

THE COMPETITION TRIBUNAL

In the Matter of an Application by Barcode Systems Inc.
for an Order pursuant to section 103.1
of the *Competition Act*, RSC 1985 c. C-35, as amended
granting leave to bring an application pursuant to
section 75 of the *Competition Act*

BETWEEN:

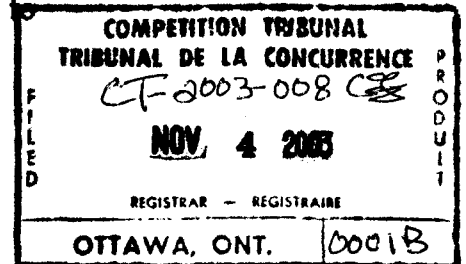
Barcode Systems Inc.

Applicant

AND:

Symbol Technologies Canada ULC

Respondent



AFFIDAVIT

I, DAVID SOKOLOW, of 4457 - 140 Avenue NE, Bellevue, WA 98005, MAKE OATH AND
SAY AS FOLLOWS:

1. I am the president of the Applicant and as such have personal knowledge of the facts and matters hereinafter deposed to except where stated to be made on information and belief and where so stated, I verily believe them to be true.
2. I am authorized by the Applicant to make this Affidavit.

The Parties

3. The Applicant Barcode Systems Inc. ("BSI") is a corporation incorporated under the laws of Canada. It has a head office in Winnipeg, Manitoba and is registered to carry on business in a number of jurisdictions throughout Canada. Attached as **Exhibit "A"** to this my Affidavit is a copy of a company search for BSI.

4. Attached as **Exhibit "B"** to this my Affidavit is a company search for Symbol Technologies Canada ULC ("Symbol"). From my review of Exhibit "B", and from my knowledge of Symbol generally, I believe that Symbol is a corporation incorporated pursuant to the laws of the Province of Nova Scotia, with a head office in Mississauga, Ontario.

The Bar Code Industry

General Description

5. The bar code industry generally encompasses the manufacture, distribution, installation and maintenance of data capture systems for various different types of industries. Bar code equipment is used for labelling, tracking and identifying equipment, assets and people.

6. Equipment supplied as part of a bar code system will typically allow the end user to create bar code labels, most often with a dedicated bar code label printer, affix the labels to different kinds of products or merchandise, collate the bar code data with specific

items of product or merchandise and scan the bar code label, usually as part of a sales system or merchandise tracking system.

7. Bar code technology is used in various types of industries, such as retail outlets (merchandise tracking, stock replenishment and sales), delivery companies (package tracking) and financial institutions (data management and tracking currency operations).

BSI

8. Since its inception, the Applicant has been engaged in the business of selling and servicing of bar code equipment. The Applicant sells mainly to manufacturers, warehouse clients and institutions such as libraries. Attached as **Exhibit "C"** to this my Affidavit is a copy of a printout from the Applicant's web site (www.bsirect.com), which printout describes the Applicant and identifies some of its products and some of its customers.

9. The Applicant does not manufacture bar code equipment. Rather, it functions in the bar code industry as a value added reseller ("VAR"). Typically, the Applicant will deal directly with a client, first determining the client's requirements and then designing or configuring a bar code system to meet those requirements. Once the client places its order, the Applicant then acquires the necessary equipment directly from the manufacturer, or from distributors representing the manufacturer, configures the equipment to meet the

client's requirements and then installs the equipment. Often, the Applicant will then be retained to service, modify and/or upgrade the bar code equipment, as necessary.

Symbol

10. Symbol Technologies Inc. ("Symbol US") is US company, with a head office in Holtzville, New York. Symbol US is the single largest manufacturer of bar code equipment in the world. In particular, Symbol US products dominate the "scanning" segment of the bar code industry, as its owns the patent for one of the most widely used trigger / laser mechanisms in the world. That mechanism is incorporated into various types of scanners manufactured by Symbol US, as well as in numerous different application specific scanner-integrated mobile computer systems worldwide.

11. Symbol is the Canadian subsidiary of Symbol US. Symbol US products are sold and distributed in Canada through Symbol. (For the purpose of this Affidavit, I will refer to Symbol US and Symbol collectively as the "Symbol Companies" and I will refer to bar code equipment manufactured by the Symbol Companies as "Symbol Products".) Anyone wishing to obtain Symbol Products for use in Canada must obtain those products through Symbol, either directly or through specific distributors representing the Symbol Companies.

Relationship Between Bar code and Symbol

History

12. In or about 1992, the Applicant began dealing in Symbol Products, primarily hand held scanners and terminals. Symbol US, which was then attempting to break into the Canadian market, approached the Applicant and requested that it become a distributor of Symbol Products in Canada. The Applicant agreed to do so and subsequently dealt with Symbol in Canada.

13. Commencing in 1992, the Applicant purchased equipment directly from Symbol and maintained Symbol Products in stock. The Applicant also began installing Symbol Products for its clients. Within a year of commencing distribution of Symbol Products, the Applicant was realizing over a million dollars in revenues from the sale of those products.

14. Attached as **Exhibit "D"** to this my affidavit is a true copy of a "Value Added Reseller Agreement" between the Applicant and Symbol, entered into in June 1993. Exhibit "D" is typical of the type of VAR agreements entered into between the Applicant and Symbol at various times.

15. In or about 1994, Symbol requested that the Applicant agree to take over Symbol's distribution in Western Canada. Attached as **Exhibit "E"** to this my Affidavit is a true copy of a May 4, 1994 letter from Symbol to the Applicant, setting out the proposed

terms for the Applicant taking over the Symbol's office in Vancouver. The Applicant agreed to Symbol's terms and subsequently operated as "Symbol Western" in British Columbia.

16. In or about 1996, again at Symbol's request, the Applicant established an office in Ontario, where it operated as "Symbol Direct".

17. As a distributor and VAR for Symbol, the Applicant's business expanded continuously throughout the 1990's, such that it eventually established and maintained offices in Winnipeg, Toronto and Vancouver.

18. In 1997, Barcode Systems, Inc. ("BSI (US)") was incorporated under the laws of the State of Washington in the USA, and opened an office in Bellevue, Washington.

19. Throughout this period, the Applicant's business increasingly focussed on the sale and distribution of Symbol Products. In addition to supplying such products for its clients, the Applicant maintained Symbol Products in stock under consignment arrangements. Specifically, Symbol would provide inventory to the Applicant which would be held on the Applicant's shelves. If it was not sold, the inventory would be returned or exchanged.

20. Commencing in 1998, the Applicant and Symbol entered into "integration agreements", which permitted the Applicant to have stock rotation privileges (ie. to hold

Symbol Products on the shelf and if it could not be sold, to ship the product back to Symbol).

21. On March 17, 1998, the Applicant and Symbol entered into a “Reseller Loyalty Program Addendum”, which agreement provided, among other things, that the Applicant “may not sell products which compete with any Symbol products included in the Program ...”. Attached as **Exhibit “F”** to this my Affidavit is a copy of the “Reseller Loyalty Program Addendum”.

22. By the end of 2002, as a consequence of its long relationship with Symbol and the various agreements which the parties had entered into, the Applicant’s business was focussed almost exclusively in dealing with Symbol products. I estimate that dealing with Symbol Products represented approximately 75% of the Applicant’s business, including new sales, custom and turn key software and service / maintenance contracts.

Symbol’s Refusal to Deal with BSI

23. At some point in 2002, Symbol US and its principals became the subject of an investigation by the Securities and Exchange Commission of the United States (the “SEC”). As I understand it, the SEC investigation, which implicated both Symbol US and its corporate officers, was directed at Symbol US’s alleged failure to properly report financial information, including sales revenues. Attached as **Exhibit “G”** to this my Affidavit is a copy of an information which was filed in the US District Court, Eastern District of New

York in respect of the SEC investigation. The subject of the Information, Robert Asti, was one of the principals of Symbol US.

24. On or about January 30, 2003, I was subpoenaed by the SEC. Attached as **Exhibit "H"** to this my Affidavit is a copy of the subpoena. I was subsequently interviewed by SEC investigators in respect of the SEC investigation.

25. In or about January 2003, Symbol informed the Applicant that it could no longer buy parts for Symbol Products.

26. In March 2003, BSI commenced legal action in Manitoba against the Symbol Companies (the "Legal Action"). The Legal Action was founded upon an allegation that the defendants were in breach of a 1998 agreement.

27. Subsequent to the commencement of the Legal Action, I spoke with Todd Abbot, the executive vice President of Symbol US. Mr. Abbot told me that Symbol was "going to bury" the Applicant. He further stated that the Symbol Companies were going to approach all of the Applicant's customers directly, or through another VAR, and take all of those customers.

28. On April 9, 2003, Mike Reid, the President of Symbol, informed me that neither Symbol nor any of its distributors would accept purchase orders from the Applicant

after April 20, 2003. Attached as **Exhibit "I"** to this my Affidavit is a copy of an e-mail from Mike Reid to me dated April 9, 2003, in which Mr. Reid expressed this position.

29. At or about the time the Legal Action was commenced, Symbol produced a new form of VAR agreement. Symbol advised its distributors / VARs that all previous agreements were set aside and required that any party wishing to distribute Symbol products reapply to participate under the new form of agreement. The Applicant applied to participate in the new VAR agreement, but that application was rejected on May 6, 2003.

30. Since May 1, 2003, Symbol has refused to deal with the Applicant and has refused to sell any Symbol products to the Applicant.

Symbol's Refusal to Allow Others to Deal with BSI

31. As a result of Symbol's refusal to supply any of its product to the Applicant, the Applicant has been forced to attempt to deal through other distributors or VARs of Symbol Products in order to acquire Symbol Products. On various occasions, Symbol representatives have taken steps to ensure that those suppliers not deal with the Applicant.

The details are as follows:

- (a) prior to May 2003, the Applicant had been able to obtain Symbol Products from a Symbol distributor, Scansource Inc. ("Scansource"), which was located in South Carolina. In May 2003, Eugene Knoedler, the Scansource Account Manager in Vancouver, BC, advised me that Symbol had directed

Scansource not to accept purchase orders for Symbol Products from the Applicant. Mr. Knoedler referred me to a Vancouver company, AM/PM Service Ltd. ("AM/PM"), and suggested that the Applicant order Symbol Products through that company. The Applicant placed orders for Symbol Products through AM/PM and received a number of shipments. However, on May 14, 2003, the Applicant was advised that AM/PM could no longer supply Symbol Products to it. Attached as **Exhibit "J"** to this my Affidavit is a copy of a May 14, 2003 email from Brent Krause of AM/PM to Sheenah Demsey, an employee of the Applicant, advising that AM/PM had been instructed "to stop all Symbol purchases made on behalf of Barcode". As a result, the Applicant has been unable to obtain Symbol Products through Scansource or through AM/PM;

- (b) in or about June 2003, the Applicant began dealing with a company called Barcode Trading Post, located in Texas, in order to obtain Symbol Products. When they learned that this was occurring, representatives of the Symbol Companies specifically stipulated to Bar Code Trading Post that if it sold to the Applicant, it was at the risk of losing its Symbol distributorship. As a result, Barcode Trading Post has refused to deal with the Applicant;
- (c) commencing in May 2003, the Applicant began placing orders for Symbol Products with Telpar Inc. ("Telpar"), a Texas subsidiary of Peak Technologies Inc., located in Maryland, USA, and a distributor of Symbol Products. Between May and September 2003, the Applicant received numerous

shipments of Symbol Products from Telpar. However, in late September or early October 2003, after the Applicant had placed an order and received a "notice to ship" from Telpar, Telpar advised that Symbol had refused to fill the order. Attached as **Exhibit "K"** to this my Affidavit is a copy of an October 2, 2003 email from Kelly Ennis of Telpar to Jordan Miles, advising that "Symbol has demanded that we not only cease in providing your company product in Canada but also in the US".

32. In addition to Symbol's refusal to deal with the Applicant, Symbol has been actively approaching the Applicant's clients and inducing them not to deal with the Applicant.

33. By way of example, in April 2003, the Applicant was about to close a transaction with Best Buy Future Shop in Vancouver. The revenue value of the transaction was approximately \$500,000. In an email dated April 9, 2003, I requested that Symbol provide assurances that it would provide Symbol Products in support of the sale. Attached as **Exhibit "L"** to this my Affidavit is a copy of that email.

34. Symbol subsequently approached Best Buy Future Shop, indicated that it would not supply product to the Applicant and arranged the supply of product through an alternative distributor. As a consequence, the Applicant lost the sale and lost the client.

Attached as **Exhibit "M"** to this my Affidavit is a copy of an email which I wrote to Mr. William Nuti of Symbol, confirming that Symbol had diverted the sale.

35. I subsequently learned that Symbol has been actively encouraging other companies to approach the Applicant's customers with a view to taking over service contracts. Attached as **Exhibit "N"** to this my Affidavit is a copy of a an email from Peter Ferraro of "q.data inc." to Adrienne Saindon, advising that Symbol had provided him with a list of the Applicant's service contracts and had requested that he follow up on them.

Effect on BSI's Business

36. As a result of Symbol's refusal to deal with the Applicant and the Symbol Companies' refusal to allow any of their distributors to deal with the Applicant, the Applicant has been unable to obtain Symbol Products. The effect on the Applicant's business has been devastating.

37. In the fiscal year ending September 2002, the Applicant realized revenues in excess of \$20 million. I anticipate that the Applicant's revenue for the fiscal year ending in September 2003 will be just under \$10 million. That drop in revenue is directly attributable to Symbol's refusal to deal with the Applicant and the steps it has taken to prevent Symbol distributors or VARs from dealing with the Applicant. Unless the Applicant is able to obtain access to Symbol Products, I anticipate that the drop in revenue will continue until the Applicant can no longer carry on business.

38. In addition to the Applicant's inability to sell Symbol Products to new clients, approximately 75% of the Applicant's ongoing maintenance contracts relate to clients with Symbol Products. In order to fulfil those contracts, the Applicant requires access to Symbol Products and Symbol personnel. As a result of Symbol's refusal to deal with the Applicant, it has been unable to fulfil its obligations to those clients.

39. As a result of its inability to obtain Symbol Products, the Applicant was forced to reduce its operations. It has laid off approximately 50% of its workforce and I anticipate that further closures and further layoffs will occur as revenues continue to drop.

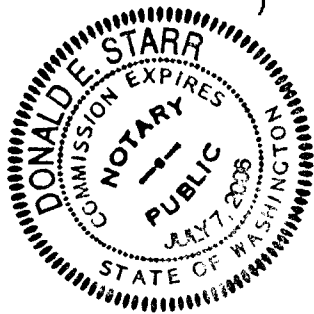
40. In September 2003, as a result of the Applicant's financial circumstances, created by Symbol's refusal to provide Symbol Products to the Applicant, the Applicant's bank, the Royal Bank of Canada in Winnipeg, Manitoba made a demand in respect of outstanding loans owed by the Applicant. The Applicant is presently in negotiation with the Royal Bank, but, if revenues continue to fall as they have been since Symbol stopped dealing with the Applicant, I believe that the Applicant will be forced into receivership in the near future.

41. The Applicant is ready, willing and able to meet the usual trade terms for the purchase and supply of Symbol Products, just as it was able to do so during the 11 years prior to the Symbol Companies' refusal to supply Symbol Products.

42. As far as I am aware, there is no shortage of Symbol Products in the market. The only reason the Applicant has been unable to obtain such products is the refusal of Symbol to supply Symbol Products to the Applicant and the refusal of the Symbol Companies to allow its distributors to provide Symbol Products to the Applicant.

43. While it is possible to obtain Symbol Products on the open market, such a purchase would be on the same terms and for the same prices as would be available to any member of the public or end user. The Applicant cannot purchase on those terms and continue to operate as a VAR in the bar code industry. Apart from the Symbol Companies and their distributors, there is no other economically viable source of Symbol Products available in Canada.

SWORN BEFORE ME in the City of)
Seattle, in the State of Washington,)
USA, this 23 day of October ,)
2003.)
_____)
A Notary in and for the State of)
Washington)



DAVID SOKOLOW

As of: SEP 24, 2003 BC OnLine: COMPANIES - CORPORATE SEARCH
03/10/06
Lterm: XPSP0050 For: PB69676 CHURCH & COMPANY
10:43:57

Type/Number A 0039665

EXTRA PROVINCIAL COMPANY

Name: BARCODE SYSTEMS INC.

Registration No.: A -0039665
OCT., 1990

Incorporation Date: 15

Last Annual Report Date: 21 SEP., 2002

Nbr of Principals: 5

In Liq: NO Receiver: NO Reporting: N/A

Date of Registration in B.C.: 21 SEP., 1994
Jurisdiction of Incorporation: FEDERAL

Head Office Outside Province: 1700 - 360 MAIN ST.
WINNIPEG, MANITOBA
R3C 3Z3

Head Office Within Province: 4311 CANADA WAY
BURNABY, B.C.
V5G 1J3

Name and Address of Attorney: SOKOLOW, DAVID
4311 CANADA WAY
BURNABY, B.C.
V5G 1J3

Director Name: CAROLINE LEVI
Address: 4457 140 AVE NE
BELLEVUE WA 98005

Director Name: HARRY MANN
Address: 3060 OAKVIEW LANE N.
PLYMOUTH MN 55441
USA

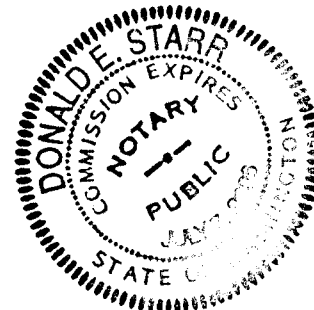
Director Name: ROBYN MILES
Address: 602 1818 ROBSON ST
VANCOUVER BC
V6G 1E3

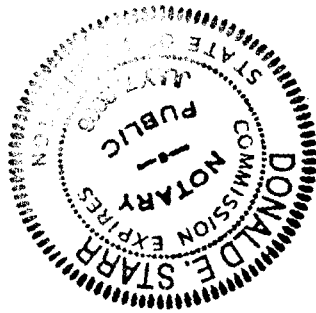
Director Name: DAVID SOKOLOW
Address: 4457 140 AVE. NE
BELLEVUE WA 98005

Director Name: SHELDON STURREY
Address: 670 BROCK STREET
WINNIPEG MB
R3N 0Z4

Officer Name: CAROLINE LEVI
Position: SECRETARY
Address: 4457 140 AVE NE
BELLEVUE WA 98005

This is Exhibit A referred to in the
affidavit of David Sokolow
made before me on 13 Oct 2003
[Signature]
A Commissioner for taking Affidavits
for British Columbia
A Notary in and for the
State of Washington





This is Exhibit B referred to in the affidavit of David Sokolow made before me on 12/21/2008

[Signature]

A Commissioner for taking Affidavits for British Columbia

A Notary in and for the State of Washington

A



NOVA SCOTIA
Service Nova Scotia and Municipal Relations
Registry of Joint Stock Companies

PROFILE - SYMBOL TECHNOLOGIES CANADA, ULC - TECHNOLOGIE DU SYMBOLE CANADA, ULC - as of 2003-10-20 10p.m.

Company/Society Name:	SYMBOL TECHNOLOGIES CANADA, ULC - TECHNOLOGIE DU SYMBOLE CANADA,
Registry ID:	3056910
Type:	N.S. Unlimited Liability
Nature Of Business:	
Status:	Active
Jurisdiction:	Nova Scotia
Registered Office:	1959 UPPER WATER ST STE 900 HALIFAX NS B3J 2X2
Mailing Address:	1959 UPPER WATER ST STE 900 HALIFAX NS B3J 2X2

PEOPLE

Name	Position	Civic Address	Mailing Address
PETER NIND	Director	48 RAVENSCROFT CIRCLE BRAMPTON ON L6Z 4P2	
KENNETH V. JAEGGI	VICE PRESIDENT AND TREASURER	ONE SYMBOL PLACE HOLTSVILLE NEW YORK 117421300	
LEONARD H. GOLDNER	VICE PRESIDENT AND SECRETARY	ONE SYMBOL PLAZA HOLTSVILLE NEW YORK 117421300	
CHARLES S. REAGH	Recognized Agent	1959 UPPER WATER ST STE 800 HALIFAX NS B3J 3N2	PO BOX 997 HALIFAX NS B3J 2X2
RICHARD BRAYMAN	Director	ONE SYMBOL PLAZA HOLTSVILLE NEW	

10/21/2003

		YORK 117421300	
MICHAEL REID	PRESIDENT		

(5)

ACTIVITIES

Activity	Date
Effective Date of Amalgamation	2001-06-01
Date of Filing Amalgamation	2001-06-01
Appoint an Agent	2001-06-01
Change of Directors	2001-06-01
Special Resolution	2002-03-20
Annual Renewal	2002-07-26
Annual Statement Filed	2002-07-26
Annual Renewal	2003-07-17
Annual Statement Filed	2003-07-21

- new registration

RELATED REGISTRATIONS

This Company ...
Amalgamated From 3052898 NOVA SCOTIA COMPANY
Amalgamated From TELXON CANADA CORPORATION ULC
Amalgamated From SYMBOL TECHNOLOGIES CANADA, ULC- TECHNOLOGIE DU SYMBOLE CANADA, U

Barcode Systems Inc. will help you increase your revenues and reduce your costs by providing automated data capture, wireless systems, printing and service solutions. Our solutions allow your business to collect and act on information about your operations immediately.

6

Since 1988, Barcode Systems Inc. has been providing innovative bar code solutions and service to our customers. We have helped countless businesses establish their data capture systems on time and on budget. From project management and site surveys to complete installation, service, maintenance and rental solutions, Barcode Systems Inc. has the Auto ID expertise and experience to guarantee success.

BSI integrates a wide variety of bar code and wireless technologies from manufacturers like *Intermec, Symbol, Telxon, PSC/Percon, and Zebra/Eltron*. We deliver solutions through our team of manufacturer certified sales representatives and systems engineers. We fully support our solutions after installation.

Barcode Systems customers range from small companies, large software companies and OEM's to Fortune 100 Corporations. Barcode Systems customer list includes *Nortel, Fedex, Honda, Shell, Petro Canada, and Kimberly Clark*.

For sales information regarding bar code equipment, service contracts, evaluations and loaner services, send email to sales@barcodesystemsinc.com or contact the Sales Office nearest you.



Locations

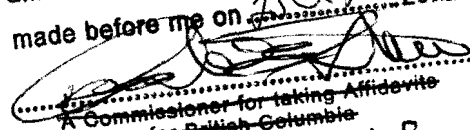
5250 Grimmer Street
Burnaby, BC
Canada V5H 2H2 1-800-561-2119

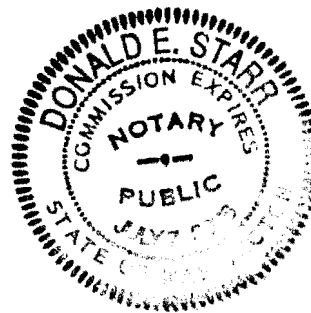
1475 King Edward Street
Winnipeg, MB
Canada R3H 0R7
1-888-404-SCAN (7226)

13400 NE 20th St., Suite 32
Bellevue, WA
U.S.A. 98005
1-888-310-SCAN (7226)



Case Studies

This is Exhibit "C" referred to in the
affidavit of David Sokolov
made before me on 23 Oct 2003 2003

A Commissioner for taking Affidavits
for British Columbia
A Notary in and for
the State of Washington



Some of Our Customers:

7



Chapters/Indigo Books

Chapters is the largest retail book store chain in Canada. Barcode Systems Inc., Symbol Technologies' largest Canadian Dealer, was selected by Chapters to install Spectrum 24 Radio Frequency systems in each of their 100+ stores across Canada as well as their Toronto area Distribution Center. In total, nearly 400 hand helds have been deployed to date across the retail stores, and in excess of 300 hand helds and vehicle mount computers have been deployed at the DC.

Chapters' decision to automate their stores with an RF system will allow them to collect information and update their systems in real time greatly improving customer service. The RF network and hundreds of portable data terminals will be used for:

- ▶ Stock Replenishment
- ▶ Book Queries
- ▶ Location ID's

The RF network is Symbol Technologies' Spectrum24® trademarked wireless LAN, which provides a high level of performance (a 2.0/1.0 Mbps data rate for fast operation) with the advantage of open architecture. Its ease of installation, high throughput, expandable capacity and superior interference immunity make it ideal for mobile communications and real-time data access applications. Chapters chose Barcode Systems Inc. for superior customer service, competitive prices and the best solution.

FedEx Corporation

FedEx Corporation is an \$18-billion market leader in transportation, information, and logistics solutions, that delivers nearly 5 million shipments every business day and handles more than 100 million electronic transactions a day. Barcode Systems Inc. worked with FedEx to develop a solution to track the thousands of shipping containers that FedEx Corporation ships each day. Our solution provided radio frequency portable data terminals that could withstand temperature extremes when being used outdoors to track containers at each FedEx hub. Information is available in real time to operations staff.

Petro Canada

Petro-Canada is a major Canadian oil and gas company and a leader in the Canadian petroleum industry. Barcode Systems Inc. provided gas and convenience store locations across Canada with point of sale scanning solutions and portable data terminal inventory applications.

Shell

Shell Canada Limited is one of the largest integrated petroleum companies in Canada. The company is a major producer of natural gas, natural gas liquids and bitumen, and the country's largest producer of sulphur. Shell Canada is also a leading manufacturer, distributor and marketer of refined petroleum products. Barcode Systems Inc. provided Shell with point of sale scanning solutions for their operations nationwide.

Nortel

Nortel Networks is a global leader in telephony, data, wireless and wireline solutions for the Internet. Today, Nortel Networks is creating a high-performance Internet that is more reliable and faster than ever before. It is redefining the economics and quality of networking and the Internet through Unified Networks that promise a new era of collaboration, communications and commerce. Nortel Networks has offices and facilities in Canada, Europe, Asia-Pacific, Caribbean and Latin America, the Middle East, Africa, and the United States. Barcode Systems, Inc. has been supplying multiple Nortel facilities with a full range of automated data capture solutions encompassing all areas of operations, testing labs, and manufacturing facilities. These applications range from both tethered and cordless scanning systems at every workstation, to facility wide wireless LAN backbones and related portable data collection equipment. In addition, a variety of desktop, through heavy industrial thermal label printers including related media are also in use and supplied by the BSI Group.

Canadian Imperial Bank of Commerce

CIBC is one of North America's leading financial institutions with upwards of seven million personal banking and

business customers. CIBC offers a full range of banking products and services through a comprehensive state of the art electronic banking network, local branches and offices across Canada and around the world. Barcode Systems Inc. supplies CIBC with high performance thermal label printers and laser bar code scanners in relation to a custom designed software application in use to track currency operations. (8)

McCain Foods

The McCain Group of companies employs more than 16,000 full time people worldwide, with a manufacturing capacity of about 1,000,000 lbs. of potato products per hour. Globally, McCain Foods has potato and other food processing facilities in Canada, United States, France, United Kingdom, Netherlands, Belgium, Australia, New Zealand, Columbia, Argentina and Poland. The McCain Group has expanded to include companies engaged in transportation, equipment manufacturing and other areas. McCain products now embrace not only a complete line of French fries and potato specialties, but also green vegetables, desserts, pizzas, juices and beverages, oven meals, entrées and other quality food products. Barcode Systems Inc. worked with McCain Foods to assist in the integration of automated data collection capability, including data capture technology, at shipping and receiving stations in various McCain facilities within Canada.

Textron

Textron Inc. is one of America's largest and best-performing multi-industry companies. Headquartered in Providence, R.I., Textron ranks 144th on the FORTUNE 500 list of largest U.S. companies, and is among FORTUNE's "Global Most Admired Companies". Textron has achieved an average annual earnings-per-share growth rate of 23 percent since 1992, and has reported 10 consecutive years of quarter-over-year-quarter earnings growth. Familiar brand names in the Textron family of companies include: Bell Helicopter, Cessna Aircraft, E-Z-GO and Ransomes. Through direct and indirect (partner) relationships, BSI has integrated automated data capture solutions in multiple Textron facilities, within several Textron Family Companies including E-Z-GO, Bell Helicopter, and Textron Automotive divisions. These solutions run the full spectrum of Auto ID Technology, from tethered and cordless bar code scanning solutions, to thermal printing, and facility wide wireless LAN's.

Honda Canada

Honda began as a small motorcycle manufacturer and is now a business that sells nearly 11 million products worldwide, including automobiles, motorcycles and power products. They have seen record-setting sales in the last three years, but still manage to retain the qualities of a small company. Honda embraces the ideal that even as operations expand around the globe, they want to maintain the qualities of a small company that is close to its customers. The ability to produce a worthwhile product with the speed, flexibility and efficiency of a small company and the essential elements of a large company - global reach and technological strength - is what drives them into the future and will continue to help them strategize their global efforts. Barcode Systems, Inc. in coordination with a strategic BSI software partner, worked with Honda Canada (Motorcycle Parts Division) to automate and streamline the parts management operation within several facilities using a real time radio frequency system and hand held portable data collection terminals with integrated laser bar code scanners.

Strategic Partners

Symbol Technologies, Inc.

Symbol Technologies, Inc. is a global leader in mobile data management systems and services with innovative customer solutions based on wireless local area networking for voice and data, application-specific mobile computing and bar code data capture. Symbol's wireless LAN solutions are installed at more than 45,000 customer locations, and more than seven million Symbol scanners and application-specific scanner-integrated mobile computer systems are in use worldwide. Symbol and BSI provide solutions for retailing, transportation and distribution logistics, parcel and postal delivery, healthcare, education, manufacturing, and other industries.



Zebra Technologies Corporation.

Zebra Technologies Corporation, the worldwide leader in bar code printing, manufactures on-demand specialty printers that are developed for total automatic identification solutions. In addition to Zebra- and Eltron-brand on-demand bar code label printers, Zebra produces secure ID printing systems and plastic card printers used in automatic identification and plastic card personalization applications worldwide. Zebra also offers software and related supplies, including more than 300 label and ribbon combinations. Zebra has an installed base of approximately 1.8 million units, and its customers include more than 70 percent of the FORTUNE 500 manufacturing companies.



Zebra, with its global network of business partners, provides total automatic identification solutions for a variety of industries, including consumer goods, manufacturing, automotive, healthcare, electronics, ecommerce, shipping, warehousing, and distribution, retail, and government.

Intermec Technologies Corporation

Intermec Technologies Corporation, a Unova Company, is a global leader in the development, manufacture and integration of automated data collection and mobile computing systems. Intermec's products and services are used by customers in multiple industries to improve productivity, quality and responsiveness of business operations, from supply chain management and enterprise resource planning to field sales and service. Intermec manufactures a complete line of data collection hardware, network devices, mobile computers, bar code printers and label supplies in 70 countries, and support our offering through business partners like BSI.



Sourcsmith Industries Inc.

Sourcsmith is an innovative company that provides scalable and comprehensive Asset Resource Management (ARM) software. The design and implementation of ARM software empowers organizations to manage their assets and integrate their processes. Effectively managing a business' assets allows them to streamline processes, maximize resources, and eliminate waste via integrated computer systems.



Sourcsmith's ARM software was responsible for the successful asset resource planning of the Sydney Olympics. Microsoft awarded Sourcsmith as the "Best Workflow and Tracking Solution" at the 2000 Comdex show in Vegas for the work and accolades received during the Sydney Olympics.

Sourcsmith is committed to listening to our clients and offering solutions that fit and grow with their business model.

HHP

HHP (formerly Hand Held Products, a Welch Allyn Affiliate) is dedicated to the design and development of affordable, high-performance, image-based data collection systems for the retail, transportation, postal, warehousing, logistics, and manufacturing markets.



HHP is a leading innovator in the development of quality data capture products and solutions. HHP launched the world's first commercially viable bar code wand scanner in the early 1960's. Since then, the company has pioneered many advances in bar code scanning, including long range CCDs, autodiscrimination of multiple symbologies, advanced linear and 2-dimensional decoding algorithms, linear and area image engines, and the world's first 2D-capable portable data terminal.

Microscan

Microscan has achieved worldwide recognition as an innovative developer of hands-free automated bar code scanners and decoders for automated systems.

MICROSCAN
PREFERRED PARTNER

Founded in 1982, Microscan was the first company to successfully integrate a laser diode into a scanner. This breakthrough enabled us to become a leader in the ever expanding field of miniaturized high speed fixed mount bar code scanning.

Microscan has continued to excel in other areas as well, developing a complete array of scanning products for a diverse base of industrial users. These include automated document handling, electronic manufacturing, clinical diagnostic analyzers, automated tape libraries, and quality/process control tracking applications. Today, with the introduction of the first fully integrated 2D code reader, the "Quadrus", Microscan continues its leadership role in advancing the state of the art in the bar code industry.

Psion Teklogix

Psion Teklogix is a global provider of mobile computing solutions and devices for the enterprise. The company's wireless solutions enable total mobility, freeing workers from wired systems and providing access to mission critical information and enterprise IT systems and applications whenever and wherever it's needed.



Specializing in wireless solutions for warehousing, distribution, transportation and logistics, and Mobile Computing, Psion Teklogix' customized systems are installed in more than 10,000 sites around the world. With a focus on systems tailored to the specific needs of these applications, Psion Teklogix offers one of the industry's widest ranges of connectivity options, including seamless integration with SAP™ R/3®, and a choice of radio technologies providing real-time, near-time and batch capabilities.

Psion Teklogix was formed in September 2000, a result of the strategic merger between the Psion Enterprise division of Psion PLC and Teklogix Inc. The new organization brings together the strengths of Teklogix, a world leader in real-time mobile data solutions, and Psion Enterprise, a European innovator of mobile devices for industrial, commercial and professional markets.

As the largest operating division of Psion PLC, Psion Teklogix plays a key role in its parent company's strategy to create new ways for people and organizations to access mobile data and mobile internet. This relationship, combined with our alliances with world technology leaders, assures our customers of single-source access to integrated wireless solutions that span the enterprise.

Wavelink

For more than eight years, Wavelink has made going wireless easy and efficient for thousands of customers. With a broad range of solutions, Wavelink is the world's leading developer of software for creating, deploying and managing enterprise-class wireless applications that give mobile workers access to mission-critical data and information anywhere, on any device.

Wavelink's core solutions allow businesses to easily integrate and extend their existing systems to gain the advantages of m-business, buffering them from the changes and complexities of wireless technologies.



Since 1992, more than 5,000 customers in 50 countries have adopted Wavelink, and their software now runs more than 40,000 wireless sites. Wavelink's advantage is its ability to deliver a comprehensive suite of software products for enterprises seeking wireless data solutions. They address not only the development challenges, but the complex tasks of managing, securing and administering wireless devices, networks and activity among thousands of users across multiple sites. Additionally, only Wavelink brings customers the ability to benefit from the seamless integration of both wireless LAN and wireless WAN networks, so that the new generation of m-workers can move freely on and off campus while still gaining access to corporate systems, and those same wireless systems can be extended out to customers and partners within the supply chain.

Honeywell Batteries

Honey Batteries offer the best solution for your portable power needs. Not only are they more reliable and longer lasting, they are cheaper. Barcode Systems supplies batteries for the following manufacturers portable devices:



- Symbol Technologies
- Telxon

- Intermec/Norand
- Percon/PSC
- Zebra
- Comtec
- Monarch
- O'Neil



Application Software

- ▶ [Q.Data RF Plus for Visual Manufacturing](#)
- ▶ [BarTender Label Software](#)
- ▶ [Resource Framework – The Complete Resource Management Solution](#)
- ▶ [Wavelink](#)
- ▶ [Custom Software Services](#)

Q.Data RF Plus for Visual Manufacturing

RF Plus is a client proven suite of applications that will add real-time, wireless inventory control and warehouse management to your Visual Manufacturing system. Installed as singular applications or as a suite, each application module is a real-time, data collection and transaction solution. Working seamlessly with your Visual Manufacturing system they bring new and welcomed functionality to your Inbound, Outbound, WIP and Inventory processes.



[\[Click here\]](#) to download a PDF file with information on RFPlus



BarTender Label Software

This section discusses some of the most notable features and capabilities of BarTender, the fastest, easiest way to design professional quality labels. BarTender is easy to learn and easy to use – a few quick mouse motions are all it takes to combine bar codes, text and graphics into sharp looking, professional quality labels. And moving and resizing objects on your labels is as easy as 1, 2, 3.



[\[Click here\]](#) to download a PDF file with information on the 3 different editions of



Free BarTender Trial and Demo Programs

We are offering a free downloadable Trial (16 Mb) and Demonstration (2 Mb) programs for Windows – click the button below. You will need to complete a brief question form in order to download these programs.

Specifications and Features, Summary System Requirements

Processor and Memory

- On Windows 95, 98 and ME: 486/66 and at least 16MB RAM
- On Windows NT and 2000: Pentium or equivalent and at least 20MB RAM

Hard Disk Requirements

- Domestic Editions: From 10 MB to 42MB
- International Editions: From 10MB to 49MB

Other Requirements:

- If installing MDAC (ODBC) drivers, add 18MB
- For the Enterprise Edition: TCP/IP network protocol installed

Special Versions Available

- Lower cost "Print-Only" Version.
- Specially discounted "run-time" and network licenses. The International edition includes on-demand switching between over 20 languages including English, French, German, Spanish, Italian, Portuguese (Brazilian), Chinese (Traditional and Simplified), Japanese and more.

Printer Support

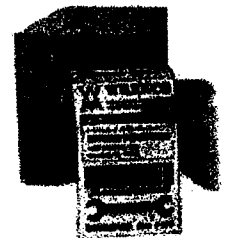
BarTender's three product editions provide full printer support for high-speed label printing as well as standard office printers, such as laser, ink-jet, dot-matrix and label printers with existing Windows drivers. Our enhanced Windows drivers deliver access to numerous high-speed commands available in a variety of thermal label printers, but not available when using drivers from the printer manufacturers themselves. Seagull currently provides enhanced drivers for Brady, C.Itoh, cab, Citizen, DATAMAX, Datasouth, IBM, Intermec, METO, Okabe, Paxar Monarch, PRINTRONIX, Ring, SATO, System Wave, TEC, Tharo, Unimark and Zebra/Eitron. (These drivers may also be used by other Windows programs, but with performance comparable to that of standard Windows drivers.)

Other Printing Features

- Selectable printer port and communication speed.
- Seagull printer drivers usable by other Windows programs and shareable across networks. Set starting position on pages of partially used labels.

Label Design

- True on-screen WYSIWYG display.
- Choice of rectangular or circular label outline.*
- Multiple concurrent design sessions (through MDI).*
- Unlimited Undo/Redo command.*
- Create bar code and text objects with single mouse click.
- Unlimited size and number of bar code and text fields.
- Lines, boxes and graphic images.
- Resize objects by stretching with mouse.
- Reposition objects by moving with mouse.
- Resize and reposition objects by typing in values.
- Keyboard equivalents for all available mouse actions.*
- Full color support.
- Move to front, send to back
- Group and ungroup multiple objects.
- Automatic positioning and alignment functions.



- Rotate objects by 0, 90, 180, 270 degrees.
- Includes numerous "ready-to-print" formats.

Label Stock

- Unlimited maximum label size.
- Minimum label size: 1/10" x 1/10."
- Unlimited label rows and columns per sheet.
- Independent top, bottom, left and right margins.
- Computation of label size from number of rows and columns.*
- Separately controllable label height & vertical repeat distance.

On-Screen Display

- Precision, true WYSIWYG label design.
- On-screen display of label stock.
- Cursor automatically changes depending on action.
- Optional display of cursor coordinates.*
- Thumbnail previews of saved labels.*
- Comment area for saving notes on label designs.
- Convenient pull-down menus.
- Tabbed-dialogs for fast customizing.
- Menu short-cut keys for rapid access.
- Windows 95 & NT 4.0-style "right mouse button" support.*
- Three separately moveable tool bars.*
- Tools tips help identify unfamiliar icons.*
- User-configurable design grid size.
- Adjustable resolution positioning rulers.
- Metric and Standard American system units.
- User-configurable zoom parameters.
- Optional snap-to-grid.

Bar Codes

- Independent height and width settings.
- Unlimited maximum width and height.
- No minimum height.
- Minimum width limited only by printer resolution.
- Move and resize using mouse.
- Automatic check digit capability.
- Sequentially numbered bar codes.
- Numerous supported symbologies, including 2D codes:
 - Regular and Full ASCII Code 3-of-9 (including LOGMARS, HIBC, AIAG, etc.)
 - Code 128 (including all UCC/EAN-128 & Shipping Container Codes)
 - Interleaved 2-of-5
 - UPC-A & E
 - UPC Supplementals
 - Code 93
 - Postal Bar Codes (including Zip+4 and DPBC)
 - Codabar
 - EAN-8 & 13
 - JAN
 - MSI Plessey
 - PDF417
 - Code 1 (Intermec printers only)
 - Data Matrix

- Maxicode

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Human-Readable Bar Code Characters

- Place above or below bar codes, or turn off.
- Independent horizontal and vertical positioning.
- Customizable character template.
- Independently suppress or display characters from different sub-fields.
- Option to display start/stop characters.

Text

- Built-in printer fonts.
- Windows TrueType fonts.
- Adobe Type 1 fonts.
- PostScript fonts (on PostScript printers).
- White-on-black text printing.
- Text resizable with mouse or keyboard values.
- Stretch text horizontally and/or vertically.
- Automatic paragraph text wrapping.
- Align text left, right, center, or justified.

Graphics

- Import graphics in BMP, DCX, DIB, DXF, EPS, IMG, JPG, PCX, PNG, TGA, TIF, WMF, WPG.
- Resize, rotate and stretch graphics.
- Import variable graphics from databases.*
- Export bar codes and labels for use in other programs.
- Draw lines and boxes.

General Data Capabilities

- Visual Basic scripting for custom data processing.*
- User-designable forms for keyboard data entry.*
- User-definable min and max field lengths.*
- Customizable data entry filters and error checking.*
- Automatic print job status reports and errors logs.*
- Object-oriented concatenation of multiple sub-fields.*
- Unlimited prefix and suffix lengths.
- Easy entry of special and "unprintable" characters.*
- Shareable data fields.

Internal Data Sources

- "Permanent" keyboard data
- "Prompt" for keyboard data at print time.
- User-definable custom print time prompts.
- Automatic time and date values with offset.

Serialization

- Increment or decrement by any interval.
- Separate rollover/rollunder and reset values.
- Preserve or expand field length when rolling over.
- Numeric, alphabetic and custom base* serialization.
- Keep or discard changed values.

External Data Sources

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- ASCII text files (comma, quote-and-comma, or tab delimited).
- Import variable graphics from databases.*
- Microsoft ODBC support, including compatibility with drivers for: Access, Allbase, AS/400, Btrieve, Clipper, dBase, DB2, Excel, FoxPro, Ingres, Informix, Interbase, Lotus 1-2-3, Oracle, Paradox, Progress, Quattro, SQL Server, Sybase, XDB, and more.

Data Reporting

- Entire file
- Individual record
- Query by example
- Preview query results
- Record range
- Search for record
- SQL select statement

Print-Time Copy Control

- Number of identical and/or serialized copies selectable from keyboard and/or read from file.
- Where supported, copies and serialization controlled by printer for increased throughput.

Execution From within Other Programs

- "Commander" Integration Software Utility.†
- SAP IDoc Interface (R/3 and mySAP.com).†
- Controllable using "ActiveX". †
- Also controllable using command line parameters.
- Preloadable into "background" to avoid start-up delays.
- Dynamically selectable label formats and data sources.
- Accepts data reporting directives.

On-Line Help

- Context-sensitive help.
- Hypertexted version of User's Manual located in help system.
- Single on-screen "help-line" or quick reference.

* Asterisked features only available in 32-bit version.

† Only available in the Enterprise Edition.

Wavelink

The Wavelink application mobilization solution gives IT professionals and programmers total flexibility to create robust wireless data applications while abstracting them from the nuances and complexities of wireless networks and mobile devices. Consequently, applications can be written once, and updated once, and will perform across the many device types and evolving network and device technologies with host integration and terminal emulation.

Additional solutions include device and network management products. Device management products are utilized worldwide to wirelessly configure and update multiple devices from a customer's centralized server and synchronize applications over any wireless network. Our network management product is utilized to deploy and manage wireless LANs and significantly improves the functionality and quality of wireless LANs.



[[Click here to visit the Wavelink website at http://www.wavelink.com](http://www.wavelink.com)]

Custom Software Services

BSI's expertise goes beyond hardware. Our highly trained and experienced Software and Systems Group offers custom applications tailored to your organization and operating systems plus support for a wide variety of Auto ID environments.

BSI in the News

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News Release

Barcode Systems Inc. Named as Zebra Premier Partner

May 21, 2003 – Barcode Systems Inc. today announced that it has been named a Zebra Premier Partner for the Zebra brand of on-demand bar code products.



As part of a new channel program for Zebra bar code products, Zebra Premier Partners are direct VARs who have demonstrated proficiency in the full line of Zebra bar code products. Only select partners which focus on end user applications become Zebra Premier Partners..

"As a Zebra Certified Premier Partner, we help companies implement bar code printing solutions to improve productivity and profits," said David Sokolow of Barcode Systems Inc. We have demonstrated the highest level of proficiency in the sale and support of Zebra bar code printers, and can consult customers on determining the right Zebra printer for their application needs. We are proud to be recognized as one of the premier suppliers of Zebra bar code printing solutions under the Zebra bar code products new channel program."

Barcode Systems, Inc., with locations across Canada and in the United States is a leading provider of innovative bar code solutions and services. BSI integrates a wide variety of bar code equipment and wireless technologies from leading manufacturers with application specific software into total solutions. From project management and site surveys to software design, complete installation, service and maintenance, Barcode Systems, Inc. has the Auto ID expertise to help companies implement automatic data capture solutions that improve the efficiency of their businesses. For more information please visit www.barcodesystemsinc.com or call 1-800-565-2119.

News Release

Zebra Technologies Nominates Barcode Systems Inc. to Partner Advisory Board

Bellevue, WA - March 19, 2003: Zebra Technologies, a leading global provider of innovative and reliable on-demand printing solutions has nominated Barcode Systems Inc. to participate in Zebra's Partner Advisory Board. Also known as the Vision Council, this board consists of a select group of highly recommended members, representing a diverse group of channel partner perspectives and geographies.

The Vision Council was established to create an opportunity for council members to work together at regular intervals to directly address shared customer needs through robust and open dialogue on new solutions, products and programs. Additionally, this forum provides the opportunity for Zebra to demonstrate their desire to solicit and use channel partner feedback in their ongoing business planning.

Jordan Miles, Vice President of Sales for Barcode Systems Inc. has officially accepted the nomination, "I am honored to be nominated and I look forward to the first meeting". Having Barcode Systems on the Vision Council exemplifies the strong partnership between BSI and Zebra Technologies and for an even stronger relationship for the future.

News Release

Canada Post chooses Barcode Systems Inc. to supply hundreds of Zebra Printers across Canada

Burnaby, BC - July 30, 2003: Canada Post Corporation chose Barcode Systems Inc. as a provider for thermal bar code printers. This significant win for Barcode Systems Inc., further strengthens BSI's position as a leading Zebra Technologies Gold Level solutions provider. Barcode Systems Inc.'s capabilities include Zebra authorized warranty

and maintenance service for Zebra products. Barcode Systems Inc.'s North American coverage makes BSI a logical choice for companies requiring national or North American service and support.

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News Release

BSI Enters into Long-term Marketing & Development Agreement with Sourcesmith Industries

Vancouver, BC – December 13, 2001: Barcode Systems Inc. and Sourcesmith Industries Inc. have signed a long-term agreement to jointly market Resource Framework™ tracking software application suite. The partnership stems from joint installations of Sourcesmith's award-winning Resource Framework™ software at BSI customer's Ford, Microsoft, and FedEx.

sourcesmith
INDUSTRIES INC

Resource Framework™ is already one of the leading edge software products in the AIDC (Automatic Identification Industry). Resource Framework™ was named *Best Workflow and Tracking Solution* at the Microsoft 2000 Industry Solution Awards. The management software, Resource Framework, is built on modular technology; that is - one core application with seamlessly added on vertical modules or custom applications that the customer would benefit from.

David Sokolow, President of Barcode Systems Inc. says, "The agreement to co-develop and co-market this software solution is a clear example of the commitment that BSI has to provide our customers with the best solution, support, and ROI.

About Barcode Systems, Inc.

Barcode Systems, Inc., with locations across Canada and in the United States is a leading provider of innovative bar code solutions and services. BSI integrates a wide variety of bar code equipment and wireless technologies from leading manufacturers like Symbol, Intermec, PSC, Inc., Connect, Inc. and Zebra Technologies with application specific software into total solutions. From project management and site surveys to software design, complete installation, service and maintenance, Barcode Systems, Inc. has the Auto ID expertise to help companies implement automatic data capture solutions that improve the efficiency of their businesses. For more information please visit www.bsirect.com or call (888) 310-SCAN (7226).

About SourceSmith Industries, Inc.

SourceSmith Industries Inc (OTDIX "SSM") located in British Columbia, Canada, designs and manufactures business process management software. The company, founded in 1994, offers a range of products and services marketed under the "Resource Framework" application suite.

News Release

Ford Motor Company Chooses Barcode Systems Inc. and Resource Framework Software to Manage Their Warehouse

Detroit, Michigan – December 2001: When Ford Motor Company needed a series of custom software applications to manage their 1.5 million square foot warehouse of materials ranging from old prototypes and assembly line robotics to old tables and computer equipment, Barcode Systems Inc, a long-time Symbol Solutions provider, found the right fit.



They devised a plan that would enable the managers of this massive storage facility to do Asset Tracking, Shipping & Receiving and Space Management all through a suite of user-friendly software modules running over a Symbol Spectrum24 WLAN. The management software, Resource Framework, is built on modular technology, beginning with one core application and bolting on any additional custom apps that the customer would benefit from. BSI felt that the best-fit terminal for the job was the Symbol PDT 7546 utilizing first, the DOS platform running Symbol's RFSuperNet TwinClient Terminal Emulation program over direct telnet to the application. The choice of the PDT 7546 was made because of the option to upgrade to the CE operating platform when the management team felt comfortable enough with the application to introduce the new OS on the floor.

The presentation was delivered via videoconference from the SourceSmith Industries office in Vancouver, British Columbia to the Ford HQ in Detroit, MI. The software team was able to easily customize the application over the videoconference while Ford told BSI what they wanted the system to do. This unique presentation approach not only won the deal over the competition instantly, but also put the solution into other departments within Ford Motor Company within weeks. (9)

Ford is now saving time and money in their Detroit storage facilities, as they are able to move and store assets much more efficiently and effectively than ever using the Asset Tracking and Shipping & Receiving modules attached to their Resource Framework core application. The Space Management module allows them to put into the Symbol terminal the measurements of different products and the application then searches the database for the best-fit location for the product. That space is then marked as used and removed from the available space directory.

The innovative solution offered by BSI, SourceSmith and Symbol Technologies is sure to prove a significant return on investment in every location it is implemented into and offers yet another significant differentiator between our Symbol Solutions and the competition.

News Release

Leading Grocery Retailer Chooses BSI to Implement its Wireless Voice/Data Collection Solution

Vancouver, BC – November 2001: When an industry leading grocery retailer/wholesaler came to BSI with a long list of problems stemming from their reliance on manual data entry, we jumped at the chance to help. This particular retailer had two especially painful processes they needed a remedy for.

The first project involved a Food Reclaims Center. At the time, the center would receive all of the damaged, spoiled and unwanted goods from the 100+ retail store locations to be received manually. The goods would be divided into four categories: Soup Kitchen, waste and items recalled, or to be sent back to the producer/manufacturer. The amounts of goods coming in were large enough that more often than not something that could have gone to the Soup Kitchen was now spoiled and things that should not have been accepted from the store had been sitting long enough that it was too late to dispute. It was becoming quite obvious that they were losing a lot of money and wasting a lot of goods. It was time for a cost-efficient solution to be put into place that would eliminate the overhead and necessity of the center itself.

Upon review of several viable scenarios to alleviate the turn-around time and overhead of the existing method for reconciliation at the Reclaim Center, the collective agreement was to create a roving team of "Reclaim Specialists". The teams would move from store to store scanning and exchanging data with the centrally located host. Communication would be facilitated by way of Ethernet cradles over a WAN, at each store, thereby determining the disposition of the items in question at the store level without the need to ship to an alternate facility. In effect, the Reclaim center itself now became redundant. In addition, food that might be spoiled due to processing delays could now be immediately designated for charitable purposes and not spoiled. A further benefit was realized by way of direct merchandise return from the store level to producers/manufacturers saving processing time, warehouse space and resources to move the items to a central location (Reclaim Center) prior to RMA shipment.

A second initiative is underway at the customer distribution centers. Due to the diversity, volume and types of data exchanged to and from the OMI Triceps WMS package, multiple technologies were chosen for use at the DC's. Leveraging a Cisco 802.11b High Rate WLAN backbone, BSI in cooperation with the customer IT team has deployed Vocollect Talkman Wireless Speech Recognition Terminals, Symbol Technologies, Inc. wireless handheld data collection terminals, industrial, wireless vehicle mount computers with extended range Symbol scanners, and Zebra Technologies high performance thermal label printers.

The high level of commitment and expertise within the customer IT department has enabled this diverse and powerful solution to seamlessly integrate to the existing system showing an immediate improvement in day-to-day operations.

Barcode Systems, Inc.

Barcode Systems, Inc., is a leading provider of innovative bar code solutions and services. BSI integrates a wide variety of bar code equipment and wireless technologies from leading manufacturers like Symbol Technologies, Inc., Intermec Technologies Corporation, PSC, Connect, Inc., and Zebra Technologies with application specific software such as RFSuperNet, into total solutions. From project management and site surveys to software design, complete installation, service maintenance and rental solutions, Barcode Systems, Inc. has the Auto ID expertise and experience to help companies implement automatic data capture solutions that improve the efficiency of their businesses. For more information please visit www.barcodesystemsinc.com or call (888) 310-SCAN (7226).

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Barcode Systems, Inc. Announces the Worldwide Release of RF SuperNet

July 11, 2001 – Barcode Systems (BSI), in conjunction with Connect, Inc. and Symbol Technologies, Inc., is proud to announce the release of the RF SuperNet Family of WLAN Tools (Wireless Local Area Network). **RF SuperNet** is a single, complete solution for the entire wireless enterprise, engineered specifically for the Symbol and Telxon product lines by BSI and Connect. The RF SuperNet line consists of three families of WLAN tools designed to address the diversified requirements of the exploding WLAN market. These products bridge the gap between portable and fixed-mount wireless devices, and host network applications, empowering the entire wireless enterprise to be flexible, productive, efficient and reliable.

RF SuperNet is modeled directly after Connect's PowerNet product line, but has been re-engineered to mainly support Symbol and Telxon hardware. Connect felt this to be a necessary step in PowerNet's Product Life Cycle because of Symbol's large presence in the AIDC marketplace and commitment to growth in the field of technology. BSI's long-standing relationship with Symbol made them the perfect fit as an exclusive distributor of the Symbol specific software family. As the mobile computing industry matures, customers are demanding advanced capabilities in the tools needed to create applications. Symbol determined RF SuperNet to be a valuable addition to the products and opportunities they offer; an ideal product for IT administrators charged with developing, supporting and troubleshooting WLANs.

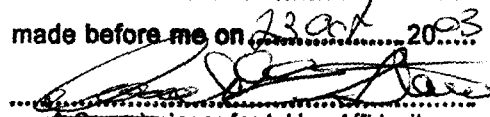
With BSI, Connect and Symbol working closely together, RF SuperNet will prove to be the best choice for Terminal Communication Software involving Symbol and Telxon hardware. RF SuperNet's availability through Symbol's EPOG (Electronic Product Ordering Guide) or by contacting BSI directly, provides customers one-stop-shopping for all wireless LAN solutions.

For more information regarding RF SuperNet, e-mail info@rfsupernet.com go to www.rfsupernet.com or phone (888) 310-SCAN (7226).

October 2000

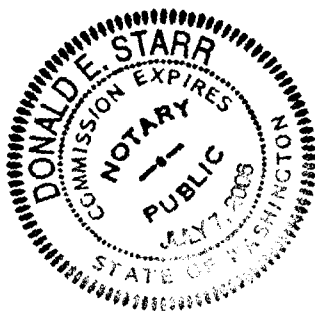
Channel Business, the leading channel publication in Canada, listed Barcode Systems Inc. as one of the Top 100 Channel Partners. Now in its 4th year, the annual listing is compiled exclusively for Channel Business by IDC Canada. It is the only ranking that highlights accomplishments in Canadian Reselling and associated businesses.

This is Exhibit D referred to in the
affidavit of David Sokolow
made before me on 23 Oct 2003



A Commissioner for taking Affidavits
for British Columbia

A Notary in and for
the State of Washington



1022



For Symbol Use Only

Date Received _____

Action Taken _____

Completion Date _____

SYMBOL TECHNOLOGIES CANADA, INC.

VALUE-ADDED RESELLER AGREEMENT



Certified OEM Reseller & Partner Solutions

Attachments

- Exhibit A: Product & Discount Schedule - New VARs
- Exhibit B: Standard Terms & Conditions
- Exhibit C: Non-Disclosure Agreement
- Exhibit D: CMP Referral Fee Schedule
- Exhibit E: CMP Referral Certification Form
- Exhibit F: Product & Territory Exceptions
- Exhibit G: Reseller-Distributor Addendum

Addenda (optional)

Cooperative Marketing Partner Agreement

COMPANY NAME: BARCODE SYSTEMS INC.

ADDRESS: 1313 BORDER PLACE # 89

CITY, PROVINCE, P.C.: WINNIPEG, MANITOBA R3H 0X4

PHONE #: (204) 697-0393

FAX #: (204) 632-9753

SYMBOL TECHNOLOGIES CANADA, INC. VALUE ADDED RESELLER AGREEMENT

All provisions in this Agreement and all exhibits and schedules thereto are effective as of the date signed by a duly empowered Symbol official on page 10. Symbol Technologies Canada, Inc. an Ontario corporation ("Symbol"), having its principal place of business at 2540 Matheson Blvd. East, Mississauga, Ont. L4W 4Z2 and BARCODE SYSTEMS INC. ("Reseller"), having its principal place of business at 1515 BROADVIEW AVE. UNIT # 89 (Company Name) (Street Address) (City, Province) WILLOWDALE, ONT. M2H 0X4

The parties agree as follows:

1. APPOINTMENT AS A NON-EXCLUSIVE RESELLER

a. Symbol appoints Reseller as a non-exclusive Reseller to market Symbol products (the "Products") described in its Product Ordering Guide ("P.O.G."), with any exceptions noted in Exhibit F within the geographic territory ("Territory"). For purposes of this Agreement, the Territory includes Canada only, except as noted in Exhibit F, if any; for sales which are destined for installation outside North America an "International License Addendum" is required.

b. Reseller hereby accepts such appointment and agrees to solicit orders for, and promote the sale of the Products subject to the provisions of this Agreement and the terms and conditions set forth in Exhibit B, which is attached to and made a part of this Agreement.

c. Reseller acknowledges that it is a Value Added Reseller ("Reseller"), and that it shall purchase equipment and license software products under this Agreement for incorporation into systems which Reseller; a) re-markets to affiliated or unaffiliated third party users in the regular course of business and/or b) uses in providing data processing services to such third parties. Reseller warrants that its re-marketed systems shall include the significant addition of other equipment and/or software which Reseller manufactures, acquires or develops for incorporation into Reseller's systems. For purposes of this Agreement, at least 30% of Reseller's sales must come from Reseller's "Value-Added" to satisfy this requirement.

d. In no event shall Reseller have the right to remarket

Symbol products to other resellers without execution of "Reseller-Distributor Addendum", which, when executed by both parties, shall relax the "Value-Added" requirements of 1c above.

2. **TERRITORY: OTHER AGREEMENTS NOT BARRED** Reseller recognizes that Symbol has appointed, or may appoint, other value-added resellers and/or distributors ("Resellers") for Products in the Territory.

3. **PURCHASE OF SYMBOL PRODUCTS**
 a. **PRODUCTS.** Symbol agrees to sell and deliver to Reseller the Products listed in Exhibit A hereto, and Reseller shall purchase and accept delivery of such Products in accordance with the discount schedule listed in Exhibit A, and revisions thereto, in accordance with purchase orders issued by Reseller. All purchase orders shall be subject to acceptance by Symbol with Symbol's standard terms and conditions of sale applicable thereto. Symbol's standard terms and conditions are attached hereto as Exhibit B.

b. **PURCHASE ORDERS.** The terms and conditions of purchase order forms issued by Reseller shall not be deemed to be a part of this Agreement and shall not be deemed to modify or supplement this Agreement in any way, notwithstanding the fact that Symbol may acknowledge or otherwise approve such purchase orders. In case of any conflict between this Agreement and any releases, purchase orders, acceptances, correspondence, memoranda or other documents for, or relating to, the Symbol Products exchanged by Reseller and Symbol during the term of this Agreement which are not executed by a duly authorized representative of both of the parties, this Agreement shall govern and prevail.



c. **DISCOUNTS.** Discounts from then-current list price, as set forth in Symbol's Product Ordering Guide ("P.O.G.") shall be based on total annual purchase volume of Symbol products. For initial-term Resellers, volume and "Discount Level" will be "estimated term shipments" as agreed upon between Symbol and Reseller; for Renewal Terms, it will be based on total expiring term shipments. Only volume purchased under the terms, conditions and discounts agreed to under this Agreement shall accrue toward Term Purchases and subsequent Discount Level. Symbol reserves the right to reduce Reseller's Discount Level should shipments in two consecutive quarters each equal less than 10% of Estimated Term Purchases. Should Reseller purchase no products under this Agreement during the term, this Agreement shall terminate without notice at the end of the term. Symbol reserves the right from time to time to increase prices in its P.O.G., as described in sub paragraph (d) below.

Based on the foregoing, and the discount terms offered in Exhibit A, Reseller and Symbol hereby agree that, based on expected volume purchases, Discount Level and Annual Volume Level requested, subject to Symbol approval will be as follows for the initial term:

Discount Level	LV	Annual Volume	\$ 500,000
Line of credit needed (from Exh. A)			\$ 75,000.00

d. **PRICE PROTECTION.** (1) Inventory - if, during the term of this Agreement, Symbol decreases its price of any Product, Symbol shall grant to Reseller a credit equal to a corresponding reduction on unsold units of said Product that are held in Reseller's inventory as of the effective date of the price decrease. To qualify for the credit rebate, all units must be in an unused and undamaged condition and must have been shipped to Reseller within ten (10) days before such decrease. Symbol shall grant such credit to Reseller by crediting Reseller's account with an amount equal to the difference between the net invoice price to Reseller thereof, exclusive of credit rebates to Reseller, provided that an authorized representative of Symbol has verified the number of such units in Reseller's inventory as of the effective date of the price decrease. (2) Backlog - in the event of a price reduction, all firm orders received by Symbol from Reseller or accepted by Symbol after the effective date of the price reduction will be invoiced at the new lower price. (3) Price Increases - in the event of a price increase, all orders already in Symbol's backlog or new

orders received by Symbol within sixty (60) days from the effective date of the increase shall be invoiced at the old prices providing such orders, both backlog and new orders, are shipped within sixty (60) days from the effective date of the increase. Issuance of updates to the P.O.G. shall constitute notice of effective dates. Unshipped orders on backlog after the sixty days will reflect new pricing.

4. **COOPERATIVE MARKETING PARTNER PROVISION: REFERRAL FEE PAYMENTS:** Under certain circumstances, end-user third parties may purchase Symbol products directly from Symbol even though Reseller has made a substantial contribution toward the initiation and sale to the third party. In such situations, Reseller may be entitled to a "Referral Fee" at the rates set forth in Exhibit D and as provided for in the "Cooperative Marketing Partner" Agreement. Such fees vary according to the discount granted to the end-user by Symbol and monies actually collected by Symbol. Payments under this provision will be "earned" in the month following collection by Symbol from the end-user third party. Such payments will be subject to outstanding receivable balances.

To be eligible for such payments, Reseller must submit and Symbol must accept the "Referral Certification Form" set forth in Exhibit E. Such fees will only be earned by Reseller for sales substantially initiated by them or for which Reseller's efforts have been the principal cause for sale of Symbol products directly to the end-user third party. The determination whether in any case Referral Fees are owed to Reseller shall be made by Symbol and Reseller shall be bound by any such decision.

All amounts earned under this provision are subject to charge-backs and credits.

5. **ADDITIONAL DUTIES OF RESELLER:**
a. **PROMOTE PRODUCTS.** Reseller shall exert its best efforts to promote the sale of Products in the Territory and/or vertical market segment. Reseller shall refrain from derogating, diminishing or otherwise weakening Symbol's rights by engaging in any activities whatsoever in the Territory involving any other products which may reasonably be deemed as injurious to the sales potential of the Products in the Territory.

b. **ADVERTISING AND PROMOTION ACTIVITIES.** Use of trademarks and tradenames in print or other media efforts by either party shall be given reasonable opportu-



nity of review by the other party and written permission for use granted prior to publication.

c. **INDEPENDENT BUSINESS.** Reseller shall conduct its business in its own name and maintain a sales office for the promotion and sale of the Products. Reseller shall serve Symbol as an independent contractor and not as an employee or agent. Reseller shall be responsible for its own expenses in connection with the promotion, sale and distribution of Products covered by this Agreement, and has no authority to incur any liability, or to act for or to represent, Symbol in any manner, except for the sale of Symbol Products purchased hereunder.

d. **FIELD SERVICE.** Symbol covenants that it may offer its standard maintenance and repair service to Reseller's customers. Reseller will inform its customers that maintenance and repair service is available from Symbol and may refer customers to Symbol's field service operations for information concerning service.

6. DUTIES OF SYMBOL:

a. **COLLATERAL MATERIAL.** Symbol shall supply Reseller with appropriate sales literature, catalogues and technical data concerning the Products in accordance with Reseller policy and as may be available in reasonable quantities. Any and all of the aforesaid literature, catalogues or technical materials that are unused by Reseller shall be returned to Symbol upon termination or expiration of this Agreement. All expenses incurred in connection with the shipment of the above mentioned items shall be Symbol's responsibility, with the exception of premium transportation, if any, requested by Reseller, which shall be paid by Reseller.

b. **PRICE CHANGES.** Symbol shall provide Reseller with sixty (60) days written notice of any increase or decrease in the prices of Products or change in the Product Schedule of Exhibit A. Receipt of price change pages to the P.O.G. shall constitute notice.

7. TECHNICAL ASSISTANCE:

a. **TECHNICAL SUPPORT.** Symbol may, from time to time, provide technical assistance to Reseller in connection with the utilization of Products procured under this Agreement, including providing hardware, software, consulting programming services, and technical information associated therewith.

b. **NEW DEVELOPMENT.** Reseller understands that the hardware, software, and programming services provided in connection with the technical assistance are experimental in nature, and if provided by Symbol in connection with the sale or utilization of Products purchased hereunder is done so solely on an "as is" basis as an accommodation to Reseller. Symbol does not warrant that the functions contained in such hardware and software will meet Reseller's requirements, or that the performance of such services will completely satisfy Reseller.

Reseller understands that Symbol is under no obligation to release or complete the development of any hardware or software provided in connection with the technical assistance, or to provide continuing technical assistance, support or updating any information provided whether or not the same meets performance requirements.

c. **LICENSED INFORMATION.** All technical assistance and technical information provided to Reseller is provided on a licensed basis. To the extent that any interfaces, circuit designs, programmed logic or similar accessory units are provided to Reseller, Symbol grants to Reseller a non-transferable (except as hereinafter provided), non-exclusive, license to use, copy, manufacture, have manufactured, and distribute the licensed software and Programmed Logic and documentation thereto. It is understood and agreed by both parties that Symbol retains all rights to use the Licensed Software and Programmed Logic.

8. CONFIDENTIAL INFORMATION:

a. **MAINTAINING CONFIDENTIALITY.** Reseller shall maintain in strict confidence and duly safeguard and all confidential business and technical information pertaining to Products and shall not at any time knowingly disclose such information to others or use such information other than for the promotion and sale of the Products. All terms, conditions, product and pricing information covered by this Agreement are included under this provision. Product/Pricing information will be released to Reseller upon receipt and acceptance of a duly executed non-disclosure agreement (Exhibit C).

b. **SAFEGUARDING CONFIDENTIALITY.** Reseller shall establish such procedures and safeguards and perform such acts as Symbol may reasonably request in order to preserve and protect the confidential business and technical information from improper or inadvertent disclosure.



9. DURATION AND TERMINATION OF AGREEMENT:

a. **TERM.** The initial term of this Agreement shall be for a period of fifteen (15) months from the effective date. For purposes of this Agreement, the effective date shall be the date signed and accepted by Symbol. Renewals to the Agreement shall be for one (1) year terms under the terms and conditions set forth in the "Renewal Addendum". All parties' rights and obligations during the term of this or any extension terms to the Agreement shall survive its expiration or termination. Notwithstanding the provisions of this Section 9(a), or any other provisions of this Agreement, this Agreement may be terminated prior to the expiration of its stated term as set forth below.

b. **TERMINATION.** Symbol may terminate this Agreement at any time prior to the expiration of its stated term in the event of default by Reseller. The following shall constitute default under this Agreement:

(i) Reseller defaults in any payment due to Symbol and such default continues unremedied for a period of ten (10) days;

(ii) Reseller fails to perform any other obligation, warranty, duty or responsibility or is in default with respect to any term or condition undertaken by Reseller under this Agreement, and such failure or default continues unremedied for a period of twenty (20) days; or

(iii) Reseller is merged, amalgamated, consolidated, reorganized, sells, transfers or assigns 50% or more of its assets or controlling ownership, or implements or suffers any change in management or control.

(iv) Failure by Reseller to add "significant value" in the resale of Symbol products, subject to the provisions of paragraphs 1c and 1d above.

c. **TERMINATION AT WILL.** Reseller or Symbol may terminate this Agreement at will, at any time during the term of this Agreement, with or without cause, by written notice given to the other party not less than sixty (60) days prior to the effective date of such termination.

d. **ORDERS AFTER TERMINATION NOTICE.** In the event that any notice of termination of this Agreement is given, Symbol will be entitled to reject all or part of any orders received from Reseller after notice but prior to the effective date of termination if availability of Symbol

Products is insufficient at that time to meet the needs of Symbol and its customers fully. In any case, Symbol may limit monthly shipments to Reseller during said period to Reseller's average monthly shipments from Symbol during the three (3) months prior to the date of notice of termination. Notwithstanding any credit terms made available to Reseller prior to such notice, any Symbol Products shipped thereafter shall be paid for by certified cheque or bank draft prior to shipment.

e. **AUTOMATIC TERMINATION.** This Agreement terminates automatically, with no further act or action of either party, if a receiver or any other officer with similar powers is appointed for Reseller or its property, Reseller makes an assignment for the benefit of its creditors, any proceedings are commenced by, for or against Reseller under any bankruptcy, insolvency or creditors' arrangement law, Reseller proposes a compromise or arrangement, or Reseller is liquidated or dissolved.

f. **EFFECT OF TERMINATION.** Upon termination of this Agreement:

(i) The due dates of all outstanding invoices to Reseller for Symbol Products automatically will be accelerated so they become due and payable on the effective date of termination, even if longer terms had been provided previously. All orders or portions thereof remaining unshipped as of the effective date of termination shall automatically be canceled.

(ii) Reseller shall cease using any Symbol trademark, logo or trade name.

10. NOTICE:

Notice required or permitted to be given hereunder shall be in writing and shall be effective and deemed received upon personal delivery or three (3) business days after deposit in the mail, sent by registered or certified mail, return receipt requested, first class postage fully prepaid, addressed as follows:

To Reseller Address	1313 BROADWAY PLT
Address	60 WINDYBELL BLVD
City, Province, Postal Code	RR1 ONT
(Attention)	DAVID SORRELL



TO SYMBOL:
Symbol Technologies Canada, Inc.
2540 Matheson Blvd. East
Mississauga, Ontario L4W 4K2
Attention: Division Administrator

ported assignment of this Agreement or any interest therein without the written consent of Symbol shall be void.

11. MISCELLANEOUS TERMS AND CONDITIONS:

a. **ENTIRE AGREEMENT.** This Agreement, along with the Exhibits hereto, constitutes the entire Agreement and understanding between the parties as to the subject matter hereof, and supersedes and replaces all prior or contemporaneous agreements, written or oral, express, implied or collateral, as to such subject matter, except for purchase orders issued and accepted pursuant hereto. This Agreement may be changed only in writing stating that it is an amendment or modification to this Agreement, and signed by an authorized representative of each of the parties hereto.

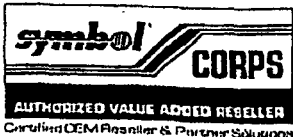
b. **ASSIGNMENT.** The parties acknowledge that this Agreement is personal in nature and agree that this Agreement shall not be assigned in whole or in part, by Reseller without the prior written consent of Symbol. Any pur-

c. **COMPLIANCE WITH LAWS.** Reseller in the conduct of its business under this Agreement shall comply with all applicable laws, regulations and orders and the prevailing in the Territory and shall hold Symbol harmless from any claim, liability, cost or expense arising out of violation thereof.

d. **APPLICABLE LAW.** This Agreement shall be governed by, performed under and construed in accordance with the laws of the Province of Ontario and the Laws of Canada applicable therein.

e. **CAPTIONS.** The headings of articles, sections and other subdivisions hereof are inserted only for the purpose of convenient reference and it is recognized that they do not adequately or accurately describe the contents of paragraphs which they head. Such headings shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part or portion thereof, nor shall they otherwise be given any legal effect.

If changes are made to Requested Volume Commitment/Discount Level, Level Approved is as follows:
Discount Level: 25% Volume Level: 500,000. Schedules, Exhibits and Amendments attached are made an integral part of this agreement.



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EXHIBIT A FOR NEW AGREEMENTS VALUE ADDED RESELLER AGREEMENT Product and Discount Schedule

FOR NEW AGREEMENTS

Version 3.0 Effective February 15, 1993

All Discount: Apply Only To New VARs With Executed VAR Agreements

- CATEGORY A:** ALL HANDHELD BARCODE SCANNING PRODUCTS:
LS2XXX, LS85XX, LS3XXX, LT17XX, HF2000

- CATEGORY B:** OTHER SCANNING PRODUCTS:
LL5XX, LS5XXX, SL67XX, SL95XX, LC2911, LS6XXX, PDF1000, PL140
PORTABLE TERMINALS
PDT MODELS*, RFT15XX*, SDT*, PDT3300, LDT3805,
PRC3310, VRC3910, LRT3800, APS3395, DATAWANDS*, FST*

- CATEGORY C:** DATA MANAGEMENT PRODUCTS, ACCESSORIES,
PERIPHERALS, & CABLES
DM8XX, LL7XX, MS7X, WANDS, POWER SUPPLIES,
PS100X*, RF BASE STATIONS, NETWORK CONTROLLERS,
PORTABLE PRINTERS, CRADLES, ADAPTORS, ACCESSORIES,
SCAN STANDS, SMART STANDS, TRANSCEIVERS
DEVELOPMENT SOFTWARE
U BASIC, POWERGEN, LIBRARIES, PERFORM SOFTWARE, ETC.

- CATEGORY D:** APPLICATION SOFTWARE
ALL THIRD PARTY APPLICATIONS

* Products designated with an asterisk have a 90 day warranty to end user. All others are warranted for one year (see "warranty", paragraph 6 Exhibit B).

NEW VAR RENEWAL DISCOUNT SCHEDULE

DISCOUNT LEVEL	MINIMUM CREDIT LIMIT REQUIRED	ANNUAL VOLUME (000'S)	VAR DISCOUNT FROM LIST PRICE (PERCENT) CANADIAN DOLLARS			
			A	B	C	D
I	\$3,000	UNDER \$100	35	25	20	25
II	\$5,000	\$ 100 - \$249	45	35	25	25
III	\$13,000	250 - 499	50	40	30	25
IV	\$27,000	500 - 999	55	45	35	25



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EXHIBIT B
SYMBOL TECHNOLOGIES CANADA, INC.
VALUE ADDED RESELLER AGREEMENT

STANDARD TERMS AND CONDITIONS

All purchases by Reseller from Symbol and sales by Symbol to Reseller shall be governed exclusively by terms of this Agreement. This order is accepted only under the terms of this Agreement and is expressly made conditional on Reseller's assent to the additional or different terms contained herein. It is recognized that the parties hereto may, for their respective convenience, desire to use standardized Purchase Order forms, Acceptance of Order forms, Acknowledgement forms and other documents which may contain terms in addition to or at variance with the terms of this Agreement. Therefore, it is expressly understood and agreed that such forms may be used but shall not add to or vary the terms of this Agreement. Reseller's acceptance of goods shipped by Symbol pursuant hereto shall be deemed acceptance of the terms of this Agreement.

1. TERMS OF PAYMENT.

All terms are thirty (30) days net from date of shipment, subject to the approval by Symbol of the amount and terms of credit. Symbol reserves the right at any time to revoke any credit extended to Reseller if payment is in arrears for more than thirty (30) days after notice to Reseller or Reseller's credit does not warrant further extension of credit. Each shipment shall be invoiced and paid for when due without regard to other scheduled deliveries.

2. TITLE AND DELIVERY.

a. At Symbol's option, shipment will be made F.O.B. Symbol's warehouse at Mississauga, Ont. or its plant of manufacture. Risk of loss and damage shall pass from Symbol to Reseller upon delivery to common carrier or Reseller's representative at the F.O.B. point, Symbol's warehouse at Mississauga, Ont. or its plant of manufacture. Reseller shall have the responsibility to pay for insurance. All claims for damage must be filed by Reseller directly with carrier.

b. In the absence of specific instructions, Symbol will select the carrier for shipment, but by doing so, will not thereby assume any liability in connection with shipment, nor shall the carrier in any way be construed to be the agent of Symbol.

c. Symbol shall not be liable for any damages or penalty for delay caused solely by transportation or failure to give notice of such delay.

3. TAXES.

Prices under this Agreement for product are exclusive of all federal, provincial, municipal or other government excise, sales, goods and services, use, occupational or like taxes and any such taxes shall be assumed and paid for by the purchasing party. If a Certificate of Exemption or similar document is required in order to exempt the sale from tax liability, Reseller will supply such a certificate or document to Symbol prior to product shipment.

4. SOFTWARE.

All software (including firmware) furnished to Reseller is on a licensed basis. Symbol grants to Reseller non-transferable and non-exclusive license to use each software or firmware program delivered hereunder (Licensed Program). Each such license granted authorizes Reseller to use the Licensed Program in any machine-readable form only in a single system supplied

by Reseller to Symbol under this Agreement. Except as noted below, such license may not be assigned, sublicensed or otherwise transferred by Reseller without prior written consent of Symbol. No right to copy a Licensed Program in whole or in part is granted except as permitted under the Copyright Act. Additional copies of a Licensed Program may be purchased from Symbol. Reseller shall not modify, merge, or incorporate any form or portion of a Licensed Program with other program material, create a derivative work from a Licensed Program, use a Licensed Program in a network. Reseller agrees to maintain Symbol's copyright notice on the Licensed Program delivered hereunder in the manner specified by Symbol, and include the same on any authorized copies it makes, in whole or in part. Reseller agrees not to decompile, decode, or reverse engineer any Licensed Program delivered to Reseller or a portion thereof.

5. INFRINGEMENT INDEMNIFICATION.

Symbol shall defend any claim, suit or proceeding brought against Reseller in so far as it is based on a claim that the use or transfer of any product delivered hereunder constitutes a patent or copyright infringement in existence as of the date of delivery of the product to Reseller, (an "Infringement Claim") so long as Symbol is notified promptly in writing by Reseller as to such action and is given full authority, information and assistance (at Symbol's expense) for the defence. In addition to Symbol's obligation to defend, Symbol shall pay all damages and costs (except consequential damages) awarded thereagainst Reseller. The obligations set forth above shall not, however, extend to products delivered hereunder which would give rise to a claim, suit, proceeding, finding or conclusion solely for contributory infringement or inducement of infringement. Symbol shall not be responsible for any settlement or compromise made without its consent. Notwithstanding the foregoing, in the event of an Infringement Claim, Symbol's obligation under this paragraph 5 shall be fulfilled, at Symbol's sole option and expense, if Symbol at any time: (i) obtains a license for Reseller, to continue the use or to sell the infringing product purchased from Symbol, or (ii) refunds the purchase price paid to Symbol by Reseller for such infringing product less a reasonable amount for use, damage, or obsolescence, or removes such product, or (iii) replaces or modifies the infringing product so as to be substantially functionally equivalent to the infringing product but non-infringing. Reseller agrees that the foregoing indemnification shall not apply and moreover shall be extended to Symbol for any claim of U.S. patent



infringement which may be brought against Symbol because of compliance with Reseller's particular design requirements, specifications or instructions. Reseller grants to Symbol the benefit of any license to Reseller under any patent which may be the subject of an infringement allegation hereunder, to the extent permitted by said license.

Symbol shall have no liability to Reseller under this paragraph 5 if any Infringement Claim is based upon the (i) use of products delivered hereunder in connection or in combination with equipment, devices or software not delivered by Symbol, or (ii) use of products delivered hereunder in a manner for which the same were not designed, or (iii) modification by Reseller of products delivered hereunder to the extent such modification is the cause of the claim or suit. Symbol shall further have no liability to Reseller for any Infringement Claim based on Reseller's use or transfer of the product delivered hereunder after Symbol's notice that Reseller shall cease use or transfer of such product due to such claim. EXCEPT AS STATED ABOVE, SYMBOL DISCLAIMS ALL WARRANTIES AND INDEMNITIES, EXPRESS, IMPLIED, OR STATUTORY, FOR PATENT OR COPYRIGHT INFRINGEMENT.

6. WARRANTY

a. The Symbol Products covered by this Agreement are warranted against defects in workmanship and materials for a period of one (1) year from date of shipment to the Customer, but not more than fifteen (15) months from date of shipment to Reseller. Symbol products designated as a ninety (90) day warranty (See Exhibit A) are warranted to the end user for a period of ninety (90) days from date of shipment to Customer, but not more than six (6) months from date of shipment to Reseller. Such 90 day warranty products are marked with an asterisk (*) in Exhibit A. Warranty is applicable only if product remains unmodified and is operated under normal and proper conditions.

The sole obligation of Symbol for defective hardware products is limited to repair or replacement (at Symbol's option) on a "return to factory" basis. No charge will be made to Reseller for repair or replacement parts. Reseller is responsible for shipment to Symbol for repair.

b. Transportation from Symbol to Reseller shall be by a carrier selected and paid for by Symbol. The aforementioned provisions do not extend the original warranty period of any product which has either been repaired or replaced by Symbol. Symbol shall use its best efforts to repair and ship failed Units within forty-eight (48) hours after receipt.

c. The above warranty shall not apply to any product (i) which has been repaired or altered, except by Symbol, (ii) which has not been maintained in accordance with any handling or operating instructions supplied by Symbol or, (iii) which has been subjected to unusual physical or electrical stress, misuse, abuse, negligence or accident.

EXCEPT FOR EXPRESS WARRANTIES STATED ABOVE OR ON THE FACE HEREOF, SYMBOL DISCLAIMS ALL WARRANTIES ON PRODUCTS FURNISHED HEREUNDER INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE.

The stated express warranties are in lieu of all obligations or liabilities on the part of Symbol or damages, including but not limited to, special, indirect or consequential damages, arising out of or in connection with the use or performance of the product. Symbol's liability for damages to Reseller or others resulting from the use of any product furnished hereunder shall in no event exceed the purchase price of said product except in instances of injury to persons or property.

7. FORCE MAJEURE.

Shipping dates acknowledged by Symbol are approximate, and Symbol will not be liable for any loss or damage due to its failure to meet scheduled shipping dates. Symbol shall in no event be liable for any delay or default in its performance of any obligation under this Agreement caused directly or indirectly by an act or omission of Reseller, fire, flood, act of God, an act or omission of civil or military authority of a state or nation, strike, lockout or other labor problem, inability to secure, delay in securing or shortage of labor, materials, supplies, transportation or energy, or by war, riot, embargo or civil disturbance breakdown or destruction of plant or equipment arising from any cause whatsoever, or any cause or causes beyond Symbol's reasonable control. At Symbol's option and following notice to Reseller, any of the foregoing causes shall be deemed to suspend such obligations of Symbol so long as any such cause shall prevent or delay performance; and Symbol agrees to make and Reseller agrees to accept performance of such obligations whenever such cause has been remedied.

8. NOTICES.

All notices or other communications required hereunder shall be in writing, sent by registered or certified mail, postage prepaid and shall be deemed to have been duly given upon receipt thereof at the address set forth above, unless notice of change of address shall have been received prior to the notice thereof.

9. GENERAL.

a. This Agreement constitutes the entire Agreement between Symbol and Reseller and no attempted variation, modification or waiver or any provision of this Agreement shall have any force or effect unless consented to in writing signed by the party against whom enforcement thereof is sought. Such variation, modification or waiver shall be effective only in the specific instance consented to. A failure by any party to exercise, or delay in exercising, any right or power conferred upon it in this Agreement, shall not operate as a waiver of any such right of power.

b. This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

c. Neither party shall delegate any duties, nor assign any rights or claim under this Agreement without the prior written consent of the other and any such attempted delegation or assignment shall be void.

d. The section headings used herein are for descriptive purposes only and shall not be used in construing the provisions of this Agreement.



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EXHIBIT C

SYMBOL TECHNOLOGIES CANADA, INC.
VALUE-ADDED RESELLER AGREEMENT

Mutual Nondisclosure Agreement

RECITALS

1. Reseller and Symbol Technologies have each developed certain confidential and proprietary information ("Reseller Confidential Information" or "Symbol Technologies' Confidential Information") including, but not limited to, financial statements, financing documents, business plans, trade secrets, new products, product pricing documents, copyrights, patentable inventions, computer software, documentation, and specifications, but excluding any public domain or publicly available material.
2. In order to discuss pursuit of a business relationship, Reseller and Symbol Technologies recognize the potential need for disclosure of Reseller's Confidential Information to Symbol Technologies, and of Symbol Technologies' Confidential Information to Reseller.
3. Reseller is willing to disclose its Confidential Information to Symbol Technologies and Symbol Technologies is willing to disclose its Confidential Information to Reseller pursuant to the terms and subject to the conditions of this Agreement.

FOR AND IN CONSIDERATION of the mutual covenants contained in this agreement, Reseller and Symbol Technologies (individually a "party" and collectively "the parties") agree as follows:

Section 1. Confidentiality of Information. Each party acknowledges that all material and information which has or will come into its possession or knowledge after (date) [redacted] in connection with business discussions, conferences, or other activities in pursuit of a business relationship between Reseller and Symbol Technologies (i) is proprietary to the disclosing party, having been designed, developed or accumulated by the disclosing party at a great expense and over lengthy periods of time (ii) is secret, confidential, and unique, and constitutes the exclusive property of the disclosing party, and (iii) includes but is not limited to trade secrets and proprietary software or hardware, concepts or designs. Each party acknowledges that any disclosure of the

other's Confidential Information other than for the benefit of the other party will be wrongful and will likely cause irreparable injury to the other party and, therefore, each party agrees to hold the other's Confidential Information in strictest confidence and not to make use of it other than for the benefit of the other party.

Section 2. Disclosure to Third Parties. Any Confidential Information disclosed to a third party shall be provided by either party only pursuant to a nondisclosure agreement between the party providing the information and the third party which shall substantially conform to this Agreement.

Section 3. Authorized Disclosure. The parties acknowledge that in order to enable them to discuss pursuit of a business relationship each may be required to disseminate the other party's Confidential Information to various of its employees. Each party undertakes to cause any of its employees to whom such Confidential Information is transmitted to be bound to the same obligation of secrecy and confidentiality to which the parties are bound under this Agreement.

Section 4. Survival of Terms. The obligations of this Agreement shall terminate with respect to any particular portion of a party's Confidential Information:

- (i) if either party can show that the Confidential Information received from the other is or has become generally available to the public through no violation of the terms of this Agreement;
- (ii) if such Confidential Information is in a written record in one party's files prior to receipt from the other party;
- (iii) if either party at any time lawfully obtains such Confidential Information in writing from a third party under circumstances permitting its disclosure;
- (iv) if such Confidential Information is disclosed with the



prior written consent of the party to whom such Confidential Information belongs, provided that any disclosure complies in all respects with the terms of such written consent; or

(v) as is otherwise required by law.

Otherwise, the obligations of this Agreement with respect to either party's Confidential Information shall terminate five years after the date this Agreement is executed by the parties.

Section 5. Extent of Agreement. (a) This Agreement shall govern all communications between Reseller and Symbol Technologies that are made from the date of execution of this Agreement to the date of termination of this Agreement. (b) This Agreement is not an agreement by either party to enter into any business relationship with the other or to procure any product or service from the other. Any agreement for such business relationship, purchase, or other procurement shall be at the discretion of the parties and shall be evidenced by separate written agreement executed by the parties.

Section 6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7. Injunctive Relief. The parties agree that in the event of any violation or threatened violation of this Agreement the injured party shall be authorized and entitled to apply to any court of competent jurisdiction for interlocutory and permanent injunctive relief as well as an equitable accounting of all profits or benefits arising from such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies at law or in equity to which the injured party may be entitled.

Section 8. Valid Agreement. Both parties acknowledge that this Agreement is valid and legally binding, that it has been executed by an authorized representative, and each party confirms and ratifies the terms and conditions herein.

Section 9. Validity of Agreement. This agreement shall not be valid nor binding upon either party unless it shall have been executed by authorized representatives of each party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

FOR RESELLER:	
SIGNATURE:	<i>[Signature]</i>
NAME (PRINT):	DAVE SEFOLOW
TITLE:	PRESIDENT
DATE:	JUNE 9, 1993

FOR SYMBOL:	
SIGNATURE:	
NAME (PRINT):	
TITLE:	
DATE:	



EXHIBIT D
SYMBOL TECHNOLOGIES CANADA, INC.
VALUE ADDED RESELLER AGREEMENT

**Cooperative Marketing Partner
REFERRAL FEE PAYMENT SCHEDULE**

The following referral fee payment rates are in effect for qualifying conditions set forth in paragraph 4 of the Value Added Reseller Agreement for VARS or in the Cooperative Marketing Partner (CMP) Agreement for CMP's. Conditions for earning such referral fees are set forth therein.

<u>Discount provided to End-user by Symbol</u>	<u>Referral Fee Amount Earned as a % of Net Cost to End-user</u>
0-10%	15
1-20%	12
2-30%	9
3-40%	6
> 40%	3



34

Note: This Exhibit should only be submitted by those who intend to sell outside Canada.

EXHIBIT F SYMBOL TECHNOLOGIES CANADA, INC. VALUE-ADDED RESELLER AGREEMENT Product & Territory Exception Exhibit

1. This exhibit is attached to and is made an integral part of the Value Added Reseller Agreement ("Agreement") between Symbol Technologies Canada, Inc. ("Symbol") and Enterprise Systems Inc. ("Reseller"), dated June 9, 1993.

2. As prescribed by the Agreement the Reseller may only resell certain Symbol products, systems and services (the "Products") for installation in specific geographical locations (the "Territory").

3. For purposes of the Agreement, the Products shall include all Symbol products and systems contained in the then-current Product Order Management Guide ("P.O.G.") as are generally offered to other resellers for resale, except as follows:

4. For purposes of the Agreement, the Territory shall include all provinces and territories in Canada. Additional countries Reseller intends to sell into: USA

Resellers who intend to resell the Products outside the Territory will be required to submit this Exhibit for approval to Symbol from which Symbol will construct an "International Reseller Addendum", outlining terms and conditions for sale to the countries named.

5. All other terms and conditions contained in the Agreement remain in full force and effect, unmodified by the execution of this Exhibit.

Submitted by Reseller

Accepted by Symbol (International Addendum attached)

FOR RESELLER:
SIGNATURE: [Signature]
NAME (PRINT): Enterprise Systems Inc.
TITLE: PRESIDENT
DATE: JUNE 9 1993

FOR SYMBOL:
SIGNATURE: _____
NAME (PRINT): _____
TITLE: _____
DATE: _____



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**ADDENDUM TO
SYMBOL TECHNOLOGIES CANADA, INC.
("Symbol")
VALUE ADDED RESELLER AGREEMENT
(the "Canadian Corps Agreement")
WITH BARCODE SYSTEMS INC.
("Reseller")**

Notwithstanding anything in the Canadian Corps Agreement to the contrary, the parties hereto agree to the following:

1. Reseller's territory is hereby extended to include the USA.
2. All Products purchased by Reseller for sale in the USA shall be invoiced by Symbol USA and paid for by Reseller in US dollars.
3. All Products purchased by Reseller for sale in the USA shall be billed to and shipped to a US address.
4. All products purchased under the Canadian Corps Agreement shall be invoiced in Canadian dollars and billed to and shipped to a Canadian address.
5. All orders placed under this Addendum shall be in the format specified by Symbol USA's order processing department.
6. Symbol shall extend level R4 pricing to Reseller for Products ordered under this Addendum for sale in the USA.

FOR RESELLER	SYMBOL
SIGNATURE: <u><i>David Sokolow</i></u>	SIGNATURE: <u><i>J. Callahan</i></u>
NAME: <u>DAVID SOKOLOV</u>	NAME: <u>J. Callahan</u>
TITLE: <u>PRESIDENT</u>	TITLE: <u>Vice Pres</u>
DATE: <u>JUNE 10/94</u>	DATE: <u>6/17/94</u>

05/04/94 14:28

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SYMBOL CANADA

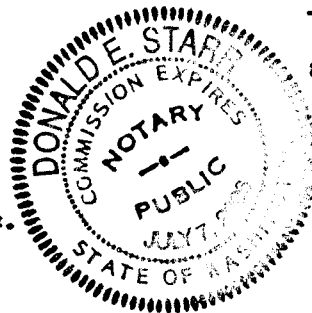
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May 4, 1994

Mr. David Sokolow
Barcode Systems Inc.
895 A Century St.
WINNIPEG, Manitoba
R3H 0M3



This is Exhibit "E" referred to in the
affidavit of David Sokolow
made before me on 23 Oct 2003.

[Signature]
A Commissioner for taking Affidavits
for British Columbia

A Notary in and for
the State of Washington

"PRELIMINARY DRAFT"

Subject: Letter of clarification regarding business
arrangement between Symbol Technologies Canada Inc.
and Barcode Systems Inc.- Vancouver, B.C.

Dear David:

Further to your letter of April 25th, 1994, and your meeting with
Mike Reid and myself of May 3rd, 1994, we wish to discuss the
following comments and clarifications in your draft agreement.

It is our understanding Barcode Systems Inc. will purchase Foto
Video and Video World and will issue back shares to Barcode
Systems, which will result in four (4) equal 25% ownerships, being
David Sokolow, Harry Mann and principles of Foto Video/Video World.

As discussed and agreed the basis of this agreement will take the
form of a separate "Symbol Standard CORP. Value Added Reseller
Agreement" for the Vancouver operation to be executed and effective
August 1, 1994.

Other points to be included:

- 1) Barcode Systems will not take over Symbol's Vancouver
premises, but would essentially take over Sales and Support
operations on an ongoing basis in development of your own
sales office August 1, 1994.
- 2) Barcode Systems will not use the official Symbol Technologies
name for its operation, but may use "Symbol Western", or
similar for two (2) years.

SYMBOL TECHNOLOGIES CANADA, INC. 2540 Matheson Blvd. East, Mississauga, Ontario L4W 4Z2
TEL: (905) 629-7226/629-SCAN • FAX: (905) 629-9765

05/04/94 14:28

E9058290765

SYMBOL CANADA

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-2-

- 3) As discussed it is our intention to transfer our Systems Representative to another Symbol location and retain our Technical Support representative to support national accounts and the existing service contract base, however, we will work with you to assist in your job offer to Symbol's existing sales representative in order to maintain continuity to Barcode Systems.
- 4) Barcode Systems will not conflict with Symbol's national or target accounts including Lotteries and certain other resellers including, but not limited to Merit, New Concept Information Systems Ltd., Epic Data, AM/PM Systems, and Integrated Courier Systems.
- 5) Barcode will become certified in all product areas, except DMS00 and support existing Vars and actively recruit new Vars. Symbol reserves the right to appoint DMS00 sales channels for the area.
- 6) Barcode will provide sales and service support throughout the Western provinces for all equipment sold by Barcode, or contracted with by Symbol to provide Third Party Service. As per the standard Var agreement Barcode will not actively pursue any of the current service contract base in this area.
- 7) Barcode will issue in advance a purchase order for \$250,000.00 minimum for delivery August 2, 1994, for start up inventory of its Vancouver operation.
- 8)
 - (a) On or before August 1, 1994, Barcode Systems will issue a purchase order for a minimum of \$1,000,000.00 for its Vancouver operation consisting of twelve (12) equal monthly deliveries to start shipment January 1, 1995. Barcode will increase its purchase order by a minimum of 15% annually in subsequent years.
 - (b) These purchases are separate entirely from the Var and purchase quota agreement for Winnipeg and Minnesota.

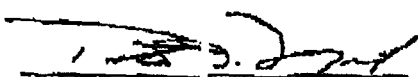
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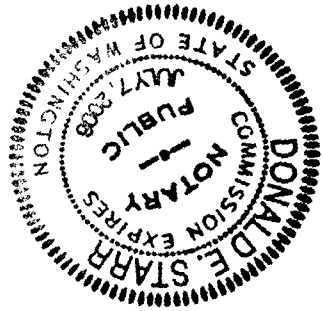
-3-

- (c) It should be recognized that Symbol's expectations for this area is minimum of \$2,000,000.00 for the year 1994 and anticipated to increase by 20% per year thereafter. It is also agreed that the excluded accounts in item (4) represent a portion of this expectation. Should the total expectations not be satisfied as a result of declining business of excluded accounts, then Barcode will have the opportunity to make up the difference or Symbol reserves the right to target additional mutually agreed upon major accounts to compensate.
- 9) As agreed Barcode will not sell competing products except the DMS10 line.
- 10) Barcode will provide Symbol with annual financial statements or on a quarterly basis if requested.
- 11) Symbol will provide all Western sales leads to Barcode with the exception of products not represented and target accounts.
- 12) Symbol will make every effort to co-ordinate an orderly transition with its existing Vars and Customers, other than those yet to be fully identified in section (4) over to Barcode Systems.
- 13) Symbol will agree not to appoint any new distributors in the area as long as the Var agreement is in effect and quotas, terms and conditions are being met.
- 14) Symbol will provide Barcode with Level 6 discount schedule with next level qualification upon certification and terms of 2% .. 20 days, net 45 days.
- 15) Symbol will provide automatic annual renewals of its Var agreement, if all targets, terms and conditions are met.

Yours truly,


Peter J. Wind,
President
SYMBOL TECHNOLOGIES CANADA, INC.


Michael J. Reid,
Controller
SYMBOL TECHNOLOGIES CANADA, INC.



A Notary in and for the State of Washington

~~A Commissioner for Taking Affidavits for British Columbia~~

[Signature]

made before me on 23rd 2003

affidavit of David Sokolov

This is Exhibit F referred to in the

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Reseller Loyalty Program Addendum To "Schedule A" Product and Discount Schedule

The below-named Symbol VAR or Distributor, herein called "Reseller", requests to participate in Symbol's Reseller Loyalty Program as described below. The Reseller agrees to abide by the terms of the Program, and in return, will receive a Loyalty Bonus. Participation in the Program may be revoked at any time due to non-compliance with the terms.

Eligibility

The Loyalty Program is open to all Certified Symbol Resellers in good standing (including credit status), who are under a current, revised standard VAR, Master VAR or Distributor Agreement.

Terms

1. Reseller may not sell products which compete with any Symbol products included in the Program, except for other vendor scanners which contain a Symbol scan engine.*
2. Pre-existing end-user contracts for competitive equipment, as registered below, will be exempt from Item 1.**
3. Reseller has a grace period of 90 days from execution of this Addendum to convert from competitive products.
4. Reseller has a one-time-only opportunity to participate. If a Reseller violates any terms of the Program, participation in the Program will be revoked without potential for reinstatement.

Loyalty Bonus

Participating Resellers receive, for the products included in the Program, an increase of one level discount above their current standard Reseller volume level.

Products Included in Program

LS3001 Series
 LS4001 Series
 LS5701 Series
 LS5801 Series
 LS9101 Series
 LT1801 Series

*Other Scanner Products Carried by Reseller, including scanners containing Symbol scan engines.

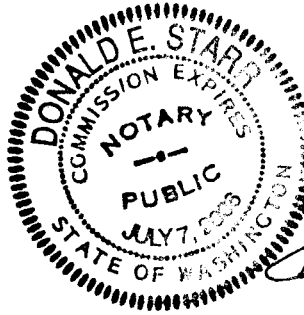
**Registration of Pre-Existing Contracts for Exemption

End-user Name	Competitive Equipment Under Contract	Contract Expiration Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

RESELLER: <u>BARCODE SYSTEMS</u>	<u>SYMBOL WESTERN</u> SYMBOL TECHNOLOGIES, INC.
By: <u>[Signature]</u>	By: <u>[Signature]</u>
Printed Name: <u>DAVID SOKOLOW</u>	Printed Name: <u>PETER NIND</u>
Title: <u>PRESIDENT</u>	Title: <u>PRESIDENT - SYMBOL</u>
Date: <u>MARCH 17, 1998</u>	Date: <u>March 17/98</u>

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EOC
F.# 2003R00233
Asti.Inf



This is Exhibit 6 referred to in the
affidavit of David Sokolow
made before me on 23rd 2003

[Signature]
A Commissioner for taking Affidavits
for British Columbia

A Notary in and for
the State of Washington

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

----- X

UNITED STATES OF AMERICA

I N F O R M A T I O N

- against -

Cr. No. 03 CR 283 (LDW)
(T. 15, U.S.C., §§ 78j(b)
and 78ff; T. 18, U.S.C.,
§§ 371, 2 and 3551 et seq.)

ROBERT ASTI,

Defendant.

----- X

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information, unless
otherwise indicated:

I. Background

A. The Company

1. Symbol Technologies, Inc. ("Symbol") was a Delaware corporation headquartered and with its principal place of business located in Holtsville, New York. Symbol was one of the world's leading manufacturers and distributors of wireless and mobile computing and bar code reading devices as well as other networking systems. Symbol's revenues for calendar year 2000 totaled approximately \$1.450 billion. For calendar year 2001, Symbol's revenues totaled approximately \$1.453 billion.

2. Symbol sold its products and services directly to

end-users as well as to distributors and value-added resellers ("VARs") that resold Symbol's products to end-users. These distributors and VARs were sometimes referred to as "channel partners" because they provided a channel through which Symbol's products were distributed from Symbol to end-users. In 2000 and 2001, Symbol's sales to distributors and VARs accounted for over 60 percent of Symbol's total sales.

3. Symbol was a publicly traded corporation, the common stock of which was traded on the New York Stock Exchange under the trading symbol "SBL." Symbol's shareholders were located throughout the United States, including in the Eastern District of New York.

B. Certain Relevant Accounting Principles

4. As a public company, Symbol was required to comply with the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). The SEC's rules and regulations were designed to protect members of the investing public by, among other things, ensuring that a company's financial information was accurately recorded and disclosed to the investing public.

5. Under the SEC's rules and regulations, Symbol and its officers were required to (a) make and keep books, records and accounts which, in reasonable detail, fairly and accurately reflected the company's business transactions, including its

revenues and expenses; (b) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that the company's transactions were recorded as necessary to permit preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"); and c) file with the SEC quarterly reports (on Form 10-Q) and annual reports (on Form 10-K) that included financial statements that accurately presented Symbol's financial condition and the results of its business operations in accordance with GAAP.

6. In Symbol's annual report on Form 10-K for the year 2000, Symbol's accounting policy concerning its revenue recognition practices was set forth as follows:

Revenue related to sales of the Company's products and systems is generally recognized when products are shipped or services are rendered, the risk of loss has passed to the customer, the sales price is fixed or determinable, and collectibility is reasonably assured.

This policy was consistent with the GAAP rules for revenue recognition.

C. The Defendant

7. Defendant ROBERT ASTI held various positions at Symbol, including Vice President of Finance and Operations for the Americas - Sales and Services, and Vice President of Worldwide Sales and Finance. ASTI resigned from Symbol in

October 2000 and ceased his employment there in or about March 2001.

II. The Scheme to Defraud

8. The defendant ROBERT ASTI, together with other high-ranking corporate executives at Symbol, engaged in a scheme to defraud the investing public by materially misrepresenting Symbol's quarterly and annual revenues and earnings reported on Form 10-Qs and Form 10-Ks, which overstated Symbol's revenues and earnings to make them appear higher than those actually generated. A central goal of the scheme was to ensure that Symbol consistently reported that it had met or exceeded projected quarterly revenues and earnings when, in truth, Symbol had not met its projected quarterly revenues and earnings.

A. Channel Stuffing

9. Among the fraudulent techniques used by the defendant ROBERT ASTI and other high-ranking corporate executives at Symbol to overstate Symbol's quarterly revenue and earnings were systematic "channel stuffing" transactions entered into at or near the end of each fiscal quarter. Through these channel stuffing transactions, Symbol purported to sell products to various VARs and distributors even though the VARs and distributors had no firm obligation to pay for the products they purportedly purchased. Symbol then recognized as revenue amounts associated with these transactions, in contravention of GAAP and

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Symbol's own accounting policy.

10. As part of its channel stuffing scheme, Symbol granted to distributors and VARs (a) the right not to pay for the products unless and until the distributor or VAR resold the products ("Contingent Payment Terms"), and/or (b) the unconditional and guaranteed right to return the products without paying for them ("Return Rights"). Although the specific Contingent Payment Terms and Return Rights varied from transaction to transaction, in each case they effectively nullified the purported buyer's obligation to pay for the products. Among the many channel stuffing transactions in which Symbol falsely and fraudulently recognized revenue were the following:

a. At the end of the second and third fiscal quarters of 2000, the defendant ROBERT ASTI, together with others, caused Symbol to enter into purported sales of Symbol products to a VAR ("VAR #1"), totaling approximately \$10 million.

In these transactions, Symbol agreed that VAR #1 would not have to pay for any Symbol products it could not resell and could return any products it was unable to resell at no cost to VAR #1.

Despite these Contingent Payment Terms and Return Rights, ASTI and other high-ranking corporate executives at Symbol fraudulently caused Symbol to recognize and report the revenue purportedly earned in these transactions.

b. At the end of the third fiscal quarter of 2000, the defendant ROBERT ASTI, together with others, caused Symbol to solicit and accept a purported order for approximately \$5 million of Symbol products from a VAR ("VAR #2") by agreeing that VAR #2 could return any products it was unable to resell at no cost to VAR #2 and that VAR #2 would receive an additional payment of one percent of the value of whatever products it returned. In fact, however, Symbol never shipped the products to VAR #2, and, consequently, VAR #2 never returned the products to Symbol. Nonetheless, in December 2000, VAR #2 received a \$50,000 rebate (reflecting the one percent payment) for the purported transaction. Despite these Return Rights and Contingent Payment Terms, and despite the fact that the products were never shipped to VAR #2, ASTI and other high-ranking corporate executives at Symbol caused Symbol fraudulently to recognize and report the revenue purportedly earned in this transaction.

c. At the end of each fiscal quarter of 2000, the defendant ROBERT ASTI, together with others, caused Symbol to enter into transactions with a distributor located in South America ("Distributor #1"), in which Distributor #1 agreed to place multimillion dollar orders for whatever products Symbol had sitting in inventory, even though Distributor #1 had no need for the products. Instead of shipping the products to Distributor #1 in South America, Symbol merely stored the products in warehouses

in New York (the "Warehoused Products"). Symbol and Distributor #1 agreed that Distributor #1 (i) had no obligation to pay for the Warehoused Products and (ii) could "exchange" the warehoused products at no cost when it placed new orders for product it actually needed. Despite these terms, ASTI and other high-ranking corporate executives at Symbol caused Symbol fraudulently to recognize and report the revenue purportedly earned from the bogus, end-of-quarter orders by Distributor #1.

B. Candy Deals

11. Another fraudulent technique used by the defendant ROBERT ASTI and other high-ranking corporate executives at Symbol to overstate Symbol's quarterly revenues and earnings involved transactions that certain Symbol executives commonly referred to as "Candy Deals." In these Candy Deals, Symbol solicited VARs to order from distributors Symbol products for which the VARs did not have any end-user customers for the products. To induce the VARs to make such orders, Symbol promised (a) to repurchase the products from the VARs at the price the VARs paid the distributors, and (b) to pay the VARs an additional one percent of the purchase price.

12. In these Candy Deals, Symbol did not sell the products directly to a VAR. Rather, Symbol sold products to a distributor, which then either resold the products to a VAR or used the products to restock its supply of Symbol products and

then sold other Symbol products from its inventory to the VAR.

13. The defendant ROBERT ASTI and other high-ranking corporate executives at Symbol caused Symbol to enter into Candy Deals at or near the end of each of the first three fiscal quarters of 2000. Symbol recognized more than \$10 million in revenues in connection with Candy Deals in these three quarters notwithstanding that ASTI and other high-ranking corporate executives at Symbol knew that the transactions generated no net income for Symbol. On the contrary, ASTI and others at Symbol knew that the Candy Deals in fact resulted in a net loss to Symbol because (a) the price a VAR paid to the distributor for the products was higher than the price the distributor had paid Symbol for the products, which meant that Symbol had to repurchase the products at a price greater than the price at which it had sold the products, and (b) Symbol paid the VARs an additional one percent bonus to participate in the Candy Deals.

C. Recognizing Revenue on the Intentional Shipment of the Wrong Product

14. A further fraudulent technique used by the defendant ROBERT ASTI and other high-ranking corporate executives at Symbol to overstate Symbol's quarterly revenue and earnings involved the deliberate shipment to a customer of the wrong Symbol products at or near the end of quarters when the Symbol products that the customer actually wanted were unavailable. Later, when the products that the customer actually wanted became

available, ASTI and others caused Symbol either to cancel the prior shipment or to accept the return of the wrong products, and then ship the correct products to the customer. In this way, ASTI and other high-ranking corporate executives at Symbol caused Symbol prematurely to recognize revenue for legitimate orders.

15. For example, in June 2000, ASTI and others at Symbol entered into a sham transaction with an end-user ("End-user #1") and a VAR ("VAR #3") involving approximately \$3.8 million of Symbol products that End-user #1 wanted but which would not be available for shipment until after the end of the quarter. For the sole purpose of fraudulently and prematurely recognizing revenue from the sale of these products to End-user #1 in the second fiscal quarter of 2000, ASTI and others at Symbol arranged for VAR #3 to act as an intermediary in the transaction and to place an order in June 2000 for \$3.8 million of available Symbol products that neither VAR #3 nor End-user #1 wanted. Symbol agreed that VAR #3's bogus order would be cancelled and replaced in the following quarter by a genuine order for the products that End-user #1 actually wanted, after the desired products became available.

COUNT ONE

16. The allegations contained in paragraphs 1 through 15 are realleged and incorporated as if fully set forth in this paragraph.

17. In or about and between 1999 and March 2001, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant ROBERT ASTI, together with others, did knowingly and willfully, directly and indirectly, conspire:

(a) to commit fraud in connection with the purchase and sales of common stock issued by Symbol, in violation of Title 15, United States Code, Section 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5;

(b) to make and cause to be made false and misleading statements of material fact in applications, reports and documents required to be filed under the Securities Exchange Act of 1934 and the rules and regulations thereunder, in violation of Title 15, United States Code, Section 78ff;

(c) to falsify Symbol books, records, and accounts, the making and keeping of which was required by Title 15, United States Code, Section 78m(b) (2) (A) and Title 17, Code of Federal Regulations, Section 240.13b2-1, in violation of Title 15, United States Code, Sections 78m(b) (5) and 78ff; and

(d) to circumvent Symbol's internal accounting controls as required by Title 15, United States Code, Section 78m(b) (2) (B), in violation of Title 15, United States Code, Sections 78m(k) (5) and 78ff.

18. In furtherance of the conspiracy and to effect the

objectives thereof, within the Eastern District of New York and elsewhere, the defendant ROBERT ASTI, together with others, committed and caused the commission of, among others, the following:

OVERT ACTS

a. On or about April 25, 2000, the defendant ROBERT ASTI sent an e-mail from Symbol's offices in Holtsville, New York, to Distributor #1, which stated: "A running list of the dollar value of all new orders placed by [Distributor #1] for products that were not in the March invoicing to [Distributor #1] will be maintained by Symbol Boca. On a monthly basis, Symbol Boca and [Distributor #1] will coordinate a stock rotation from the original order for a dollar amount equal to the shipments during that month of product that was not in the original March invoicing. This process will continue until the entire initial order is depleted."

b. On or about April 27, 2000, as part of a Candy Deal, the defendant ROBERT ASTI caused a check request for \$1,934,276.20 to be signed by a Senior Vice President at Symbol.

c. On or about April 27, 2000, as part of a Candy Deal, a Symbol officer and a Symbol executive co-signed a check to a VA for \$1,934,276.20.

d. On or about April 27, 2000, as part of a

Candy Deal, the defendant ROBERT ASTI caused a check request for \$1,969,700.10 to be signed by a Senior Vice President at Symbol.

e. On or about April 27, 2000, as part of a Candy Deal, a Symbol officer and a Symbol executive co-signed a check to a VAR for \$1,969,700.10.

f. On or about June 19, 2000, the defendant ROBERT ASTI sent an e-mail from Symbol's offices in Holtsville, New York, to others at Symbol describing orders that Symbol wanted VAR #3 to place that would "ultimately be returned in July, with a net offset for Q3 by the orders placed."

g. On or about June 21, 2000, an area Vice President at Symbol sent a fax to VAR #3 in which the area Vice President wrote, "I am willing to write you a 'side letter' for what bothers you in this letter (like the 'title statement'). We plan on cancelling the order before the 'real' [End-user #1] orders are put up in the system."

h. On or about September 28, 2000, the defendant ROBERT ASTI received an e-mail in Symbol's offices in Holtsville, New York, from VAR #1 which stated, "as we discussed, 'stock rotation' as used in your e-mail of the terms means complete stock return privilege."

i. On or about September 28, 2000, the defendant ROBERT ASTI sent an e-mail from Symbol's offices in Holtsville,

New York, to VAR #2 in which he stated that "I agree that should you have to return this product, we will issue full amount + 1%."

j. On or about December 22, 2000, the defendant ROBERT ASTI sent an e-mail from Symbol's offices in Holtsville, New York, to VAR #2 in which he stated that VAR #2 could use the "\$50,000 rebate for our Q3 quarter end-deal" as a credit against other invoices.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNT TWO

19. The allegations contained in paragraphs 1 through 15 are realleged and incorporated as if fully set forth in this paragraph.

20. In or about and between 1999 and March 2001, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant ROBERT ASTI, together with others, did knowingly and willfully, directly and indirectly, use and employ manipulative and deceptive devices and contrivances in violation of Rule 10b-5 of the Rules and Regulations of the SEC (Title 17, Code of Federal Regulations, Section 240.10b-5), in that the defendant ROBERT ASTI, together with others, did knowingly and willfully, directly and indirectly, (a) employ devices, schemes, and artifices to defraud; (b) make untrue statements of material fact and omit to

state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which would and did operate as a fraud and deceit upon members of the investing public, in connection with purchases and sales of Symbol common stock, and by use of the means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

ROSLYNN R. MAUSKOPF
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK



55

This is Exhibit "H" referred to in the affidavit of David Sokolow made before me on 2/20/2003.

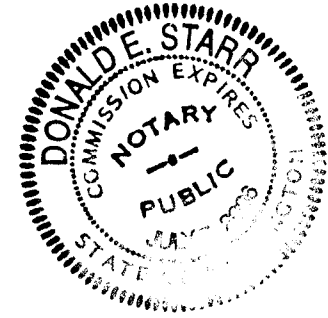
[Signature]
A Commissioner for taking Affidavits for British Columbia

A Notary in and for the State of Washington

SUBPOENA

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

In the Matter of Symbol Technologies, Inc. (NY-6874-A)



To: Barcode Systems, Inc.
David Sokolow, President
13400 Northeast 20th Street - Suite 32
Bellevue, Washington 98005

YOU MUST PRODUCE everything specified in the Attachment to this subpoena to officers of the Securities and Exchange Commission, at the place, date and time specified below.

233 Broadway, New York, New York 10279, February 18, 2003, 12:00 p.m. EST

YOU MUST TESTIFY before officers of the Securities and Exchange Commission, at the place, date and time specified below.

FEDERAL LAW REQUIRES YOU TO COMPLY WITH THIS SUBPOENA.
Failure to comply may subject you to a fine and/or imprisonment.

By: *[Signature]*
Burk Burnett
Enforcement Division
U.S. Securities and Exchange Commission
Telephone: (646) 428-1653

Date: January 30, 2003

I am an officer of the Securities and Exchange Commission authorized to issue subpoenas in this matter. The Securities and Exchange Commission has issued a formal order authorizing this investigation under Section 21(a) of the Securities Exchange Act of 1934.

NOTICE TO WITNESS: If you claim a witness fee or mileage, submit this subpoena with the claim voucher.

ATTACHMENT TO BARCODE SYSTEMS INC. SUBPOENA

DOCUMENTS TO BE PRODUCED

- 1) All documents concerning each transaction or potential transaction between Symbol Technologies, Inc. ("Symbol") and Barcode Systems Inc. ("Barcode Systems") that occurred in, or was negotiated during, the period from January 1, 2000 through the present, including, but not limited to, written correspondence, internal memoranda, e-mail messages, contracts, distributor agreements, consignment contracts, vendor agreements, financing agreements, lease-purchase agreements, bill and hold arrangements, purchase orders, invoices, and any other documents that reflect, recite or discuss terms and conditions of sale, lease, return, credit or financing.
- 2) All documents concerning a transaction or potential transaction bearing purchase order CAW 090859 between Symbol and Barcode Systems, including, but not limited to, written correspondence, internal memoranda, e-mail messages, contracts, purchase orders, invoices, return authorizations and any other documents that reflect, recite or discuss terms and conditions of sale, lease or credit.
- 3) All documents concerning all meetings, contacts, correspondence, e-mail messages, discussions, and communications between any representative of Barcode Systems and any representative of Symbol that occurred from January 1, 2000 through the present.
- 4) All documents concerning each purchase, receipt and return of any merchandise directly or indirectly from Symbol for the period from January 1, 2000 through the present, including, but not limited to, written correspondence, internal memoranda, e-mail messages, contracts, distributor agreements, consignment contracts, vendor agreements, financing agreements, lease-purchase agreements, bill and hold arrangements, purchase orders, invoices, and any other documents that reflect, recite or discuss terms and conditions of sale, lease, return, credit or financing.
- 5) All documents concerning each transaction or potential transaction with Symbol that occurred in, or was negotiated during, the period from January 1, 2000 through present, in which: (i) Symbol shipped product to Barcode Systems before Barcode Systems had requested shipment; (ii) the purchase order was subject to contingent payment terms, unconditional return rights, or a cancellation clause; (iii) Symbol shipped product before all of the terms of sale were agreed upon or where the quantity or price terms remained uncertain; (iv) any terms of sale were memorialized in a side letter or otherwise omitted from the purchase order; and (v) a binding purchase order had not been agreed to and submitted to Symbol prior to shipment.

- 6) For each transaction or potential transaction that occurred in, or was negotiated during, the period from January 1, 2000 through the present, all documents concerning the passage of title and/or risk of loss from Symbol to Barcode Systems.

- 7) All documents concerning the actual, anticipated or requested return of any Symbol products purchased, leased, consigned, ordered or received by Barcode Systems, or for which Barcode Systems was invoiced, during the time period January 1, 2000 through present.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Supplemental Information for Persons Requested to Supply
Information Voluntarily or Directed to Supply Information
Pursuant to a Commission Subpoena

False Statements and Documents

Section 1001 of Title 18 of the United States Code provides as follows:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

Testimony

If your testimony is taken, you should be aware of the following:

1. *Record.* Your testimony will be transcribed by a reporter. If you desire to go off the record, please indicate this to the Commission employee taking your testimony, who will determine whether to grant your request. The reporter will not go off the record at your, or your counsel's, direction.

2. *Counsel.* You have the right to be accompanied, represented and advised by counsel of your choice. Your counsel may advise you before, during and after your testimony; question you briefly at the conclusion of your testimony to clarify any of the answers you give during testimony; and make summary notes during your testimony solely for your use. If you are accompanied by counsel, you may consult privately.

If you are not accompanied by counsel, please advise the Commission employee taking your testimony whenever during your testimony you desire to be accompanied, represented and advised by counsel. Your testimony will be adjourned to afford you the opportunity to arrange to do so.

You may be represented by counsel who also represents other persons involved in the Commission's investigation. This multiple representation, however, presents a potential conflict of interest if one client's interests are or may be adverse to another's. If you are represented by counsel who also represents other persons involved in the investigation, the Commission will assume that you and counsel have discussed and resolved all issues concerning possible conflicts of interest. The choice of counsel, and the responsibility for that choice, is yours.

3. *Transcript Availability.* Rule 6 of the Commission's Rules Relating to Investigations, 17 CFR 203.6, states:

A person who has submitted documentary evidence or testimony in a formal investigative proceeding shall be entitled, upon written request, to procure a copy of his documentary evidence or a transcript of his testimony on payment of the appropriate fees: *Provided, however,* That in a nonpublic formal investigative proceeding the Commission may for good cause deny such request. In any event, any witness, upon proper identification, shall have the right to inspect the official transcript of the witness' own testimony.

If you wish to purchase a copy of the transcript of your testimony, the reporter will provide you with a copy of the appropriate form. Persons requested to supply information voluntarily will be allowed the rights provided by this rule.

4. *Perjury.* Section 1621 of Title 18 of the United States Code provides as follows:

Whoever . . . having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify truly . . . willfully and contrary to such oath states or subscribes any material matter which he does not believe to be true . . . is guilty of perjury and shall, except as otherwise expressly provided by law, be fined under this title or imprisoned not more than five years or both . . .

5. *Fifth Amendment and Voluntary Testimony.* Information you give may be used against you in any federal, state, local or foreign administrative, civil or criminal proceeding brought by the Commission or any other agency.

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Effect of Not Supplying Information

Persons Directed to Supply Information Pursuant to Subpoena. If you fail to comply with the subpoena, the Commission may seek a court order requiring you to do so. If such an order is obtained and you thereafter fail to supply the information, you may be subject to civil and/or criminal sanctions for contempt of court. In addition, if the subpoena was issued pursuant to the Securities Exchange Act of 1934, the Investment Company Act of 1940, and/or the Investment Advisers Act of 1940, and if you, without just cause, fail or refuse to attend and testify, or to answer any lawful inquiry, or to produce books, papers, correspondence, memoranda, and other records in compliance with the subpoena, you may be found guilty of a misdemeanor and fined not more than \$1,000 or imprisoned for a term of not more than one year, or both.

Persons Requested to Supply Information Voluntarily. There are no direct sanctions and thus no direct effects for failing to provide all or any part of the requested information.

Principal Uses of Information

The Commission's principal purpose in soliciting the information is to gather facts in order to determine whether any person has violated, is violating, or is about to violate any provision of the federal securities laws or rules for which the Commission has enforcement authority, such as rules of securities exchanges and the rules of the Municipal Securities Rulemaking Board. Facts developed may, however, constitute violations of other laws or rules. Information provided may be used in Commission and other agency enforcement proceedings. Unless the Commission or its staff explicitly agrees to the contrary in writing, you should not assume that the Commission or its staff acquiesces in, accedes to, or concurs or agrees with, any position, condition, request, reservation of right, understanding, or any other statement that purports, or may be deemed, to be or to reflect a limitation upon the Commission's receipt, use, disposition, transfer, or retention, in accordance with applicable law, of information provided.

Routine Uses of Information

The Commission often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors. There is a likelihood that information supplied by you will be made available to such agencies where appropriate. Whether or not the Commission makes its files available to other governmental agencies is, in general, a confidential matter between the Commission and such other governmental agencies.

Set forth below is a list of the routine uses which may be made of the information furnished.

1. To coordinate law enforcement activities between the SEC and other federal, state, local or foreign law enforcement agencies, securities self-regulatory organizations, and foreign securities authorities.
2. By SEC personnel for purposes of investigating possible violations of, or to conduct investigations authorized by, the federal securities laws.
3. Where there is an indication of a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule or order issued pursuant thereto, the relevant records in the system of records may be referred to the appropriate agency, whether federal, state, or local, a foreign governmental authority or foreign securities authority, or a securities self-regulatory organization charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute or rule, regulation or order issued pursuant thereto.
4. In any proceeding where the federal securities laws are in issue or in which the Commission, or past or present members of its staff, is a party or otherwise involved in an official capacity.
5. To a federal, state, local or foreign governmental authority or foreign securities authority maintaining civil, criminal or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to an agency decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant or other benefit.
6. To a federal, state, local or foreign governmental authority or foreign securities authority, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.
7. In connection with proceedings by the Commission pursuant to Rule 102(e) of its Rules of Practice, 17 CFR 201.102(e).
8. When considered appropriate, records in this system may be disclosed to a bar association, the American Institute of Certified Public Accountants, a state accountancy board or other federal, state, local or foreign licensing or oversight authority, foreign securities authority, or professional association or self-regulatory authority performing similar functions, for possible disciplinary or other action.
9. In connection with investigations or disciplinary proceedings by a state securities regulatory authority, a foreign securities authority, or by a self-regulatory organization involving one or more of its members.

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-----Original Message-----

From: Mike Reid [mailto:reidm@symbol.com]

Sent: Wednesday, April 19, 2003 1:30 PM

To: dsokolow@bsidirect.com

Cc: vanderweele@attbl.com; pvanderweele@prestongates.com; rprice@prestongates.com; Michelle Crissey; Michael Miller

Subject: BSI - Future Shop

David:

This will respond to your questions regarding a possible sale by BSI to Future Shop.

1. Availability of Product: Neither Symbol nor its distributors will accept purchase orders from BSI-US or BSI-Canada after April 20, 2003.

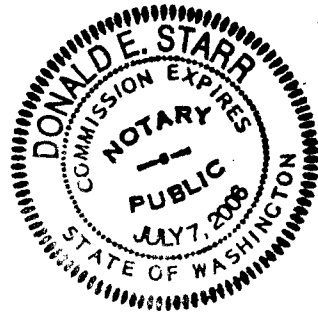
2. Terms of Sale by Symbol: Any purchase orders Symbol accepts before April 20, 2003 must come from BSI-US, as that is the only entity which has a reseller agreement with Symbol. Moreover, in light of the large past due account of both BSI-US and BSI-Canada, any sales to BSI-US will require cash payment prior to delivery. If you seek different terms, you will have to attempt to arrange them through distribution.

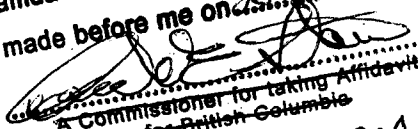
3. Price Exception: Past price exceptions that BSI had for Future Shop have expired. Therefore, if a price exception is required for this sale, either BSI-US will have to apply for a price exception directly to Symbol, or BSI-Canada will have to apply for a price exception through distribution. Any price exception Symbol grants to BSI-US is expressly conditional on Symbol receiving, along with the pre-delivery product payment, a payment of USD \$65,000, which is most of BSI-US's past due account. If BSI-Canada chooses to apply for a price exception through distribution, please include on the request a statement of the amount BSI-Canada will pay, along with the pre-delivery product payment, on BSI-Canada's approximately CD \$1,300,000 past due account.

4. In view of BSI's lawsuit against Symbol, Symbol will not participate in a joint conference call with Future Shop. We believe that we have provided you with sufficient information for your communications with Future Shop.

This email has been scanned for computer viruses.

This email has been scanned for computer viruses.



This is Exhibit I referred to in the
affidavit of David Sokolow
made before me on 2306 2003

A Commissioner for taking Affidavits
for British Columbia

A Notary in and for
the State of Washington

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David Sokolow

From: Earl Ray [eray@bsidirect.com]
Sent: Wednesday, May 14, 2003 1:47 PM
To: Jordan Miles; David Sokolow
Subject: Fw: No more PO's for Symbol

Importance: High

For your file.

Earl

----- Original Message -----

From: "Sheenah Demsey" <sdemsey@bsidirect.com>
To: "Earl Ray" <eray@bsidirect.com>
Sent: Wednesday, May 14, 2003 2:46 PM
Subject: Fw: No more PO's for Symbol

>
> ----- Original Message -----
> **From:** "Brent Krause" <BKrause@AMPMSERVICE.com>
> **To:** <sdemsey@bsidirect.com>
> **Sent:** Wednesday, May 14, 2003 11:45 AM
> **Subject:** No more PO's for Symbol

>
>
> > Sheenah,
> >
> > We have been asked to stop all Symbol purchases made on behalf of Barcode.
> > As such, we cannot process any further orders for you, including PO 005155
> > that was submitted this week.
> >
> > Outstanding items will be processed in due course. As for these remaining
> > items:
> >
> > - 012890 / 012894 / 015885 are ready for pickup;
> >
> > - 015886 and 005154 are on the way; and
> >
> > - we still have a defective unit in RMA to be replaced.
> >
> > Please contact the owner of Barcode if you have any questions.
> >
> > AM/PM
> >
> > Brent Krause
> > Corporate Affairs
> >

> > -----Original Message-----

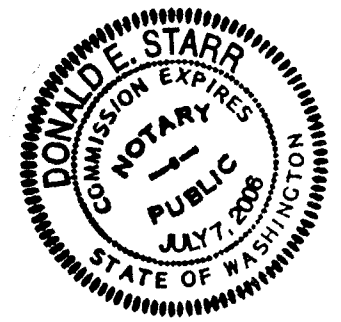
> > **From:** Sheenah Demsey [mailto:sdemsey@bsidirect.com]
> > **Sent:** May 14, 2003 11:14 AM
> > **To:** Linda Deacon
> > **Subject:** Re: PO's

> >
> > Thanks Linda , will be over this afternoon with cheque for po 005155
> > and
> > any
> > issued today
> >

This is Exhibit "J" referred to in the affidavit of David Sokolow made before me on 23 Oct 2003

[Signature]
A Commissioner for taking Affidavits for British Columbia

A Notary in and for the State of Washington



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-----Original Message-----

From: Kelly.Ennis@telpar.com [mailto:Kelly.Ennis@telpar.com]
Sent: Thursday, October 02, 2003 10:00 AM
To: jmiles@bsidirect.com; csokolow@bsidirect.com; gengel@bsidirect.com
Cc: Mike.Smith-Telpar@telpar.com
Subject: Symbol Status

Jordan,

Again Symbol has demanded that we not only cease in providing your company product in Canada but also in the US. I apologize for having to bring you this news but there is nothing I can do. I have tried. It greatly affects my sales as well. The only other option I can think of is possibly Ryzex, Tolt or Justin Systems as a supplier.

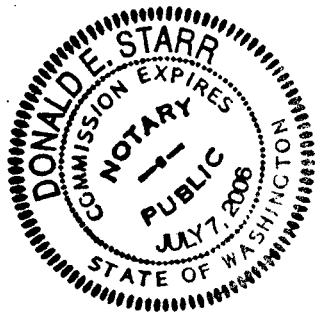
Since my conversation with Ginny earlier today, I have been informed that your open orders will have to be canceled.

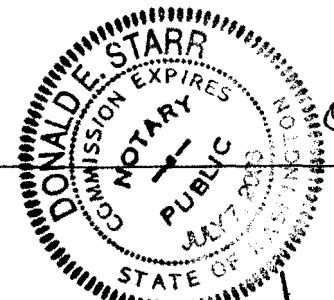
Regards,
Kelly

Kelly Ennis
Telpar, Inc.
1550 Lakeway Drive, #500
Lewisville, TX 75057
Phone: 800-872-4886 X47-2
Fax: 972-420-4272
Web site: www.telpar.com

This is Exhibit "K" referred to in the
affidavit of David Sokolow
made before me on 23 Oct 2003
[Signature]
A Commissioner for taking Affidavits
for British Columbia

A Notary in and for
the State of Washington





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0066030 (w)

Verna Kakowchyk

From: David Sokolow dsokolow@bsidirect.com]
Sent: April 9, 2003 5:00 PM
To: reidm@symbol.com; William Nuti
Cc: Bill Olson
Subject: Future Shop (Best Buy Canada)

This is Exhibit L referred to in the affidavit of David Sokolow made before me on 2305x 2003

[Signature]
Commissioner for taking Affidavits for British Columbia

A Notary in and for the State of Washington

April 9, 2003 Without Prejudice
Dear Mike

As you know you're Jim Clarke and our Jordan Miles and Scott Kent have worked together on recommending, demonstrating and setting up a lab with Future Shop Canada. Future Shop is ready to order at the pricing Jim Clarke worked out with BSI. They would like assurances from you that you will support BSI's installation and sale. This appears to be because of some bad mouthing by Symbol.

Peter Nind made a deal with BSI, I with Jim Clarke present, to have Jim aid in presenting a unified front in several BSI accounts. BSI buys from distribution and that distribution is more than prepared to fill any order.

As for what you claim is owing from BSI that amount is made up of Symbol inventory which you have provided with no fixed terms of repayment. If you wish to discuss return of same please retract your attempt to cut off our Canadian company which operates under our 1998 agreement.

I find it interesting that one day you say we are operating under one agreement and the next day you say Canada has no agreement Which is it?

Future Shop is a long time BSI customer and Symbol user. Both you and Bill Nuti should be doing everything possible to make their purchase enjoyable and not be involving them in your failure to honor our agreements.

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized.

If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

Yours Truly
David Sokolow
President
Barcode Systems Inc.
Phone (425) 378-8200
Fax (425) 378-8222
Mobile (206) 465-2764
Email dsokolow@bsidirect.com
<http://www.barcodesystemsinc.com>

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Sheelagh Kyne

From: David Sokolow [dsokolow@bsidirect.com]
Sent: April 28, 2003 11:31 AM
To: ZIX@SYMBOL.COM; William Nuti
Cc: Bill Olson
Subject: co-op marketing, customers

Tom

As you know, Tom, Symbol cut our marketing funds off on March 28, 2003. These funds were earned by Barcode Systems, and pertain mostly to ads placed advertising both BSI and Symbol. Your harassment of BSI is contrary to our signed agreement and will not be tolerated.

On a different note Future Shop (Best Buy Canada) has confirmed you diverted a sale they wished to place with Barcode Systems. Please refrain from approaching, soliciting, bad mouthing, or in any way contacting any BSI customers.

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized.

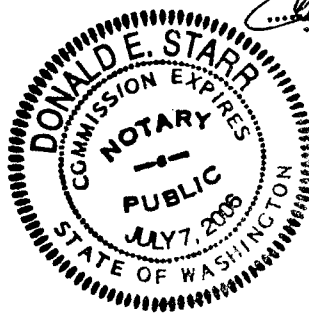
If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

Yours Truly

David Sokolow
President
Barcode Systems Inc.
Phone (425) 378-8200
Fax (425) 378-8222
Mobile (206) 465-2764
Email dsokolow@bsidirect.com
<http://www.barcodesystemsinc.com>

This is Exhibit "M" referred to in the
affidavit of David Sokolow
made before me on 23rd 2003

[Signature]
A Commissioner for taking Affidavits
for British Columbia



A Notary in and for
the State of Washington

65 40

Adrienne Saindon

From: "Peter" <pferraro@qdatainc.com>
To: "Adrienne Saindon" <asaindon@bsirect.com>
Sent: August 25, 2003 10:41 AM
Subject: Talk

Hi Adrienne,

How are you doing?

I wanted to let you know that Symbol Technologies gave me a list of all BSI service contracts that have expired or are due. They want me to follow up on the customers because of the fact that BSI can no longer sell Symbol contracts. I have called 1 or 2 BSI Winnipeg customers and if it gets back to you I wanted you to understand why. I'm not just calling them out of the blue, q.data is being asked to follow up and I have no choice irregardless if the account belongs to a friend. I hope you understand and please pass this on to Gary and Earl.

Thanks,

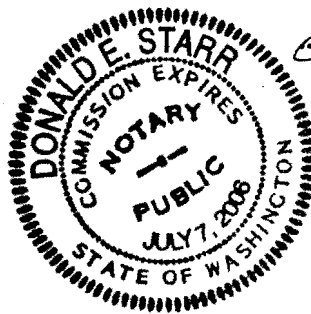
Peter Ferraro
q.data inc.
6 Shields Court, Unit 105
Markham, ON
L3R 4S1

(T) (905) 477-1367 Ext. 25
(T) 1-800-944-8099
(F) (905) 477-0874
www.qdatainc.com

ATTN: JORDAN

This is Exhibit "N" referred to in the
affidavit of David Sokolow
made before me on 8/25/2003

[Signature]
A Commissioner for taking Affidavits
for British Columbia



A Notary in and for
the State of Washington

8/25/03

THE COMPETITION TRIBUNAL

**In the Matter of an Application by Barcode Systems Inc.
for an Order pursuant to section 103.1
of the *Competition Act*, RSC 1985 c. C-35, as amended
granting leave to bring an application pursuant to
section 75 of the *Competition Act***

BETWEEN:

Barcode Systems Inc.

Applicant

AND:

Symbol Technologies Canada ULC

Respondent

AFFIDAVIT

CHURCH & COMPANY
Barristers
900 - 1040 West Georgia Street
Vancouver, BC V6E 4H1

Attention: David P. Church