this week by proclaiming the drug war "a failure" and advocating a wide-ranging debate on alternatives, including decriminalization. Governor Johnson's remarks came exactly one week after his GOP party-mates in Congress compared drug policy reformers to child abusers, rapists and pedophiles and even went so far as to urge the criminal prosecution of reform advocates under federal RICO statutes.

Governor Johnson, a 46 year-old father of two and an avid triathlete, has previously admitted using marijuana and occasionally cocaine while in college. "What I did was criminal," he said in an interview, "and yet those people that I knew that did the same thing and those that still do it today, I don't consider

them criminals."

There is no question that New Mexico is a long way from Washington, DC. But do not think for a moment that it will go unnoticed within the Republican leadership that one of their governors has broken party ranks on the drug war. The very fact that Congressional hearings were held last week, convened by Republican John Mica of Florida, is testament to the fact that the party is both concerned about the growing calls for reform and determined to do all that it can to discredit them.

Despite the rabidity of the most ideological drug warriors, the issue of drug policy, and particularly the realization that what we are currently doing is disastrous, is gaining currency across the nation. Nevertheless, it is telling that Governor Johnson created a political firestorm by the mere suggestion that we discuss all viable alternatives. Such reaction, along with the ugliness of last week's Congressional hearings, show that even pointing out that the emperor has no clothes is still an act of extreme political courage.

It will be interesting to watch the Republican party as the ideological split over this issue continues to emerge. The drug war is an issue upon which many GOPers have staked their reputations, and filled their campaign coffers. But it is an issue that is beginning to create a chasm that will soon become impossible to ignore. For Republicans, already struggling with internal divisions over abortion, gun control and censorship of the popular culture, there might not be a tent big enough for this one.

If you like what you see here and want to get these bulletins by e-mail, please fill out our quick signup form at <http://www.drcnet.org/signup.html>.

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