



Lords of the Dragon

...Fueling the Entrepreneurial Flame



Lords of the Dragon

David J. Koch, *ATP*

INDEPENDENTLY PUBLISHED



SELF REINVENTION

Copyright © 2021 – Self Reinvention
All rights reserved.

PRINTED IN THE UNITED STATES OF AMERICA



Lords of the Dragon

...Fueling the Entrepreneurial Flame

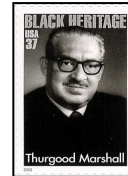
MEMORANDUM

A Plan to Reduce Recidivism

Analysis & Coordination to Proof of Concept Phase

“Locking up offenders without rehabilitating them won’t reduce crime. That’s like fighting a deadly disease by building more cemeteries.”

Justice Thurgood Marshall
United States Supreme Court
(1908 – 1993)



“Crime, punishment, rehabilitation and quarantine, and the cost to victims in both dollars and personal injury are economic burdens that total over one trillion dollars per year. It is difficult to locate reliable statistics as to how many crimes are committed by a recidivist before finally being arrested. Statistically, 3 out of every 4 persons released from prison recidivate¹. However, it is reasonable to conclude that the number of victims attributable to these recidivists is greater.”

“With sales of \$20.5 billion,² as a nation, we spend more to feed and care for our cats and dogs than we do on authentic, functional, effective, and accountable programs to change the lives of people – these human beings with dreams, ambitions, and aspirations, who have every potential of becoming societal assets.”

“Current ex-offender re-entry programs are attempting to facilitate “re-entry” of a person into a culture that is many times foreign to the culture of the person, and because of the many barriers to re-entry, the person is branded as foreign to the culture into which they are expected to re-enter. Ex-offenders need a program whereby they become culturally synchronized with our society.”

“A genuine solution to a social problem incorporates, as a fundamental goal, the financial mechanisms for economically perpetuating the solution and therefore, the problem no longer requires funding from tax, community, and government or foundation grant sources.” It necessarily must be based upon the principle; ‘the people with the problem providing their own solution.’”

David J. Koch, ATP
Author – Lords of the Dragon
Author – Slaying the Dragon -
The Journey from the Dungeon to the Ivory Tower
Co-Founder – President, CEO & Chairman (Ret.)
Fiber Network Solutions, Inc.

¹ Source: Bureau of Justice Statistics - Recidivism of Prisoners Released In 30 States In 2005: Patterns From 2005 To 2010. Published April 22, 2014. <http://www.bjs.gov/index.cfm?ty=pbdetail&iid=4987>

² Source: Euromonitor International <http://www.euromonitor.com/pet-care-in-the-us/report~and~Pet+Food+Institute> - <http://www.petfoodinstitute.org/?page=PetfoodSales>



Lords of the Dragon

...Fueling the Entrepreneurial Flame

Table of Contents

1. FOUNDER'S FORWARD	6
2. STATEMENT OF PURPOSE	8
2(a) WHY IS THERE A NEED FOR A PROGRAM TARGETED AT REDUCING RECIDIVISM?	9
3. THE BENEFITS	11
4. THE MISSING CULTURAL COMPONENT OF EXISTING INTEGRATION PROGRAMS	13
4(a) WHY CULTURE IS A NECESSARY CONDITION FOR ANY SUCCESSFUL TRANSITION PROGRAM	14
5. HOW THE MAGIC OF CULTURE HAS FUNCTIONED AND TRANSFORMED MANY SUCCESSFUL ORGANIZATIONS	16
5(a) HARLEY DAVIDSON	16
5(b) THE GUARDIAN ANGELS	17
5(c) ALCOHOLICS ANONYMOUS	17
5(d) PROMISE KEEPERS	18
5(e) ENRON	20
6. LORDS OF THE DRAGON	20
6(a) A CULTURALLY BASED STRATEGY OF TRANSITIONING	20
6(a)(i) THE METAPHOR	21
6(b) DESCRIPTION OF LORDS OF THE DRAGON AND ITS RELATIONSHIP TO EACH INCUBATOR AND EACH ENTREPRENEURIAL ENTERPRISE	25
6(c) LEVERAGING HUMAN RESOURCES	26
6(d) REGIONAL ORGANIZATIONAL DIAGRAM	27
6(e) NATIONAL ORGANIZATIONAL DIAGRAM	28
6(f) LORDS OF THE DRAGON - CORPORATE ORGANIZATIONAL CHART	29
6(g) INCUBATOR ORGANIZATIONAL CHART	30
7. THE LOGIC OF LORDS OF THE DRAGON	31
7(a) PRE-RELEASE	31
7(a)(i) APPLICATION PROCESS	33
7(a)(ii) TESTING	33
7(a)(iii) PERSONAL PROFILE	34
7(a)(iii)(1) EXPECTED DISCHARGE COMMUNITY	34
7(a)(iii)(2) CRIMINAL HISTORY	34
7(a)(iii)(3) BACKGROUND PROFILE REPORT	35
7(a)(iii)(4) SUBSTANCE ABUSE & MEDICAL HISTORY	35
7(a)(iii)(5) HOME ENVIRONMENT	35
7(a)(iii)(6) MARITAL & CHILD SUPPORT STATUS	35
7(a)(iii)(7) TAX COMPLIANCE STATUS	36
7(a)(iii)(8) DRIVING RECORDS	36
7(a)(iii)(9) INTERPERSONAL RELATIONSHIPS	36
7(a)(iii)(10) PEER GROUP	36
7(a)(iii)(11) CONSUMER CREDIT	37
7(a)(iii)(12) DUN & BRADSTREET	37
7(a)(iii)(13) CRIMINAL ACTIONS PENDING	37
7(a)(iii)(14) CIVIL LITIGATION PENDING OR ANTICIPATED	38
7(a)(iii)(15) SKELETONS	38
7(a)(iii)(16) REPORT OF REQUIRED LIFESTYLE & BEHAVIORAL CHANGES AND ISSUES REQUIRING RESOLUTION	38
7(a)(iii)(17) PLAN TO AFFECT CHANGE	38
7(a)(iv) EVALUATION, SELECTION AND PLACEMENT	39
7(a)(v) RECOGNITION & CERTIFICATION LEVEL	39
7(a)(vi) LIFE SKILLS TRAINING	39
7(a)(vi)(1) GOAL SETTING	41
7(a)(vi)(1)(a) PERSONAL GOAL SETTING	42
7(a)(vi)(1)(b) PROFESSIONAL GOAL SETTING	42
7(a)(vi)(1)(c) FINANCIAL GOAL SETTING	43
7(a)(vi)(1)(d) TIME MANAGEMENT	46
7(a)(vi)(2) INTERVIEWING PREPARATION & TECHNIQUES, RESUME PREPARATION, COMPLETING APPLICATIONS, HANDLING THE CONVICTION QUESTION, ROLE PLAYING & PRACTICE, JOB ACQUISITION	46



7(a)(vii) NOBEL RECOGNITION & AWARDS OF DISTINCTION.....	47
7(a)(viii) SELECTION INTO ENTREPRENEURSHIP PROGRAM.....	47
7(a)(viii)(1) DISCHARGE COMMUNITY AND INCUBATOR MOST NEEDED ENTERPRISES	48
7(a)(viii)(2) FEASIBILITY ANALYSIS OF ENTERPRISE.....	48
7(a)(viii)(3) BUSINESS PLAN DEVELOPMENT	48
7(a)(ix) NOBEL RECOGNITION & AWARDS OF DISTINCTION	49
7(a)(x) SELECTION FOR ENTREPRENEURSHIP INCUBATOR	49
7(a)(xi) NOBEL RECOGNITION & AWARDS OF DISTINCTION	50
7(b) POST-RELEASE & COMMUNITY REINTEGRATION	50
7(b)(i) NEEDS ANALYSIS.....	51
7(b)(i)(1) HOUSING & HOME ENVIRONMENT	51
7(b)(i)(2) CLOTHING	51
7(b)(i)(3) DRIVER'S LICENSE.....	52
7(b)(i)(4) TRANSPORTATION	52
7(b)(i)(5) COMMUNICATION.....	52
7(b)(i)(6) CONSUMER CREDIT & DEBT	52
7(b)(i)(7) HEALTH INSURANCE.....	53
7(b)(i)(8) INTERPERSONAL RELATIONSHIPS	53
7(b)(i)(9) PEER GROUP	53
7(b)(i)(10) AFFILIATIONS.....	53
7(b)(i)(11) ADULT PAROLE AUTHORITY COOPERATION	54
8. THE ECONOMIC CASE AND LOGIC OF AN INCUBATOR	54
8(a) THE INCUBATOR ENVIRONMENT	56
8(b) POLICIES	56
8(c) LEVERAGING ECONOMIES OF SCALE.....	58
8(d) INTRA AND INTER-INCUBATOR COLLABORATION & INFORMATION SHARING	58
8(e) INTRA AND INTER-INCUBATOR BARTERING & BUSINESS EXCHANGE.....	59
8(f) SELECTION OF SPONSORED ENTERPRISES	59
8(g) TOP BUSINESSES IN EACH INCUBATOR.....	59
9. LORDS OF THE DRAGON BUDGETARY REQUIREMENTS.....	60
9(a) ENTERPRISE INCOME STRATEGIES.....	61
9(b) PROJECTED INCOME – FULL DEPLOYMENT	62
9(c). INCUBATOR BUDGETARY REQUIREMENTS	66
10. GOALS OF THE ANALYSIS & COORDINATION PHASE	68
10(a). DEVELOPING THE SUPPORT STRUCTURE.....	69
10(b). DEVELOPING THE INFRASTRUCTURE	71
10(c). SOURCES OF CAPITAL FOR LORDS OF THE DRAGON PROGRAM.....	75
10(c)(i) ENTERPRISE INCOME STRATEGIES FOR SELF-FUNDING	76
10(c)(ii) INDIVIDUAL DONATIONS.....	77
10(c)(iii) FUND RAISING EVENTS.....	78
10(c)(iv) BUSINESS & INDUSTRY DONATIONS	78
10(c)(vi) PRIVATE FOUNDATION	78
10(c)(vii) ACCREDITED INVESTORS	79
11. FOUNDER'S BIOGRAPHY	80
BIOGRAPHY	80
CREDENTIALING, EXPERIENCE, EXPERTISE, AWARDS & RECOGNITIONS.....	82
Business & Technology	82
Aviation	82
APPENDIX.....	83
A. CURRENT ATTEMPTS AT TRANSITIONING FELONS BACK INTO SOCIETY	83
B. DESCRIPTION OF EXISTING TRANSITIONAL STRATEGIES.....	84
C. RECORD OF SUCCESS AND FAILURE	86
D. HIGH RATE OF RECIDIVISM	87
E. STATISTICAL DATA	88
F. HIGH COST TO SOCIETY.....	90



Lords of the Dragon

...Fueling the Entrepreneurial Flame

1. AUTHOR'S FORWARD

Fiber Network Solutions, Inc., a two-time *Inc 500* corporation, where I served eight years as President & CEO was subsequently acquired. Following a brief sabbatical during which I thoughtfully reflected upon the previous eight-year experience, as well as preceding decades working as a professional pilot and corporate aircraft management professional, it was time to focus on the next chapter of my career.

I considered opportunities with turnaround management groups, providing business consultation, and contemplated executive positions in aviation and several of the emerging technology industries.

When contemplating a new career chapter at 48 years of age, one must consider the following: In a few generations, who will care about where I've traveled, the size of my bank account, the number of, or size of my houses, or the cost of the cars I owned? *No one!* However, if a person can touch the lives of others, it is eternal. Whether a man³ wants one or not he will have a legacy; and it will be indelibly written by his last act.

During November 2003, I made a few contacts with government and community organizations that were involved in reentry initiatives designed to facilitate a successful community reintegration for individuals who had experienced a conviction or incarceration event, thereby reducing recidivism.

I became involved in a number of these efforts as a volunteer, which quickly developed into a passion and a definitiveness of purpose. It had become my full-time avocation in which, and during the past two decades, I have invested more than 10,000 hours, including the publication of a book that has been adopted by numerous correctional facilities as the authoritative guide to reentry. My objective was to thoroughly review current and historical programs that serve individuals who have had a conviction or incarceration event and determine where and how my experiences and expertise could be applied toward having a significant and positive impact.

There is a plethora of community organizations that provide re-entry services to the demographic of ex-offenders. However, to some extent, their well-intentioned capabilities are limited. Their reliance on government and foundation grants as the sole source of capital results in policy restricted funding and consequently, curtailed mission fulfillment. The solution is not an increase in grant money but rather, a shift in the paradigm of how these organizations generate the capital required to meet their mission.

Based upon my personal experience in business, when faced with budgetary considerations, achieving balance is a function of spending discipline and income generation, with revenue acceleration a preferential and controllable budgetary element. Although these social

³ This document is intended to be gender neutral in all respects. The terms: he, she, his, hers, man, woman, etc. are intended to be gender neutral, except where explicitly stated, or by the sense and context in which they are used, are gender specific.



organizations can practice spending efficiency and discipline, they have little control over income due to their structure as a grant funded entity.

My intention is to facilitate a culturally based agenda that will provide the structured program, tools and support that are paramount to facilitate ex-offender's making a successful reintegration into the community and embracing legitimacy as their conscious and deliberate path for their future, thereby reducing recidivism to a genuine figure of below ten percent.

The mechanisms to achieve the objective necessarily require income control through enterprise income generation strategies, whereby the mission becomes self-funding and self-sustaining.

This Memorandum has been developed over a period that has studied recidivism and reentry over a period of seventeen (17) years (*Circa 2003 – 2021*).

During this study, the glaring reality is that recidivism statistics have changed very little, and in most cases have increased. Cited in this Memorandum are statistics from 2003, fully updated ten years later in 2014, and again revisited in 2021. State and federal prisons are not, never have been, and never will be an environment for reducing recidivism. Community organizations are frequently paranoid of any program serving a similar demographic because of grant money competition. Many of the organizations that serve the demographic of ex-offenders and formerly incarcerated are limited by the policies of the grant funding source. Capitalism clarifies progress.

Lords of the Dragon is the new dimension in reducing recidivism and the new frontier for accountable, self-funding community and social organizations that serve this demographic.

David J. Koch, ATP
Author – Lords of the Dragon



Lords of the Dragon

...Fueling the Entrepreneurial Flame

2. STATEMENT OF PURPOSE

The core purpose of *Lords of the Dragon* is to reduce recidivism substantially and quantifiably to below ten percent while simultaneously pursuing enterprise income generating strategies that will lead to a self-funding and self-sustaining agenda that supports its escalating mission in its entirety.

As detailed in this Memorandum, *Lords of the Dragon* will develop replicable entrepreneurial business incubators and will facilitate the necessary community participation and coordination among the various government agencies, business & industry, and social and community organizations to implement these incubators in major metropolitan areas throughout North America.

These business incubators will sponsor ex-offenders who show entrepreneurial promise and have demonstrated the necessary work ethic, intellectual capacity and possess the trade or vocational skills to facilitate the formation and growth of a *for-profit* enterprise (the “Client”).

The fundamental criterion to start and operate a business does not change because of an individual’s conviction status. *Lords of the Dragon* will exercise a “cherry-picking” or “Cream Skimming” approach in selecting Clients who will start and operate businesses within the incubator environment.

Each of the entrepreneurial enterprises will be ex-offender friendly in hiring other ex-offenders. These businesses will create additional employment opportunities for other ex-offenders who satisfy job requirements. In addition to the constituency serving the constituency by creating jobs, successful entrepreneurs who become models can help to influence and relax the hiring policies of other companies throughout the business community. By focusing on the strongest candidates for entrepreneurial sponsoring, *Lords of the Dragon* expands its reach and intensifies its mission.

As opposed to forming an autonomous business or a single business incubator, either of which require internal accounting, human resources, legal, compliance and the other essential departments, *Lords of the Dragon* will facilitate the acquisition of all the necessary capital, and the administrative and business disciplines for both the business incubators and the entrepreneurial enterprises operating within each incubator. This leveraging will create substantial economies of scale, which translates to a substantial reduction in capital required to start and grow each incubator and each entrepreneurial enterprise. A substantially reduced overhead and operating capital requirement will make each enterprise more competitive, accelerate growth and expedite the attainment of positive EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*).

During the incubation period, an important objective is to transfer practical working knowledge and understanding of fundamental business disciplines and departmental functions to the chief executive of each enterprise.

All cash, AR/AP, payroll, and disbursements will be controlled by *Lords of the Dragon* strictly in accordance with GAAP (*Generally Acceptable Accounting Principles*), including



internal controls, segregation of duties and annual audits conducted by outside independent auditors. Centralizing all fiscal controls will minimize risk, increase efficiency, and streamline operations and auditing.

Each of the business enterprises operating within the incubators will be *For Profit* organizations. *Lords of the Dragon* will retain 100% controlling interest in each sponsored enterprise as a mechanism to minimize investment risk. After a minimum of five years of incubation, or graduation from the incubator, equity and controlling interest will be transferred to the founding entrepreneur(s).⁴

Lords of the Dragon will generate its sustaining income based upon a percentage of revenue from, and an equity position in each of the enterprises to which it provides capital and support. The cost for the support services to the sponsored enterprise will comfortably scale with revenue growth and will continue for a predetermined term.

The equity position that *Lords of the Dragon* retains in each enterprise will build a growing endowment. The endowment will eventually provide all the necessary capital to fund *Lords of the Dragon's* operations, the seed capital for new enterprises,⁵ and the funding of its expanding mission in its entirety.

Lords of the Dragon is seeking help from business and industry, individuals, and private foundations. *Lords of the Dragon* must scrutinize the consideration of any funding from government and foundation sources, which could create obligatory allegiances to political or dysfunctional agendas that might diminish the core mission, or cause focus diversions resulting from public scrutiny that could be politically motivated.⁶

2(a) WHY IS THERE A NEED FOR A PROGRAM TARGETED AT REDUCING RECIDIVISM?

Criminal behavior⁷ has numerous motives that include passion, need, greed, opportunity, want of instant gratification, requirements to join an organization such as street gangs, and momentary lapses in judgment. Frequently, the behavior is a manifestation of naivety or lack of productive opportunity.

A large percentage of criminal behavior patterns are a symptom of what has become a systemic cultural problem in the United States. The deterioration of mandatory education enforcement and a strong family unit has resulted in limited opportunity and positive influence from parental models. A positive family life can form the foundation for teaching the deliberate mechanisms and disciplines that are requisite to attaining success. The desire for cultural identity, which may be absent in the home, is the genesis of many street gangs or other unwholesome cultures.

Contributing factors to recidivism are a deficiency of education, robust employment opportunities and genuine and effective rehabilitation services during periods of incarceration.

⁴ Legal and accounting procedures are in preparation that will facilitate the escrow of stock shares during the incubation period.

⁵ The precise mechanisms used to achieve the endowment objective are under investigation by legal and accounting counsel and will be coordinated directly with the Internal Revenue Service.

⁶ Approximately 2004, The Ohio Department of Rehabilitation and Correction had maintained a department, *Ohio Penal Industries (OPI)*, which manufactures various hard goods and provides various services to government and business & industry. An Ohio based business created substantial political and media turmoil because that company lost a competitive bid to OPI. The company engaged in a negative media campaign using the "convict card" and alleged that OPI was responsible for the company's demise. A cursory examination of the facts would suggest that the company substantially over-bid the contract, was well established on its path to oblivion because of its own mismanagement, and the "convict card" was a red herring. The State succumbed to the media pressure and changed policies which diminished the effectiveness of OPI. Political lobbying targeted to diminish its core mission cannot occur with *Lords of the Dragon*.

⁷ For the purposes of this discussion, the manifestations, and terms "crime, criminal activity, criminal behavior and recidivism" are used interchangeably throughout this document. However, the core focus is affecting recidivism – the result of a continued *pattern* of criminal behavior.



Rehabilitation necessarily must incorporate the process of releasing individuals from prison with an organized and clean slate. The alternative is that the individual is instantly overwhelmed.

Individuals are released from prison carrying the same baggage out with which they entered, *i.e.*, delinquent taxes, consumer credit issues, creditor liens, driver license suspensions or expirations, pending litigation, delinquent child support, etc. These individuals receive little effective counsel toward resolving these fundamental and overwhelming issues before release. Payroll is frequently garnisheed within a few months of working.

As of 2021, "[T]he United States has some of the highest recidivism rates in the world. According to the National Institute of Justice, almost 44% of criminals released return before the first year out of prison. In 2005, about 68% of 405,000 released prisoners were arrested for a new crime within three years, and 77% were arrested within five years."⁸

It is no surprise that the national recidivism rate is greater than the percentage of people who successfully reenter society. While government succeeds at warehousing felons, its rehabilitation programs have room for improvement and a need for expansion.

With respect to education, in some instances, our national education system has addressed the illiteracy problem by lowering the standards and subsequently appeasing public scrutiny by attaining the prescribed (*lower*) educational goals, or as has been reported extensively in the media, there has been blatant manipulation and fabrication of what is intended to be results based reporting.

Criminal justice philosophy has vacillated for centuries between punishment and rehabilitation. Clearly there is a need, and always will be a need, for quarantine of a certain percentage of individuals who demonstrate a continued pattern of socially unacceptable behavior, as well as for those who commit severe crimes. *Lords of the Dragon* does not attempt to address this demographic.

However, whether the philosophy of punishment or rehabilitation is applied, the paradigm (*substantially exacerbated by media and Hollywood*) that ex-offenders are societal misfits has endured, and they have been treated accordingly – experiencing what some believe to be double, triple, and quadruple (*actually infinite*) jeopardy.⁹ These paradigms create enormous hurdles and barriers that contribute to and aggravate recidivism. Transforming ex-offenders to success models who become positive and contributing members of the community can change society's perception of this demographic.

Crime, punishment, rehabilitation and quarantine, and the cost to victims in both dollars and personal injury are economic burdens that

total over one trillion dollars per year.¹⁰ Overall, one out of every 140 U.S. residents is incarcerated.¹¹

With the 2014 statistical update to this Memorandum, depending upon age, within five years of release, recidivism rates range between 69.2% -to- 84.1%¹² Note the aforementioned 2021 statistics. Nothing has substantially changed. If we continue to do

⁸ Source: <https://worldpopulationreview.com/state-rankings/recidivism-rates-by-state>

⁹ Issues are under consideration, in accordance with the new ABA Standards on Collateral Sanctions and Discretionary Disqualification of Convicted Persons. Law students at Toledo University have identified over 400 collateral penalties in the Ohio code and administrative regulations that affect convicted persons.

¹⁰ Source: David A. Anderson, "The Aggregate Burden of Crime," *Journal of Law and Economics*, October 1999.

¹¹ Source: National Criminal Justice Association – Justice Bulletin, May 2004 – Vol. 24, No. 5. This figure is however subject to argument and the number may be even more dramatic. The current prison population has remained at roughly 2 million for over a decade. On an annual basis, roughly half of the population is released. Over a three-year period from release, roughly half recidivate. In order to maintain the population of approximately 2 million, the deficit is new first-time arrivals.

¹² See Appendix E – Source: Bureau of Justice Statistics: <http://www.bjs.gov/index.cfm?ty=pbdetail&iid=4986>



the same thing to resolve this phenomenally costly problem, in another seventeen or one hundred and seventy years, we will see the same results.

Statistically, roughly three quarters of persons released from prison recidivate.¹³ It is difficult to locate *reliable* statistics as to how many crimes are committed by a recidivist before finally being arrested. However, it is reasonable to conclude that the number of crimes/victims attributable to these recidivists is greater than the single one that put them back in prison.

Governments have rarely identified the underlying *problems* and all pertinent contingencies that create the undesirable symptoms (*recidivism*). Where government has identified the underlying problems, it has rarely implemented and executed upon conclusive resolutions and a sustainable solution. With respect to recidivism, it is difficult for government to play the necessary role that incarcerates or quarantines, and simultaneously fulfill the role of helping people change and pursue a legitimate lifestyle. Many prisoners harbor resentment toward “government” irrespective of the people who are working within government to help them.

Bureaucracies frequently fail to identify problems. Generally speaking, when a problem exists, only the symptoms of the problem are apparent but, not the problem itself.

Managing symptoms is easy because they’re obvious and apparent. Treating problems is a great deal more difficult. It requires a very deliberate examination of the symptoms followed by a focus and drilling down to determine the core problem is that is actually causing the symptoms.

Once a core problem is correctly *identified* and the necessary resources *coordinated* to address the problem, solutions can be contemplated, and a clear plan can be developed, implemented, and executed upon to achieve *resolve*.

Governments as well as many large bureaucratic charitable organizations have a propensity to *fund* social problems (*symptoms*) as opposed to solve them, creating a veneer that masks symptoms and frequently has little or no effect on the core problem. When a genuine solution to a social problem is implemented, there is a clear path to self-funding the mission, and eventually the mission that provides the solution to the problem no longer requires funding from tax, community, government, or foundation grant sources. A genuine solution provides the financial mechanisms for economically perpetuating the solution.

3. THE BENEFITS

- Community protection from recidivists through a program of genuine rehabilitation and opportunity creation.
- A replicable organization that will provide the tools and assistance necessary to help ex-felons achieve a robust, rewarding, legitimate, wholesome, and dignified future.
- The establishment of a self-funding, self-sustaining and self-perpetuating community workforce and economic development cultural organization.
- The creation of entrepreneurial employment for ex-offenders.

¹³ See Appendix E



- The creation of meaningful employment within the corporate structure of *Lords of the Dragon* and its Clients.
- The creation of companies with an ex-offender friendly hiring policy resulting in jobs for those ex-offenders who may not be prepared to operate a business, as well as jobs for others who may be economically disadvantaged.
- The transformation of tax consumers to tax contributors.
- The creation of a positive synergy among prisoners within correctional institutions due to the competitive nature of the entrepreneurship program. The individuals who are participating in the entrepreneurship program within an institution will develop life skills, develop business plans, learn the process of goal setting and creating the necessary plan to carry them out, financial and time management, and interpersonal skills. Creating this positive synergy within the institution can have a profound effect on the prison population. Irrespective of the number of individual prisoners that are selected for entrepreneurial sponsorship with *Lords of the Dragon*, all participants in the entrepreneurship program will be much better prepared for community reentry upon release.
- The cultivation of a *Lords of the Dragon* culture that appeals to human nature and *creates the desire* of this specific demographic for membership in a wholesome organization.
- A positive change in attitude and perception among the general population toward ex-offenders.
- A quantifiable and genuine reduction in recidivism.
- An accountable, effective results-based community organization that eventually becomes totally self-financing.
- Given that statistically, between an average of 75% of crime is committed by recidivists, over the long term, *Lords of the Dragon* will cause a significant reduction in overall crime statistics.
- A fundamental solution to recidivism is crime prevention. Crime prevention can be facilitated through education, mentoring and positive role models before and during adolescence. *Lords of the Dragon's* core focus is creating for-profit businesses. How will *Lords of the Dragon* affect youth? The *Lords of the Dragon Corporation* won't. However, its resultant culture will have a profound effect. Children and adolescents seek role models, good or bad. Parents and other people who have risen from adversity to become workers and business owners, employers and tax paying citizens can provide powerful icons. People who conquer difficult life challenges and achieve a life of honor and distinction are likely to help those who are reminiscent of themselves when they were young.
- Weak people cannot help weak people. Poor people cannot help poor people. Strong people help weak people, and affluent people help the economically disadvantaged. *Lords of the Dragon* will skim the cream – it will produce an army of profitable businesses that are operated by people (*Dragon slayers*) who have a common history and affinity for other similarly situated individuals who face these common challenges and adversities. The bonds, the sense of loyalty, the fellowship, the fraternity, and the comradery that form as *Lords of the Dragon* expands will create a cultural foundation that will in turn, reach down and lift up those people in need



who are not receiving effective and quantifiable assistance that resolves their problems.

- Research has demonstrated that many social interventions are more cost-effective in producing public safety outcomes than expanded incarceration.¹⁴

4. THE MISSING CULTURAL COMPONENT OF EXISTING INTEGRATION PROGRAMS

Culture is a phenomenon that we could write volumes about and debate for centuries. Human beings are genetically cultural. It defines civilizations, and individually, it characterizes our very essence. Cultures range from the micro-culture such as the cliques to which people belong, to macro-cultures that substantially define nations.

We are influenced by culture from birth and begin to actively seek our own cultural identity during pre-adolescence. We form our sphere of influence and our chosen peer groups based largely upon the culture with which we elect to identify, or whatever culture will accept us and provide the membership identity we seek, or by default, the culture that we are born and raised in.

In our societal structure, the “*Keeping up with the Joneses*” is a representation of cultural identity. There are arguments to both sides as to whether economic disadvantage is a result of a culture, or the culture results from economic disadvantage.

Cultures have rules and expectations. A part of the general culture in the United States is a respect for achievement, which is frequently illustrated by material possessions. The only functional difference between a Chevrolet and a Rolls Royce is that one is a trophy that demonstrates cultural achievement. Arguably, the Chevrolet is also a trophy; however, its celebration is representative of a different cultural.

An enormous collateral consequence of conviction is that it creates perceived barriers to offender reentry, which forces individuals to default to a culture that is less than wholesome. As more Americans have criminal records, an increasing percentage of the population has lost the right to vote, is statutorily prohibited from various forms of employment and is cut off from participating in increasing segments of our civilized society.

As a nation, if we prohibit ex-offenders from participating in legitimate culture, for lack of better alternatives, they will seek a culture that will grant them admittance, and they will participate in groups that will likely cause them to return to prison. Absent a culture that deliberately creates a positive definitiveness of purpose, this demographic has few real choices.

Current ex-offender re-entry programs are attempting to facilitate “re-entry” of a person into a culture that is many times foreign to the culture of the person, and because of the many barriers to re-entry, the person is branded as foreign to the culture into which they are expected to re-enter. Ex-offenders need a program whereby they become culturally synchronized with our society.

¹⁴ Source: The Sentencing project 2013 Annual Report published May 2014: http://sentencingproject.org/doc/publications/AR_2013_FINAL.pdf



There are corporate cultures – many that are extraordinarily good and incorporate a healthy measure of humanitarian doctrine, and some that are exceptionally poor and are based upon greed and power.

Some corporate cultures create their own set of rules – [*this is how we do things to achieve our objectives*] – even though those rules may conflict with the law. An impressionable young individual who works in such an environment begins to believe that the unwritten day-to-day operational policies and procedures of their employer are gospel. Even though such policies and procedures may conflict with law, everything is *legal* because such practices are a part of the culture of this huge corporation.

We have seen the examples that include Enron and Worldcom. The recorded conversations that had surfaced from the Enron scandal eerily illustrate how individuals internalized that their behaviors were sanctioned by the corporate culture. To rationalize their utterly unethical behavior, which caused horrendous damage to hundreds of thousands of faceless victims, the culture diluted the reality with a veneer of perverse amusement. Perhaps among the most publicized examples was Douglas Faneuil, the bright and articulate young man who testified in the Martha Stewart case. Douglas was tarred and feathered by the corporate culture – for telling the truth.

People seek culture and cultural identity. It is not unusual for a person to find himself or herself a member of a culture by default and not by a conscious and deliberate decision. Nonetheless, once a member, they will strive for recognition within that culture.

The government cannot create or change culture. Where the government has attempted to do this, genuine culture breaks through and flourishes, with or without the governments' blessings. To some extent, politicians and legislation can influence culture. However, it is a phenomenon that is predominately cultivated from the desire of people who share a commonality of interest. We have clearly witnessed that politicians can identify a culture and capitalize upon its core dysfunctions for political advantage.

Lords of the Dragon attracts those individuals who have a commonality of adversities, and it creates the commonality of interest and the culture to work together to achieve a life of wholesomeness and legitimacy.

4(a) WHY CULTURE IS A NECESSARY CONDITION FOR ANY SUCCESSFUL TRANSITION PROGRAM

Culture and Cultural Change

The *Family Values* political platforms are fundamentally disingenuous. Is the *Family Values* issue a cultural problem in our nation? Absolutely – of galactic proportions. However, once elected, what exactly can a politician do to affect Family Values genuinely and positively? Nothing! Culture or cultural change cannot be legislated, but they can be influenced.¹⁵

Family values will improve when parents are demonstrating accountability, earning the respect of their children, and becoming a model by working, owning businesses, paying

¹⁵ Although controversial, the astronomical divorce rate may only be diluted by providing those individuals who genuinely want a marriage or civil union with the legal mechanism necessary to exercise their right to form wholesome home environments. Irrespective of which side the reader may support in this passionately debated topic, one's reaction to either side is an example of powerful, but conflicting cultures.



taxes, contributing to their community, employing other people, and doing those things that are necessary to support the family unit. These actions or the lack thereof are the result of culture.

Cultural *change* presents a whole set of challenges, not the least of which is decelerating the existent cultural momentum. Family Values, as only one example, is on a slippery slope in a continually deteriorating direction and with substantial momentum. *Creating* a culture is substantially less problematic. It is easier to give birth than it is to resurrect the dead.

In either scenario, change or creation, cultural change and the birth of a new culture are facilitated by people who have a common goal – not by government or legislation. If a problem is rooted in culture as is the problems that produce, contribute to, and aggravate recidivism, it will only be effectively resolved by a growing assembly of people who have a commonality of interest, experiences, and challenges. Recidivism can only be effectively addressed when the people with the problem become their own solution.

Among the underlying problems contributing to crime and recidivism is illiteracy, which to a large extent is exacerbated by entitlements, but is rooted in culture. In its many forms, whether individual, institutional, or corporate, welfare *as a lifestyle* is a malignancy to the human spirit. Aside from, and perhaps substantially more important than academics, the need to proliferate real world practical and functional literacy is profound. Acquisition of such skills or the lack thereof, is the result of membership in a culture.

Our government cannot mandate education. Even if our government could statutorily require every person complete high school, current academic curriculum frequently lack real world, life skills, and operational and practical material. Further, it would be impossible in this democracy to force learning. Fundamental to learning is the student's desire, and desire cannot be legislated.

Given over two centuries, the entity of government has not effectively solved the problems that underlie recidivism. The government's function in this arena has substantially been security and quarantine, which historically has an excellent record, but has no positive influence on recidivism.

Our judicial process, from time to time, incorporates the *concept* of rehabilitation whereby an individual can make a mistake, pay his debt, and regain a productive direction.

Rehabilitation is an attitude, a desire and a series of decisions that are distinct of the system or any programs. It requires deliberate and conscious choices to change habits and behaviors and, the person with adequate desire will triumph irrespective of any available programs.

The *concept* of rehabilitation, whereby an individual can experience a set-back and subsequently regain a productive direction is solely dependent upon the individual's attitude and a definitive decision to change. Irrespective of any available rehabilitation programs, the *concept* of rehabilitation only evolves to a functional agenda based upon an individual's veracity to methodically embrace, internalize, and follow a disciplined strategy with a clear path to definitive objectives. Rehabilitation exists only within the individual, and its genesis is the desire.

How do we make someone want to change and embrace legitimacy as the foundation for their future? How do we create the requisite desire? The answer is *cultural genesis*.



5. HOW THE MAGIC OF CULTURE HAS FUNCTIONED AND TRANSFORMED MANY SUCCESSFUL ORGANIZATIONS

THE SOLUTION

Cultural Genesis

The most powerful aspect of a culture is its ability to create desire. This desire is many times manifested in the desire to belong, to find peer approval, community, unity and comradery, the desire for acceptance and recognition – to feel a part of something bigger than oneself.

Let's examine a few modern-day cultures.

5(a) HARLEY DAVIDSON

Harley Davidson Motorcycles. Harley Davidson Motorcycles. The first Harley Davidson motorcycle appeared in Milwaukee on September 8, 1904. The company's long history incorporates many challenging times, including the Great Depression, the Great Recession of 2008, and most recently, and economic challenge exacerbated in part by the Covid pandemic, which is continuing to this day. Despite its many challenges, it has built an extraordinarily loyal customer base.

In its 2011 Annual Report, Harley Davidson had \$274 million in sales of various clothing, jewelry, and other *general merchandise* with the Harley Davidson emblem, which identifies customers as members of the Harley Davidson culture. That figure does not include motorcycle sales - just general merchandise.

For the fiscal year ended December 31, 2020, Motorcycles and Related Products sales were \$3.3 billion and general merchandise was \$186 million – down from the previous year of \$237 million.

Why is over \$750,000 spent each and every day on Harley Davidson merchandise? It is the same reason that kept Harley Davidson alive when the company was acquired by AMF in 1969.

Harley Davidson was nearing extinction because of numerous challenges that resulted in steadily declining sales. AMF (American Machinery and Foundry) saved Harley Davidson by buying the company. However, during the period that Harley Davidson was owned by AMF, the products (motorcycles) were substandard and foreign competition was gaining market share. Harley Davidson was purchased back from AMF for a total price of \$80 million in 1981 by a group of thirteen individuals, led by Vaughn Beals and Willie G. Davidson.

Harley Davidson has survived because its foundation was rooted in its culture - a culture that resuscitated an almost dead organization - a culture that rose from the ashes of adversity - a culture that produced over \$4.66 billion in 2011 revenues while turning a



handsome profit during one of the most challenging periods in our country's history. Its 2020 revenues were \$4.05 billion, even with a number of adverse market conditions that were beyond the company's control.

5(b) THE GUARDIAN ANGELS

Street Gangs are cultures that attract children, adolescents, and young adults for the same fundamental reasons as any other culture.

Curtis Sliwa - a former gang member, with just 13 members, founded the Guardian Angels during early 1979 in New York City. The last I checked, the Guardian Angels had over 5,000 members in 130 American, Canadian, and Mexican cities and 13 countries worldwide.

The Alliance of Guardian Angels, Inc. is a non-profit, all-volunteer organization whose purpose is to fight crime and provide positive real-life role models for young people. Sliwa also founded Cyberangles, the largest online safety and educational program in cyberspace, he has authored several books on self-defense and is a news talk radio host on 77 WABC in New York.

Why would a kid join the Guardian Angles as a volunteer as opposed to a street gang that is producing income from drug sales and other illegal activity? Both organizations offer membership in a culture. The Guardian Angles culture however provides nobility and honor, and a mechanism to make a positive contribution to mankind - traits that create that prerequisite desire that I have mentioned several times. Its members have made a conscious choice to join this organization as opposed to becoming a member of an organization that essentially drafts them into it, frequently by force and intimidation.

It really is vitally important to recognize your past cultural memberships and decide what benefits or detriments it can have on the rest of your life. Once you make the analysis of where you have been, you can make very conscious and deliberate choices about where you are going.

5(c) ALCOHOLICS ANONYMOUS

This is the Foreword as it appeared in the first printing of the first edition of "*The Big Book*" in 1939.

*We, of Alcoholics Anonymous, are **more than one hundred men and women** who have recovered from a seemingly hopeless state of mind and body. To show other alcoholics precisely how we have recovered is the main purpose of this book. For them, we hope these pages will prove so convincing that no further authentication will be necessary. We think this account of our experiences will help everyone to better understand the alcoholic. Many do not comprehend that the alcoholic is a very sick person. And besides, we are sure that our way of living has its advantages for all.*

This is the Foreword to the Fourth edition published in 2001.

*This fourth edition of "Alcoholics Anonymous" came off press in November 2001, at the start of a new millennium. Since the third edition was published in 1976, worldwide membership of A.A. has just about doubled, to an estimated **two million or more**, with nearly **100,800 groups** meeting in approximately **150 countries** around the world.*



The book did not increase the membership from a few people to over two million and cause the organization to propagate to 150 countries. Alcoholics Anonymous created a culture, which has today become an institution. The organization is a classic example of; people of like adversity - helping people of like adversity - People who are inspired by one another to become their own solution.

It is the culture that produces books and other materials and has caused the spread of the culture to affect multitudes of people worldwide in every conceivable demographic. Was a constituency of literally millions of members the original vision? Doubtful! The power of culture is that it grows its own legs, becomes a living, dynamic, inextinguishable, and eternal flame that expands its mission further, and long after the founders, and the initial concept and vision have passed.

It is interesting that with over two million people in prison and estimates of over twenty million people who have been in prison or jail at some time, there has been no culture developed, by these people - for these people, with a focus on pursuing a life of legitimacy and normalcy, which includes the elephant in the room – economic sustainability.

There are a few small groups that have formed such as Delancey Street. I say “small” organizations, relative to the enormous demographic of people who have served time in jail or prison. Statistically, one out of every 140 people in the United States has been in prison or jail.

“The American criminal justice system holds almost 2.3 million people in 1,833 state prisons, 110 federal prisons, 1,772 juvenile correctional facilities, 3,134 local jails, 218 immigration detention facilities, and 80 Indian Country jails as well as in military prisons, civil commitment centers, state psychiatric hospitals, and prisons in the U.S. territories.”¹⁶

Delancey Street was started in 1971 with four residents and a one-thousand-dollar loan. Its mission was to provide an environment where people could turn their lives around. Today, the organization has locations in six major metropolitan areas, and it owns and operates numerous businesses that provide employment and training to its residents. Its success stories number in the tens of thousands of people who were substance abusers, former felons, and others who have hit bottom. I have paraphrased its slogan in this book. The entire organization is based upon the principle of; “Empowering the people with the problems to become their own solution.”

5(d) PROMISE KEEPERS

“Way back before Promise Keepers had a name, we looked up the word integrity in Webster’s Dictionary. He gave six definitions: ‘utter sincerity, honesty, candor, not artificial, not shallow, no empty promises.’”

*– Bill McCartney
Founder and President (Ret.)
Promise Keepers*

The genesis of Promise Keepers occurred in March 1990 and the organization was formally founded during the next several months by Bill McCartney (*Mac*), then football coach for the University of Colorado, and some of his close associates and friends.

¹⁶ Source: <https://www.prisonspolicy.org/reports/pie2020.html>



Substantially an organization for men that is based largely upon Christianity, Promise Keepers has transformed many men into the true definition of *Head of Household* – a recognition that is not demanded or simply awarded because of gender but rather, it is earned through accountability and responsibility, by doing the work necessary to provide for the family, and by setting the example for leadership of the family unit. This is among the organization’s fundamental missions.

In July 1990 **seventy-two** friends and associates of the core group gathered at Boulder Valley Christian Church to discuss a conference for the men of Colorado.

Within only five years, the total attendance for 1995 was **738,000** men at 13 conferences. The attendance for 1996 at 22 stadium conferences was **1.1 million** men nationwide and the organization continues to attract six figure audiences each year.

In December 2001, 14,000 teens, dads, and youth pastors took part in Promise Keepers’ first-ever conference designed specifically for youth age 13-17.

During the November 2002 youth event, Promise Keepers hosted an estimated 10,000 teens, dads, mentors, and youth pastors.

Even with the Covid-19 pandemic, Promise Keepers, through its first-ever online Global Digital Experience July 31 and August 1, 2020, reached men in 85 countries (including Australia, The Bahamas, Barbados, Canada, Costa Rica, Fiji, India, Italy, Kenya, Luxembourg, New Zealand, Nigeria, Norway, Ireland, Pakistan, Peru, Philippines, Rwanda, Singapore, South Africa, Spain, Tanzania, Uganda, U.K., and Zambia — to name a few) and all 50 states.

Among the organization’s core themes are: Personal integrity; leadership; racial harmony among men; what makes a man the head of household; and building strong marriages and families.

A first-ever prison conference was held in Ohio called “Redeem the Time.” About 1,000 men at the medium-security Marion Correctional Institute in Marion, Ohio, attended the four-hour event, and 10,000 more in 70 other prisons participated via the free Web cast.

Twenty-one years and several million transformed lives later, Promise Keepers continues to transform people, resuscitate broken families, integrate family values where they were previously absent and mold honorable Head of Household models.

Irrespective of the theology, people hunger to be responsible and accountable, they yearn for a life of dignity, and they thirst for the cultural organization that will lead the way.

The Internet has accelerated the growth of many cultures and communication among members. There are over 100,000 different UseNet News Groups, Yahoo & MSN Chat Groups along with an ever-increasing number of social media platforms that serve every conceivable culture.

Other cultures, whether good or bad, wholesome or nefarious, include every religious faction, the Apple Computer culture, the Hell’s Angels, NASCAR, militia groups, college fraternities, public safety forces (Police & Fire) The Beatles and the cultural revolution of the 1960’s, which was also intensified in large part by the Vietnam conflict, and the list goes on. They all provide the elements of unity, have commonality of interest or cause, and they all create the desire for membership.



5(e) ENRON

The preceding four cultural examples are cultures that have produced great and positive results. There are corporate cultures - many which are extraordinarily good and incorporate a healthy measure of humanitarian doctrine and some that are exceptionally poor and are based upon greed and power.

As previously mentioned, some corporate cultures create their own set of rules - [this is how we do things to achieve our objectives] - even though those rules may conflict with the law. An impressionable young individual who works in such an environment begins to believe that the unwritten day-to-day operational policies and procedures of their employer are gospel - even though such policies and procedures may conflict with the law. Everything is legal because such practices are a part of the culture of this huge corporation.

Perhaps among the most publicized examples of a corporate culture gone array was Douglas Faneuil, the bright and articulate young man who testified in the Martha Stewart case. Douglas was tarred and feathered by the corporate culture, and the media for that matter - *for telling the truth!*

During his dilemma, I called Douglas. I was rather surprised that his number was listed in the public telephone directory, given the amount of media publicity he was receiving. We had some conversation on the telephone, and I made a trip to New York to meet him for dinner.

Douglas impressed me as a remarkable young man - very talented and intelligent. He had since founded Living Proof, an organization that addresses Suicide Prevention via Mental Illness Awareness. The Genesis of the organization was the tragic loss of his sister to suicide. Douglas is clearly an example of an individual who has risen from the ashes of adversity and moved on to bigger and greater things.

Once again, I want to emphasize this point. People seek culture and cultural identity. It is not unusual for people to find themselves a member of a culture by default and not by a conscious and deliberate decision. Nonetheless, once a member, individuals will strive for recognition within that culture.

I have reiterated this paragraph because it is important that you examine what culture(s) you have been a member, or are currently a member, and how it is that you became a member.

6. LORDS OF THE DRAGON – THE SOLUTION

6(a) A CULTURALLY BASED STRATEGY OF TRANSITIONING

As illustrated by the few examples in Section 5, the power of culture is phenomenal. Irrespective of where a person finds himself situated, it is likely that he is a member of a culture, and absent a deliberate and conscious membership choice, that culture may be beneficial or detrimental.

Cultures are the essence of our existence. It determines everything from clothing styles to automobile designs, career choices, the music we listen to, the movies and television



programming we watch, the games we play and the sporting events to which we are spectators. It drives entire industries, and it is the foundation of ethical and moral standards, which are frequently in conflict based upon opposing cultures.

One culture calls the other's music "*garbage*" and their tattoos and body piercing "*repugnant*," while the opposing culture finds a suit and tie a symbol of the *Evil Empire*. Has rap music, rock-n-roll, disco, or the blues created cultures, or have cultures evolved from these music eras? Either way, there is no denying the existence of these cultures. Why does an eight-year-old want to become a police officer? Is it because he has studied criminology and all the tabulated statistics? More likely, he is attracted to something much more allusive – culture.

Culture appeals to our innate need to belong; it appeals to our need for peers who share a commonality of interest and our need for recognition and adulation.

Absent of a culture that is fundamentally based in decency and wholesomeness that will *accept a person as a member*, a person *will* find admittance to an alternative culture that will give them the acceptance that they innately crave. *This is absolute!*

There are existent cultures that readily accept individuals who have experienced an incarceration event. A few are extraordinarily good; many are astronomically appalling, and most are mediocre. Very few provide a structured, disciplined, and systematic approach to closing a dark chapter and beginning a bright future that is based upon a life of legitimacy through the attraction of culture.

Lords of the Dragon is the alternative culture for this abandoned demographic.

There is much need for governmental, legislative, political, and institutional attention to this costly issue. It is the culture that will inspire the political, legislative, and institutional reforms necessary to integrate genuine rehabilitation agendas, which will thereby affect the masses.

6(a)(i) THE METAPHOR

Why the *Lords of the Dragon* and *Dragon Slaying* Metaphors? Because it tickles the senses, it massages the imagination, it appeals to reptilian level instincts, it engenders unity and comradery, it forms a success-oriented fraternity, stimulates a collaborative support structure and sphere of influence, and it establishes a noble forum for recognition and commendation for extraordinary achievement and distinction. Rooted on the foundation of achievement, it incorporates all the elements that create a culture of similarly situated individuals who share commonality of interest and cause, experiences, challenges, and adversities, and *it creates the requisite desire* for success.

Successful people clearly understand the concept of waking up each morning, donning their suit of armor, sheathing their sword, brandishing their lance and shield, mounting their horse, and venturing into the forest of opportunity, pursuing the journey toward their dreams, passions, aspirations, and goals.

As the warrior trots into the forest, he maintains his guard for those evil Dragons who will surely attack, create obstacles and adversity, and fight viciously to steal the warriors' dreams, goals, and aspirations.



Dragons are magical creatures that possess powers almost beyond comprehension. They frequently breath fire, are capable of transformation, and they can overwhelm you with pain, sorrow, discouragement, disappointments, set-backs, anxiety, and hopelessness. Among their most mysterious attributes is their uncanny ability to surprise.

By nature, Dragons have a tendency to be bloodthirsty, battling, evil and mean creatures that create obstacles and barriers to anyone attempting to pursue their journey through the forest of opportunity in search of any positive objectives and goals. A Dragon's primary objective is to limit an individual's pursuit of their dreams and aspirations by causing the warrior to feel overwhelmed, by creating confusion and disorganization, barriers, obstacles and ultimately, total devastation. Dragons want nothing more than for the warrior to give up his dreams and spend his days as an empty and hopeless carcass. A person without a dream is a person without life.

Dragons come in many sizes and forms however, their objectives are the same. They want to steal the warrior's dreams, rob him of hope, and cause him to give up his journey and quest for achievement and success.

As a warrior ventures into the forest in search of his treasures, the pursuit of his dreams and life's rich rewards, the forests' perimeter is protected by small dragons, not much bigger than a house cat. However, despite their size, these vicious creatures are extraordinarily fast and agile, and they have devastated many apprentice warriors at the very onset of their journey. These creatures are not to be underestimated. They tend to attack in groups and their defeat requires immediate, fast, organized, decisive and focused action.

Dragons survive on a steady diet of human dreams, and aspirations, goals, and ambitions. Over the millennium, their bellies have remained full, leaving behind victims filled with defeat, discouragement, and hopelessness.

It is astounding how Dragons can sniff out those ripe dreams that are on the brink of attainment and realization. When a warrior is just inches away from the attainment of a dream or goal, Dragons are certain to launch their most ferocious attack. Dragons will go to extraordinary lengths to trip-up the warrior and cause him to simply abandon his dreams and goals - to regress to an existence without a journey - a life of mediocrity.

Dragons will attack a warrior when he is most vulnerable - when he's tired, in a state of disorganization, feeling overwhelmed, sick, frustrated, or angry. Like fruit on a tree, it is the ripe dreams that are the most delicious, and Dragons will stop at nothing to steal these dreams. Dragons form squadrons and launch coordinated vicious attack waves - striking the warrior with compounded assaults from multiple directions.

Many Dragon targets, in fact the majority are easy prey - those who choose to lie down and quit. But occasionally, a Dragon will pick a battle with a true warrior. A true warrior is a determined individual unwilling to give up his dreams, and who is driven to continue the journey irrespective of the price - a *Dragon Slayer* - one who also receives inspiration, strength, counsel, and guidance through alliances with other Dragon Slayers.

Learning to slay Dragons is not unlike learning any of the many techniques of battle. It takes a lifetime of dedication to become a *Master* in any of the various forms of combat, and Dragon slaying is no different.

To achieve any significant and worthwhile goal in life, one must learn the innumerable Dragon slaying techniques, moves, maneuvers and postures of Dragon slaying. And, if any individual ever hopes to achieve their greatest potentials, their dreams, their aspirations, goals, and the extraordinary treasures that life has to offer, they must first face the fact



that Dragons will forever make every ferocious attempt to prevent the warriors' pursuit of his journey toward attaining anything good.

If you ever want to achieve anything in your life, developing your ability to slay Dragons is simply a prerequisite, and you must be prepared to get bloody, singed, burnt scratched, bit, broken, injured, overwhelmed, discouraged, frustrated, knocked down and set back – but, never defeated!!!

No matter how much pain, you can never allow the Dragon to slay you and feast upon your aspirations, dreams, and ambitions. No matter how tired, injured, frustrated, and defeated you will feel from time to time in your journeys through the forest of opportunity, and your many battles with Dragons, you must never accept defeat!!! Never negotiate the price of success. Get some rest, lick your wounds, and fearlessly charge the Dragon, engage it in battle head on, and emerge victorious. Be a warrior!

Acquiring the many skills and techniques of Dragon slaying requires a great deal of effort, discipline, focus, practice, patience, and intestinal fortitude. Dragon slaying is perhaps among the most noble, yet difficult disciplines and forms of combat to master. However, along the way and through the warrior's journey toward mastering Dragon slaying, he will experience many victories, achieve many of his goals and dreams, collect treasures and leave in his wake many a slain Dragon.

It is important to note that Dragon's possess enormous stashes of gold, silver, and jewels. Once slain, the Dragon's hordes of treasure are the warriors' rewards to keep. More importantly, with each victory, the warrior keeps his dreams and moves that much closer to their realization.

Dragon slaying requires a lifetime of dedication, effort, patience, and discipline, but the rewards are the inexhaustible stockpiles of gold, silver, jewels and treasures, and the fulfillment of the warrior's greatest aspirations and dreams. Success is not an entitlement - it is achieved through a never-ending series of battles and victories, but also with a sprinkling of setbacks and injuries. *"The future is not a gift. It is an achievement."* – Robert F. Kennedy.

The longer the warrior holds his dreams and the more goals that he achieves, the more caustic the battles will become. Many battles will be long and will drain substantial resources and energy. The warrior will experience injury and setbacks. The deeper the warrior ventures into the forest, the larger, stronger, meaner, and more vicious and wicked the Dragons become. But also, the larger are their stockpiles of gold, silver, and jewels, and the more delicious is the fulfillment of the warrior's ripened dreams, aspirations, and goals - all of which become the Warriors' rewards of battle.

As the warrior slays each Dragon, he will learn greater Dragon slaying techniques that he will apply to the next battle. A wise Dragon slayer builds defenses, an arsenal of appropriate Dragon slaying weapons, and formulates insulations that will become impenetrable barriers to many Dragons. A warrior will learn where, and where not to venture, certain behaviors and habits, and set policies that will avoid or foil many attempted Dragon attacks.

~~~

The Forest and the Dragon are metaphors for the creature of life, its journey's, and its challenges. Life breathes fire. It is full of surprises. It will challenge you every day. And, if you do not deliberately and consciously *"Slay the Dragon,"* by default, it [life] will slay you. Slaying each Dragon is a step closer to attaining your greatest dreams and aspirations.



The warrior's suit of armor, sword, lance, and shield are its weapons and insulations. In life, the greatest weapon a person can acquire for conquering challenges and achieving goals is education, life skills and experience. Your shields are formed from experience and an ability to forecast how your decisions today will affect your tomorrow. Examining your behaviors, habits, and activities today and the benefits or consequences those behaviors, habits and activities will produce will give you the power to control your paths and destinations.

Life is a dynamic series of challenges and problems. Conquering challenges and solving problems is fundamental to moving forward in life. However, who ever said that facing and conquering challenges - slaying Dragons - must be a dreadful and painful drudgery? It is an attitude whereby you approach every challenge envisioning yourself as the victor and focusing on the treasures that await you after you slay each of your Dragons. Slaying Dragons can and should be embraced as a sport, albeit with an abundance of benefit or consequence, depending upon whether you win or give up and quit.

Life, and Dragons, will continuously challenge you, place obstacles in your path, knock you down, set you back and attempt to cause you to surrender. You must develop the attitude of a true warrior – never let the Dragon beat you - never let it become your master. Control it, slay it, build defenses and barriers, accumulate a fortress of Dragon slaying weapons, learn from each battle to form insulating policies, and never, never quit.

There are several levels of Dragon warriors, ranging from the Apprentice to the Dragon Hunter, Dragon Warrior, Dragon Slayer, Master Dragon Slayer and ultimately, The Dragon Lord - the person who has mastered the Dragon.

A Dragon Lord is that person who has transitioned from survivor, to warrior, to healer, and whose achievements, visions and dreams are so extraordinary and of such magnitude to have created a legacy for the good of mankind that imparts a profound, positive, and progressive change that endures eternally. Such dreams and visions therefore become eternal, which no Dragon can steal. Transformative figures such as Mother Teresa, Christopher Reeve, Dr. Martin Luther King, Jr., John F. Kennedy, Congressman John Lewis, Mahatma Gandhi, John Walsh, and Nelson Mandela are a few examples of Dragon Lords.

The art of Dragon slaying is acquired through a close association with others who share a commonality of interest, and are similarly situated and face comparable challenges, which forms unity and comradery, a success-oriented fraternity, stimulates a collaborative support structure and sphere of influence, and it establishes a noble forum for recognition and commendation of extraordinary achievement and distinction. *It creates the requisite powerful and perpetual culture, which in turn inspires the **desire** within an individual to excel.*

The vision of *Lords of the Dragon* is to facilitate the transition of its constituency members from survivor to warrior, to healer.

Find one Dragon slayer and you will find others. *Lords of the Dragon* is looking for a few good Warriors. *Experience the honor!*

You have only lost when you quit.

*Everything you want to be, you already are. You're simply on the path to discovering it.<sup>17</sup>*

---

<sup>17</sup> Quoted from Alicia Keys – 15-time GRAMMY Award-winning singer, songwriter, musician, producer, accomplished actress, New York Times best-selling author.





**6(b) DESCRIPTION OF LORDS OF THE DRAGON AND ITS RELATIONSHIP TO EACH INCUBATOR AND EACH ENTREPRENEURIAL ENTERPRISE.**

*Lords of the Dragon* is a proof-of-concept organization with a long-term vision of facilitating the implementation and operation of replicable entrepreneurial business incubators in communities throughout the United States.

*Lords of the Dragon* is focused on the demographic of formerly incarcerated persons and ex-offenders who show entrepreneurial promise and have demonstrated the prerequisite disciplines and skill sets to form and operate a sponsored company with the assistance of a business incubator.

The business incubators will sponsor ex-offenders who have completed an application to participate in the entrepreneurial incubation programs, have completed the prescribed curriculum set forth by *Lords of the Dragon*, and completed a functional and operational Business Plan.

*Lords of the Dragon* is an organization separate from each of the community entrepreneurial business incubators, which will work hands-on with each of the sponsored businesses. For the purposes of this Business Memorandum, each of these community entrepreneurial business incubators, as well as each sponsored entrepreneurial business within these incubators, are interchangeably referred to as “*Clients*” of *Lords of the Dragon*.

*Lords of the Dragon* will provide the necessary expertise and coordination of community resources to communities desirous of implementing an entrepreneurial business incubator for ex-offenders.

*Lords of the Dragon* will be a centralized point of information exchange, and experience and expertise, which it will disseminate to each of the *Clients*. *Lords of the Dragon* will provide seed and operational capital, assistance, and services as necessary to ensure the success of each of its *Clients*, and to each of their sponsored businesses, leveraging economies of scale and economies of scope to alleviate much of the overhead associated with a business start-up.

Due to the high recidivism rates nationwide, both State and Federal rehabilitation and corrections departments have developed conceptual plans, and to some extent, invested in initiatives that are focused on successful reentry and reintegration of ex-offenders into the community. These initiatives include mandatory GED education for offenders below the age of twenty-one, vocational training, life skills training, secondary education, counseling and mentoring while serving time, and during release preparation.

In most instances, release preparation<sup>18</sup> (job search, interviewing preparation, locating housing, etc.) is limited to the last thirty days to six months of incarceration, and both governmental and community post release support is substantially lacking. A number of community-based and faith-based organizations provide some assistance with locating employment, housing and clothing however, their effectiveness is frequently measured by number served (*a grant-funding condition and measurement*) as opposed to other quantifiable criteria measuring the long-term success of those served.

---

<sup>18</sup> The reentry process needs to begin the day an offender arrives in an institution, or as soon as possible thereafter, capitalizing on the available time to maximize the individual's successful community reintegration upon release.



*Lords of the Dragon* and its Client business incubators will bring the entrepreneurial opportunity into the institutions. Business planning and preparation will begin before release and selection of sponsored entrepreneurs will be on a competitive basis.

*Lords of the Dragon* intends to achieve self-sustenance. Unlike many community-based organizations that survive on government and foundation funding with no plan for generating its own revenues to meet its financial requirements, *Lords of the Dragon* has the ability to evolve into an organization that not only funds itself, but also provides the funding for the business incubators and the seed capital for the entrepreneurial start-up businesses.

### **6(c) LEVERAGING HUMAN RESOURCES**

Successful corporations dynamically restructure to meet with the dynamics of business and reorganize human resources for efficiency and operational streamlining. These restructuring exercises occasionally account for layoffs of hundreds and sometimes thousands of people.

Comparatively, as some organizations grow, create new departments, introduce new products and services, it is not unusual to see new staff hired that have duplicative skill sets but, because of an absence of good intra-corporation and interdepartmental communication and coordination systems, the entire organization slowly becomes bloated and inefficient. Hence, reorganization becomes necessary as a reactive agenda as opposed to a proactive system.

Human resources management has certain parallels to grocery shopping. Before going to the store, it is a good idea to take inventory of what you already have. Otherwise, you may buy items that you don't need or that are duplicative. If these happen to be perishables, there is waste.

Organizations frequently over staff because one department or division takes no inventory of another before going shopping. Overstaffing and underutilizing personnel is not only disadvantageous to an organization, but also a disservice to the people. The human spirit is delicate, and if it is not challenged and utilized to its fullest potential, it will perish.

Utilizing automated systems, *Lords of the Dragon* will closely monitor the personnel resources and skill sets throughout the entire organization – all incubators and all businesses within those incubators. This system will facilitate resource sharing among the entrepreneurial enterprises even though they may be geographically disparate. As personnel requirements arise, the fulfillment of those needs will first be addressed from current in-house resources.

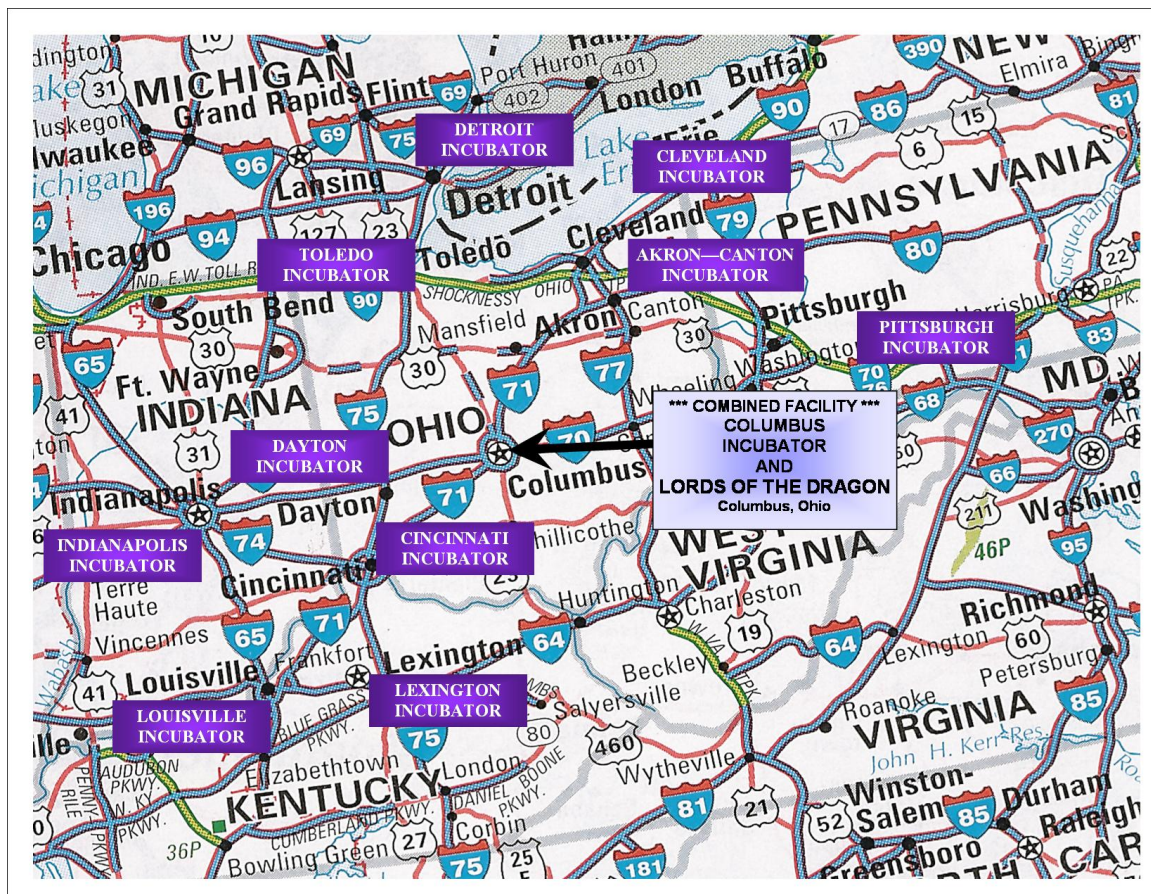
*Lords of the Dragon* will function as the centralized provider of all administrative services to each of the business incubators and each of the entrepreneurial enterprises within each incubator. Each new enterprise can therefore focus maximum attention on its core competencies toward revenue generation. *Lords of the Dragon* will utilize the pool of individuals scheduled for release from institutions as the primary source for filling the position requirements within the organization.

*Lords of the Dragon*, each of the incubators and each of the entrepreneurial enterprises are consumers as well as providers of goods and services. By centralizing purchasing, the organization will enjoy increasing economies of scale, and it can effectively self-patronize.



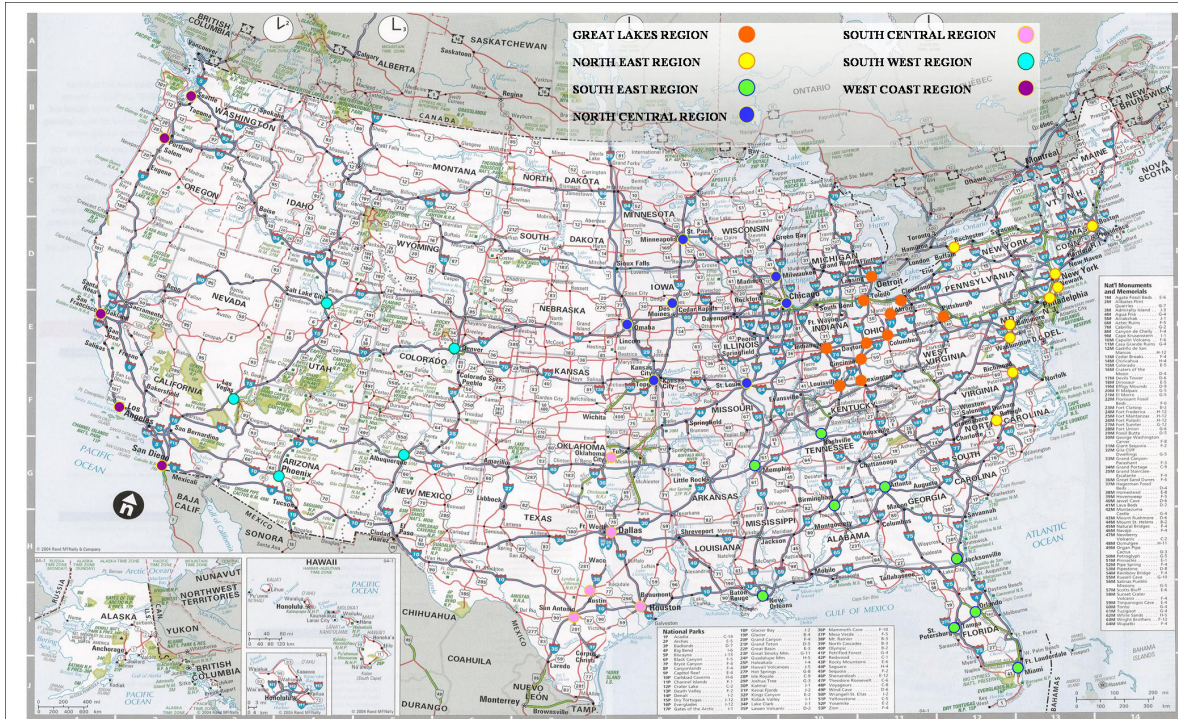
### 6(d) REGIONAL ORGANIZATIONAL DIAGRAM

This Organizational Diagram is an illustration of the structure and relationship between *Lords of the Dragon* and each of the business incubators. The diagram uses the Great Lakes Region as only as an example. The headquarters of *Lords of the Dragon* is fundamentally immaterial to the deployment and operation of its regional incubators. However, as the organization expands, *Lords of the Dragon* will continue to be the centralized point for administrative services and for assimilating and distributing strategic information.



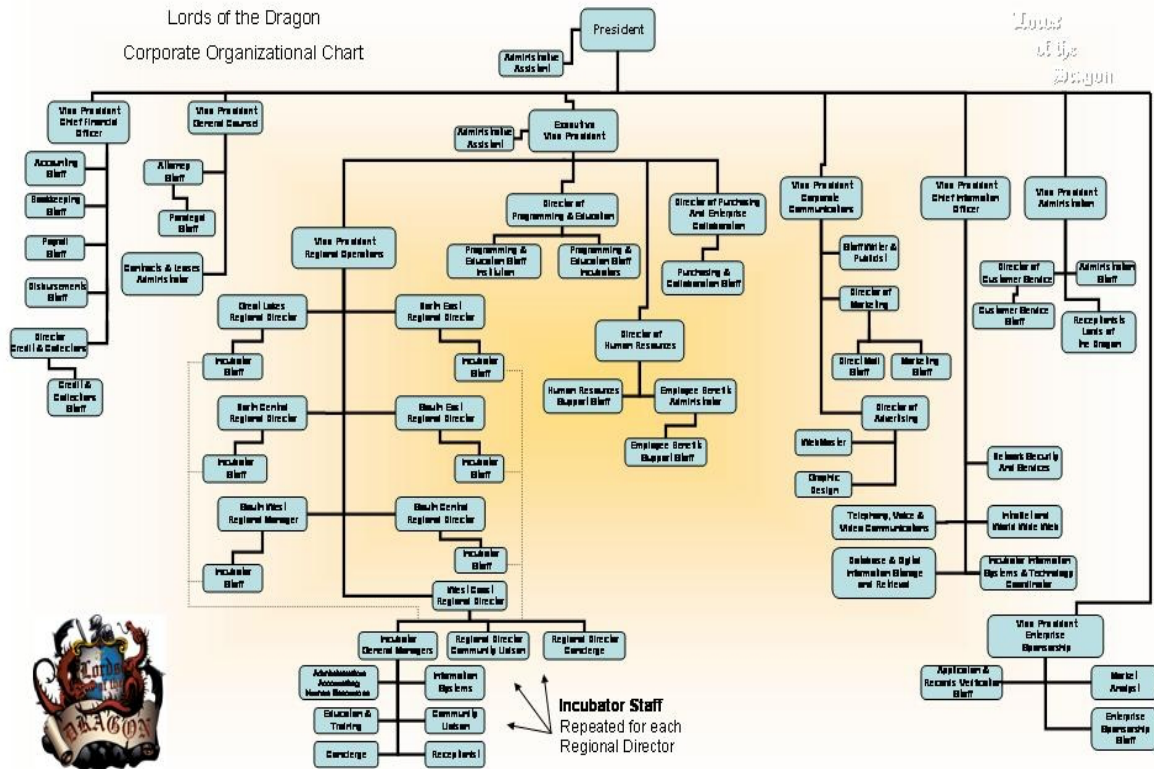


6(e) NATIONAL ORGANIZATIONAL DIAGRAM



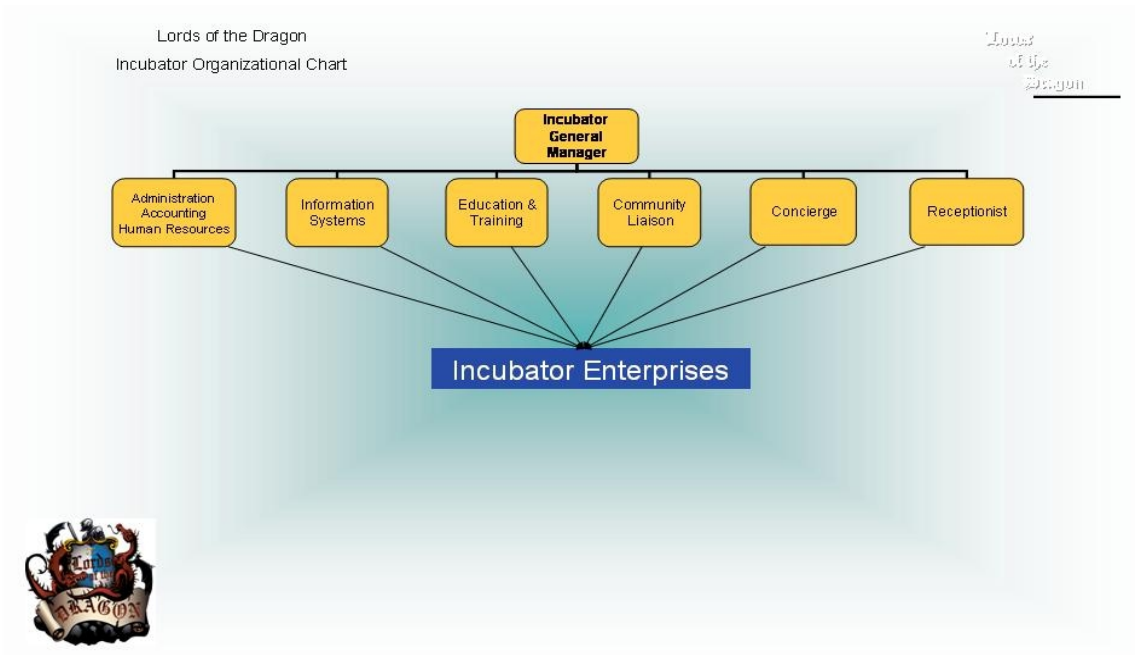


# 6(f) LORDS OF THE DRAGON - CORPORATE ORGANIZATIONAL CHART





## 6(g) *INCUBATOR ORGANIZATIONAL CHART*





## 7. THE LOGIC OF LORDS OF THE DRAGON

### 7(a) PRE-RELEASE

As mentioned previously, media and Hollywood have largely created the paradigm of an individual who has had a conviction or incarceration event. Although there is a small percentage of this demographic that are incorrigible, it is less than five percent.

Over the past two decades, I have had dialog with ex-offenders during speaking engagements at correctional institutions.

During each presentation, the question is posed; “*How old were you when you had your first infraction with the law?*” The follow-up question was; “*How long had you been engaged in illegal activities before you were caught?*” The latter question is most relevant – it was the genesis of what had become a snowballing lifestyle. Most had participated in some type of illegal activity for one to three years before they were caught. The answers to the first question were between thirteen and fifteen. Consequently, the age that these individuals’ illegal behavior began ranged between ten and thirteen.

Based upon my interactions with ex-offenders, almost all inmates and formerly incarcerated people genuinely want a normal lifestyle, but few believe that it is attainable with the felony conviction label.

Labeled as societal discards that are out of sight – out of mind, ex-offenders are people who have dreams, visions, aspirations, and emotions that are no different than yours or mine. They laugh, they cry, they feel compassion for others, they want to achieve, and they dream. Given an opportunity, direction, guidance, and the belief that they can achieve, the potential for success and legitimacy for formerly incarcerated ex-offenders is not dissimilar than for anyone else.

There are many individuals who have recidivated numerous times, which supports the assertion that government by itself cannot effectively address the core problem.

In Ohio<sup>19</sup> and several other states, the correctional facilities offer education and vocational certification programs. These state-sponsored vocational programs provide *Lords of the Dragon* with a dynamic pool of candidates who have marketable skills that could be developed into an entrepreneurial enterprise. Many of the career areas taught, e.g. welding, plumbing, carpentry, HVAC, etc., could be transformed into profitable businesses.

During Fiscal Year 2013<sup>20</sup>, The Ohio Central School System (OCSS), which is responsible for the programs within the correctional institutions, reported the following:

---

<sup>19</sup> Ohio Department of Rehabilitation & Corrections served as the model for many of the cited statistics in this Memorandum.

<sup>20</sup> Ohio Department of Rehabilitation and Correction fiscal year is from July 1<sup>st</sup> – June 30<sup>th</sup> - <http://www.drc.ohio.gov/web/reports/OCSS/2013.pdf>



A total of 14,231 educational certificates were awarded by the OCSS in FY 2013. For comparison, these figures decreased in FY 2019:

- 1,775 Literacy/ABLE certificates
- 1,947 Pre-GED certificates
- 2,121 GED diplomas
- 14 High School diplomas
- 1,119 Career-Technical certificates \*
- 859 Advanced Job Training certificates \*
- 254 Apprenticeship certificates \*
- OCSS teachers trained and certified 1,264 inmate tutors
- 4,078 Career Enhancement Certified

\* Assuming that OCSS can produce an average of 1,775 trained and certified individuals each year; this would represent the initial demographic from which *Lords of the Dragon* would recruit, providing its entrepreneurial programming simultaneous with the vocational certification. At this juncture, these people learn trade skills, but have limited places where they can apply them.

The OCSS *cumulative* enrollment of 20,919 for FY 2013 are listed as follows:

- 3,453 ABLE/Literacy students
- 3,495 Pre-GED/GED students
- 29 High School students
- 1,307 Career-Technical (vocational) students
- 3,335 Advanced Job Training students
- 282 Apprenticeship students

Below are some of the programs that are facilitated by OCSS in Ohio correctional facilities.

- |                                          |                                                |                                                 |
|------------------------------------------|------------------------------------------------|-------------------------------------------------|
| • Computer Operator - 3 Years            | • Bricklayer - 3 Years                         | • Program Assistant - 3 Years                   |
| • Computer Peripheral                    | • Carpenter - 4 Years                          | • Roofer - 2 Years                              |
| • Equipment Operator - 1 Year            | • Drafter - 4 Years                            | • Sheet Metal - 4 Years                         |
| • Dental Laboratory Technician - 3 Years | • Electrical Appliance Repair - 3 Years        | • Small Engine Mechanic - 2 Years               |
| • Fire Fighter - 3 Years                 | • Electrician - 4 Years                        | • Television & Radio Repair - 4 Years           |
| • Paralegal - 3 Years                    | • Electronic Technician - 4 Years              | • Truck & Body Repair - 4 Years                 |
| • Alteration Taylor - 2 Years            | • Landscape Management Tech - 1 Year           | • Wastewater Treatment Plant Operator - 2 Years |
| • Animal Trainer - 2 Years               | • Machine Operator - 1 Year                    | • Water Treatment Plant Operator - 3 Years      |
| • Audio Operator - 2 Years               | • Machine Setter - 4 Years                     | • Welder - 3 Years                              |
| • Automobile Body Repair - 4 Years       | • Machinist - 4 Years                          |                                                 |
| • Automobile Mechanic - 4 Years          | • Motorcycle Repair - 3 Years                  |                                                 |
| • Baker - 3 Years                        | • Numerical Control Machine Operator - 4 Years |                                                 |
| • Bindery Worker - 4 Years               | • Plumber - 4 Years                            |                                                 |



It should be noted that the cumulative enrollment and the number of educational certificates awarded has decreased since 2003, despite an increase in inmate population. State budgets have played a large role in a reduction of educational programming in the nation's prisons. However, the fundamental concept remains that the recidivism dilemma can only be successfully resolved over a period of generations, which follows the fundamental principle; *"The people with the problem becoming their own solution."*

It should be noted that the cumulative enrollment and the number of educational certificates awarded has decreased since 2003, despite an increase in inmate population. State budgets have played a large role in a reduction of educational programming in the nation's prisons. However, the fundamental concept remains that the recidivism dilemma can only be successfully resolved over a period of generations, which follows the fundamental principle; *"The people with the problem becoming their own solution."*

A genuine solution to this increasing problem can never be resolved with vacillating annual budgets. The solution to recidivism necessarily must be self-funding to control its continued existence and growth.

### **7(a)(i) APPLICATION PROCESS**

Any individual who is currently incarcerated or has experienced an incarceration event may apply for entrepreneurial sponsorship with *Lords of the Dragon*.

*Lords of the Dragon* will provide motivational seminars, newsletters that highlight success stories, as well as other educational curriculum and materials. As the support structure of *Lords of the Dragon* becomes more robust and an obvious contrast is drawn between ex-offenders' past and a lifestyle of legitimacy, many will be compelled to apply. This is a process that requires a deliberate and conscious decision by the participant and cannot be coerced by the organization. A person cannot be pushed to success. However, they can be pulled.

Prior to completing the application, every applicant will be advised of the importance of honesty and candor. All information will be verified, and any misstatements or omissions of material facts will identify the need for a more remedial education program before entering the entrepreneurship curriculum.

The application will also include an essay format of an individual's background, their desire to embrace legitimacy, an explanation of all criminal history, etc. The need to identify accountability and responsibility is an important part of the process.

### **7(a)(ii) TESTING**

*Lords of the Dragon* will administer a battery of tests that include fundamental GED level testing, placement testing and personality inventories. The purpose of the testing is to determine whether an individual meets the minimum program criteria for the entrepreneurship curriculum, and their initial placement in the program. If an individual requires prerequisite education, recommendations will be made. If the individual, *by their*



*decision*, enrolls in the prerequisite educational curriculums, they may be granted simultaneous participation in the entrepreneurship curriculum.

The personality inventory will identify those areas where an individual may require additional counseling or those individuals who have psychological or psychiatric disorders that are not compatible with the agendas of *Lords of the Dragon's* entrepreneurial sponsorship. However, such individuals can still be considered for employment and training as an employee of a sponsored business.

These tests will form the basis for the report described in Section 7(a)(iii)(16).

### **7)(a)(iii) PERSONAL PROFILE**

As mentioned previously, people are being released from an incarceration event with the same life baggage that they carried in. The personal profile will identify all issues that require resolution to streamline a successful community re-entry.

#### **7)(a)(iii)(1) EXPECTED DISCHARGE COMMUNITY**

The anticipated community to where an individual will return can play a pivotal role in their success as a sponsored entrepreneur for at least the following reasons: 1. Has a *Lords of the Dragon* business incubator been established in that metropolitan area? 2. What are the needs analysis and market potential for the individual's projected entrepreneurial enterprise? 3. If there is a strong relationship between the individual's former community culture and peer group, a change in discharge community may be required and all pertinent contingencies to facilitate that change will be addressed prior to release.

#### **7)(a)(iii)(2) CRIMINAL HISTORY**

The criminal history profile is not used to judge an individual rather; it is used to identify historical data that will be utilized to tailor a program agenda that will have a genuine impact on their rehabilitation. Only decades ago, cancer was treated with the knife or with a cocktail of chemicals that indiscriminately attacked all variety of tissue and cells. Modern medicine has made substantial progress by tailoring chemical treatment at the genetic, DNA and molecular level – specific to each individual's chemistry and unique cancer.

Rehabilitation cannot be achieved with a one-for-all, prefabricated agenda that fits no individual perfectly, and most not at all. The rehabilitation and re-entry agenda must be personally tailored. The ex-offender's history can provide valuable information to formulate the individual-specific treatment cocktail.



### **7(a)(iii)(3) BACKGROUND PROFILE REPORT**

The background profile will be exhaustive and will include verification of residence, education, employment, consumer credit, medical, Dun & Bradstreet, LexisNexis, C.L.U.E. (Comprehensive Loss Underwriting Exchange) and arrest and conviction history.

### **7(a)(iii)(4) SUBSTANCE ABUSE & MEDICAL HISTORY**

Any individuals who are applying for the entrepreneurial sponsorship program who have an alcohol or substance abuse history are discussed in Section 8(b). Medical history and current medical condition will be used to determine an individual's basic good health and their capabilities to perform the duties that will be necessary for their proposed entrepreneurial enterprise. Individuals with disabilities will receive whatever assistance is practical; however, they must be capable of performing the essential functions for the endeavor they intend to pursue.

Individuals who have a condition that indicates a physical, medical, psychological, or psychiatric disorder that would reasonably be considered dysfunctional for their desired enterprise by any investment group in a similar, but private sector entrepreneurial enterprise, are not within the demographic served by *Lords of the Dragon* entrepreneurial sponsorship program. However, such individuals may still be considered for employment with a sponsored business.

### **7(a)(iii)(5) HOME ENVIRONMENT**

Data will be collected regarding each individual's home environment both from records and from the ex-offender's memory. We will attempt to ascertain what influences each individual has had in their life, what people are important in their life and what people have had been positive or negative role models.

More importantly, the individual's anticipated home environment upon release, family support, geographic location, and any detriments will be evaluated to determine what changes will need to be made to ensure that they can focus attention on their business enterprise.

### **7(a)(iii)(6) MARITAL & CHILD SUPPORT STATUS**

As a condition of continued participation in the *Lords of the Dragon* entrepreneurial enterprise program, the individual must make continuous and sincere efforts to mend relationships with their spouse and children. A realistic plan for repayment of past child support and post release regular payments for child support will be developed.



*Lords of the Dragon* will intervene whenever requested and will evaluate the progress in relationship building as well as an assessment as to whether various relationships will represent a support structure or a detriment to the apprentice.

A cooperative agreement pertaining to child support will be developed between all parties. If the guardian does not accept a reasonable agreement, *Lords of the Dragon* will seek judicial intervention and approval of a reasonable plan for child support payments and a repayment plan for any child support delinquencies. If the individual is accepted into and sponsored in the entrepreneurship incubator program, the agreed amount for child support will be deducted from the individual's payroll and remitted by *Lords of the Dragon* directly.

#### **7(a)(iii)(7) TAX COMPLIANCE STATUS**

With authorization from each individual, *Lords of the Dragon* will obtain copies of all federal, state and local income tax filings.

If there are any filings that need to be made for compliance, individuals will receive guidance and assistance with completing and filing all tax returns. *Lords of the Dragon* will seek assistance from the Internal Revenue Service as well as state and local taxing authorities in this respect, and to assist with tax, fine and penalty waivers, and reasonable payment plans for any delinquent taxes where a waiver is not attainable.

Compliance with all compulsory taxing authorities will be completed before release.

#### **7(a)(iii)(8) DRIVING RECORDS**

Driving records will be obtained that include all violations and the current status of the individuals' driver's license. If the license is expired, suspended, revoked, or otherwise encumbered, a plan will be developed to restore driving privileges prior to or immediately upon release. In any event that driving rights cannot be restored, an alternative transportation plan will be developed.

#### **7(a)(iii)(9) INTERPERSONAL RELATIONSHIPS\***

Each applicant will be asked to write an evaluation for each of their interpersonal relationships including their past and present relationship with their spouse or significant other, their children, siblings, and other relatives with whom they intend to maintain a close personal interaction upon release.

#### **7(a)(iii)(10) PEER GROUP\***

Information regarding each applicant's business and personal relationships will be developed from information provided by each applicant, from law enforcement and court



records, employment records, prison records, visitation registers and available public records. Each applicant will be asked to provide a written statement on each of their friends and how the relationship has had a positive or negative influence on their life.

\* The exercise of writing these reports is intended to cause each of the applicants to think through and evaluate the benefit or detriment of each of their relationships. Counsel will be provided to assist each program participant in determining which relationships are beneficial and which should be allowed to drift.

### ***7(a)(iii)(11) CONSUMER CREDIT***

Consumer credit, ChexSystem and LexusNexus reports will be obtained, and any outstanding delinquencies will be identified and addressed. Optional strategies will be reviewed that range from a cooperative reorganization with creditors to Chapter 13 Bankruptcy reorganization or Chapter 7 Bankruptcy discharge. Each applicant will be given instruction, guidance, and assistance; however, the individual will be required to facilitate and pursue the selected strategy. If a bankruptcy reorganization strategy is elected, the applicant and *Lords of the Dragon* will endeavor to make payment arrangements with any non-dischargeable obligations with payments beginning shortly after release. Non-dischargeable obligations would include taxes, student loans, child support, etc.

Resolving all consumer credit issues before release is paramount as open obligations, judgments and garnishments can seriously impede an individual's ability to make a successful community reentry. Additionally, it is important to reestablish consumer credit responsibly as a necessary tool for achieving business and personal financial goals.

### ***7(a)(iii)(12) DUN & BRADSTREET***

Each applicant will provide information regarding any business in which they were an owner, officer, director, partner, member, or majority shareholder. Dun & Bradstreet reports will be obtained to determine whether there are any open issues that need to be addressed and resolved. Should any issues require resolution, strategies will be reviewed and a plan for resolution will be executed. Additionally, any federal or state tax identification numbers and vendor licenses will be examined to ascertain compliance and account closure.

### ***7(a)(iii)(13) CRIMINAL ACTIONS PENDING***

Pending criminal actions will not disqualify an individual from participating in the program. However, any such actions must be resolved before an individual can be admitted to the program and receive sponsorship from an entrepreneurial incubator.



### **7(a)(iii)(14) CIVIL LITIGATION - PENDING OR ANTICIPATED**

Pending or anticipated civil actions will not disqualify an individual from participating in the program. However, any such actions must be resolved before an individual can be admitted to the program and receive sponsorship from an entrepreneurial incubator.

### **7(a)(iii)(15) SKELETONS**

Individual applicants will be encouraged to disclose any other issue that could surface at any time, which could have any effect on their success. From this information, strategies will be developed and executed upon to eliminate any ancillary issues not previously discovered or addressed. These discussions may be conducted between the applicant and a designated individual with *Lords of the Dragon* who will act as a conduit with legal counsel.

### **7(a)(iii)(16) REPORT OF REQUIRED LIFESTYLE & BEHAVIORAL CHANGES AND ISSUES REQUIRING RESOLUTION**

A comprehensive report will be compiled from all the information obtained from Sections 7(a)(i) through 7(a)(iii)(15) inclusive. The report is intended to serve several purposes. 1. It identifies a list of functional goals that are necessary to streamline a successful re-entry and reintegration into society. 2. It identifies all issues that require resolution before an individual can be accepted and sponsored in a business incubator. 3. It identifies any instance where an applicant has provided false information or failed to disclose material facts.

Except for deliberate falsification of application information or other relevant policies, no one is denied entrance into the program. However, the individual may be required to achieve minimum placement criteria prior to participating in the entrepreneurial business development curriculum. The report is developed to provide recommendations and goals that an individual must achieve as prerequisites for program graduation and entrepreneurial sponsorship.

### **7(a)(iii)(17) PLAN TO EFFECT CHANGE**

Based upon the report generated in Section 7(a)(iii)(16), and the ambitions, passions, dreams and goals of the applicant, a deliberate and attainable written plan will be developed to resolve all open issues. The plan will be broken down to the task level.

This plan is intended to provide an individual with a *clean slate* upon release, or shortly thereafter, which is a critical component to community reintegration success that is omitted from most existent rehabilitation and reentry agendas.



### **7(a)(iv) EVALUATION, SELECTION AND PLACEMENT**

Although initially addressed by the core staff of *Lords of the Dragon*, the evaluation, selection, and placement of applicants will be facilitated by committees comprised of individuals that are participating in the program within each participating correctional facility. Since the individuals performing the evaluation may still reside at a correctional facility, they will only review applicants from a separate facility and all personally identifiable information will be redacted from the reports.

As incubators are implemented and entrepreneurial enterprises are formed, the committee will be comprised of the CEO's of those enterprises. As more fully delineated in Section 10(c)(i) – *Enterprise Income Strategies for Self-Funding*, the peer review is a central and essential component of the program's success, as each of the entrepreneur's has a vested interest in the success of every applicant and participant.

Upon completion of the evaluation process, selection will be made of those individuals who have met the minimum criteria for inclusion in the educational program. Individuals who have not met the minimum criteria will be provided with the reason(s) and suggested actions they can take to apply for reconsideration. The suggestions may include attending portions of the entrepreneurial training and developing a dialog and relationship with *Lords of the Dragon*.

Individuals who have been accepted into the educational phase of the program will be situated in accordance with program prerequisite placement criteria.

### **7(a)(v) RECOGNITION & CERTIFICATION LEVEL**

An important part of success training is recognition of achievement among one's peer group. An individual will develop a strong allegiance and affiliation with that peer group that gives such recognition.

Throughout the program, *Lords of the Dragon* will have awards and recognition ceremonies that will recognize individual achievement and excellence. These ceremonies provide additional incentive to other program participants, and for other people to make application to participate in the program.

All individuals accepted in the program will be awarded a certificate of acceptance in the program and their initial status bestowed as a Dragon Slaying Tyro.<sup>21</sup>

### **7(a)(vi) LIFE SKILLS TRAINING**

Life skills training involve the deliberate recognition of our prior habits and behaviors and the results that have occurred from those habits and behaviors. If an individual *proactively* and consciously develops and forms his behaviors, then those behaviors will shape the

---

<sup>21</sup> \Ty'ro\, n.; pl. Tyros. [L. tiro a newly levied soldier, a beginner.] A beginner in learning; one who is in the rudiments of any branch of study; a person imperfectly acquainted with a subject; a novice. [Written also tiro.] Source: *Dictionary.com*



individual. Conversely, if there is no deliberate effort to shape behaviors, the consideration to the results of those behaviors is *reactive*.

A critical component to life change is examining the results and identifying the behaviors that caused those results. Subsequent change of habits and behaviors will produce different and predictable results.

Success is not luck, and success is not a respecter of persons. Success, as many barometers measure it, is a function of patterning one's habits and behaviors after another who has achieved similar objectives. The disciplined practice of embracing comparable success habits and behaviors will produce substantially similar results.

A large part of life skills training is changing the mind to think success. You are your mind, and your mind is you. Your mind is what has been programmed into your brain. You are what you think. Your brain is an organic computer that is not dissimilar to a PC computer. Your mind is the operating system and software programs that are installed and running on that computer. Our software is installed on our brain from birth by parents, teachers, counselors, television programs, social media, and to a large extent, by the culture in which we are raised and live.

It is interesting that we are more cognizant of what software and programs we install and allow to be installed on our PC computers than on the computer between our ears. Most people who utilize their PC computer as a tool have antivirus, firewall, spyware detection, directory washing and various other software to ensure that the computer operates at its optimum performance, and that no software is installed that could cause the system to produce undesirable results or that diminish its operating capacity.

When a dysfunctional program is installed on our computer, it produces dysfunctional results. *Garbage in – garbage out*. Successful people filter what they allow into their mind (*firewall and virus protection*) by scrutinizing what they read and watch on television, with whom they interact and how they spend their leisure time.

Changing software on a PC computer is simple – you delete it. Changing software in the mind is more problematic and requires a good deal more effort than a few keystrokes. Experiences cannot be deleted. They can however be diluted. The greatest benefit from reading self-help books is that the content dilutes negativity with positive possibilities. When people read such titles consistently, it becomes apparent in their attitude. There are truly only two things a person has direct control over – their attitude and their action. When a person can master control over these two fundamentals of their essence, they will achieve success.

*Lords of the Dragon* will implement an exhaustive program that addresses life skills training and programming the mind for success thinking. All program participants will be required to read at least the following books beginning at acceptance in the program.

- Think and Grow Rich – Napoleon Hill
- Believe and Achieve – W. Clement Stone's 17 Principles of Success – Samuel A. Cypert
- How to Win Friends and Influence People – Dale Carnegie
- The Seven Habits of Highly Effective People – Stephen R. Covey
- Rich Dad Poor Dad – Robert T. Kiyosaki
- How to get Control of Your Time and Your Life – Alan Lakein
- The Magic of Thinking Big – David Schwartz
- The Magic of Believing – Claude M. Bristol
- In the Company of Giants – Eama Dev Jager
- Master Key to Riches – Napoleon Hill





## ***Feeling overwhelmed – Preparing to Battle the Dragon***

No matter who you are, no matter what you do, there are times that everyone feels completely overwhelmed. At times when it seems like your whole world is crashing in on you and your problems seem bigger than life itself, this is generally caused by two main factors:

- 1.) Disorganization, and;
- 2.) Looking at a series of compounding problems as a single situation without taking the time to catalog, characterize and analyze each individual issue.

When a person is faced with the feeling of being overwhelmed, or that feeling that they are dealing with more problems than they can handle, a solution is to immediately stop what they are doing shut out the world don't answer the phone, get a bottle of Windex and a roll of paper towels, and clean their office.

The feeling of being overwhelmed generally has a great deal to do with organization. As this pertains to individuals who have had an incarceration event, it is necessary to identify, categorize and prioritize all open and unresolved problems.

Almost 100% of people released from prison face *the same problems* that overwhelmed them when they went into prison. A deliberate exercise to organize one's life and resolve problems is a paramount component to the goal setting process. These problem resolution exercises are goals in and of themselves, and they are prerequisite to setting and achieving progressive goals. What is the consequence of not solving problems? Unsolved problems will certainly impede progress in achieving any other goals. And, without goals, a person has not even ventured into the forest. Put more dramatically, without goals, *"How can you expect to arrive at a place that doesn't exist?"*<sup>22</sup>

### ***7(a)(vi)(1) GOAL SETTING***

What is a goal? A goal is a dream, with a plan, and an achievement date. As president of a growing company, I was frequently amused during an interview by asking, *"What is your greatest goal,"* of fresh college graduates. The conventional answer was; *"To retire by age thirty."* My response was always, *"Great, show me your plan."* There was no plan, written or otherwise, and when someone attempted to create that plan on-the-fly, it was painfully obvious.

Over several decades and probably hundreds of interviews, there was exactly one individual who actually produced a plan to achieve this lofty goal. Kyle Bacon, who became my partner at Fiber Network Solutions, Inc. When the company was sold, Kyle was 30 years old, and turned 31 seven days after the close of the sale.

The process of achieving goals is not difficult. It only takes a little focus and time for an individual to identify his dreams, develop a plan to achieve those dreams and calculate the reasonable and attainable date of attainment.

---

<sup>22</sup> Quote by Robert H. Koch, President, Boy Machines, Inc. / Founder, and author of Numovisuals; A Journey of Self-Discovery.



Creating a goal plan requires a deliberate examination of each task that must be completed and the order that each task must be addressed. A written plan to achieve goals outlines monthly and weekly sub-goals, and further breaks down to daily tasks. Once the plan has been reduced to daily tasks, it is simply a matter of working the plan and the goal will be realized. The daily tasks also function as the mechanism to determine if the goal is on track and on schedule allowing for proactive adjustment.

### **7(a)(vi)(1)(a) PERSONAL GOAL SETTING**

The entire concept of setting and achieving goals involves, to a great extent, identifying and conquering challenges – slaying those Dragons that would prefer that you live an existence in mediocrity. Why do so few people set and achieve goals? The reasons may be many however, among the predominant factors is the lack of self-discipline to take the time to organize, identify challenges and problems, categorize by priority, and develop a reasonable and workable plan of actions to address each of the problems. It is also critical to develop personal, professional, and financial goals that are not conflicting.

Everyone shares the fundamental desire to attain a comfortable lifestyle. A comfortable lifestyle incorporates such elements as, financial security, which provides a comfortable place to live, food, clothing, and transportation. Many other things help to define the quality of our lifestyle, which includes having time to pursue our own personal interests, the recognition of achievement from friends and peer group, and earning respect with co-workers, employers, and within the community.

Setting those as deliberate goals, and then conquering any challenges and solving any problems that may impede or stand in the way of the goal attainment can result in the fulfilment of an acceptable lifestyle and maintaining that lifestyle.

Conversely, people who do not take this disciplined approach still share the same desire for a comfortable lifestyle. This is where people frequently attempt to cut corners to achieve the same objectives that would otherwise be achieved through the simple process of setting goals and then conquering challenges and obstacles while striving to attain those goals.

There are compelling arguments that a good deal of criminal activity is precipitated by people who simply want to attain a comfortable lifestyle as described, but do not know or understand the process to attain the same goal through legitimate activities. Alternatively, some might argue that it is a result of a lack of discipline and intestinal fortitude to face and slay the Dragons necessary to achieve their goals.

There are innumerable personal goals that any individual can set. However, the foundation for setting all personal, professional, and financial goals begins with one personal goal – *What kind of life do I want, and who do I want to become.*

### **7(a)(vi)(1)(b) PROFESSIONAL GOAL SETTING**

Professional goal setting is clearly on point for this Memorandum. The process is substantially the same as setting any goal however, as an entrepreneur there is a myriad of other factors that are considered.



One rumor that needs to be dispelled is that success and luck are somehow related – that successful people are lucky.<sup>23</sup> If there is any validity to this theory, it is interesting to note that the harder I work, the luckier I get. The suggestion that people who have achieved success in life are lucky has no basis in fact. Luck is a superstition, a fallacy, a fictional phenomenon, and a fantasy.

If professional achievement has any correlation to luck, then the entire concept of planning is unnecessary, and it is an exercise in futility. If an individual hopes to achieve success without planning, then they have far greater odds of achieving success by playing the lottery and forgoing all the aggravation that comes with striving toward the attainment of goals.

There is a definite correlation between success and opportunity. Opportunity presents itself every day. The question is whether people are available and positioned to recognize and seize the opportunity when it comes along. The professional goal setting curriculum of *Lords of the Dragon* addresses both the goals of the entrepreneur, the business enterprise, employee goals, and the process of securing, maintaining, and advancing in meaningful employment.

### **7(a)(vi)(1)(c) FINANCIAL GOAL SETTING**

As a nation, we have become exceedingly impatient. We want instant gratification. It is that instant gratification that has made Visa and MasterCard behemoth corporations and it is fundamental to the success of such technologies as PC computing, the Internet, and the cellular industry.

We want instant rice, instant mash potatoes, video on demand, instant communication, instant information access, and instant gratification of every conceivable kind and nature. We see a car advertised and we want it now. We see the latest clothing styles and we want them now.

We as people tend to be impulsive. It is uncertain whether the advertising and merchandising industries created our impulsiveness, or if our impulsiveness was always there and it is simply being capitalized upon by business and industry. Either way, from the standpoint of advancements, our impulsiveness has certainly been a catalyst to the development of countless products, services, and technologies. From the standpoint of advancing the human race, our impulsiveness is good, but like many things, in moderation.

If you examine the personal debt structure of our population, it is staggering. Politicians tend to use consumer spending as an indicator of economic growth. That number is only valid if consumer debt is not increasing proportionally to spending. All it means is that people are buying on credit.

According to the Board of Governors of Federal Reserve System,<sup>24</sup> consumer debt reached \$3.21 trillion in June 2014,<sup>25</sup> which does not include debt secured by real estate. This figure translates into approximately \$27,517 per U.S. Household<sup>26</sup> or \$10,120 per person living in

---

<sup>23</sup> The author has addressed the misperception that success is based upon luck frequently when speaking to groups at institutions.

<sup>24</sup> <http://www.federalreserve.gov>

<sup>25</sup> Covers most short, and intermediate-term credit extended to individuals, **excluding loans secured by real estate.**

<sup>26</sup> U.S. Census Bureau 2010 – 116.7 million households in the United States - <http://www.census.gov/prod/cen2010/briefs/c2010br-14.pdf>



the United States.<sup>27</sup> The household credit card debt of those who carry balances is estimated to average \$12,000. The figures for 2020 are significantly manipulated, and therefore not cited. The 2020 Census was arguably manipulated and there have been influences to the economy never before seen. Before citing more recent figures, we will wait as things simmer down. However, it clearly does appear that credit card debt remains a challenge to many American families.

Why don't most people deliberately and consciously set financial goals? It's simple – because they don't have to. MasterCard has created a culture whereby people can have all of the instant gratifications they crave today, without practicing the first concept of financial planning and discipline. The essence of the credit industry advertising and marketing is clearly, “*Live for today.*”

Some credit card companies have interesting agendas. Credit card companies take a kid who is 18 years old, first year in college and give him a credit card with a \$500.00 limit. If the kid makes timely minimum payments for three months, it increases the credit limit to \$1,000.00 and sends convenience checks that the student can use for purchases or cash advances.

At eighteen years old, very few people really internalize the ramifications of creating credit card debt. Consequently, many of these kids treat the credit card as *free income* – they haven't really grasped the concept that they have to pay it all back, with interest, and the more they borrow, the longer it takes to retire the debt. If they continue with making timely minimum payments for another three months, the limit is raised again. Statistically, the vast majority of these kids increase the debt right up to the limit within a month of each increase.

As the spending limits step up, they are frequently followed with the full use of the credit line. The credit card company's ultimate goal is to have a total of \$15,000.00 outstanding with an interest rate of 18% per year by age 22 – the customary age of graduation.

A kid graduates and gets his first job. On average, the gross income is \$22,000 per year. Calculating taxes, social security and other common deductions, the take home pay is closer to \$19,000. The \$15,000 of credit card debt at an interest rate of eighteen percent requires a minimum payment of roughly \$232.00 per month – \$2,800 per year, depending upon the methods the credit card company uses for calculating minimum payment.

The norm in America is that expenses always rise to meet income. Consequently, many college grads develop a lifestyle that meets with their *gross* income. If they are earning a gross income of \$22,000, their lifestyle raises to at least that level, and in many cases beyond.

In this scenario, we now have an individual with a \$22,000 lifestyle and a \$19,000 *net* income. However, the actual net income after servicing the current credit card debt, which requires roughly \$2,800 per year, is only \$16,200 (*\$19,000 net income minus the \$2,800 annualized minimum payments on the credit card debt.*)

A \$22,000 lifestyle with a \$16,200 income creates a budget deficit of \$5,800 per year. Guess how the deficit is funded – debt funded lifestyle. The credit card company continues to increase the limit astonishingly parallel to the deficit requirement.

---

<sup>27</sup> The U.S. Census Bureau projected that on Jan. 1, 2014, the United States population was 317,297,938.



Year number two, the individual may have received a 10% pay raise, but the debt has increased by twenty-five percent. The budget deficit has grown, and the credit card company has increased the spending limit to meet the deficit. The fact that the spending limit miraculously increases almost exactly parallel to the increasing deficit isn't a coincidence.

This scenario continues to age 29 where the goal of the credit card company is to own at least twenty-five percent of the individual's income. By age forty, it doesn't even matter if the individual files a Chapter seven bankruptcy. If they don't, the continued payments are all gravy to the credit industry.

Credit card marketing, particularly on college campuses, is as repugnant as the marketing of cigarettes to children of yesteryear. "The credit card industry knows exactly what it is doing [in encouraging debt] while taking advantage of students who are trying to learn how to adjust to living away from home, often for the first time."<sup>28</sup> "...The unrestricted marketing of credit cards on college campuses is so aggressive that it now poses a greater threat than alcohol or sexually transmitted diseases. Typically, students slide into debt through the extension of unaffordable credit lines, increasing education-related expenses, peer pressure to spend, and financial naïveté reinforced by low minimum monthly payments and routine increases in credit."<sup>29</sup>

Previous research has underestimated the extent of this debt and related problems, including suicides of indebted students. The study also reveals how aggressive, seductive, and effective the marketing efforts of credit card issuers have become.<sup>30</sup>

Financial planning today is different than it was even fifty years ago. It is a different economy, and credit is so readily available that in a few years, many people are spending decades into their income.

Why the long oratory regarding credit card debt? It is the number one malignancy that deters financial planning and causes financial demise. It is also among the leading causes of suicide among college students<sup>31</sup> and young adults. Although there are no studies as to whether credit card debt has any influence on recidivism, the author would argue that its influence is profound.

The *Lords of the Dragon* financial planning agenda provides its Clients with a clear understanding of credit and debt and the dramatic impact it has on individual future financial security.

The first financial goal of all individuals in the program is to achieve and maintain zero credit card debt. *Lords of the Dragon* re-instills the lost culture when people saved and sacrificed to buy many of the things they wanted. Through this process, the gratification is far greater and deeper, and the appreciation is substantially enhanced. It engenders the gratification of conquering challenges, slaying Dragons, and achieving victory. From this foundation, financial planning and goal attainment can be extraordinarily robust.

---

<sup>28</sup> Opinion Research Corporation International.

<sup>29</sup> Robert Manning – Georgetown University.

<sup>30</sup> 90-page study by Georgetown University sociologist Robert Manning on student credit card debt.

<sup>31</sup> Consumer Federation of America (CFA) – "With her checkbook and bills spread out on her bed, my lovely daughter committed suicide that night. No letter, no explanation. The \$2,500 credit card debt does not sound like that much to you and me, but for an 18-year-old trying to be an adult too fast, \$2,500 is devastating. - Trisha Johnson, Enid, OK. / Sean got his first card soon after he started college. By the time he died he had 12 cards including 1 MasterCard, 2 Visa's, Neiman-Marcus, Saks 5th Avenue, Macy's, Marshall Fields, Conoco and Discover. How those companies can justify giving a credit card to a person making \$5.15 an hour is beyond me. A week before he killed himself Sean and I had a long talk about his debts and about his future. He told me he had no idea how to get out of his financial mess and didn't see much of a future for himself. - Janne M. O'Donnell, Norman, OK



### **7(a)(vi)(1)(d) TIME MANAGEMENT**

It is not possible to manage something without an awareness of its current values. This can apply to many areas of self-management.

As an analogy, it is interesting to observe the increase in health club memberships in January when everyone makes their New Year's resolutions. Within a month or two, most of them quit. They become discouraged because they are not losing weight as fast as they believe they should.

Where these individuals with zealous New Year's resolutions fail is they do not record their caloric and carbohydrate intake, weight, heart rate, blood pressure and their exercise for the preceding thirty days. Without this data, they have formed no basis for change or for setting goals and developing a plan to achieve those goals. They are unaware of what numbers need to change. If an individual records the data for thirty days and then continues the data after starting a program, they can see a difference in the numbers and a direct correlation between their actions and the results. By knowing the data, they can effect change in the results.

Time management is much the same. Most people have no idea how much of their time is spent productively, leisurely, exercising, or socializing. The first step to time management is recording how you are currently spending your time in fifteen-minute intervals for thirty days. You then create a graph that visually depicts your time management. You can now effect change, which will produce substantially different results. Time management requires tracking in the following activity categories: Sleep – Exercise – Productive Leisure – Non-productive Leisure – Actual Work – Necessary Work – Errands – Travel.

### **7(a)(vi)(2) INTERVIEWING PREPARATION & TECHNIQUES, RESUME PREPARATION, COMPLETING APPLICATIONS, HANDLING THE CONVICTION QUESTION, ROLE PLAYING & PRACTICE, JOB ACQUISITION**

For many people who have a less than pristine history, the anxiety of interviewing is more the fear of disclosure of their conviction than anything else. These people cringe at the very thought of having to tell someone their story.

For this discussion, I will focus on a simple premise. *It is not what you did in the past that is important – it is what you have done since then and what you will do moving into the future.* The past is dust in the wind, and the future does not equal the past.

If an individual has made *the decision* to pursue a life of legitimacy, then a part of that decision is that they will conduct their life, their business and their personal affairs with deliberate and conscious honesty and integrity. No hidden agendas.

If an individual hopes to achieve significant milestones and have stability in their life, this is the only formula for long-term success. An individual cannot dance on the edge, run hot and cold, be partially legitimate and partially not. It won't work. The *Lords of the Dragon* program is uniquely designed to identify those who have consciously, deliberately, and genuinely made *the decision* and those who may require additional counsel.



Every person is a package, and how they wrap that package will send strong signals and make indelible impressions. This does not refer to how one grooms and dresses. Dress and grooming are covered in the program, and they are important. However, this discussion is referring to how they wrap that package, which is them – who they are, what they are – their very essence.

If an individual has genuinely made *the decision*, then they are no longer the same person who did whatever it was they did that led to a conviction. They are in fact a different person. Because they are a different person, their past behaviors were *behavioral aberrations* when the person they are today is compared to who they were prior to making *the decision*. Those behaviors are out of character and do not fit into the agenda of the new person who will strive to achieve success through legitimate methods.

Not all participants in this program will be selected for entrepreneurial sponsorship. It would therefore be an injustice and disservice not to thoroughly prepare all our Clients to secure meaningful employment as the alternative to founding a business enterprise. *Lords of the Dragon* will thoroughly prepare its Clients for effective interviewing. Each individual will develop:

- i. An exhaustive list of all of the positive accomplishments they have made since the time of their behavioral aberration.
- ii. An accurate and comprehensive list of all of their talents and skills that could apply to the particular position, and their skills that represent any value to any employer.
- iii. Written goals and their written plan to achieve those goals.
- iv. Detail of the *Lords of the Dragon* organization, its mission, its standards, the curriculum that they have completed and their achievement recognitions.

*Lords of the Dragon* will provide letters of reference to those individuals who have earned recognition, as well as detail regarding the organization and its agendas. This will provide prospective employers with substantial confidence when considering an offer of employment to our Clients.

### **7(a)(vii) NOBEL RECOGNITION & AWARDS OF DISTINCTION**

*Lords of the Dragon* will host a graduation ceremony where each graduate from the program will receive one or multiple recognitions for his or her achievements. Each graduate will receive a Certificate of Entrepreneurial Education.

### **7(a)(viii) SELECTION INTO ENTREPRENEURSHIP PROGRAM**

Selection for entrepreneurial sponsorship is based upon peer review and requires that an individual has met the prescribed standards.

An individual must have demonstrated exemplary effort and conduct throughout the educational phase. All of the goals and objectives established in Section 7(a)(iii)(17) must be achieved and all open issues that were identified must be resolved, or in process toward resolution. Each entrepreneurial candidate must have developed a realistic and attainable



plan for life reorganization that is approved and will be supervised by *Lords of the Dragon*. The individual must be starting with a *clean slate* and their focus must be unencumbered.

### **7(a)(viii)(1) DISCHARGE COMMUNITY AND INCUBATOR MOST NEEDED ENTERPRISES**

Entrepreneurial sponsorship will depend largely upon the community in which the individual plans to reside upon discharge. If an incubator has not been established within that community, an alternative discharge community will be explored.

Each of the incubators will require various services, to meet with *Lords of the Dragons'* intent to self-patronize. For example, commercial real estate space may have a need for build-out or refurbishment. Consequently, among the first enterprises would be; construction, carpentry, plumbing, electrical, HVAC, painting, etc.

All the entrepreneurial enterprises will require graphic design services, printing, and corporate communications services to create a corporate image. Such enterprises will also be among the first to be implemented.

Individuals will be encouraged to discharge to the community that has an incubator with a need that directly corresponds with their intended enterprise.

### **7(a)(viii)(2) FEASIBILITY ANALYSIS OF ENTERPRISE**

Each entrepreneur will complete a feasibility analysis for his or her proposed enterprise, which will be approved or disapproved by peer review.

The analysis is made to ascertain the likelihood of success for a particular enterprise, the approximate capital requirements, community specific market demographic and market need, risk factors, entrepreneur's expertise, competition, etc.

### **7(a)(viii)(3) BUSINESS PLAN DEVELOPMENT**

Each entrepreneur will develop an operational business plan. Many business plans are developed for the purpose of acquiring capital and contain puffery, inflated income, and deflated expense projections.

Automated business plan development software is prevalent, but business plans developed with such software are obvious to any moderately seasoned investor. While each business plan will be developed in accordance with generally accepted standards for facilitating a private placement with accredited investors, and will include financial projections, the emphasis will be on developing a plan that will function as a blueprint for operating the organization. Income and expense projections will be developed with a conservative approach where buffers are incorporated that decrease income and increase expense. A well developed and functional business plan begins with a blank sheet of paper – not a software program.





### **7(a)(ix) NOBEL RECOGNITION & AWARDS OF DISTINCTION**

All business plans will be reviewed. Entrepreneurs who have developed business plans that are incomplete or require additional work will receive additional assistance. Those business plans that have met the development standards will be selected for sponsorship consideration in the entrepreneurship incubator program. All entrepreneurs who have completed a business plan will receive a Certificate of Entrepreneurial Planning – a *Lords of the Dragon* endorsement that the business is supported by and recommended for investment.

### **7(a)(x) SELECTION FOR ENTREPRENEURSHIP INCUBATOR**

Those business plans that have the greatest likelihood for success will be selected for sponsorship consideration in the entrepreneurship incubator program. It is the individual entrepreneur that will predominantly determine the success of the business more than the business itself. Therefore, the selection committee will review all available information that had been compiled throughout this process pertaining to the individual and his or her program participation and progress.

Consideration will be based first upon the individual's demonstrated diplomacy, and their ability to confront and resolve problems, their accountability, responsibility, teachability and the likelihood of them practicing the necessary discipline to do those things that they may not necessarily want or like to do, called work, but must do in order to reach fulfillments and positive conclusions.

As discussed previously, the selection committee will consider the business plan, its intended geographic market, and the need for such an enterprise in the proposed incubator. Should an enterprise meet all of the committee's criteria, but there not be a need for that specific enterprise within the proposed incubator or geographic market, alternative incubators will be suggested and a change in discharge community will be investigated.

Each entrepreneur will be required to execute a contract that delineates their obligations and promises, a Power of Attorney that gives *Lords of the Dragon* certain rights to monitor and control business and personal finances, the right to obtain consumer credit reports and files, an indemnification and hold harmless provision, and the obligations and promises made by *Lords of the Dragon*.

The spirit of the agreement is to provide *Lords of the Dragon* with the legal authority to control the business, including the entrepreneur's continued participation, and to have authority over the individual's personal finances until such time that they have demonstrated acceptable budgetary discipline and accountability, and to set forth the standards all members are expected to meet and maintain.



## **7(a)(xi) NOBEL RECOGNITION & AWARDS OF DISTINCTION**

*Lords of the Dragon* will host an awards ceremony where each selected entrepreneur will receive one or multiple recognitions for his or her achievements. Each entrepreneur that is selected into the incubator sponsorship program will receive an Entrepreneurship Diploma and the noble distinction of *Apprentice Dragon Slayer*. ...The journey begins.

## **7(b) POST-RELEASE & COMMUNITY REINTEGRATION**

In addition to the support provided by *Lords of the Dragon* and its constituency, every entrepreneur will receive assistance from business mentors, a community liaison, and a concierge.

The business mentors will be those entrepreneurs who have achieved excellence in one or more areas of business operation.

Although *Lords of the Dragon* will have endeavored to prepare its Clients as much as possible for all contingencies, as individuals reenter the community, there will be unforeseen issues and situations that will be important to address. The community liaison creates a buffer between the entrepreneur and the community. Whenever a situation arises that the entrepreneur is uncertain how to handle, the liaison will provide guidance and assistance, and when necessary, will walk the entrepreneur through a process. To some extent, the liaison is a crutch – a stanchion, which we believe, is a necessary component for a successful reentry. As each entrepreneur expands his capabilities through a process of conquering greater challenges of increasing complexity, the crutch becomes unnecessary.

The liaison will introduce each entrepreneur to various organizations and functions that will help them develop a social circle. These will include Chamber of Commerce functions, business after hours and various entrepreneurial workshops. All entrepreneurs will be required to participate as a volunteer in at least one social or community organization of their choosing.

The liaison is responsible to keep the entrepreneur in a healthy balance of work and entertainment, and of paramount importance, keep their time occupied. Activities will be suggested that include community events, touring museums and any of the many wholesome activities that consume an individual's time and facilitate the creation of a new and virtuous peer group and spheres of influence.

The concierge is responsible for life organization. The concierge will ensure that each individual has the necessities for facilitating a fresh start. This includes teaching them such fundamentals as grocery shopping, developing their wardrobe, laundry, ironing, and appropriate dress, maintaining a schedule, paying bills, reconciling accounts, and keeping their life organized. Although a personal valet may appear unusual for this demographic, it is a necessary and critical component as many of these individuals have never been taught the basic fundamentals of living in harmony with the community. This service facilitates that objective, and as the constituency grows, other members of the constituency will address these functions.



## **7(b)(i) NEEDS ANALYSIS**

A complete needs analysis will be developed for each entrepreneur. Many personal needs will require capital. Although the individual will have earning potential, cash flow upon release from an institution is generally nonexistent.

A personal budget will be developed specific to each individual that cash flows in accordance with, and coterminous with income frequency. *Lords of the Dragon* will monitor all personal finances and budget adherence.

Personal loans will be made to each entrepreneur as required to facilitate basic needs and will be secured by a non-revocable and non-dischargeable Cognovit Note. Reasonable and attainable repayment terms will be included in the individual's budget.

### **7(b)(i)(1) HOUSING & HOME ENVIRONMENT**

The concierge will arrange for housing for each entrepreneur if they do not have housing accommodations that are acceptable to *Lords of the Dragon*. Acceptable housing must be clean and provide a wholesome environment for the entrepreneur. If current housing places the individual in the same environment and peer group that contributed to their prior problems, a change will be required.

*Lords of the Dragon* will not be providing housing akin to the Taj Mahal. *Lords of the Dragon* will seek housing that is acceptable to its standards but may require some attention. The individuals who are either entrepreneurs or employees of those companies will participate in assisting with refurbishing, painting, etc. for new arrivals in the incubator. *Lords of the Dragon* will have the opportunity to negotiate rent abatement in exchange for light refurbishment of the rental units. Aside from the obvious economic advantage, it is activities like this that help to create the cohesion and comradery of people helping people within the constituency and avoid idle time.

Capital requirements for rent and utility deposits, furnishing a functional kitchen, furniture, bedding, etc. will be provided in accordance with the personal loan program as stated above.

### **7(b)(i)(2) CLOTHING**

Although there are several organizations that donate, or provide clothing at reduced prices, acceptance of such clothing can have a debilitating psychological effect and candidly, the clothing looks like it came from donated sources.

*Lords of the Dragon* practices the concept of dress for success. The concierge will take each entrepreneur shopping and purchase a wardrobe that will include apparel appropriate for their respective work, and business attire appropriate for various business functions. The cost will be incorporated into the personal loan package. This program has been demonstrated to have a substantial and positive effect in private industry – not only on the people themselves, but also on the productivity of the business.



### **7(b)(i)(3) DRIVER'S LICENSE**

Prior to release, all open issues should be resolved to allow the issuance of a driver's license. Should any encumbrances remain unresolved, *Lords of the Dragon* will seek judicial intervention to allow 'for work' driving privileges.

### **7(b)(i)(4) TRANSPORTATION**

Transportation is a necessity in society as much as food, clothing, and shelter if an individual ever hopes to achieve anything worthwhile. Each entrepreneurial enterprise will be evaluated to determine transportation requirements and whether the entrepreneur can meet his responsibilities with public transportation.

A core business that *Lords of the Dragon* would sponsor is used automobile sales, rental, refurbishment, and maintenance. When automobiles are required by sponsored entrepreneurs, the organization will self-patronize, and *Lords of the Dragon* will provide financing.

*Lords of the Dragon* is investigating bonding and insurance both through the federal bonding programs and private insurance carriers. All sponsored entrepreneurs will maintain automobile insurance.

### **7(b)(i)(5) COMMUNICATION**

Each of the entrepreneurs will receive a cellular telephone that will be a part of the discount package through service established by *Lords of the Dragon*. Usage will be individually monitored. However, the total amount will be equally divided among all entrepreneurial enterprises. In any event of usage abuse, the organization will affect the peer review necessary to bring usage into acceptable ranges.

### **7(b)(i)(6) CONSUMER CREDIT & DEBT**

Depending upon any arrangements made with creditors for debt repayment, the repayment plan will be a part of the individual's budget and will begin with the commencement of payroll. In some instances, a Chapter 7 bankruptcy will have either already been filed or discharged or will be necessary upon release. Any debts that are not dischargeable will be factored into the individual's budget. Whether an attainable payment plan has been established or a discharge through bankruptcy, the individual is positioned to begin reestablishing responsible credit.



### **7(b)(i)(7) HEALTH INSURANCE**

*Lords of the Dragon* will establish a comprehensive health and life insurance program for entrepreneurs and their employees and families. A national insurance carrier will underwrite the group insurance. After completion of thirty days, entrepreneurs and their family will become eligible for coverage, and after 60 days of employment with an entrepreneurial enterprise, employees and their families will become eligible for coverage the first day of the month following their thirty-day probationary period. Employees of *Lords of the Dragon* and their families will become eligible for coverage after 30 days of employment. At that time, individuals may choose to accept or decline the insurance coverages.

The following benefits will be provided, as defined, and limited in the literature provided by the insurance company: Group Term Life Insurance, Major Medical and Surgical Coverage, Dental Care Coverage, Medical Health Care Coverage, Dependents' Health Care Coverage's, Vision Service Plan.

### **7(b)(i)(8) INTERPERSONAL RELATIONSHIPS**

The sponsored entrepreneur will meet with his mentor to discuss his relationship with his spouse, his life partner, family, and any other close interpersonal relationships. *Lords of the Dragon* and its constituency will form support groups that will help people who have any difficulty in these emotionally based relationships. It will be important for entrepreneurs to identify those relationships that are supportive and healthy for their personal growth, and which relationships may be dysfunctional and why.

### **7(b)(i)(9) PEER GROUP**

Unless a person is conscious and deliberate in forming their peer group, it is frequently formed as relationships of convenience, i.e., neighborhood, co-workers, family, etc. *Lords of the Dragon* will require that each sponsored entrepreneur participate in volunteer activities and attend business social functions that are sponsored through the Chamber of Commerce, Small Business Administration, etc. A conscious and deliberate effort will form a peer group of other people who have wholesome agendas.

### **7(b)(i)(10) AFFILIATIONS**

Almost all people want to have membership in an organization or culture where they are respected. Ultimately, earning respect from people who are respected is among life's greatest achievements. All sponsored entrepreneurs will work with their mentor to examine their past and present affiliations with organizations and determine which present a healthy support structure for their future, such as their affiliation with *Lords of the Dragon*.



## 7(b)(i)(11) ADULT PAROLE AUTHORITY COOPERATION

Coordination and cooperation with the Adult Parole Authority is paramount. The programs that *Lords of the Dragon* is pursuing are clearly out-of-the-box. Some parole officers may have difficulty embracing the paradoxical paradigm shift in how we work with ex-offenders. For a variety of reasons, which could even include personal envy, some individuals may not be well suited for supervising the parole of one of our entrepreneurs. *Lords of the Dragon* will work with the Adult Parole Authority to locate parole officers that will provide assistance to the missions, and ideally, a single officer will be assigned to each entrepreneurial incubator where office space will be provided.

## 8. THE ECONOMIC CASE AND LOGIC OF AN INCUBATOR

A business incubator provides the fundamental structure, process, and support organization and services to new start-up businesses. Business incubation enhances success significantly by streamlining many ancillary functions and by giving the entrepreneur a wealth of proven experience and expertise from which to draw. Business incubation is a proven concept that creates wealth, provides valuable services to the community, and creates meaningful employment opportunities for ex-offenders as well as local citizens.

It is probably not necessary to expound upon the values of business incubation via a long oratory but rather, the following statistics provide compelling support for the concept.

We were unable to find any credible study that made a direct comparison of incubated companies' success rate to the success rate of non-incubated companies. Often people compare Small Business Administration statistics to the National Business Incubator Association (NBIA) statistics, but there is no "control" group with which to compare; that is, SBA statistics do not exclude incubated businesses.

Estimates for businesses with employees indicate there were 572,900 new firms and 554,800 closures in 2003.<sup>32</sup>

### Starts and Closures of Employer Firms, 2005-2009<sup>33</sup>

| Category      | 2005    | 2006    | 2007    | 2008    | 2009    |
|---------------|---------|---------|---------|---------|---------|
| New Firms     | 644,122 | 670,058 | 668,395 | 626,400 | 552,600 |
| Firm Closures | 565,745 | 599,333 | 592,410 | 663,900 | 660,900 |
| Bankruptcies  | 39,201  | 19,695  | 28,322  | 43,546  | 60,837  |

Prior to the 2008 economic catastrophe, the statistics indicate that the number of business closures each year is on average 88.6% of the number of new firms started the previous

<sup>32</sup> Source: Small Business Administration – Office of Advocacy.

<sup>33</sup> Source: Small Business Administration – Office of Advocacy – Updated 2011. Figures do not include incubated businesses. Bankruptcies include non-employer firms. Source: U.S. Dept. of Commerce, Census Bureau; Administrative Office of the U.S. Courts; U.S. Dept. of Labor, Business Employment Dynamics (BED). Estimates based on Census data and BED trends



year.<sup>34</sup> For 2008 and 2009, the closures were 106% and 126% respectively. National Business Incubation Association (NBIA) member incubators report that 87% of all firms that graduated from their incubators are still in business.<sup>35</sup>

[Business] Incubators are responsible for nearly 19,000 companies that are still in business, and more than 245,000 jobs.<sup>36</sup>

The National Business Incubation Association (NBIA) is cited for the following facts:<sup>37</sup>

### **Business incubators make a difference in their communities.**

In 2001 alone, North American incubators assisted more than 35,000 start-up companies that provided full-time employment for nearly 82,000 workers and generated annual earnings of more than \$7 billion.

### **Business incubators create successful companies and reduce the risk of investment.**

- Business incubators reduce the risk of small business failures. NBIA member incubators report that 87 percent of all firms that graduated from their incubators are still in business.
- Startup firms served by NBIA member incubators annually increased sales by \$240,000 each and added an average of 3.7 full- and part-time jobs per firm.

### **The business incubation industry continues to grow.**

- According to the International Business Innovation Association (InBIA), there are 1,400 business incubators in the United States (May 2020), up from approximately 950 business incubators in 2013, up from 587 in 1998 and just 12 in 1980.
- 60 percent of business incubators are either self-sufficient or could be self-sufficient if subsidies ceased. In 1997, only 13 percent believed they could continue at current levels without subsidies.

### **Business incubation is an economic development best value.**

- For every \$1 of estimated annual public investment provided to the incubator, clients, and graduates of NBIA member incubators generate approximately \$30 in local tax revenue alone.
- NBIA members report that 84 percent of incubator graduates stay in their communities and continue to provide a return to their investors.
- Publicly supported incubators create jobs at a cost of about \$1,100 each, whereas other publicly supported job creation mechanisms commonly cost more than \$10,000 per job created.

<sup>34</sup> This is not a scientifically or study-based statistic and does not suggest that there is a direct correlation between new firm starts one year and firm closures the following year.

<sup>35</sup> Source: National Business Incubation Association.

<sup>36</sup> Source: Bankrate.com

<sup>37</sup> All facts are based on two studies of North American incubation programs: 2002 State of the Business Incubation Industry (NBIA, 2003) and Business Incubation Works (NBIA, 1997), and reasonable extrapolations from those studies. Copyright © 2003 National Business Incubation Association. This Memorandum has been developed over a period of seventeen (17) years. Only those statistics that are materially and significantly different than those cited, and that are available, are updated to the current or previous year.



- NBIA estimates that North American incubator clients and graduates have created over half a million jobs since 1980. That is enough jobs to employ every person living in Denver, Colo.
- Every 50 jobs created by an incubator client generate another 25 jobs in the community.

#### **Business incubators serve a variety of communities and markets.**

- 47 percent of incubators are mixed use, accepting a wide variety of clients; 37 percent focus on technology firms; 7 percent serve manufacturing firms; 6 percent focus on service businesses, and the remainder concentrate on community revitalization projects or serve niche markets.
- 84 percent of incubators are nonprofit, and 16 percent are for profit.
- 44 percent of incubators draw their clients from urban areas, 31 percent from rural areas and 16 percent from suburban areas. Nearly a tenth (9 percent) of all programs draw clients from outside their region or from outside the United States.
- The most common sponsors of incubators are academic institutions (25 percent), government (16 percent), economic development organizations (15 percent) and for-profit entities (10 percent). However, 19 percent of incubators have no sponsoring entity.
- The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building, or accelerating growth in a local industry, and diversifying local economies.

### **8(a) *THE INCUBATOR ENVIRONMENT***

Sponsorship in a business incubator provides a multitude of benefits. Particularly with this demographic and buy-in to the cultural mission, it creates an extensive and positive synergy. The selection process and the *Lords of the Dragon* program lend substantial credibility to each sponsored business. The mentoring, community liaison, concierge services, consulting services, administrative services, advisors, a network of peers and support structures provides the environment to cultivate the missing and paramount achievement-based culture for this demographic. The incubator maintains a professional atmosphere, private facilities and high-quality shared facilities that assist a new business with creating a professional image and confidence with customers, partners, employees, and investors.

### **8(b) *POLICIES***

*Lords of the Dragon* will select those entrepreneurial enterprises on the basis of which are most qualified and show the greatest promise for success.

*Lords of the Dragon* shall at all times maintain a policy of diversity and shall never discriminate on any basis, including but not limited to; age, gender, race, religion, national





origin, sexual orientation, socioeconomic class, education, professional or criminal history, or any other “Class.”

Conversely, *Lords of the Dragon* shall not adopt or be held to any standard whereby selection is based upon preferential treatment of, or selection from any Class or demographic. To do so would insure the organization’s demise.

With respect to sponsored entrepreneurs, *Lords of the Dragon* will maintain a zero-tolerance policy pursuant to substance or alcohol abuse. This policy is controversial among those individuals whose experience is predominately based upon the social organizations and government agencies involved in substance and alcohol rehabilitation.

Although the constituency of *Lords of the Dragon* will likely develop sensitivity and support structures for those individuals who have a substance or alcohol abuse history, or other debilitating issues, *Lords of the Dragon* is charged with forming for-profit businesses. The fundamental mechanism of supporting entrepreneurialism toward achieving its core mission is not a forum for substance and alcohol rehabilitation. The organization necessarily must be operated in accordance with the business principles and policies that facilitate the operations, growth, and the imperative wholesome environment of any other business.

*Lords of the Dragon* does not seek funding in accordance with the long established social and community organization paradigms rather; it should be viewed as a business investment with an expected return and profit – whether directly repaid to the investor or as a quantifiable return to the community via the attainment of its mission.

An investor’s criterion for investing in a business, and the standards established for successful business operations and growth mandates a zero-tolerance policy with respect to substance and alcohol abuse, as well as many other established policies that pertain to employment practices and compliance doctrine. *Lords of the Dragon* is accountable to its constituency, and each entrepreneurial enterprise it sponsors is expected to facilitate and participate in achieving the *big picture* mission.

The pace, dynamics and demands of today’s business atmosphere require celerity, focus, precision, agility, and decisiveness to remain competitive. It is simply not an environment that lends itself to the dysfunction of those individuals who continue to abuse drugs and alcohol. Unlike many of the community based economic development organizations, *Lords of the Dragon* cannot compromise its mission by making conciliatory adjustments of its fundamentals for the purpose of assuaging the conditions or criteria of any grant or funding opportunity.

Any individual with a substance or alcohol abuse history who seeks entrepreneurial sponsorship and has demonstrated the necessary behavioral changes to maintain abstinence will be given equal consideration. In no way are these individuals excluded from the *Lords of the Dragon* program. We will seek counsel from professional substance abuse counselors to assist us in making selection decisions. *Lords of the Dragon* shall maintain a policy of random drug & alcohol testing of all sponsored entrepreneurs and their employees.



### **8(c) LEVERAGING ECONOMIES OF SCALE**

If a single business incubator is developed with twenty-five business enterprises operating within the incubator, and purchasing is centralized through the incubator, there is substantial buying power. This concept is greatly magnified with all purchasing centralized through *Lords of the Dragon* for all business incubators and all enterprises within those incubators. By the tenth year, the buying power of *Lords of the Dragon* is that of over 1,200 businesses.

Hundreds of businesses are started every day but very few are organized for success. The need to address the fundamental business disciplines is frequently either not adequately considered or not adequately budgeted. All businesses need competent accounting, payroll, finance, legal & compliance assistance, sales & marketing, advertising, customer service, corporate communications, administration, etc. Each of these departments contribute to the organizations' overall health and its ability to grow. However, the implementation of each discipline requires substantial capital for an autonomous business.

*Lords of the Dragon* provides all of the departmental functions from day one to each incubator business at a small fraction of the cost for an autonomous business. Each incubator company will enjoy the organization and the contributions that these disciplines bring to a growing company while simultaneously maintaining economic practicality and efficiencies.

*Lords of the Dragon* will staff an accounting department that will be utilized by all incubator businesses. *Lords of the Dragon* will staff for each of the departments that are fundamentally necessary to keep a business well organized and to accelerate growth. As the number of incubator businesses grows, *Lords of the Dragon* will increase its staff however, it will realize economies of scale, as its staff requirements will increase advantageously disproportionate to incubator population.

### **8(d) INTRA AND INTER-INCUBATOR COLLABORATION & INFORMATION SHARING**

*Lords of the Dragon* will maintain an electronic and searchable information repository that will be available to all incubator businesses.

This repository will serve as a central information source of what works and what does not work. It will serve as a collective experience of all incubator business and will highlight challenges and solutions.

A collection of boilerplate business letters, agreements and contracts, employee policy manual revisions and other document templates will be maintained and made available to all incubator businesses.

Each incubator business will be required to publish the quarterly goals of its enterprise and subsequently publish its performance. Publication of goals and performance fosters CEO accountability and creates an incentive for each entrepreneur to achieve recognition among his or her peers.



### **8(e) INTRA AND INTER-INCUBATOR BARTERING & BUSINESS EXCHANGE**

*Lords of the Dragon* will maintain a searchable database that will detail all of the products and services offered by each entrepreneurial enterprise. When *Lords of the Dragon*, any of the business incubators or any of the incubator enterprises need a product or service, the first purchasing source will be the database of incubator enterprises.

### **8(f) SELECTION OF SPONSORED ENTERPRISES**

The selection of sponsored enterprises will be based upon meeting all the qualifying criteria previously stated.

The *Lords of the Dragon* organization is viewed as a whole, which is served by the sum of its parts.

The needs of each business incubator and the local market it serves will be a determining factor. Since *Lords of the Dragon* is providing all of the basic necessities for an individual to make a fresh start, they are not limited by geographic location. Their discharge community will be selected based on which business incubator can provide the greatest probability for success.

### **8(g) TOP BUSINESSES IN EACH INCUBATOR**

The first business enterprises that will be selected for each incubator will be those that have the greatest potential to serve the incubator and the constituency of incubator businesses. Incubator businesses will patronize one another first, and *Lords of the Dragon* and each incubator will patronize the incubator businesses as well.<sup>38</sup>

A new incubator will likely need construction and carpentry, painting, PC computers and networking, etc. It only makes sense that *Lords of the Dragon*, each incubator, and the constituencies first look within its resources for needed services, and those services, which are obviously anticipated, are the first businesses to sponsor.

Listed below are some of the businesses that would be first sought for inclusion in a *Lords of the Dragon* business incubator. Some businesses, such as a printing company and a graphics design company, although predominately serving a local market, will likely serve the printing requirements for an entire state of incubator businesses if not more.

- Construction & Carpentry
- Commercial interior painting and general cleaning
- Networking & telephony
- Information systems, PC repair & refurbishing and telephony
- Website Development
- Computer and Smartphone and portable computing device software development
- Automotive – Used vehicle sales, refurbishing, maintenance, and repair
- Employment Agency

---

<sup>38</sup> Incubator businesses will be required to maintain competitive pricing policy for all affiliated businesses.



- Travel Agency
- Graphic Design
- Printing
- Authoring & Publishing
- Sales & Promotion Organization
- Multilingual Corporate Liaison Organization
- Restaurant
- Consumer Credit Counseling

## **9. LORDS OF THE DRAGON BUDGETARY REQUIREMENTS**

Based upon the previously stated data, the total cost of crime hovers in the one trillion dollar a year range. Dividing this by the total prison population would render an average cost per individual of \$476,190 *per year*. Given current recidivism rates that range from 35 – 70 percent, and even taking the low end suggests that recidivism costs society \$350 billion each year.

If *Lords of the Dragon* reduces recidivism to its goal of below ten percent, the savings to society is \$250 billion each year after the goal is achieved and maintained. Maintaining the goal for only four years yields a savings of one trillion dollars in recidivism costs alone.

Going to the other extreme, simply taking the cost of \$31,000 per year to house an inmate, releases of approximately fifty percent of the 2.1 million-prison population each year, and a recidivism of between 35 – 59 percent yields a net savings of between \$12 and \$20 billion annually. This is only the annual cost to quarantine.

The average length of stay until expected release of parole violators that are recommitted with a new felony conviction is 36.71 months.<sup>39</sup> Based upon this figure, the cost to incarcerate is \$94,834 per recidivist in this demographic. The total incarceration cost alone for these recidivists is between \$35.8 and \$58.7 billion.

Additional calculations can be made that indicate the additional jobs that will be created by reducing recidivism and the resultant economic impact, the tax revenue generated and the value of the services to the community. However, absent another study, there is a good argument for a program that genuinely prepares individuals for a successful community reintegration and investing only a small fraction of the amount society would assume if an individual recidivated – even when only considering the cost of quarantine.

The cost for a wardrobe, a few deposits, transportation, some furniture (*all as loans to the individual*) and an investment in an economic development project pales in comparison to the cost of recidivism.

With sales of \$20.5 billion,<sup>40</sup> as a nation, we spend more to feed and care for our cats and dogs than we do on authentic, functional, effective, and accountable programs to change the lives of ex-offenders that provide the guidance and necessary to achieve a life of legitimacy.

Our prison industrial complex continues to seek the *silver bullet* that will resolve recidivism in a single budgetary year by practicing the same policies and purchasing the same repackaged and reconstituted dysfunctional programs that have resulted in decades-long

---

<sup>39</sup> Source: The Ohio Department of Rehabilitation and Corrections – FY 2004. These statistics have not significantly changed for decades.

<sup>40</sup> Source: Euromonitor International - <http://www.euromonitor.com/pet-care-in-the-us/report~and~Pet-Food-Institute> - <http://www.petfoodinstitute.org/?page=PetfoodSales>



recidivism rates that continue to support the very prison industrial complex that these programs contend to diminish. In defense of prisons and its staff, prisons are fundamentally designed to protect the public by quarantining those persons who do not abide by the law.

The initial budgetary requirements for the Analysis & Coordination phase of *Lords of the Dragon* are in section 9(d).

### **9(a) ENTERPRISE INCOME STRATEGIES**

The principle goal that will initially drive *Lords of the Dragon* is to achieve total fiscal independence where its mission is funded in its entirety by its enterprise income strategies.

#### ***Capitalization Loan***

*Lords of the Dragon* will provide for the monthly cash flow requirements of each entrepreneurial enterprise as an accumulating loan at an interest rate equal to the prime lending rate. Interest and principal will accumulate for the first twelve months with no payments due. Interest only payments will begin in the thirteenth month and continue through the thirty-sixth month. Beginning in the thirty-seventh month, the following options will apply.

- The debt can be converted to equity and *Lords of the Dragon* can exercise its stock options or convert the debt based upon the then current valuation of the enterprise.
- If the debt is converted to equity, *Lords of the Dragon* can either hold the stock or sell it to a private investor.
- The enterprise can sell the debt directly to a private investor.
- The debt will be amortized with regular monthly payments of principal and interest.

#### ***Overhead Sharing***

A portion of the total overhead to operate *Lords of the Dragon* and each of the business incubators will be shared equally among the population of enterprise businesses. This strategy accomplishes six major objectives:

1. It holds *Lords of the Dragon* accountable to its entire constituency.
2. It cultivates team effort and peer accountability among all enterprise businesses to practice spending discipline and use resources prudently.
3. The cost sharing to each enterprise decreases as the population of enterprise businesses grows.
4. It creates a financial incentive to carefully review and approve the sponsorship of all incubator businesses.



5. It creates the synergy whereby all CEO's have a vested interest the success of one another.
6. The entire organization is self-policing.

### ***Building Cash Reserves***

Each enterprise will contribute five percent of their gross revenues to *Lords of the Dragon*. This capital will be used for operational expenses and as a reserve to meet any unforeseen expenses. At the close of each year, any amounts that are not required for maintaining minimum cash reserves will be converted to the organization's endowment account.

### ***Building the Endowment***

Providing the seed capital for new entrepreneurial enterprises will require that *Lords of the Dragon* build an endowment.

At the inception of each entrepreneurial enterprise, all of the stock (or controlling interest, depending upon the structure of the enterprise) will be held in escrow pursuant to a part of the agreement made between *Lords of the Dragon* and each entrepreneur. *Lords of the Dragon* shall be assigned all shareholder-voting rights until the stock transfers to the founding entrepreneur(s) of the enterprise.<sup>41</sup>

*Lords of the Dragon* will be issued stock, which represents an equity position of five percent in each enterprise. *Lords of the Dragon* shall be granted one seat on the Board of Directors of each enterprise that shall be non-revocable for so long as *Lords of the Dragon* is a shareholder in the enterprise, there is any loan or debt outstanding to *Lords of the Dragon* by either the enterprise or the entrepreneur(s), or as long as the enterprise continues to be affiliated with a *Lords of the Dragon* business incubator.

*Lords of the Dragon* shall be granted stock options with each monthly cash flow loan with an exercise price that is based upon the then current valuation of the enterprise.

The equity accumulated by *Lords of the Dragon* in the various enterprises can be converted to cash or will be used to generate dividend income. The growing endowment will be used to fund the expansion of the organization and to add additional services to its mission.

### ***9(b) PROJECTED INCOME – FULL DEPLOYMENT***

The projected revenues for *Lords of the Dragon* are based upon the projected revenues of each business enterprise within each business incubator. This is the foundation for the sustaining enterprise income for *Lords of the Dragon*.

---

<sup>41</sup> After five years of incubation, or graduation from the incubator, whichever comes first, stock and voting authority will be transferred to the founding entrepreneur(s).



- NBIA estimates that in North American incubators assisted about 49,000 start-up companies that provided full-time employment for nearly 200,000 workers and generated annual revenue of almost \$15 billion.<sup>42</sup>
- Business incubators reduce the risk of small business failures. Historically, NBIA member incubators have reported that 87 percent of all firms that have graduated from their incubators are still in business.<sup>43</sup>

The income projections for the full deployment of *Lords of the Dragon* uses incubated business average revenue forecasts from FY 2002 to FY 2012. It deliberately excludes revenues from the “dot-com” era when business revenues were generated because of a hyper-investment environment, and generally acceptable business principles were not exercised. Businesses were evaluated on a multiple of revenues, even though many had cost-of-sales that exceeded revenues, resulting in a negative gross profit.

This Memorandum conservatively assumes each incubated business will increase its revenues on average \$240,000 each year. Adding an even more conservative approach to the calculations, *Lords of the Dragon* assumes that this increase of \$240,000 per year is the *monthly-annualized* increase in the 12<sup>th</sup> month of each fiscal year. In other words, a new business is not expected to generate \$20,000 of revenue its first month in business. Rather, it is projected to generate \$20,000 in revenue in its 12<sup>th</sup> fiscal month, which *annualizes* at \$240,000 per year.

The projections assume that the company will follow a linear scale from its first month (\$1,667 total monthly revenue) to its 12<sup>th</sup> month (\$20,000 total monthly revenue) with an increase of \$1,667 each month ( $\$20,000 \div 12 = \$1,667$ ). Its first month revenue is \$1,667, second month is \$3,333, third month is \$5,001 – *previous month* + \$1,667 and so on. Consequently, its first fiscal year revenues are not \$240,000 but rather, the total fiscal year revenues are \$130,000. Second year projections are \$370,000, not  $\$240,000 \times 2 = \$480,000$ .

Based upon this conservative revenue projection strategy, the average total annual revenue for incubator enterprise businesses is:

|                |              |
|----------------|--------------|
| • First Year   | \$ 130,000   |
| • Second Year  | \$ 370,000   |
| • Third Year   | \$ 610,000   |
| • Fourth Year  | \$ 850,000   |
| • Fifth Year   | \$ 1,090,000 |
| • Sixth Year   | \$ 1,330,000 |
| • Seventh Year | \$ 1,570,000 |

These projections are significantly conservative when compared to the incubated business average income of \$7,770,341 (median \$3,514,978).<sup>44</sup>

The projections assume that each deployed incubator will add one new business enterprise every two months for the first year. After the first year, each incubator will add one new

---

<sup>42</sup> Source: 2012 State of the Business Incubation Industry

<sup>43</sup> Source: Business Incubation Works

<sup>44</sup> Source: NBIA Publications' "State of the Business Incubation Industry."



business each month. This calculation is only used to illustrate a linear and conservative calculation.

From a practical standpoint, it is more likely that new enterprises will be added in groups as individuals graduate from the program and become sponsored entrepreneurs. It is anticipated that business enterprises will be added more rapidly than projected. However, for the purposes of this Memorandum, only the most conservative figures are used.

The deployment of business incubators is projected to occur at the rate of approximately six per year with full deployment completed in approximately nine years to the major metropolitan areas. The metropolitan areas selected for deployment will be those that have the elements to ensure success.

The income for *Lords of the Dragon* is based primarily upon five percent of the gross revenue of each incubated business. In exchange for this percentage of revenue, *Lords of the Dragon* is providing each business with all administrative services and support that all businesses require, thereby lowering the overhead of each business and allowing each entrepreneur and his staff to focus on core competencies and revenue generation.

The cost scales as revenues increase. Based upon the projections, the first month fee to a new business would be \$83. As revenues scale, the first-year fee is estimated at only \$6,500. The total annual fee for a nine-year-old business is only \$102,000 – still less than the cost of a single executive compensation package to operate one department such as accounting, not counting the additional support personnel that would be required.

### ***Income direct to Lords of the Dragon***

The first-year revenue of *Lords of the Dragon* is projected to be \$107,917. The ninth-year revenue is projected to be over \$113 million.

The projected *Lords of the Dragon* income for each year is as follows: (*Rounded to nearest 1,000*)

1. \$ 108,000
2. \$ 1,739,000
3. \$ 6,818,000
4. \$ 16,324,000
5. \$ 29,090,000
6. \$ 45,455,000
7. \$ 65,420,000
8. \$ 88,985,000
9. \$ 113,805,000

The total revenue generated during the initial nine-year deployment is \$367,744,167.





## ***Total enterprise revenue generated***

The combined total revenue generated by all enterprise businesses during the initial nine-year deployment is almost \$7.4 billion. Combined total annual revenue of all incubated business enterprises is as follows: *(Rounded to nearest 1,000)*

|    |    |               |
|----|----|---------------|
| 1. | \$ | 2,158,000     |
| 2. | \$ | 34,792,000    |
| 3. | \$ | 136,367,000   |
| 4. | \$ | 326,492,000   |
| 5. | \$ | 581,792,000   |
| 6. | \$ | 909,092,000   |
| 7. | \$ | 1,308,392,000 |
| 8. | \$ | 1,779,692,000 |
| 9. | \$ | 2,276,108,000 |

## ***Job Creation***

Publicly supported incubators create jobs at a cost of about \$1,100 each, whereas other publicly supported job creation mechanisms commonly cost more than \$10,000 per job created. The program proposed by *Lords of the Dragon* will yield a net profit back to the community.

Startup firms served by NBIA member incubators annually added an average of 3.7 full and part-time jobs per firm.<sup>45</sup> Using this figure, but with a more conservative scaling calculation of adding 0.308 employees per month to annualize 3.7 jobs added in the 12<sup>th</sup> month of each year, the following job creation figures are projected for each year.

| <b>Year</b> | <b>Total Jobs</b> |
|-------------|-------------------|
| 1.          | 220               |
| 2.          | 1,406             |
| 3.          | 3,774             |
| 4.          | 7,253             |
| 5.          | 11,841            |
| 6.          | 17,539            |
| 7.          | 24,347            |
| 8.          | 32,265            |
| 9.          | 38,999            |

Every 50 jobs created by an incubator generate approximately 25 more jobs in the same community.

The total number of businesses created during the initial deployment phase is 1,275.

---

<sup>45</sup> Source: National Business Incubation Association



It is important to note that all projections are the totals during the deployment phase. The numbers increase exponentially after the organization is fully deployed and operational.

In 2013, the latest year for which complete data were available, the SBCD provided more than 1,300 hours of business counseling to clients who created or retained 232 jobs, caused \$11.8 million in capital formation, \$900,000 in private contracts, and \$1.6 million in prime Department of Defense contracts. Incubator resident clients employed 152 people and generated \$7.5 million in revenue.<sup>46</sup>

### **9(C). INCUBATOR BUDGETARY REQUIREMENTS**

Business incubators reported an average total income of \$362,530 and average total operating expenses of \$354,657 for one recorded fiscal year. The average number of client companies served per incubator was 22 and the median was thirteen. Incubators varied in size from only a thousand square feet to more than 700,000 square feet in the industry report.<sup>47</sup>

*Lords of the Dragon* projects the occupancy of its incubators to be 25 enterprises, which is conservative, but consistent with averages from 2002 to 2013. There are substantial economies of scale that *Lords of the Dragon* has over autonomous business incubators and therefore, it expects its incubator model will be less costly than the national averages when compared to average staff

size. However, *Lords of the Dragon* also projects a staff of at least seven as opposed to the national average of 2.8.

Resourceful incubator managers have come up with ways to parlay two staff into 20, bringing in outside assistance to clients while they work to grow their programs and staff. However, counting on volunteers to do too much, regardless of their expertise or prominence in their fields, inevitably results in a piecemeal staff. It also takes time from the CEO who must manage those relationships.

At the West Philadelphia Enterprise Center (WPEC), in Philadelphia, Pa., vice president for development and outreach Lee Huang and the 16 other full and part-time staff has their own defined areas of service, “[b]ut we all swarm around each other’s projects to make them happen.” WPEC President Della Clark coordinates the whole process, securing the resources and staff that are needed to accomplish WPEC’s goals. “She’s the one that brings home the bacon: resources, relationships and opportunities,” Huang says.<sup>48</sup>

In addition to the capital required to establish and operate each incubator, each new enterprise will require the necessary operating capital to cash flow the enterprise until it achieves positive EBITDA from revenues. During the analysis and coordination phase, *Lords of the Dragon* will develop accurate financial projections for each individual incubator.

---

<sup>46</sup> Source: Grand Junction, Colorado - The business incubator as an anchoring economic institution by Dennis E. Powell - April/May 2014

<sup>47</sup> Source: 2002 Survey Report – National Business Incubation Association

<sup>48</sup> The Skinny on Staffing – Why and How to Begin Beefing Up Your Team. NBIA Review March 2002



### 9(d) PROJECTED BUDGET – ANALYSIS & COORDINATION PHASE

|                                     | MONTHLY           | ANNUALLY            | TOTAL FOR<br>24 Months |
|-------------------------------------|-------------------|---------------------|------------------------|
| Auto Expense (Mileage)              | \$ 2,000          | \$ 24,000           | \$ 48,000              |
| Medical Insur                       | 3,300             | 39,600              | 79,200                 |
| Business Insur                      | 1,000             | 12,000              | 24,000                 |
| Furniture & Equipment               | 3,491             | 41,891              | 83,782                 |
| Legal & Account                     | 2,000             | 24,000              | 48,000                 |
| Maintenance                         | 250               | 3,000               | 6,000                  |
| Office Cleaning                     | 800               | 9,600               | 19,200                 |
| Supplies                            | 1,500             | 18,000              | 36,000                 |
| Printing                            | 2,500             | 30,000              | 60,000                 |
| Mailing Lists                       | 1,000             | 12,000              | 24,000                 |
| Postage                             | 15,000            | 180,000             | 360,000                |
| Website Hosting & eMail             | 500               | 6,000               | 12,000                 |
| Internet Connectivity               | 325               | 3,900               | 7,800                  |
| Bank Charges                        | 200               | 2,400               | 4,800                  |
| Delivery Service                    | 1,500             | 18,000              | 36,000                 |
| Rent - Building                     | 3,500             | 42,000              | 84,000                 |
| Parking Expense                     | 500               | 6,000               | 12,000                 |
| Local Dial Tone                     | 450               | 5,400               | 10,800                 |
| Long Distance                       | 1,500             | 18,000              | 36,000                 |
| Cellular Phone                      | 1,500             | 18,000              | 36,000                 |
| Natural Gas                         | 300               | 3,600               | 7,200                  |
| Electricity                         | 500               | 6,000               | 12,000                 |
| Dues & Subscripts                   | 250               | 3,000               | 6,000                  |
| Travel & Hotel                      | 3,500             | 42,000              | 84,000                 |
| Travel Meals                        | 1,000             | 12,000              | 24,000                 |
| Meetings & Seminars                 | 1,000             | 12,000              | 24,000                 |
| Wages Expense                       | 63,083            | 757,000             | 1,514,000              |
| FICA, FUTA, SUTA &<br>Worker's Comp | 9,463             | 113,550             | 227,100                |
| 401(k) Matching                     | 1,893             | 22,710              | 45,420                 |
| Security Costs                      | 150               | 1,800               | 3,600                  |
| Miscellaneous                       | 500               | 6,000               | 12,000                 |
| <b>Total Expenses</b>               | <b>\$ 124,454</b> | <b>\$ 1,493,451</b> | <b>\$ 2,986,902</b>    |



## 10. GOALS OF THE ANALYSIS & COORDINATION PHASE

The purpose of this Memorandum is to provide compelling and documented information that supports the concept of a culturally based organization that genuinely addresses all pertinent contingencies necessary for a successful community reintegration of people who have experienced an incarceration event and capitalize upon their capabilities to build a solid financial foundation that will eventually serve an expanded clientele of this demographic.

*Lords of the Dragon* is an organization that is specifically engineered from conception to generate the enterprise income necessary to fund its mission and is deliberately structured in a manner that negates the downfall of many social organizations and programs.

*Lords of the Dragon* is building the self-sustaining bridge from incarceration to a life of productivity and community contribution. The building of any bridge begins with the concept. This Memorandum is analogous to the first artist's rendering. There is a great deal of engineering and architectural work required, accurate cost estimates and budgetary considerations and development, developing the bill of materials, assembling, and orchestrating the teams, securing community and government support, business & industry sponsorship, developing the automated systems, an accurate timeline for assembly, and the economic case that this bridge will produce a quantifiable return on investment.

As an example, for the purposes of this Memorandum, the initial analysis is based upon deploying the program to the Great Lakes Region. Regardless of initial region of deployment, it will also serve as the proof-of-concept phase. The cities included in this phase are:

- Columbus, OH
- Cleveland, OH
- Cincinnati, OH
- Dayton, OH
- Akron-Canton, OH
- Toledo, OH
- Indianapolis, IN
- Detroit, MI
- Pittsburgh, PA
- Louisville, KY
- Lexington, KY

The analysis and coordination phase are estimated to require thirty-six months, during which period the following goals will be achieved.

Simultaneous with the coordination phase, *Lords of the Dragon* will begin implementing its program in select institutions within the initial deployment region.

Model business incubation programs are distinguished by a commitment to incorporate industry best practices. Management and boards of incubators should strive to achieve the following:<sup>49</sup>

---

<sup>49</sup> Source: National Business Incubation Association



- Commit to the two core principles of business incubation.
  1. The incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging companies.
  2. The incubator itself is a dynamic model of a sustainable, efficient business operation.
- Obtain consensus on a mission that defines the incubator's role in the community and develop a strategic plan containing quantifiable objectives to achieve the program mission.
- Structure for financial sustainability by developing and implementing a realistic business plan.
- Recruit and appropriately compensate management capable of achieving the mission of the incubator and having the ability to help companies grow.
- Build an effective board of directors committed to the incubator's mission and to maximizing management's role in developing successful companies.
- Prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation.
- Develop an incubator facility, resources, methods, and tools that contribute to the effective delivery of business assistance to client firms and that address the developmental needs of each company.
- Seek to integrate the incubator program and activities into the fabric of the community and its broader economic development goals and strategies.
- Develop stakeholder support, including a resource network, which helps the incubation program's client companies and supports the incubator's mission and operations.
- Maintain a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving a program's effectiveness and allowing it to evolve with the needs of the clients.

### ***10(a). DEVELOPING THE SUPPORT STRUCTURE***

The success of *Lords of the Dragon* will require coordination and support from numerous organizations and agencies. Among our first priorities will be to enlist support and participation from, and develop working relationships with the following:

***Judicial*** – There is a growing number of seated justices who are pursuing alternative sanctions for convicted persons. Further, the Ohio Supreme Court has developed *The Ohio Criminal Sentencing Commission*, which can also provide support and valuable insight for *Lords of the Dragon*. Community Based Correctional Facilities (CBCF) provides alternative sanctions to sentencing an individual to prison. The CBCF's provide an environment where an individual can embrace rehabilitation.

***POLITICAL*** – Governors, Mayors, City Council Members, U.S. Congressional Representatives.



**GOVERNMENTAL** – Vocational rehabilitation, Job & Family Services, Department of Education.

**LAW ENFORCEMENT SUPPORT** – Local & State Law Enforcement, Department of Justice.

**DEPARTMENTS OF REHABILITATION & CORRECTIONS** – The Directors, Wardens, Vocational & Educational Program Coordinators, Community Based Correctional Facilities.

**ADULT PAROLE AUTHORITY** – The Director and Supervisory Staff.

**PRISON INDUSTRIES** – Most states have programs similar to Ohio Penal Industries (OPI). These programs produce retail products and services and are operated largely like a private corporation. The labor force is substantially comprised of the institution's residents, which provide vocational skills that will dovetail well into *Lords of the Dragon*.

**ACADEMIA** – Support from academia is critical. Studies indicate that universities and colleges that study business incubation without a connection to real world business incubation fail. Business incubators that practice without a connection to academia also fail. Conversely, success is the norm for both when there is a strong and working relationship between business incubators and universities.

#### **NATIONAL ORIGINATIONS**

- ACLU
- NAACP
- NORML
- VICTIM RIGHTS GROUPS
- THE TEAMSTERS
- JEWISH FAMILY SERVICES
- HARLEY OWNER'S GROUP
- THE URBAN LEAGUE
- THE NATIONAL CHAMBER OF COMMERCE
- LOCAL CHAMBER OF COMMERCE
- COMMUNITY ECONOMIC DEVELOPMENT
- FRATERNAL ORDER OF POLICE
- THE STATE BAR ASSOCIATION

**SUCCESS MODELS** – There are hundreds of success models – those individuals who moved forward in their lives after an incarceration event.

**COMMUNITY** – Community education will be facilitated through the many community groups. It will be important in diluting the *boogeyman* paradigm of convicted persons so communities will embrace the concept of supporting a business incubator in their area.

**FAITH BASED ORGANIZATIONS** – *Lords of the Dragon* will enlist the support and participation of local churches and community faith-based organizations.



**LEGAL, ACCOUNTING AND BUSINESS PROFESSIONALS** – Successful Legal and professional firms understand the value in providing services at reduced pricing or pro bono to newly formed businesses, particularly those that have the support of a business incubator. *Lords of the Dragon* will utilize those professionals who practice the concept of helping to grow their customer base and will require that none charge any incubator company more than fifty percent of their normal rates.

**BANKING, INVESTMENT AND VENTURE CAPITAL** – All successful business incubators attract the banking and investment community. We anticipate some initial seed capital coming from private investors and venture capitalists. As the organization begins to produce enterprises with attractive P&L statements and balance sheets, and the *Lords of the Dragon* program becomes proven and well-regarded, the customary lending, banking and investment community will clearly want to become involved. Favor will be granted to those banks, VC and investment firms that embrace *Lords of the Dragon* at its initial phases and provide counsel and assistance toward the organization's overall success.

**BUSINESS & INDUSTRY** – Insurance companies alone stand to save billions of dollars from a genuine program that will reduce crime by reducing recidivism. Additionally, there are compelling economic cases for business and industry to embrace *Lords of the Dragon*. The constituency of convicted persons and those who have had an incarceration event is enormous. The ability for a corporation to gain customer loyalty is an economic best buy. As *Lords of the Dragon* gains corporate sponsorship, it also creates branding for *Lords of the Dragon*.

**CELEBRITY** – There are several celebrities who support initiatives that support community reentry, and individuals who are susceptible to involvement in less than wholesome cultures. *Lords of the Dragon* will solicit support from such individuals as: Mark Wahlberg, Tim Allen, Curtis Jackson (*50 Cent*), Martha Stewart, Christian Slater, Mike Tyson, Al Sharpton, Jessie Jackson, John Walsh, and Oprah Winfrey.

**MEDIA** – Media and public relations will play an important role in changing the paradigm that permeates the public conscience with respect to convicted persons. *Lords of the Dragon* will develop media relationships, seek positive editorial and will produce public service announcements that feature *poster child* success stories.

## **10(b). DEVELOPING THE INFRASTRUCTURE**

**FACILITIES** – Many business incubators have attempted to utilize abandon warehouses or schools as their facilities because of inexpensive rent. However, problems arise with structural integrity, roof issues, asbestos, HVAC, and skyrocketing utilities that divert so much focus that the incubator becomes a facilities manager as opposed to focusing on growing businesses. *Lords of the Dragon* will be leasing a substantial amount of real estate and will therefore have the purchasing clout to secure the most attractive pricing.

Stimulated by Covid-19, the virtual office has developed into a fully functional option for many business operations. Those businesses that can be operated as a virtual business



realize substantial cost savings, and those businesses are able to hire from a large pool of talented persons with disabilities who can work from their homes. The virtual office also removes any transportation barriers that ex-offender entrepreneurs or employees may have.

When physical facilities are necessary, the *Lords of the Dragon* financial projections anticipate paying market rate less than which it can negotiate in discounts for volume leasing. The focus of an incubator needs to be on incubating businesses – not on the myriad of problems that accrue to the incubator and every business in the incubator because of facility issues.

Location is critical to any business. Successful businesses are located in successful areas. Image is not only important for public and customer relationships, but it also has a dramatic impact on employee morale and relationships with vendors, prospective investors, banks, and lending institutions. When considering cost versus value, there is little saved by making long term commitments to a location that will fail to address many of the important image considerations that dramatically affect a company's overall plan for growth. *Lords of the Dragon* will work with professional real estate firms in each market, but that have a national or substantial regional presence, to locate the best value for its incubators. Another benefit of the virtual office / business is that a business on the World Wide Web can create whatever image it desires.

**PERSONNEL** – *Lords of the Dragon* will staff the organization by first recruiting from correctional institutions or individuals recently released. As staffing positions are anticipated, *Lords of the Dragon* will begin the process of filling positions at least six months in advance so it is able to interview candidates who are scheduled for release in a time frame that parallels the requirement.

First and foremost are individuals' education, experience, and qualification to perform the responsibilities of the position. Any positions that cannot be filled by an individual completing a prison sentence will be filled using conventional hiring criteria. The Corporate Organizational Diagram is in Section 6(f) of this Memorandum. Complete job descriptions and expectations will be dynamically revised during the analysis and coordination phase.

To meet the objectives in a timely and accurate manner, the initial personnel are required for the analysis & coordination phase:

- Executive Director
- General Counsel
- Chief Financial Officer (CPA)
- Director of Programming & Education
- Business Generalist
- Software Engineer
- Web Master
- Graphic Design
- Network Engineer
- Administrative Assistants (3)





A Board of Directors and a Board of Advisors, all of whom are fully engaged in the organization, and address each of the necessary disciplines to operate and expand the organization and its mission.

A body comprised of university students engaged in the following courses of study:

- Criminology
- Business Administration
- Entrepreneurship
- Banking & Finance
- Law
- Accounting
- Public Relations
- Human Resources
- Statistical Analysis & Demographics

**THE PROGRAM** – Although this Memorandum provides the foundation for the *Lords of the Dragon* program, there is a great deal of detail that is required to implement and execute upon its concepts. The goal during the analysis and coordination phase is to fully develop the program in its entirety as a replicable agenda that can be implemented and executed upon in any region with minimal modification.

**THE APPLICATION** – The application provides detailed information regarding applicants that are necessary for program placement and determining their *life change plan*. The application will clearly and conspicuously state that any false statements or concealment of material information will be grounds for denial into the program. Since all information will be verified, the application will provide insight into the applicant's veracity.

A comprehensive application that secures a thorough informational background will include the application for presidential pardon, expunge of record, the application for military service, credit applications and applications for executive employment.

**THE CURRICULUM** – The educational curriculum, including all lesson plans, prerequisites, prerequisite curriculum, and program completion criteria will be developed during the analysis and coordination phase.

**POLICIES** – A comprehensive policy handbook will be completed within the analysis & coordination phase. Additionally, the employee policy manual for *Lords of the Dragon*, and a boilerplate employee policy manual for each entrepreneurial enterprise will be developed that will require minimal modification specific to each business.

**LEGAL** – During the analysis and coordination phase, *Lords of the Dragon* will develop the agreements that will be necessary between the organization and program participants, and sponsored entrepreneurs. Boilerplate documents such as employment applications, vendor contracts, customer contracts, etc., will also be developed.

The General Counsel will facilitate relationships with the legal community, including the local bar associations, the state Attorney General's and seated justices that support the organization. It is the goal during the analysis and coordination phase that the organization is in compliance with all federal, state and local laws, and that mechanisms have been implemented to ensure timely compliance with any changes in any applicable laws. Additionally, the organization will have implemented policies and contractual language that insulates it from many exposures and avoids any misunderstandings



between the organization and other parties. The General Counsel will form relationships with outside counsel in each venue that can be called upon for any issues that should appropriately be handled by outside counsel.

***OUTSIDE ACCOUNTING & AUDITING*** – *Lords of the Dragon* will implement customary GAAP internal control principles and will interview and select one of the large national accounting firms to perform the annual audit of its financial statements and the audits of the financial statements of each entrepreneurial enterprise.

***AUTOMATION*** – Embracing automation will be a critical component to the success of the organization. There are numerous relational databases that will play pivotal roles in maintaining efficiencies and timely sharing of information. Pervasive computing utilizes web interfaces thereby creating a virtual office accessible from any geographic location across all platforms.

The organization will develop a robust and functional Intranet and Extranet that will connect all members of the organization to a single point for shared information and organizational management.

The corporate “Intranet” and “Extranet” are the most cost effective and efficient communication infrastructure since the invention of the telephone, fax machine and PC computer. All organizations have information that must be distributed throughout their internal infrastructure as well as to their customers and vendors. For example, Human Resources distribute benefit and policy manuals, numerous forms, retirement information and a plethora of other data in a necessarily timely manner. Manufacturing can automate *Just-in-Time* ordering with its vendors via the Extranet.

An Intranet is the integration of an organization’s information assets and communication facilities into a single, widely accessible networked environment using Internet-based technologies, such as e-mail, news groups, File Transfer Protocol (FTP), MySql Databases and interactive Web technologies. Web-based technologies provide a common user interface across disparate platforms, enabling the development of cross-platform applications, the integration of existing legacy applications and databases, and enhanced communications and information sharing among the Intranet users. An Extranet incorporates all benefits of an Intranet over a wider user base to include customers and vendors, and we would envision, with the Departments of Rehabilitation & Corrections. Many routine functions can be automated via an Extranet without human intervention. The efficiencies and accuracies are obvious.

Federal Express, AT&T, Levi Strauss, 3M, and hundreds of other organizations are enjoying the benefit of utilizing this inexpensive, yet powerful alternative to other forms of internal communications, including conventional computer setups.

In the past, the “Front End” or user interface was custom designed for conventional computer programs. The Web Browser is a user interface (*Front End*) that gives each user the capability to view data in any format regardless of computer platform. Additionally, the Web Browser eliminates the need to update the Front-End software whenever there are changes to the Back End of a program. Google (*Chrome*), Netscape Communications Corp., Microsoft, Apple, and several Universities produce web Browsers.

Because Web Browsers run on any type of computer, any individual who has access to the Intranet can view the same electronic information. That includes every variety of



documents - internal contact management databases, procedural manuals, training materials, benefits manuals, requisition forms and even the lunch menu for the company cafeteria can be converted to electronic form and constantly updated for almost nothing.

Automated systems will be developed and utilized in accounting, sales & marketing, contact management, document sharing, online collaboration, voice & video telephony over IP, purchasing, human resources management, legal compliance, online communication and messaging, and every area of the organization where automation can increase efficiency.

**WEBSITE** – The *Lords of the Dragon* Worldwide Website will be developed as a priority and updated consistently to keep our supporters up to date on the organization's progress, programs, and events. Its current form is located at <https://www.LordsoftheDragon.com>.

**FINANCIAL** – Detailed financial projections will be prepared that project the capital requirements for the entire national rollout of the *Lords of the Dragon* program. The process of creating the projections will indicate the most efficient methods for rollout and the finalization of selected metropolitan areas. The projections will forecast the break-even point and the economic advantages created from numerous perspectives, including community economic development and tax revenue.

**MISCELLANEOUS** – Although this Memorandum attempts to address the large picture issues that must be addressed to bring the organization to a fully functioning mission, there will be issues that arise during the analysis and coordination phase that were not considered in this Memorandum. All such issues will be prioritized and incorporated into the goals and objectives plan, which will be completed during the analysis and coordination phase.

**FULL BUSINESS PLAN** – Business Plans are frequently developed for the purpose of acquiring initial capital and attempt to appease the investment community with tantalizing rhetoric and inflated projections. This methodology insures the organization's demise from inception. First, it would be better to follow no plan at all than a plan that is clearly inaccurate. Second, such an organization will probably only get one bite at the investment apple. If they don't meet their numbers, their credibility is gone.

As a work-in-progress from day one of the analysis and coordination phase, the development of an accurate Business Plan is paramount. The business plan will function as a reliable blueprint for expanding the organization within its projected budget and timeline. The objective of the analysis and coordination phase is to have a concrete program that is ready for full implementation with all pertinent contingencies considered and resolved.

### ***10(c). SOURCES OF CAPITAL FOR LORDS OF THE DRAGON PROGRAM***

Capital will be required for the analysis and coordination phase, and substantial additional capital will be required to execute upon this plan, which will be refined.



The analysis and coordination phase will determine how the program can be deployed most efficiently to achieve self-sustenance in the shortest period of time. *Lords of the Dragon* is a robust solution to recidivism. Implementing this program without the necessary planning and projecting would not serve any productive purpose.

From fundamental calculations and projections, there is convincing evidence that this program will achieve the objective of self-funding. Utilizing the most conservative calculations, *Lords of the Dragon* achieves an *annual* income of over \$113 Million in its ninth year. With average published overhead to operate an incubator of \$354,657 per year<sup>50</sup>, the total incubator overhead is only 16% of total income.

### ***10(c)(i) ENTERPRISE INCOME STRATEGIES FOR SELF-FUNDING***

*Lords of the Dragon* will pursue four fundamental strategies toward the objective of generating the capital necessary to fund its mission in its entirety. As stated in Section 9(a), the strategies include:

#### ***CAPITALIZATION LOAN***

*Lords of the Dragon* will provide for the monthly cash flow requirements of each entrepreneurial enterprise as an accumulating loan at an interest rate equal to the prime lending rate. Interest and principal will accumulate for the first twelve months with no payments due. Interest only payments will begin in the thirteenth month and continue through the thirty-sixth month. Beginning in the thirty-seventh month, the following options will apply.

- The debt can be converted to equity and *Lords of the Dragon* can exercise its stock options or convert the debt to equity based upon the then current valuation of the enterprise.
- If the debt is converted to equity, *Lords of the Dragon* can either hold the stock or sell it to a private investor.
- The enterprise can sell the debt directly to a private investor.
- The debt will be amortized with regular monthly payments of principal and interest.

#### ***OVERHEAD SHARING***

A portion of the total overhead to operate *Lords of the Dragon* and each of the business incubators will be shared equally among the population of enterprise businesses. This strategy accomplishes six major objectives:

1. It holds *Lords of the Dragon* accountable to its entire constituency.
2. It cultivates team effort and peer accountability among all enterprise businesses to practice spending discipline and use resources prudently.

---

<sup>50</sup> Source: National Business Incubation Association



3. The cost to each enterprise decreases as the population of enterprise businesses grows.
4. It creates a financial incentive to carefully review and approve the sponsorship of all incubator businesses.
5. It creates the synergy whereby all CEO's are genuinely interested in the success of one another.
6. The entire organization is self-policing.

### ***BUILDING CASH RESERVES***

Each enterprise will contribute five percent of its gross revenues to *Lords of the Dragon*. This capital will be used to fund operational expenses and as a reserve to meet any unforeseen expenses. At the close of each year, any amounts that are not required for maintaining minimum cash reserves will be converted to the organization's endowment account.

### ***BUILDING THE ENDOWMENT***

Providing the seed capital for new entrepreneurial enterprises will require that *Lords of the Dragon* build an endowment.

At the inception of each entrepreneurial enterprise, all of the stock will be held in escrow pursuant to a part of the agreement made between *Lords of the Dragon* and each entrepreneur. *Lords of the Dragon* shall be assigned all shareholder-voting rights until the stock transfers to the founding entrepreneur(s) of the enterprise.<sup>51</sup>

*Lords of the Dragon* will be issued stock, which represents an equity position of five percent in each enterprise. *Lords of the Dragon* shall be granted one seat on the Board of Directors of each enterprise that shall be non-revocable for so long as *Lords of the Dragon* is a shareholder in the enterprise, there is any loan or debt outstanding to *Lords of the Dragon* by either the enterprise or the entrepreneur(s), or for as long as the enterprise continues to be affiliated with a *Lords of the Dragon* business incubator.

*Lords of the Dragon* shall be granted stock options with each monthly cash flow loan with an exercise price that is based upon the then current valuation of the organization.

The equity accumulated by *Lords of the Dragon* in the various enterprises can be converted to cash or will be used to generate dividend income. The growing endowment will be used to fund the expansion of the organization and to add additional services to its mission.

### ***10(c)(ii) INDIVIDUAL DONATIONS***

Based upon the statistical data, there are literally millions of people who have had an incarceration event and did *not* recidivate. In addition to these individuals, they have friends and family who have been touched by such an event. The *Lords of the Dragon*

---

<sup>51</sup> After five years of incubation, or graduation from the incubator, whichever comes first, stock and voting authority will be transferred to the founding entrepreneur(s).



organization appeals to many individuals in this demographic for a variety of reasons. We believe that we will be successful in attracting individual sponsors.

### ***10(c)(iii) FUND RAISING EVENTS***

Fund raising events will be held at all national and regional motorcycle gatherings. These events include Bike Week, held every year at Daytona, FL, Sturgis, ND,<sup>52</sup> and Laconia, NH and well as numerous other regional events sponsored by the American Motorcycle Club and other organizations such as the Harley Owner's Group.

Poker runs are local events that have been sponsored primarily by Harley Davidson local motorcycle retailers for charitable fund raising. As a national corporate sponsor of muscular dystrophy, Harley-Davidson Poker Runs have raised over \$38 million for MDA since 1980.

Little needs to be said about NASCAR, its events, its attendance, its market, or the demographic that forms the NASCAR culture.

We believe that exhibiting at these events, telling the *Lords of the Dragon* story, and selling various *Lords of the Dragon* memorabilia can raise necessary donations and capital for the mission.

### ***10(c)(iv) BUSINESS & INDUSTRY DONATIONS***

The cost to acquire a new customer is a substantial expense to any business. Earning customer loyalty and the consequential repeat business that result creates greater profit margins. On the mind of any CEO is that elusive question, *how to create customer loyalty*. This accounts for the enormous amounts of money spent on sponsorship of sporting events, charity, Olympics, and numerous other venues.

The demographic of persons who have experienced an incarceration event in the United States alone is estimated well in the millions. The total number of people who have been touched by an incarceration event and are supportive of this demographic is substantially larger and will continue to grow as *Lords of the Dragon* expands its mission. All of these individuals are consumers. Business & industry has the opportunity to acquire customers that can have a genuine and unique loyalty in return for their sponsorship.

### ***10(c)(v) PRIVATE FOUNDATION***

*Lords of the Dragon* provides a genuine ***solution*** to a single core issue – reducing recidivism. However, its mission touches many other areas such as job and economic development, creating taxation, attracting investors, creating role models, helping the

---

<sup>52</sup> The 63<sup>rd</sup> annual Sturgis rally had an attendance of over 450,000 individuals, 1,013 vendors with combined vendor sales of \$14.5 Million. During the ten-day event, there were eight felony drug arrests – less than the average every day in any large metropolitan community.



economically disadvantaged, overall crime prevention and many other ancillary benefits that result from the pursuance of its mission.

*Lords of the Dragon* will investigate the various Foundations that share a common mission and will apply for consideration with those organizations.

### ***10(c)(vi) ACCREDITED INVESTORS & CROWD FUNDING***

Accredited Investors are seeking investment opportunities that will yield a return. Cash reserves not invested in equities are subject to returns that marginally keep pace with inflation.

With the advent of Crowd Funding, many start-up's connect with small investors who have an opportunity to invest in businesses – fund (a project or venture) by raising money from a large number of people who each contribute a relatively small amount, typically via the internet. Some of these investments are made for a return, while there are also some that make an investment for altruistic reasons.

Providing capital to privately held companies can yield tremendous investment returns. Knowing that the company in which you are investing is embracing technology & automation, practicing business and operational disciplines that enhance success, and reduce costly mistakes and exposures can reduce a substantial amount of the risk. The *Lords of the Dragon* incubation program will provide substantial credibility that will attract investment capital for its entrepreneurial enterprises.

*Lords of the Dragon* provides its entrepreneurial clients with a wide range of services that streamline operations, drive revenues, increase productivity, enhance economies of scale and spending efficiency, and impact earnings.

*Lords of the Dragon* views each client business as one of its own – one in which we are making an investment and one whose success will directly affect *Lords of the Dragon*. Our client companies are ever evolving dynamic and agile enterprises that require constant examination and change. When we identify problems, we fix them. When we identify policies, procedures and processes that are absent, deficient or can be improved upon, we implement and execute.

*Lords of the Dragon* may not attract capital within its first couple of years because of the paradigm attached to its constituency. However, it very definitely will attract accredited investors. As they observe and participate in the organization, and as the paradigm shifts, the capital will follow.



## 11. AUTHOR'S BIOGRAPHY

### BIOGRAPHY

David J. Koch, ATP

Author – Lords of the Dragon

A native of Cleveland, Ohio, Dave Koch's career has substantially centered around his interest in aerospace, computer sciences and business. While attending Cuyahoga Community College where he studied Aviation Technologies (*Circa 1981*), Dave earned his Commercial Pilot Certificate, Instrument Rating and Certified Flight Instructor Certificate. He then began his entrepreneurial career as an independent flight and ground instructor.

Shortly after, Dave moved up the corporate ladder into the position of vice president, marketing and Cessna Citation captain for an expanding aircraft management and charter organization. As his career advanced in corporate aviation, he earned and currently holds his Airline Transport Pilot certificate (ATP) – the highest FAA pilot certificate attainable, and Type Ratings in three jet aircraft.



Having several years of experience under his belt, Dave became the chief pilot, WestWind and Gulfstream Commander captain for *The Gentry Company*. The corporate flying profession left Dave with many extra hours each day. In order to occupy his spare time productively, Dave began engineering computer software packages, which eventually led him to start his own company, *Critical Mass Technological*.

A couple of years later, while still operating Critical Mass, Dave returned to the aircraft charter industry as a Learjet captain and served four years as a voluntary FAA Accident Prevention Counselor with the FAA Great Lakes District Office.

Dave's most recent flight duty assignment had expired November 1996 where he served a one-year tour as a Learjet captain for *Knowlton Construction Company* while building the Fiber Network Solutions, Inc. start-up.

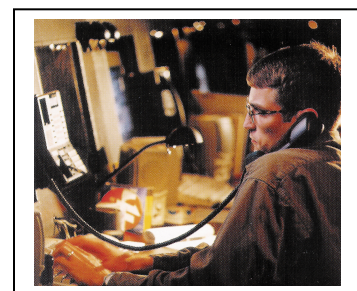
Retired from the aviation industry as a professional pilot, David still holds an Airline Transport Pilot Certificate with type-ratings in the Learjet, Israeli Westwind and Cessna Citation. He has also been certified as an advanced and instrument flight instructor and a ground instructor.

During the next several years, Dave's career emphasis shifted more toward the computer technology industry. He served as a technical representative and channel liaison for *Technology*



*Advancement Corporation* and then became an account manager for a Columbus, Ohio headquartered systems integrator.

Enjoying the challenges of the corporate world, Dave took his combined business experience in the computer science industry and knowledge as a computer software designer to become president of



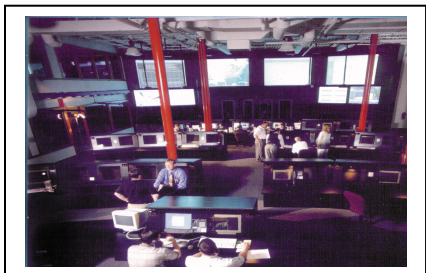




*Your Connection, World Wide Web Services, Inc.* In March of 1996, Dave combined his efforts with those of Kyle C. Bacon, to form Fiber Network Solutions, Inc. (FNSI) where Dave served as president & CEO until the company was acquired February 2003.

FNSI, headquartered in Columbus, Ohio designed and built one of the tier-one national networks, such as AT&T, Sprint, MCI, and WorldCom that collectively form the infrastructure of the Internet.

In February of 1997, FNSI formerly merged with Your Connection (*with Fiber Network Solutions emerging as the controlling entity*) to provide businesses, Internet Service Providers, Web Hosting Companies and Application Service Providers with one source for affordable Internet connectivity, Intranet solutions, wide area network engineering and all of the Internet and web technologies needed to facilitate these services.

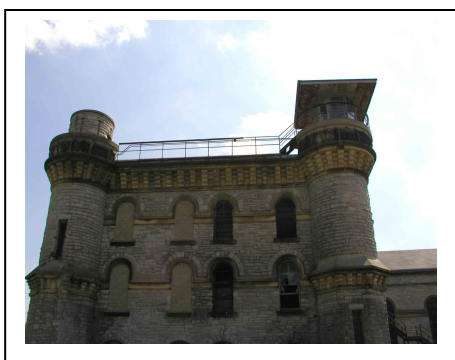


During David's tenure as President & CEO of Fiber Network Solutions, Inc., the privately held company's 5-year growth of 2,995% (*second year baseline*) earned the top 15% position on the *Inc 500 List* of America's fastest growing companies for two consecutive years (*#68 Nationally and #1 in Ohio*), finalist Entrepreneur of the Year, Best in Business and numerous other accolades.



All of the aforementioned achievements transpired over the past forty-plus years *after*, on August 7, 1980, at age twenty-four, David was released on parole after serving both Federal and State sentences. The preceding is a brief summary of his post-release accomplishments.

David clearly internalizes the concept of rising from the ashes of adversity and economic obscurity, facing, and conquering challenges, and achieving the extraordinary. He intends to impart his experiences and expertise, his *Dragon slaying* techniques, his history, and his unique strategies for developing a concept and a dream, converting that dream to a functional and achievable goal, and facilitating its fulfillment via an agenda of conscious and deliberate legitimacy.



David's vision is to create the requisite culture that will dramatically impact recidivism, and the constituency of the culture will develop functional agendas that will have a positive impact across a broad demographic spectrum of people. Homogenizing his personal and professional experiences, his business acumen, and his humanitarian doctrine, David is uniquely positioned to lead *Lords of the Dragon* to its vision pinnacle.

Dave had authored a book with the intent of helping other people embrace similar strategies as he did to make a successful community reentry and to become a fully engaged

member of mainstream society. In its third edition, *Slaying the Dragon – The Journey from the Dungeon to the Ivory Tower* has been adopted by numerous correctional facilities as the authoritative guide to reentry. The book is available in both paperback and digital form at:

<https://www.amazon.com/dp/B00CDG7J5I>



## CERTIFICATIONS, EXPERIENCE, EXPERTISE, AWARDS & RECOGNITIONS

### **Business & Technology:**

Experience as President & CEO  
Revenue & Earnings Acceleration  
Media Relations & Publicity  
Advertising & Marketing  
Sales Team Building & Management  
Management & Personnel Compliance  
Technology & Automation  
Internet & Telephony  
PC Computers & Networking  
Practical working legal literacy  
Business Planning & Forecasting  
Financial, Accounting & Auditing  
Organizational structuring & staffing

2000 Finalist Ernst & Young Entrepreneur of the Year  
2001 Inc 500 List of America's Fastest Growing Companies (# 68 Nationally – # 1 in Ohio)  
2001 Inside Business - Best Marketing Campaign  
2002 Inc 500 List of America's Fastest Growing Companies

### **Aviation:**

ATP • MEL • CFI-IA • BGI • CE-500 • LR-JET • IA-JET  
Ohio Teacher's License (*Adult Continuing Education - Inactive*)  
*Lakeland Community College – Aviation Technologies*  
*Parma City School System – Aviation Technologies*  
*North Olmsted City School System – Aviation Technologies*  
*Rocky River City School System – Aviation Technologies*

Ohio Real Estate License – (*Inactive*)  
Ohio Insurance License / Life, Property & Casualty – (*Inactive*)  
Federal Aviation Administration – Accident Prevention Counselor  
Great Lakes District Office, Cleveland, Ohio – 1980's

A more detailed biography and resume in Adobe Acrobat format available at:

[https://www.LordsoftheDragon.com/\\_Downloads/Dave\\_Koch\\_2021.pdf](https://www.LordsoftheDragon.com/_Downloads/Dave_Koch_2021.pdf)

### Supplementary Information

[https://www.LordsoftheDragon.com/\\_Downloads/Dave\\_Koch\\_Supplemental.pdf](https://www.LordsoftheDragon.com/_Downloads/Dave_Koch_Supplemental.pdf)

Formerly and currently incarcerated testimonials

<https://www.slaying-the-dragon.com/inmate-testimonials.html>



## APPENDIX

### A. CURRENT ATTEMPTS AT TRANSITIONING FELONS BACK INTO SOCIETY

#### CURRENT AND HISTORICAL RECIDIVISM REDUCTION CAMPAIGNS

##### *Why have we failed to effectively reduce recidivism?*

The federal and state Governments have produced numerous plans for rehabilitation that purport to impact recidivism. Government implements all variety of academic and vocational programs that require tax funding. There are some positive results. However, the core problems that contribute to recidivism are not adequately addressed in any of these curriculums. The Ohio Plan for Productive Offender Reentry and Recidivism Reduction<sup>53</sup> is an example of a concerted effort by Government to focus on solutions to the recidivism problems.

Although undeniably helpful, academia is *not* the solution to recidivism. Academia is a prefabricated and streamlined agenda that is relatively simple to install and operate. A high school education and higher education degrees are necessary, but not sufficient to resolve the recidivism problem. Effectuating a dramatic reduction in recidivism is difficult. Achieving success requires new and innovative programs designed from the ground up that are results and profit driven. Engineering such complex and robust agendas, which coordinate with existing programs that are effective, requires out-of-the-box thinking.

The government has labored for nearly 250 years to reduce recidivism. Undeniably, it is reasonable to assume that there has been some success if compared to what the rate of recidivism would be if government had no rehabilitation programs. There are no reliable statistics that would make this comparison. Almost anyone would agree that recidivism would probably be higher if no programs existed. However, with recidivism rates that approach almost two thirds, there is still room for improvement. To reduce recidivism to its lowest potential level, wisdom would suggest that if the current agendas are not producing results, just repackaging essentially the same programs with a new facade and a new name is not going to change the outcome.

If government is sincere about facilitating rehabilitation and insists that its programs are effective, then an individual might be released immediately upon achieving rehabilitation status irrespective of the length of their sentence and time remaining. Once an individual is rehabilitated, further quarantine is debilitating. Government might consider a test group whereby prisoners are released who have met the determining criteria, and demonstrate change and rehabilitation has occurred, which marks the optimum time for their successful reintegration into the community.

By itself, government cannot solve the recidivism problem. The problem is culturally rooted, and the solution, to a great degree, is economic. There are scores of people working within government who genuinely have a passion and the capability to be effective in reducing recidivism. However, legislatures and policy makers determine policy, which is

---

<sup>53</sup> The Ohio Department of Rehabilitation and Correction – Published July 2002.



then passed down. The people making policy may not be on the pulse of the problems and have a full appreciation for the challenges.

Additionally, as government vacillates from the philosophy of punishment to rehabilitation, the staff does not change. The prison system uses the same staff that was previously charged with punishing, and now charges them with facilitating rehabilitation agendas. In many instances, there simply is not adequate funding to rehabilitation departments to re-educate the workforce to meet the changing mandates, which frequently undergo significant shifts with each election cycle.

There are many highly talented and dedicated people working within government to reduce recidivism. However, the very structure of government is such that many great ideas die on the vine because of policy restrictions and conflicts, and budget limitations. Albeit more money is needed for these agencies, the current economic conditions are forcing across-the-board budget reductions.

## ***B. DESCRIPTION OF EXISTING TRANSITIONAL STRATEGIES***

Release preparation programs provide some assistance to prisoners. However, many prisoners are leaving prison without any significant change in *“life baggage.”*

I continue to be astonished that an individual who *enters* prison with consumer credit problems, garnishments, civil judgments, delinquent student loans, delinquent child support, expired, suspended, or revoked driver licenses, open traffic violations, taxation compliance issues, etc. is *exiting* years later with the exact same *life baggage* with which they entered, and in most cases the circumstances have been exacerbated.

People are released from prison with no instruction on how to address these issues, let alone a deliberate program that resolves these problems before release.

In many circumstances, individuals secure employment only to have their entire paycheck garnished to pay fines, bureau of motor vehicles penalties, child support, etc., and are left with zero to provide for their own subsistence.

In some states, an individual who has any outstanding fines due to the bureau of motor vehicles cannot receive their driver’s license, which substantially handicaps the individual’s ability to secure employment and provide for their own subsistence so they can continue working and pay the fines. Thus, because of a \$250.00 bureau of motor vehicles fine, the government exponentially increases the likelihood of recidivism at a cost to the taxpayer of over \$30,000 per year.

In most states, child support is also tied to an individual’s driver’s license and payment delinquency can result in the suspension of an individual’s license.<sup>54</sup> Should the individual drive under suspension, it can result in an administrative or parole violation or a new sentence. It is difficult to comprehend the economic case of incarcerating an individual at a cost of more than \$30,000 per year because his economic hardship caused him to fall behind a few hundred or even a few thousand dollars on child support.

---

<sup>54</sup> One hundred years ago, the basic necessities of life were food, clothing and shelter. In our society today, the need to secure and maintain gainful and meaningful employment requires transportation. There are compelling arguments that a driver’s license is no longer a privilege but a right, and that transportation is the fourth basic necessity of life if an individual is expected to survive. There is also an argument based upon logic that suggests further handicapping an individual with delinquent child support by suspending driving *privileges* decreases the likelihood that the child support will ever be paid, and because we all have an instinct to survive, it increases the likelihood of recidivism.



With such overwhelming barriers, how can an individual ever hope to pursue a normal lifestyle? These barriers are established as a reactive – not proactive *solution* to a given problem without fully exploring all of the collateral consequences. Some of these barriers are the result of political platforms. The root of the problems that are the genesis of the barriers are clearly a result of the individual's choices or the failure to make positive choices in his or her life. However, in many instances, the individual simply never had guidance.

Fundamental to solving problems is organization. When a person is faced with compounding issues that continue to escalate in intensity and severity, the individual frequently becomes consumed and overwhelmed. There is no systematic and disciplined agenda in place within our correctional institutions that methodically addresses the most important issues an individual needs to resolve before release to insure a streamlined reintegration into the community. This is a fundamental component of the program designed by *Lords of the Dragon*.

People are being released without the fundamental necessities required to survive, let alone position them to look for and secure meaningful employment. Issues such as food, clothing and shelter are not a concern of our government. Given an annual cost of over \$30,000 to house a prisoner, and a conservative recidivism rate of over 50%, there are compelling economic arguments for calculating a portion of the cost to incarcerate ( $30,000 \times 50\% = \$15,000$ ) and using a portion of this cost to subsidize an individual's reentry. The savings would be reflected in a reduced recidivism, and over time a break-even amount for the subsidy would become apparent. This subsidy would be worthless without a structured agenda like that of *Lords of the Dragon*. However, with a clear reintegration strategy, this subsidy would clearly augment the odds for success and prove economically practical for the government. *Lords of the Dragon* proposes a proof-of-concept test group.

Community based organizations that are charged with assisting reentry have some agendas that are fundamentally flawed. Many of these organizations have no results-based accountability. Rather, their results are based upon how many individuals they *allegedly* serve. There is little or no meaningful tracking to ascertain the quality of that service and its effect over months and years.

Administratively, there is arguably a predominant central focus – from where and how to secure the next grant, and what *minimum* compulsory organizational functions are required to meet the criteria of the grant application.

Government vacillates between punishment and rehabilitation philosophies. So diametrically opposed are these concepts that it is challenging for them to effectively coexist. At present, the predominant direction is rehabilitation – not punishment. The results of using punishment as a mechanism for rehabilitation are inconclusive. When punishment follows rehabilitation, the resultant effect is generally debilitating.

However, there are compelling arguments that the effectiveness of rehabilitation can be enhanced if it follows punishment. Felons may have a greater propensity to embrace the opportunities that are available in the Community Based Correctional Facilities<sup>55</sup> if his or her residence in these facilities follows a brief incarceration in a traditional prison.

To some, the preceding dialog may seem intensely critical of those government agencies and community organizations that are involved in the missions to reduce recidivism. The

---

<sup>55</sup> In addition to many other exemplary programs in Ohio, the Community Based Correctional Facilities are a model for rehabilitation and provide alternative sanctions to judges in participating counties. Browse: [www.septacbcf.org](http://www.septacbcf.org).



intent is not to criticize, but rather to point out where these agencies excel and where the fundamental structure of government prevents its workforce from achieving its highest potentials. There is much good work being done within the government. However, there are gaps and room for additional improvement. Given current recidivism rates and annual releases of individuals who have received little rehabilitation, currently there are at least 103,674 victims of crime each year solely from that demographic of persons who have recidivated.<sup>56</sup> The cost to re-incarcerate these recidivists is astronomical, as is the cost to the victims. Many of these individuals could alternatively be transformed from tax consumers to tax contributors and there would be fewer victims.

### C. *RECORD OF SUCCESS AND FAILURE*

There are some success stories<sup>57</sup> however, they are substantially autonomous and few and far between. The replication of a self-funding successful model is key to maximizing the objectives of this plan. The core mission of *Lords of the Dragon* is to dynamically develop, continue to improve, and replicate successful business incubators, and provide business and administrative services to its entrepreneurial clients during their growth and incubation phase.

The success stories appear to emanate from passion. One or a few people, who have been personally touched by the deprivation of an incarceration event, and the subsequent barriers to community reentry, form a fraternity whereby those people who have succeeded help those who are trying to succeed. The fundamental concept of; *The people with the problem becoming their own solution.*

Government has failed to reduce recidivism to its lowest possible levels. A major problem is that the intergovernmental cooperation necessary to achieve a single objective like reducing recidivism is not without some challenge. Some government agencies have an economic interest in collecting fines because a portion of their budget is based upon the collection of those fines. There are a variety of collection practices that include wage garnishment, holding driving privileges hostage, and classifying an individual ineligible for public assistance, etc. Facilitating a waiver of these fines is possible with a coordinated plan. Sans a plan, it becomes even more problematic because frequently there are multiple government agencies that have a financial interest in the collection of those fines.

The penalties for non-payment of the fines create an almost impenetrable barrier for simply paying the fines. Suspending a person's driver's license for want of a fine makes it difficult to impossible to work so the fine can be paid. Further, if an individual drives for the purpose of working with such a suspension, it could be cause for an administrative or parole violation, thereby creating a recidivism statistic at a cost of over \$30,000 per year.

The definitions of recidivism range across a broad spectrum – it is not standardized. Consequently, the definition that best suits an agenda is generally selected. If government is attempting to facilitate the “*lock them up and throw away the key*” agenda, the recidivism rate will be reported at the high end. Conversely, if government is attempting to justify the effectiveness of a billion-dollar rehabilitation budget, then a liberal definition is applied

<sup>56</sup> Assumes that each recidivist commits only one crime. Appendix E – Statistical data for calculations.

<sup>57</sup> The Delancey Street Foundation provides many good concepts that can be integrated into the *Lords of the Dragon* program. Browse: <http://www.delanceystreetfoundation.org/> Among its enterprises are Café, Catering Coach, Digital Printing, Handcrafts, Landscape, Moving & Trucking, Paratransit, Restaurant, Screening Room, Specialty Advertising, Christmas Trees & Decorating.



which would produce a low rate of recidivism. This explains why cited recidivism statistics vary widely, as the criterion used to determine the recidivism rate is frequently attached to a specific and sometimes self-serving agenda. The reader will note a wide range in the dates of cited material in this Memorandum. Only those statistics that have an acceptable level of credibility are cited.

*Lords of the Dragon* has its agenda as well and would be well served by selecting the most ridged definition, which would report an astronomical rate of recidivism thereby bolstering its argument that this program is desperately needed. *Lords of the Dragon* however has applied logic and statistical averaging to arrive at a mathematically reasonable median recidivism rate. This is more fully explained in Appendix E – *Statistical data*.

As delineated in this Section, as well as throughout this document, the government has not been effective in reducing recidivism because the very mechanisms of government are dysfunctional for this specific project. The government will never resolve the recidivism problem and produce a recidivism rate that approaches the lowest rate attainable. The government's function in this arena is to *protect society*, follow the orders of the court and quarantine those individuals who fail to display acceptable conduct in mainstream society. In this regard, the governments' record is outstanding.

*Lords of the Dragon* however will attain the goal of reducing recidivism to its lowest possible level.

#### ***D. HIGH RATE OF RECIDIVISM***

The volumes of statistical data produced by government with respect to crime and recidivism are astronomical. Some of this data is meaningful, some is meaningless, and much is subject to interpretation. A discussion of statistics and an arrival at a recidivism rate by applying reasonable methods is discussed in Appendix D & E.

Based upon available data, the median national recidivism rate ranges from 13 to almost 60 percent, depending on the definition of recidivism analyzed.<sup>58</sup>

Recording data is an exercise in futility unless that data is applied to facilitate change. More often, data is used to **justify activity** budgets – not to **facilitate productivity** budgets. If a person wants to lose weight; record the data and then change the amount of caloric intake and exercise. If they want to achieve financial goals; record where every dime is spent and then effect spending changes. With respect to changing recidivism, the government is predominantly reactive. Not only is the government not proactive with the voluminous data it collects, but it also suffers from *analysis paralysis*. Corrections and rehabilitation have been analyzing data since we have been collecting it.

Among State parole discharges in 2003, 50.4% successfully completed their term of supervision, *relatively unchanged* since 1990.<sup>59</sup>

This would suggest that 49.6% did not successfully complete their parole or supervision implying a recidivism rate of nearly fifty percent when only considering parole or

---

<sup>58</sup> See Appendix D & E for varied definitions of "recidivism."

<sup>59</sup> Source: U.S. Department of Justice – Bureau of Justice Statistics. Date of revision – June 14, 2007 (*most recent*) – Source: National Corrections Reporting Program, 2003.



administrative violations. This has remained relatively unchanged since 1990 to present day.

There is small percentage of persons who will never respond to rehabilitation, and for the safety of the public, should never be released. Excluding that demographic, a genuine and functional rehabilitation agenda that incorporates the elements necessary to facilitate a successful community reentry should reduce recidivism well below its current rate.

### ***E. STATISTICAL DATA***

One out of every 140 U.S. residents has been in prison or jail.<sup>60</sup> In Ohio, the fiscal year 2014 prison population projections will reach 52,000 in two years and 53,484 in five years. One of every 175 adult Ohioans is housed, fed, and receives medical care in a state prison at taxpayer expense. The relevant two-year budget allocated \$3.14 billion for the Ohio prison system.<sup>61</sup> Total annual expenditures by the Ohio Department of Rehabilitation and Correction equal \$1,590,519,871,<sup>59</sup> which equates to a per-inmate cost of \$68.20 per day.<sup>62</sup> Of that daily per-inmate cost, forty-five cents (45¢) are spent on recovery, \$1.54 is spent on education, and \$2.44 is spent on mental health.<sup>59</sup>

- On a national basis, about 6,937,600 offenders were under the supervision of adult correctional systems at year-end 2012.<sup>60</sup>
- In 2012, about 1 in every 35 adults in the United States, or 2.9% of adult residents, was on probation or parole or incarcerated in prison or jail, the same rate observed in 1997.<sup>60</sup>
- An estimated 1 in every 50 adult residents was supervised in the community on probation or parole at yearend 2012, compared to 1 in every 108 adults incarcerated in prison or jail.<sup>63</sup>

Among state prisoners released in 30 states in 2005 – Patterns from 2005 to 2010<sup>64</sup>

- About two-thirds (67.8%) of released prisoners were arrested for a new crime within 3 years, and three-quarters (76.6%) were arrested within 5 years.
- Within 5 years of release, 82.1% of property offenders were arrested for a new crime, compared to 76.9% of drug offenders, 73.6% of public order offenders, and 71.3% of violent offenders.
- More than a third (36.8%) of all prisoners who were arrested within 5 years of release were arrested within the first 6 months after release, with more than half (56.7%) arrested by the end of the first year.

<sup>60</sup> Source: National Criminal Justice Association – Justice Bulletin, May 2004 – Vol. 24, No. 5.

<sup>61</sup> Source: The Columbus Dispatch (May 12, 2014) Ohio struggles with rising prison population, Alan Johnson.

<sup>62</sup> Source: Ohio Department of Rehabilitation and Correction – 2013 Annual Report

<sup>63</sup> U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics - Publication: Correctional Populations in the United States, 2012. Browse: <http://www.bjs.gov/index.cfm?ty=pbdetail&iid=4843>

<sup>64</sup> Source: Bureau of Justice Statistics: <http://www.bjs.gov/content/pub/pdf/rpts05p0510.pdf> & The Justice Center - The Council of State Governments. <http://csgjusticecenter.org/reentry/publications/recidivism-of-prisoners-released-in-30-states-in-2005-patterns-from-2005-to-2010/>





- Two in five (42.3%) released prisoners were either not arrested or arrested once in the 5 years after their release.
- A sixth (16.1%) of released prisoners were responsible for almost half (48.4%) of the nearly 1.2 million arrests that occurred in the 5-year follow-up period.
- An estimated 10.9% of released prisoners were arrested in a state other than the one that released them during the 5-year follow-up period.
- Within 5 years of release, 84.1% of inmates who were age 24 or younger at release were arrested, compared to 78.6% of inmates ages 25 to 39 and 69.2% of those age 40 or older.

This study of the re-arrest, reconviction, and re-incarceration of prisoners tracked 404,638 former inmates for 5 years after their release in 2005. The 404,638 – representing two-thirds of all prisoners released in the United States that year – were discharged from prisons in 30 States.<sup>65</sup>

Recidivism can be defined differently depending upon the agendas of the organization making the definition. Some government agencies and social organizations may have a need to demonstrate their effectiveness in curtailing recidivism and justify their budget that is spent to affect that objective. There is no definitive standard and the definition of recidivism ranges from the most liberal to the most conservative – An individual released from prison that is arrested, charged, convicted and re-incarcerated under a new prison sentence.<sup>66</sup>

Inclusion of individuals who are returned to prison due to legitimate parole violations in the government recidivism statistics are sometimes considered, and other times not, and some reports consider only the administrative parole violations and not re-arrests and re-convictions.<sup>67</sup> Arguably, the definitions vacillate depending upon the political and budgetary agendas that the statistics are designed to serve.

Even under the most conservative definition, recidivism of 25.4% within three years of release calculates to 103,674 individuals *per year*. Over the three-year period, the count is 311,022.<sup>68</sup>

Because there is a presumption of innocence when an individual is arrested, it would not be appropriate to define recidivism so conservatively as to include all individual's arrested – 67.5% over three years. However, the number convicted but not sentenced to a new prison term is largely the result of judicial discretion. Clearly however, if a person is convicted, but not returned to prison with a new sentence, the *behavior* of the individual *did* recidivate. A reasonable blend of liberal and conservative definitions would arrive at a recidivism figure in-between the 46.9% who were reconvicted, and the 25.4% who returned

<sup>65</sup> Alaska, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Iowa, Louisiana, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia.

<sup>66</sup> U.S. Department of Justice – Bureau of Justice Statistics – Publication, June 2002, NCJ 193427. The study uses four measures of recidivism: re-arrest, reconviction, re-sentence to prison, and return to prison with or without a new sentence. Except where expressly stated otherwise, all four study measures of recidivism – refer to the 3-year period following the prisoner's release in 1994 and include both "in-State" and "out-of-State" recidivism.

<sup>67</sup> The Fiscal Year 2003 summary of Institution Statistics – Published and Revised 03-12-2004 by The Ohio Department of Rehabilitation and Correction, states in relevant part: A total of 3,501 returns that include: Parole Violations, Judicial Release Violations, Post Release Control Violations, Transitional Control Violations, Reactivated Suspended Sentences, Escapes Returned and Appeals Bonds. Releases for FY 2001 and 2002 are 25,211 and 25,866 respectively. An average release for FY 2001 & 2002 is 26,150. With a return of 3,501 during FY 2003, there is an approximate recidivism of 13.4% based upon the definition. However, the figures for second commitments and third or more commitments are as follows (Does not include First Commitments): FY 2003 – 8,201 / FY 2002 – 9,990 / FY 2001 – 8,842. Average releases for the three years are 9,011 for 2<sup>nd</sup>, and 3<sup>rd</sup> or more commitments. Using the average release and re-commitment figures, the Ohio recidivism rate is arguably in the 34.5% range. This figure dovetails into the national recidivism median of 36.15 percent.

<sup>68</sup> To find this most conservative recidivism rate, this Memorandum had to use statistics that are a decade old. Among State parole discharges in 2000, 41% successfully completed their term of supervision; relatively unchanged since 1990. [This would suggest that 59% did not – therefore although this document gives the benefit of doubt to the government agencies and community organizations statistical reporting, the actual rate of recidivism is arguably in the area of sixty percent and has remained unchanged for at least a decade.] Source: U.S. Department of Justice – Bureau of Justice Statistics.



to prison with a new sentence. Therefore, for the purposes of this discussion, the national recidivism median is 36.15 percent.<sup>69</sup>

The national median recidivism is 147,552 individuals *per year*, and 442,656 over a *three-year* period.

No evidence was found that spending more time in prison raises the recidivism rate. The evidence was mixed regarding whether serving more time reduces recidivism.<sup>70</sup> The effectiveness of longer periods of quarantine toward reducing recidivism is arguable and inconclusive.

Irrespective of any manipulation and fluctuation of, or argument to the statistical averages, the final number is dramatic. That number can be dramatically magnified when the numbers of people affected by each conviction or incarceration event are included, *i.e.*, family and friends.

## ***F. HIGH COST TO SOCIETY***

The simplest calculation of the cost of recidivism is to average the cost to house a prisoner (conservatively \$30,000 per year) and multiply that by the number of recidivists. This yields an annual figure of more than \$4.4 billion dollars, \$370 million dollars per month, or \$12 million dollars per day.

These figures pale in comparison to the cost to victims of crime when factoring all of the following, and then multiplying by the recidivism rates:

The net burden of crime in the U.S. exceeds more than \$1 trillion per year,<sup>71</sup> according to David Anderson's research published in the *Journal of Law and Economics*. In addition to direct losses, Anderson's analysis includes opportunity costs for criminals and victims, fear of victimization and cost of private deterrence to provide a more complete assessment of the financial costs of crime.

The effects of crime (and their resulting costs) can be grouped into the following categories:

- Crime-Induced Production – the allocation of resources to the drug trade or operation of correctional facilities accounts for \$400 billion annually.
- Opportunity Costs, which reflect the loss of active criminals' and inmates' potential productivity and the cost of crime prevention are about \$130.3 billion annually.
- Risks to Life and Health because of violent crime represent a burden of \$574 billion annually.
- Transfers due to fraud and unpaid taxes account for another \$603 billion in losses to the economy due to criminal activity.
- Wide scale identity theft is increasing, and the crimes transition national borders. There is some argument as to whether these statistics should be

<sup>69</sup> Based upon the national median calculated from U.S. Department of Justice – Bureau of Justice Statistics – Publication, June 2002, NCJ 193427

<sup>70</sup> U.S. Department of Justice – Bureau of Justice Statistics – Publication, June 2002, NCJ 193427 – Special Report, Recidivism of Prisoners Released in 1994.

<sup>71</sup> Source: David A. Anderson, "The Aggregate Burden of Crime," *Journal of Law and Economics*, October 1999.



included in a study of recidivism due to the international nature of the crimes.

- In 2010, 7.0% of households in the United States, or about 8.6 million households, had at least one family member age 12 or older who experienced one or more types of identity theft victimization.
- Among households in which at least one member experienced one or more types of identity theft, 64.1% experienced the misuse or attempted misuse of an existing credit card account in 2010.
- From 2005 to 2010, the percentage of all households with one or more type of identity theft that suffered no direct financial loss increased from 18.5% to 23.7%.<sup>72</sup>

Anderson estimates that the per capita cost of crime is \$4,118 for each U.S. citizen. This estimate includes factors ranging from the value of the life of a murder victim to the more mundane chore of locking doors and locating keys. He says that a fuller understanding of the true costs of crime, beyond victims' losses and the cost of law enforcement can guide public policy debates on the marginal costs of crime prevention programs.

Other studies include:

- The costs of anticipating crime: security and insurance administration (9% of the costs of crime)
- The costs of the consequences of crime: property stolen and damaged, emotional, and physical impact on the victim, lost output, victim services and health services (71% of the costs of crime)
- The costs of the Criminal Justice System response: police, courts, and prisons (20% of the costs of crime).

The figures do not yet take account of:

- The hidden impact of crime victimization on quality of life, such as not participating in education, training, or employment through fear of leaving the home unguarded or not going out shopping through fear of street crime.
- The cost of fraud, drug offences or any estimate of the costs of disorder such as juvenile nuisance and other forms of anti-social behavior.

Crime and the Nation's Households, (April 2007), Data Brief, report that in 2005, 14% of the Nation's households, accounting for 16 million households, experienced one or more violent or property victimizations as measured by the National Crime Victimization Survey (NCVS). The percentages of households victimized by vandalism or by intimate partner violence are estimated from the National Crime Victimization Survey for the first time.

---

<sup>72</sup> Source: Bureau of Justice Statistics – <http://www.bjs.gov/index.cfm?ty=pbdetail&iid=2207>



Prevalence measures show the percentage of households affected by crime – a perspective absent in crime counts of criminal incidents. Data are presented by race, ethnicity, and place of residence, region, and size of household.

Highlights include the following:<sup>73</sup>

- 1 in 36 households experienced one or more violent crimes in 2005.
- In 2005, about 16 million of the 117.1 million U.S. households experienced one or more violent or property victimizations as measured by the National Crime Victimization Survey.
- Violent crimes, which include rape, sexual assault, robbery, simple and aggravated assault, were experienced by about 1 in every 36 households in 2005.
- About 12% of households, or 14.1 million households, experienced one or more property crimes, which include household burglary, motor vehicle theft and property theft.
- About 1 in 320 households were affected by intimate partner violence.
- About 1 in 10 households experienced property theft, the most frequently encountered property crime.
- About 2.2 million households had members who experienced simple assault, the most frequently encountered crime of violence.

The FBI's Uniform Crime Reports show that in 2000, 90% of murder victims were age 18 or older. Of all murder victims, 45% were 20 to 34 years old.<sup>74</sup>

The elderly, persons age 65 or older, experienced less violence and fewer property crimes than younger persons between 1992-97. However...

- Property crime, not violence, provided the highest percentage of crime against persons age 65 or older.
- Elderly persons (age 65 or older) were victims of an annual average 46,000 purse snatchings or pocket pickings, 166,000 non-lethal violent crimes (rape, sexual assault, robbery, aggravated and simple assault), and 1,000 murders 1992-97.
- Robbery accounted for a quarter of the violent crimes against persons age 65 or older, but less than an eighth of the violent crimes experienced by those age 12-64.

---

<sup>73</sup> Source: U.S. Department of Justice – Bureau of Justice Statistics April 2007 Data Brief. <http://www.bjs.gov/content/pub/pdf/cnh05.pdf>

<sup>74</sup> See also Homicide Trends in the United States and Data Online for characteristics of homicide victims by State and large locality.



## **PROSECUTION:**

- Half the prosecutors' offices Nationwide employed 9 or fewer people and had a budget of \$318,000 or less.
- The 2,341 State court prosecutors' offices employed over 79,000 attorneys, investigators, and support staff; a 39% increase from 1992 and 13% from 1996.
- Over three-quarters of the Nation's chief prosecutors occupied full-time positions compared to about half in 1990. Sixty-five percent of all offices had at least one full-time assistant attorney.
- Approximately 69% of all offices indicated having proceeded against an estimated 32,000 juveniles in criminal court.
- Four out of ten offices prosecuted computer-related crimes (felony or misdemeanor) under their state's computer statutes.<sup>75</sup>

## **STATE COURT PROSECUTORS IN LARGE DISTRICTS**

- Over 14,000 assistant prosecutors and supervisory attorneys who litigated cases were employed by prosecutors' offices in large districts.
- Large district offices had combined total budgets of \$2.9 billion for prosecutorial functions in 2001. The median office budget was \$14 million.
- Annually, prosecutors' offices in large districts closed over 1 million felony cases, with a median conviction rate of 85%.
- 65% of prosecutor's offices in large districts reported a threat or assault against an assistant prosecutor, 41% the chief prosecutor, and 22% a staff investigator.
- During the previous 12 months, prosecutors' offices in large districts proceeded against in almost 11,000 juvenile cases.

## **STATE COURT PROSECUTORS IN SMALL DISTRICTS**

- Full-time offices serving districts with a population under 250,000 had combined budgets of over \$1 billion in 2001.
- Nine out of ten full-time prosecutors' offices serving districts with a population under 250,000 handled domestic violence and child abuse cases.

The costs of the 49 million crimes and attempted crimes against Americans each year are staggering.<sup>76</sup>

A report from the National Institute of Justice advances some eye-popping figures.

---

<sup>75</sup> The nation faces an increasing demographic of criminal opportunist that is embracing emerging technologies.

<sup>76</sup> Source: National Center for Policy Analysis – NCPA Policy on Crime: Costs and Savings.



- Crime costs Americans some \$105 billion each year in medical bills and lost earnings.
- Adding pain and suffering, as well as the reduced quality of life, the total climbs to \$450 billion each year -- roughly \$1,800 for each man, woman, and child in the country.
- Violent crime -- including drunken driving, child abuse and arson -- accounts for \$426 billion of the total, with property crime accounting for the remainder.
- Compensation to crime victims from insurers is \$45 billion annually.
- The figures do not include the cost of running the criminal justice system or private actions taken to cut crime -- such as hiring guards or buying security systems.
- Violent crimes consume 3 percent of all U.S. medical spending and 14 percent of all injury-related medical spending.
- Violent crime causes wage losses equal to 1 percent of all American earnings.

Some criminologists are suggesting that incarceration is cheaper than letting repeat offenders back onto the streets. With the typical arson costing an average of \$54,000 per victim and an assault costing \$31,000, it is cheaper to keep the criminal in jail at an average annual cost of \$25,000 to \$30,000.

This concept is fundamentally flawed. Based upon this theory, the answer to recidivism will eventually evolve to giving life sentences for every infraction of the law. Even with current prison population and its rate of increase, the population would almost double every five years and attrition would only result from death. The criminologists that support this draconian theory are reminiscent of the cop-out philosophy practiced by some CEO's who meet quarterly numbers with lay off's as opposed to their own hard work and innovation, only to ensure their job security, but at the expense of individual lives and de-fortifying the corporate infrastructure.

Research shows that those who are jailed for violent, or property crimes tend to be repeat offenders. So, locking them up tends to reduce their crime rate. [...for so long as they remain locked up.] However, it has no positive effect on recidivism and some studies suggest that longer periods of incarceration increase the likelihood for recidivism, in part due to individuals becoming institutionalized. It is also important to categorize many of these people separately as *psychologically dysfunctional* as opposed to suggesting that every individual who commits a violent crime will be a repeat offender.

The solution is one of two options. Life sentences for everyone regardless of crime; or establish a fresh and innovative approach to effectively reduce recidivism.

By simply addressing recidivism with a robust agenda, the dollar figures delineated in this section can be reduced by as much as 35 – 60 percent. One person cannot achieve this gargantuan goal. The government and community organizations have already demonstrated their progress. A cultural change however will dramatically change these statistics.



*Lords of the Dragon* can light the flame that will be the genesis of a cultural revolution that will have a pervasive and significant impact on the core problems that cause our high rates of recidivism.

*Lords of the Dragon* is the new dimension in reducing recidivism and the new frontier for accountable, self-funding community and social organizations that serve this demographic.

\*\*\* *END* \*\*





