

The CEO's New Enemy

"To the thousands of American companies whose cries for justice went unanswered."

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This is the dedication Brett Kingstone, CEO of Super Vision (NASDAQ SC:SUPVA) penned in his 2005 non-fiction techno-thriller *The Real War Against America*. Kingstone, founder of our nation's leading fiber-optics display manufacturer (think Coke bottle in Times Square), details his battle with the real economic terrorists of our time, Chinese counterfeiters, as the local police, FBI, and U.S. Justice Department sat on their collective hands. Grab this Tom Clancy-style page-turner and read it!

Thousands of our nation's small businesses are closing their doors thanks to our government's disastrous trade policies with China. Not only is our U.S Government doing nothing to protect the intellectual rights of American small business, they are helping Chinese small businesses become big businesses at the expense of our own economy.

And from what I can discern, much of it has to do with big business in our country pressuring the Bush administration to not rock the Chinese boat over trade. It's unconscionable to think our own government has failed to file a single intellectual-property case against any country through the World Trade Organization since President Bush took office.

"It is impossible to have free trade unless you have fair trade," notes Brett Kingstone on the one year anniversary of the publishing of his book. Endorsed by Congressman Ric Keller (R-FL, 8th District), Kingstone's book highlights Keller's co-authoring of the Intellectual Property Protection Act (IPPA) of 2002, which never even made it to a vote.

Instead, U.S. Attorney General Alberto Gonzales has sent his own IPPA of 2005 to Congress focused primarily on stopping teenagers from downloading free music, if my cursory read of the legislation is accurate. This sounds like a fantastic idea; focus our judicial resources on prosecuting U.S. teens instead of foreign pirates!

Granted, the Senate recently passed a bill to begin addressing the problem of counterfeit Gucci bags and related counterfeit use of trademarks (waiting for a House vote as this was going to press), but we've made zero progress on battling our largest corrupt trading partner to the (Far) east.

I've been a close friend of Kingstone's for over two decades, dating back to the original publishing of his first book entitled *The Student Entrepreneurs' Guide*. Part Stanford project required to graduate and part early biography, Kingstone has been the quintessential entrepreneurs' entrepreneur. A tough, but always fair guy, he was a world ranked kick boxer. Author, warrior, entrepreneur.

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After seeing his first fiber-optics display company ripped from his arms by a failed Colorado judicial process (the “severed head” story is a must-read part of Kingstone’s latest book), Kingstone vowed he wasn’t going to allow another inept judicial process do the same to Super Vision.

As he and many of my other entrepreneurial friends have found, our judiciary system is a mess. Clogged up with drug cases and to be fair, new challenges brought on by 9/11, the U.S. judicial system is proving our founding fathers right. They always feared that it would be the judicial branch of our government that would “let down” our democracy. Meant to protect the minority from the majority; the small from the big; it has been doing just the opposite.

Anyway, Kingstone took it upon himself to find the best counter-intelligence spies to infiltrate one of the largest gangs of counterfeiters in China led by Samson Wu. Reading Kingstone’s book is a primer for business owners on how to successfully drive the judicial process. The outcome was a \$33.1 million jury verdict, but a hollow victory since our government finds no reason to enforce the verdict – again, too busy going after petty teenage music thieves.

Private property ownership is at the very heart of our country’s foundation. Without the will to enforce the protection of our property, our long-term economic vitality is seriously in jeopardy. And without a strong growth company sector fueling our economy, the long-term ability for us to fund and fight the Bin Laden’s of the world will also be jeopardized.

Thus, the new small business enemy is our own judicial system – a system that is allowing the executive branch to blackmail small business owners; big businesses to crush small companies in court; and a system that is failing to uphold basic business law. And when lawlessness is allowed to run rampant, a business environment akin to Russia’s is in our future.

Am I upset? You bet. Am I scared to write about what I’m hearing our government agencies do to extort money from small business owners, that’s even scarier. I’ll get back to more direct business operating hints next month. However, working hard only to see your efforts stomped on by your own government’s actions or inactions is a concrete reality.

As one government agency intimated to a good friend of mine saying “we can indict a doorknob,” none of us are safe from the capricious acts of an unfair and out-of-control executive branch that can hide behind a slow and increasingly more ineffective judiciary while our legislators are busy indicting each other. If you have a story to relate, email me. I promise to keep what you tell me confidential. But we need to keep talking about what’s hurting growth companies in our economy.