

BEFORE THE POSTAL RATE COMMISSION

COMPLAINT ON ELECTRONIC POSTMARK

DOCKET NO. C2004-2

COMPLAINT OF DIGISTAMP
(February 25, 2004)

Pursuant to 39 U.S.C. § 3662 and 39 C.F.R. § 3001.81 et seq., DigiStamp brings this complaint against the United States Postal Service under the Postal Reorganization Act, 39 U.S.C. § 101, *et seq* ("the Act"), on the following grounds:

Name and Address of Complainant

1. Complainant is DigiStamp, Inc. ("DigiStamp"). DigiStamp's address is 105 Mill Valley Dr. W, Colleyville, TX 76034.

Statement of Grounds for Complaint

2. On or about January 2004, the Postal Service began providing a document delivery service called the "Electronic Postmark™" (EPM).

3. EPM is a service that involves the use of auditable time stamps, digital signatures and hash codes. Through the USPS EPM service, any third party can verify the authenticity of the EPM purchaser's content. This proof is postmarked by the Postal Service and, according to the Postal Service, provides evidence to support non-repudiation of the user's content. The EPM is designed to deter and detect the fraudulent tampering or altering of the user's content. See <http://www.usps.com/electronicpostmark/aboutepm.htm>

4. According to the Postal Service, some of the key features of EPM are: proof of document authenticity and timestamp accuracy to detect and prevent fraud; and the data stays private. The Postal Service never has access to the purchaser's content and requires no modification or transmission of content. See <http://www.usps.com/electronicpostmark/aboutepm.htm>

5. According to a Postal Service white paper issued September 2003: “The USPS EPM service provides document authenticity when a resulting USPS EPM is associated with a document or transaction that can later be verified using the USPS EPM repository.” Also, “The USPS EPM supports applications so that they can comply with the E-SIGN legislation . . . which made electronic signatures the legal equivalent of their paper counterparts” See [http://www.authentidate.com/docs/whitepapers/USPS%20EPM%20White%20Paper%20Sept%202003%20112103 .pdf](http://www.authentidate.com/docs/whitepapers/USPS%20EPM%20White%20Paper%20Sept%202003%20112103.pdf)

6. According to a press release issued by the Postal Service, "The Postal Service is developing a series of services to mirror those of First-Class Mail. The first in this series call for a time and date stamp to represent the electronic postmark." Exhibit A hereto, which is incorporated herein by reference.

7. “The United States Postal Service® has contracted with Microsoft and AuthentiDate to provide the sales, marketing, technology and services for customers to purchase and use the USPS EPM.” See: <http://www.authentidate.com/www/partners/usps.htm>

8. According to the Postal Service, some of the key benefits of EPM are: that “correspondence handled by USPS [is] subject to confidentiality statutes and regulations;” the Postal Service is a “[n]eutral third party with [a] universal public service mandate; the Postal Service has a “[h]istory of providing postmarks with legal significance;” and the Postal Service has a “[l]ong-lived statutory purpose ‘to bind the nation together through the... correspondence of the people’ 39 U.S.C. §101.” See <http://www.usps.com/electronicpostmark/benefits.htm>

9. According to the Postal Service, purchasers obtain legal protections by choosing a USPS electronic postmark. These include the protection provided to purchasers under 18 U.S.C. §1341 “Frauds and swindles.” See <http://www.usps.com/electronicpostmark/benefits.htm>

Section 1341 provides in part that: “Whoever, having devised or intending to devise any scheme or artifice to defraud . . . places in *any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the*

Postal Service . . . shall be fined under this title or imprisoned not more than five years, or both.” (emphasis added)

10. The lead contact for EPM is an employee of the Postal Service:

Leo Campbell
Program Manager, EPM
1735 N. Lynn St.
Room 4034
Arlington, VA 22209-6354
703-292-3814
leo.campbell@email.usps.gov

See: <http://www.usps.com/electronicpostmark/contact.htm>

11. Information that the Postal Service disseminates to the public concerning EPM makes it clear the EPM is a service provided by the United States Postal Service:

- The name used for the service is “**USPS** Electronic Postmark” and “**USPS EPM.**” (emphasis added) See: <http://www.usps.com/electronicpostmark/aboutepm.htm>
- The Postal Service states that: “This electronic proof [is] postmarked by the **PostalService**” See: <http://www.usps.com/electronicpostmark/aboutepm.htm>
- A potential customer should contact an employee of the Postal Service, Leo Campbell, at his usps.gov e-mail address or contact Authentidate.
- The U.S. Postal Inspection Service will investigate instances of tampering with EPM. See September 2003 white paper cited above.

12. The Postal Service has ventured millions into an entrepreneurial market-based risk investment to provide a government service Exhibit B hereto. Electronic Postmark, together with other Secure Electronic Delivery Services, lost \$8.6 million from its inception in November 1999 through the date of the Postal Service’s response to interrogatory OCA/USPS-239 on December 17, 2001 (Docket No. R2001-1).

13. The USPS uses its monopoly government position to subsidize unfair competitive ventures against free enterprise. Private industry serves the

electronic time stamp market without draining resources and government programs that are financed by patrons of traditional postal services.

14. Electronic Postmark continues to lose money today.

15. The current operating expenses of Electronic Postmark exceed current operating revenues.

16. Electronic Postmark has incurred a large net loss since its inception.

First Claim: The Postal Service's Failure
to Request a Recommended Decision
Under Sections 3622 and 3623

17. Electronic Postmark is a class of mail or type of mail service which may be established by the Governors of the Postal Service only "in accordance with the provisions of [Chapter 36]" of the Postal Reorganization Act. 39 U.S. C. § 3621.

18. As a result, the Postal Service's provision of Electronic Postmark constitutes a change in the mail classification schedule.

19. Before the Postal Service may establish a new class of mail or mail service, or make a change in the mail classification schedule, it must first request the Commission to submit a recommended decision on the change. 39 U.S.C. §§ 3623, 3641.

20. Before the Postal Service charges a new rate or rates for a class of mail or type of service, it must first request the Commission to submit a recommended decision on the new rate or rates, 39 U.S.C. §§ 3622, 3641.

21. Although EPM is largely an electronic service, it functions as a type of mail (and a service ancillary to mail), using recent technology, to provide evidence of the time and date of a document transmission and security against tampering with the contents of the document.

22. EPM is a "mirror" mail service such as described in the attached press release.

23. EPM substitutes for hardcopy mail.

24. EPM is mail.

25. EPM is not a “nonpostal” service in that such services consist solely of services provided by the Postal Service to the public on behalf of other governmental agencies. Since EPM is not a nonpostal service, it is necessarily a postal service – it is a retail service offered to the public for the purpose of raising revenues for the Postal Service.

26. The Postal Service may only establish new retail services offered to the public by requesting a recommended decision from the Commission under 39 U.S.C. §§ 3622 and 3623.

27. The Postal Service has not requested the Commission to submit a recommended decision on an Electronic Postmark classification or on a rate or rates for that service.

28. As a result, the Postal Service's provision of Electronic Postmark is not in accordance with the policies of the Postal Reorganization Act and the factors set forth in the Act, 39 U.S.C. §§ 3622, 3623.

29. Accordingly, the Postal Service's provision of Electronic Postmark violates the Postal Reorganization Act.

Second Claim: The Postal Service's
Failure to Charge a Rate that
Complies with Section 3622(b)

30. Section 3622(b)(3) of the Act establishes "the requirement that each of class or type of mail service bear the direct and indirect postal costs attributable to that class or type plus that portion of all costs of the Postal Service reasonably assignable to such class or type." 39 U.S.C. § 3622(b)(3).

31. When the Postal Service provides a class of mail or type of mail service at no charge, the users of that class or service are cross-subsidized by other postal users.

32. When the Postal Service provides a class of mail or type of mail service at a charge that does not fully recover all of that class' incremental costs and a

reasonably assignable share of the Postal Service's institutional costs, the Postal Service has violated 39 U.S.C. §3622(b).

33. The Postal Service has never demonstrated to the Postal Rate Commission or the mailing public that EPM is not being cross-subsidized by other postal services.

34. The Postal Service has never revealed to the Commission or the mailing public all of the start-up costs of EPM.

35. The Postal Service has never revealed to the Commission or the mailing public all of the operating costs of EPM.

36. The Postal Service has never revealed to the Commission or the mailing public all of the revenues of EPM.

37. The Postal Service has never revealed to the Commission or the mailing public the total net loss generated by the provision of EPM.

38. When the Postal Service provides a class of mail or type of mail service that has not been demonstrated to bear all of the direct and indirect postal costs attributable to it, plus a reasonably assignable portion of all other costs of the Postal Service, it provides such a class of mail in violation of 39 USC § 3622(b)(3).

39. Even if the Commission were to determine that EPM is not a jurisdictional service, the Postal Service has never demonstrated that past and current EPM losses are not being borne by jurisdictional ratepayers.

40. The Postal Service has never revealed to the Commission or the mailing public how it allocates costs of EPM that are incurred jointly with other services, especially jurisdictional services.

41. The Postal Service provides its own federal employees to promote the sales of the electronic postmark and their partner's sales. Exhibit C and D hereto, which is incorporated herein by reference.

42. As a result, the Postal Service provides the Electronic Postmark by venturing into a risk-based marketplace with funds from the monopoly-based postal patron in violation of Section 3622(b) of the Act, including (but not limited to) Sections 3622(b)(3) and 3622(b)(4).

43. The USPS is establishing the Electronic Postmark in competition with companies already existing in the private sector; a role that is not appropriate for a government entity. A purpose of government is to encourage economic growth and to enforce a level playing field, not to take profit from an industry that has been developed by the private sector.

44. Electronic Postmark competes with a similar service provided by DigiStamp.

45. The Postal Service provides the Electronic Postmark as a government service financed, backed and enforced with Federal law officers, constituting unfair competition in violation of Section 3622(b)(4) of the Act.

46. The Postal Service's provision of Electronic Postmark leverages the assets of the monopoly business with providing a government service. This is contrary to Section 3622(b) of the Act and may deprive DigiStamp of customers for its similar service, with a consequent loss of revenues to DigiStamp.

47. The Postal Service's cross subsidies of EPM with monopoly revenues may inhibit competition to the detriment of consumers of all such services. The Postal Service may not be the most efficient provider of an EPM-type service, but the ability of a \$70 billion enterprise to cross-subsidize its entrepreneurial ventures can discourage lower cost or higher quality private entrepreneurs from offering EPM-type services.

Third Claim: The Postal Service's Failure
to Request an Advisory Opinion on Electronic Postmark.

48. Electronic Postmark is a postal service.

49. Electronic Postmark could also have an impact on the use of other mail services, including first-class, registered or certified mail, Express Mail, and Priority Mail. This is evident in that potential first-class, Express, and Priority mailers may not use the third-party evidence that the Postal Service provides when it accepts a hardcopy letter, postmarks the outside envelope, keeps the letter sealed against inspection, and transmits it to the recipient. Also, the security and evidentiary features of special services such as Certified, Return Receipt, Registered, Delivery

Confirmation, Express Mail, Priority Mail and Signature Confirmation may be eschewed in favor of EPM. In other words, EPM cannibalizes other postal services so that first-class, Express Mail, Priority Mail, Certified, Return Receipt, Registered, Delivery Confirmation, and Signature Confirmation revenues are reduced. The Postal Service has never quantified and revealed this impact on other classified services.

50. As a result, the institution and rendition of Electronic Postmark represents a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis. As example, a single day of public news shows numerous users of a postmark for time and date stamping. Exhibit E hereto, which is incorporated herein by reference.

51. Section 3661 (b) of the Act provides:

"When the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis, it shall submit a proposal, within a reasonable time prior to the effective date of such proposal, to the Postal Rate Commission requesting an advisory opinion on the change."

39 U.S.C. § 3661 (b).

52. Before providing Electronic Postmark, the Postal Service did not submit a proposal, within a reasonable time prior to the effective date of Electronic Postmark, to the Commission requesting an advisory opinion on the change.

53. Accordingly, the Postal Service's provision of Electronic Postmark violates Section 3661 of the Act, 39 U.S.C. § 3661.

Persons or Classes of Persons Affected

54. All postal customers are believed to be affected by the Postal Service's provision of Electronic Postmark, since the rates paid by all postal customers are cross-subsidizing the Postal Service's provision of Electronic Postmark. Likewise, all persons who compete or who may desire to compete with the Postal Service, both in rendering a service such as Electronic Postmark or in rendering any service competitive with a service provided by the Postal Service, are similarly affected by the Postal Service's failure to observe the requirements of the Act in launching a new competitive service. Moreover, users of the Postal Service's certified mail, registered mail, return

receipt, delivery confirmation, and signature confirmation services may be affected as the result of a diversion of volume from those services.

Statement Regarding Relevant Correspondence

55. There is a letter written by Rick Borgers to General Potter of the USPS and an inquiry to Electronic Postmark user support. Exhibit F and G hereto, which is incorporated herein by reference. There were no responses from these communications. There is no additional correspondence nor are there any other written communications between DigiStamp or its agents, representatives, or attorneys and the Postal Service or any officer, employee, or instrumentality thereof which relates to the subject matter of this complaint.

Relief Requested

56. Under Section 3623(b) of the Act, the Commission "may submit to the Governors on its own initiative, a recommended decision on changes in the mail classification schedule." 39 U.S.C. § 3623(b).

57. By not requesting a recommended decision from the Commission, the Postal Service has failed to make any showing that the provision of Electronic Postmark on the terms required or provided by the Postal Service is in accordance with the policies and factors set forth in the Postal Reorganization Act.

WHEREFORE, DigiStamp respectfully requests the Commission to:

(a) Submit to the Governors of the United States Postal Service a recommended decision rejecting as unsupported the Postal Service's provision of Electronic Postmark; and

(b) Grant DigiStamp such other and further relief as the Commission deems appropriate.

Respectfully submitted,
Rick Borgers
Lead Technologist, CEO
DigiStamp, Inc.



October 16, 1996

FOR IMMEDIATE RELEASE

Release No. 108

USPS Web Site: <http://www.usps.gov>

**Postal Service Leverages Private Sector Expertise
to Enable Electronic Commerce Through the Internet**

Boston, Mass. -- The U.S. Postal Service announced its Internet services strategy today to bring e-mail up to the same level of acceptance that hardcopy mail currently enjoys. To serve as an enabler of commerce, the agency announced partnerships with two hi-tech firms, thereby creating the first in a series of "First-Class" Mail electronic commerce services.

In remarks presented at the Internet Expo today, Robert Reisner, vice president, strategic planning, characterized the value of the of this strategy.

"The Postal Service has been valued as a trusted third party for more than two centuries," he said. "By enabling companies like Aegis Star and Cylink to create services for postal customers, we can transfer our trust to the electronic medium."

Reisner noted that many businesses feel that the Postal Service's protections against mail tampering should transfer to electronic mail.

The Postal Service is developing a series of services to mirror those of First-Class Mail. The first in this series calls for a time and date stamp to represent the electronic postmark. Other services will include: return receipt, certified, registered, verification of sender and recipient, and archiving services.

In addition to designing a postmarking system, Cylink Corporation, of Sunnyvale, Calif., is developing a Certificate Authority for individuals to use to prove who they are when sending e-mail or other electronic documents through the Internet and other networks.

"Imagine signing a mortgage today electronically," said Reisner, "and then 20 years from now finding that the authenticity of the document was in dispute. If you used Postal ECS, you would know that you were backed by the authority of the United States Postal Service."

This is especially useful for commercial transactions over an open network like the Internet. While the electronic postmark validates a document's existence at a specific point in time, it also authenticates that the document has not changed from the time that the Postal Service touched the document. Finally, if any tampering takes place, it may be reported to and investigated by the U.S. Postal Service.

Aegis Star Corp., of Palo Alto, Calif., with expertise in archiving services, sends the electronically postmarked message to the recipient via a value-added network. When the recipient receives the electronically postmarked message, customers use Postal Service Mail Reader software to read and authenticate the message and
Electronic Postmark

Exhibit A

Postal Service Getting Wired

By Will Rodger

Say the words "monopolist" and "Internet" in most tech circles, and one company springs to mind. Now, some say the government itself may join the list.

For even as Microsoft battles what it says is a high-tech lynching in the courts, the U.S. Postal Service is cultivating at least two dozen new business lines — from wiring money to presenting bills electronically — all of which could get a boost from the cash flow produced by its monopoly in conventional mail.

"They're not going to be on an even playing field with us," says Nancy Saucier, lobbyist for the Washington, D.C.-based American Electronics Association.

The 157-page Postal Modernization Act would change all that by splitting the Postal Service into two separate lines of business. One would continue to supply postal services. The other would take over jobs that aren't clearly part of the Postal Service's mission.

"The thrust . . . is to give postal employees the tools to adapt, grow, compete and survive in the face of enormous challenges caused by changing technology and a dynamic communications marketplace," said sponsor Rep. John McHugh, R-N.Y., before an April 29 vote that moved the bill from subcommittee to the full Government Reform committee.

"The Postal Service lost a total of \$85 million [on new businesses], showing a profit on only one of these many services. Who do you think paid for that? The Postal Service consumer."

New business lines include everything from e-mail-to-hard copy services that convert e-mail to hand-delivered letters overseas to prepaid phone cards, money transfers and overseas priority-package delivery. Retail products alone, such as neckties and mugs, made \$5

At a Glance: The new Postal Service

Backed by the U.S. Postal Service and Federal Express but opposed by much of the technology industry, the Postal Modernization Act would:

- Split the Postal Service into two units: a regulated postal monopoly for first- and third-class mail and a private company that behaves like other private businesses.

- Set up a Postal Service Competitive Products Fund, which in turn would buy shares of the new corporation.

- Accelerate the postal rate-setting process.

- Give the new private sector company freedom to enter any businesses it wants, from electronic bill payment to phone cards.

million on sales of \$31.5 million in the nine months ended June 30, 1998.

The Postal Service (www.usps.gov) took its biggest losses on its plans to offer online authentication and security: from 1993 to 1997, it spent \$20.3 million to develop an "electronic post-

mark" service that would secure and authenticate e-mail. Development efforts ended in November 1997. That hasn't deterred the Postal Service. At a May 17 speech in San Antonio, Texas, Postmaster General William Henderson sketched out an aggressive plan for e-commerce. The post office, he said, will adapt to the changes in communications technologies by embracing them. Soon, he said, the Postal Service will offer nimble delivery services to keep up with the growing tide of goods ordered online and delivered to the home. It will roll out online payment mechanisms in competition with those available from CheckFree and the like. The service will correlate a unique e-mail address to every physical address in the nation.

Critics say the private part of the service would begin its life with access to an as-yet undefined credit from the U.S. Treasury. The Postal Service also would be expected to transfer equipment and capital sufficient to keep the new businesses running, and no more.

But Congress could be tempted to bail out the new unit.

"What happens if this company does not compete efficiently? Will taxpayers foot the bill?" asks Ed Hudgins, a fellow at the libertarian Cato Institute.

Yet, for all the potential difficulties, Federal Express lobbyist Jim Campbell says: "The whole purpose of this is to force the Postal Service to be competitive without putting so much out there we're forced not to let it go down." ▲

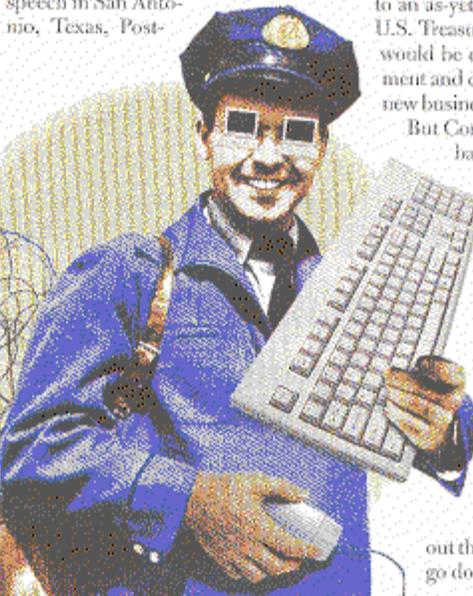


Avoiding the stamp of failure

www.interactive-week.com

mark" service that would secure and authenticate e-mail. Development efforts ended in November 1997.

That hasn't deterred the Postal Service. At a May 17 speech in San Antonio, Texas, Post-



DIGITAL PAPER WEEKEND Reforming the U.S. Postal Service: www.house.gov/reform/postal/ // General Accounting Office reports on the Postal Service: www.house.gov/reform/postal/reports/psgao.htm // To see how much business e-gold actually is doing: www.e-gold.com/stats.html // Micropayment system developed by Microsoft defectors: www.qpass.com

ve Week >> www.interactive-week.com

Inter@ctive Week May 31, 1999 page 58

Exhibit B

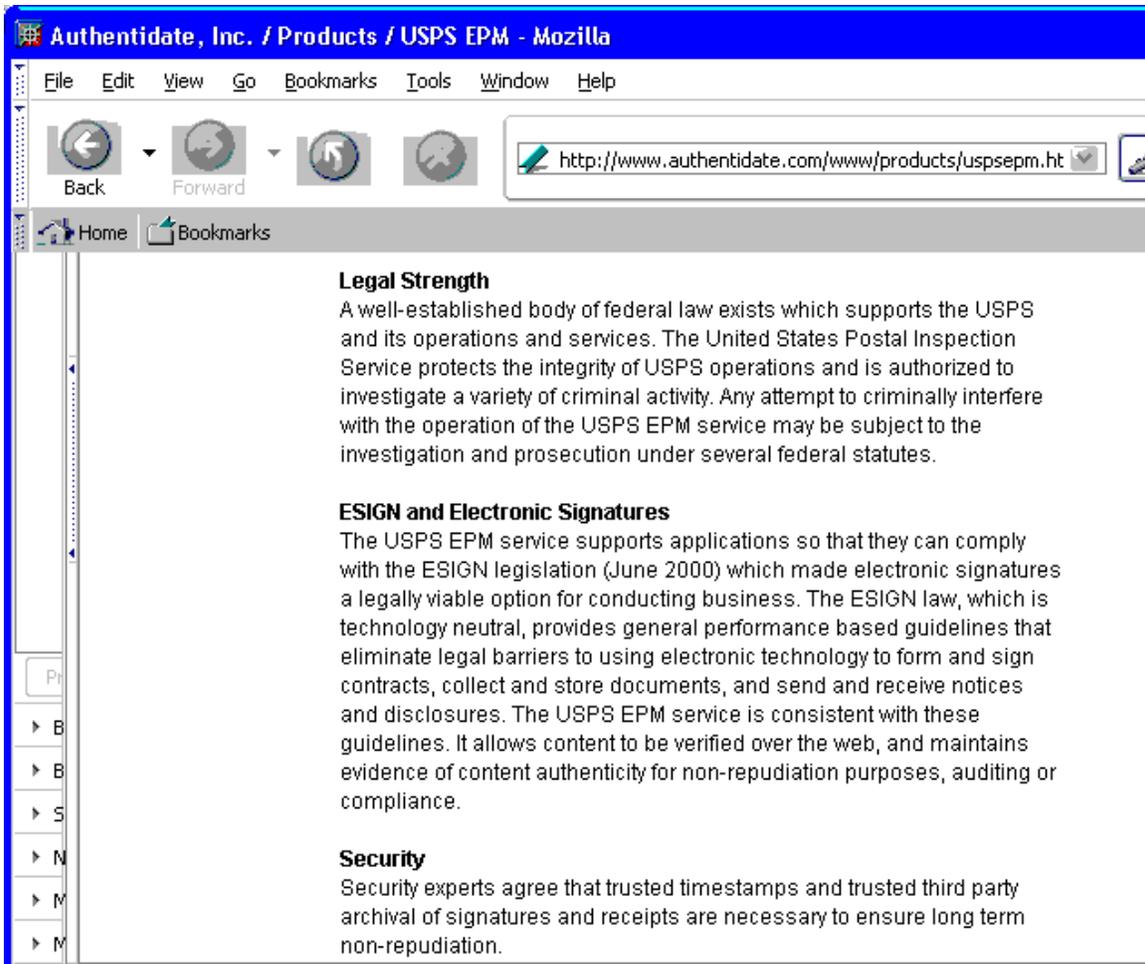


Exhibit C

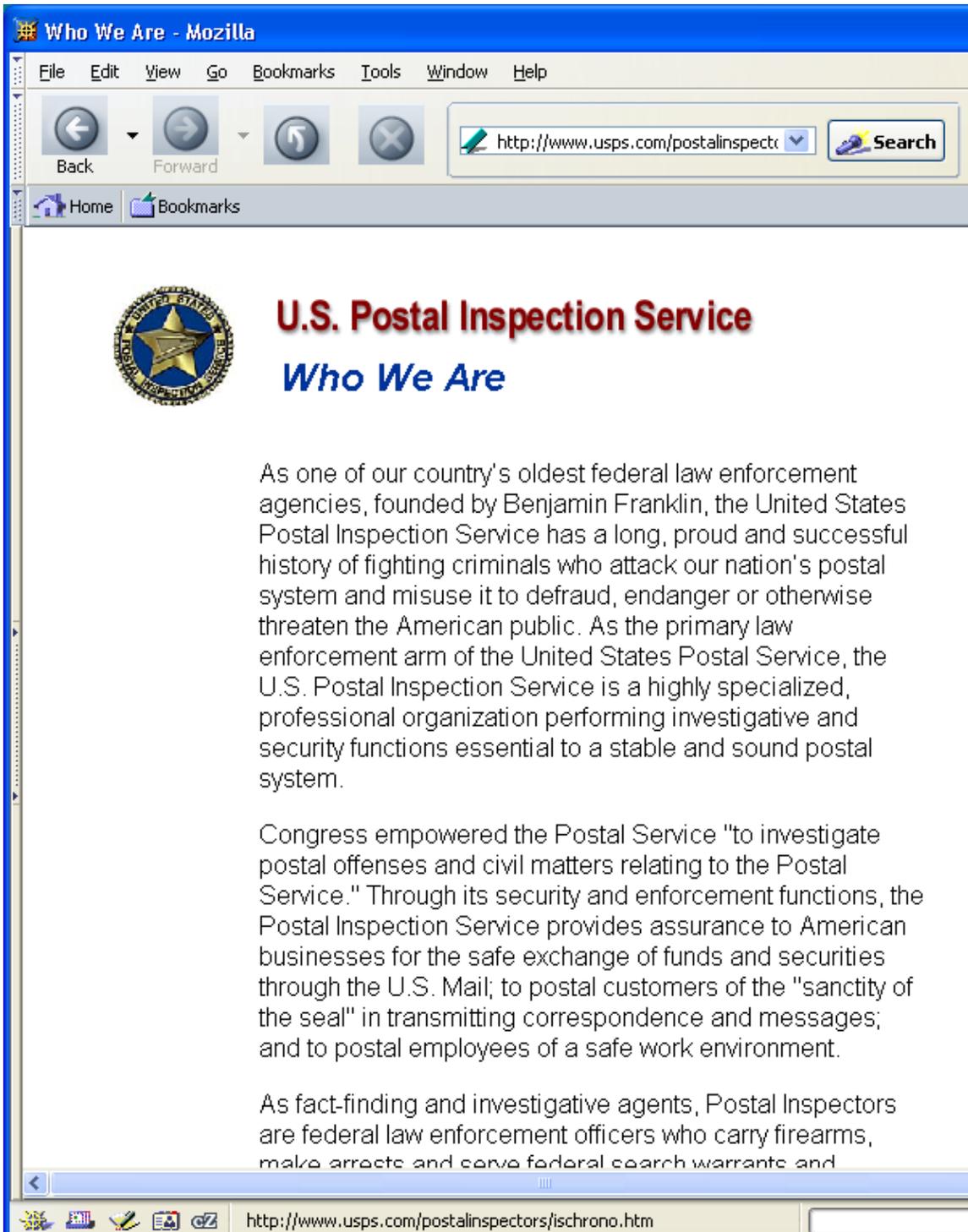


Exhibit D, page 1

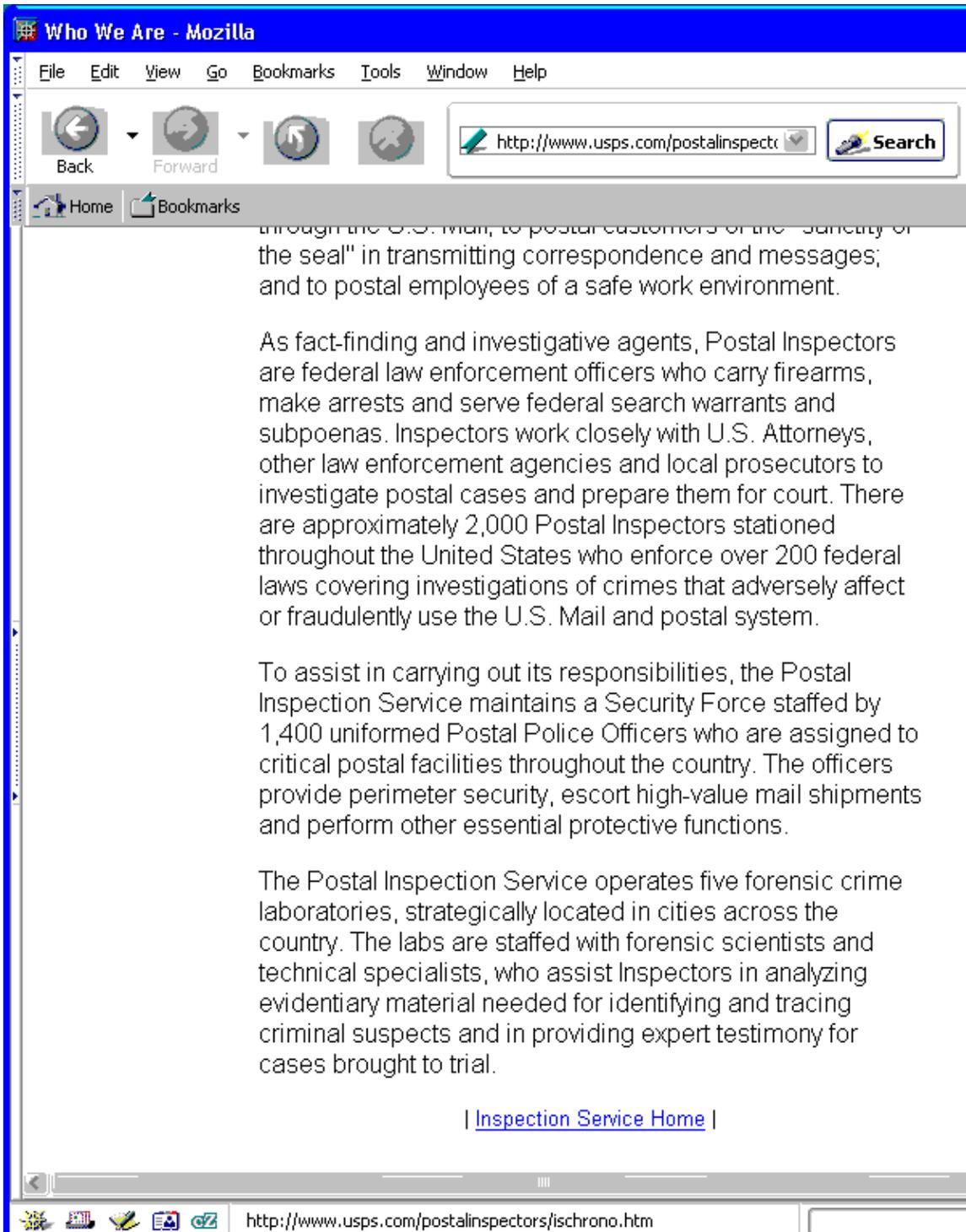


Exhibit D, page 2

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

From: newsalerts-noreply@google.com
[mailto:newsalerts-noreply@google.com]
Sent: Wednesday, February 04, 2004 11:42 PM
To: rick.borgers@digistamp.com
Subject: Google News Alert - postmark

REGISTRATION deadline is approaching

The Porterville Recorder

College-bound high school students can take the ACT Assessment on April 3, the next nationwide test date. The registration postmark deadline is Feb. 27. ...

<<http://www.portervillerecorder.com/articles/2004/02/04/news/briefs/brief5.txt>>

SENATE Plans Reopenings as Search Is Expanded

New York Times

... One was found an airport mail office in Greenville, SC, and another, with a Chattanooga, Tenn., postmark, was intercepted on its intended route to the White ...

<<http://www.nytimes.com/2004/02/05/politics/05POIS.html>>

FUNDS include Siegelman portrait,

The Decatur Daily

... Annual reports of 2003 campaign contributions and expenditures were due to be mailed to the secretary of state with a postmark of Jan. ...

<<http://www.decaturdaily.com/decaturdaily/news/040204/reports.shtml>>

UC Berkeley stunned by decision to deny students opportunity for ...

UC Berkeley (press release)

... The applications were processed and ready Friday, Oct. 17, and overnight express pick-up was scheduled for Monday, Oct. 20, the postmark deadline.

...

<http://www.berkeley.edu/news/media/releases/2004/02/04_fulbright.shtml>

This daily-once News Alert is brought to you by Google News (BETA)...

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Create another News Alert:

<http://www.google.com/newsalerts?hl=en>

Try Google News:

<http://news.google.com/>

Exhibit E

From: Rick Borgers [mailto:rick.borgers@digistamp.com]
Sent: Tuesday, January 27, 2004 7:55 AM
To: leo.campbell@email.usps.gov
Cc: audit@digistamp.com
Subject: RE: USPS EPM questions

Hello Leo Campbell,

Maybe you missed this email?

Could you take a few moments and respond to the questions below.

Thank you

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

From: Rick Borgers [mailto:rick.borgers@digistamp.com]
Sent: Monday, January 19, 2004 3:19 PM
To: leo.campbell@email.usps.gov
Subject: USPS EPM questions

Hello Leo Campbell,

I got your name and email address from the web site:
<http://www.usps.com/electronicpostmark/contact.htm>

Please, a few questions about the USPS EPM service:

1. Are the timestamps that your service provides constructed as described in IETF RFC3161 ?
2. Is the signature of the timestamp using RSA, DSA or another algorithm?
3. What is the key length for your timestamp signing key? For example 1024, 2048?
4. Is your signing key kept in NIST-certified hardware? Is the certification level 2, 3 or 4?

Thank you for your time,
Rick Borgers
Lead Developer
DigiStamp, Inc.
www.DigiStamp.com
1-817-428-8872

Exhibit F

Wednesday, January 21, 2004

Rick Borgers
CEO and Lead Developer
rick.borgers@DigiStamp.com
www.DigiStamp.com
DigiStamp, Inc.
105 W Mill Valley DR
Colleyville, TX 76034
1-817-428-8872

Postmaster General John "Jack" Potter
Postmaster General and CEO
United States Postal Service
475 L'Enfant Plaza SW
Washington, DC 20260

RE: Electronic Postmark service

Dear Mr. Potter,

The new product that the USPS calls the "Electronic Postmark" is the same service that my company has provided to the public for more than 5 years. This service is an IETF, standards-based "Time Stamp." We have always accepted there would be competition, but the implied legal standing of the USPS in this market space will be a challenge for our customers to evaluate. In fact, given a level playing field, we can compete very well with the USPS.

From what we understand, the postal service is not a private-sector business and does not function as one. By giving the name USPS to my time stamp competitor Authentidate and then Microsoft, the USPS has become a commercial market enterprise with special advantages that no other private company enjoys.

By entering this market, the USPS is going against the direction of many government agencies including the President's Commission on the USPS. I would like to discuss this situation with you before we go public with our concern. I will follow up with you in the next two weeks; however, feel free to reach us at the contact information above.

Private industry serves a different purpose than the government (or government-sanctioned monopolies). In the long run, fair competition is best for the American public, but it appears the USPS is leveraging its monopoly to pursue my line of business.

Read excerpts from important documents that concur with my premise "the USPS should not be competing in the time stamp business":

1. Excerpt from the analysis paper from the *Computer & Communications Industry Association (CCIA)*:¹ “...we would like to reiterate our deep concerns about the Postal Service’s forays into electronic commerce and other commercially competitive ventures,” “...**Encouraging the USPS to use its monopoly government position to subsidize unfair competitive ventures against free enterprise cannot be reconciled...**”
2. Excerpt from the *United States General Accounting*² “Some stakeholders have expressed concerns that USPS is establishing e-commerce products and services **in competition with those already existing in the private sector, a role they regard as not appropriate for a government entity.**”
3. Excerpt from *President’s Commission on the United States Postal Service*³ “...Contemplated offering e-mail and other data transmission services. These ventures have produced largely disappointing results. Also of concern, each of these markets is served by private companies who do not have the backing of the U.S. government and a national postal monopoly. These efforts also have drained time and resources that could have been spent improving traditional postal services. For this reason, **the Commission recommends focusing the Postal Service on traditional mail, leaving electronic products and services to a well-served and innovative private marketplace.**”

This is what makes the USPS an unfair competitor because of image and not quality:

- ⌚ The monopoly granted by federal law has allowed the USPS the funds and momentum to enter this new market. The USPS was granted a monopoly in its charter for mail delivery; the charter went on to say that they cannot compete in other commercial ventures.
- ⌚ The postal inspectors are a large organization of federal agents who are armed and have the authority of law enforcement. The special authority is now extended to the time stamp service.
- ⌚ When the postal service has budget shortfalls, the U.S. taxpayer supplements its budget.

¹ Computer & Communications Industry Association (CCIA) "Reply Comments of the Computer & Communications Industry Association to the President’s Commission on the United States Postal Service" March 13, 2003 By Edward J. Black, President and CEO CCIA Complete text at: http://www.ccianet.org/legal/usps_reply_031303.pdf

² United States General Accounting Office Report to the Ranking Member, Subcommittee on International Security, Proliferation, and Federal Services, Committee on Governmental Affairs, U.S. Senate December 2001 Complete text at: <http://www.gao.gov/new.items/d0279.pdf>

³ President’s Commission on the United States Postal Service to The President July 31, 2003 by James A. Johnson and Harry J. Pearce Co-Chairs Complete text at: <http://www.ustreas.gov/offices/domestic-finance/usps/pdf/freport.pdf>

- ⌚ The U.S. taxpayer has spent countless millions of dollars to build and support the USPS over decades.

Here at DigiStamp, we would like to acknowledge the value that the USPS has brought to the American public over its many years of service by delivering the mail. This appreciation extends to the USPS for recognizing the value of digital time stamps for electronic evidence. As an alternative to operating a competitive offering, DigiStamp proposes that the USPS and other government bodies work to license private businesses that provide this service, raising public trust and quality levels. Or work with groups like the American Bar Association to define the rules of evidence related to electronic data.

I look forward to speaking with you. This is a business that my team and I have invested years of our lives in building so you can imagine our concern.

Sincerely,
Rick Borgers

Exhibit G