

July 30, 2019

Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

VIA U.S. MAIL

Re: Courtesy Notice of Sale of Assets - Amateur Radio Digital Communications.

To Whom It May Concern:

The purpose of this letter is to set forth a description of the recently completed sale of significant assets (but not substantially all of the assets) of Amateur Radio Digital Communication, a California nonprofit public benefit corporation (“ARDC”), to Amazon Technologies, Inc., a Nevada corporation (“Amazon”) (the transaction referred to herein as the “Sale”). This letter serves as a **courtesy notice** of the Sale, which was a sale of Internet Protocol Addresses (“IP Addresses”).

While the Sale is of substantial size in relation to the prior reported assets in ARDC’s past information returns, the Sale represents only about one-quarter of ARDC’s IP Addresses and is therefore not a sale of substantially all of ARDC’s assets. Accordingly, advance written notice of this Sale was not required under California Nonprofit Public Benefit Corporation Law Section 5913. The revenues from the Sale will be accurately recorded in ARDC’s 2019 Form 990, which will be timely submitted to the Registry along with the 2019 Form RRF-1.

Background:

Every organization, person, or device attached to the Internet must have an IP Address in order to function as part of the network. Initially plentiful and freely available at no charge, in the past decade these have become scarce and their availability subject to market forces.

In the 1980's, when the Internet was in its infancy, interested parties were given large numbers of IP addresses at no cost by the Internet Assigned Numbers Authority (“IANA”), an agency of the US Government, without restriction. It was only necessary to explain that one wanted a block of addresses to research and experiment with the new evolving network and they would be made available. At the time, a simple telephone call [email

really didn't exist yet] was sufficient. No formal application was necessary. Regrettably, very few paper or electronic records have survived from that time. Most of the participants were research universities and government contractors, or the military, or some dedicated communications research firms such as Bell Labs.

Research and experimentation have long been a driving force in the field of Amateur ("ham") Radio. In 1981, a small group of curious "hams" requested and received a block of 16 million such addresses for amateur radio digital communication purposes. This seemingly large quantity was in fact a common size of such an allocation, due in part to the vast number [some 4.2 billion] of such addresses available in the Internet, limitations in the Internet equipment of the period, and how few entities were actually experimenting with this new-fangled Internet.

This allocation of the block of addresses denoted as 44.0.0.0 through 44.255.255.255 (or in network engineering shorthand, 44/8) to this group of amateur radio enthusiasts is documented in the Internet engineering publication RFC790 from September 1981, where it is designated the Amprnet. As this group became more cohesive, it became known as the amateur radio digital communications group, from which ARDC evolved.

For more than 30 years, it has been the mission of this organization to support Amateur Radio research and experimentation with digital networking by providing advice, coordination, and perhaps most significantly, assigning IP Addresses to amateur radio operators anywhere in the world who wanted to work with digital communications. These assignments have always been made at no charge from out of our initial allocation of 16 million, and are essentially long-term zero-cost leases of the address blocks, in that all an interested amateur has to do is supply some very basic information and ask for them, and a volunteer would assign a block of addresses to him.

As the supply of Internet addresses is finite (at most 4.2 billion) and the Internet has grown explosively over the past decade or so, there has been a tightening of the supply of Internet addresses. Today, in 2019, they are in fact scarce. As a result, a market in selling and reselling addresses has sprung up. What was once free is now quite valuable.

ARDC only recently became aware of the market value of the IP Addresses it holds. Not long ago, it conducted a study of our utilization of those IP Addresses, and came to the realization that it had many more than it needs, or is ever likely to need.

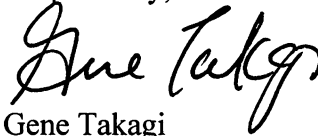
Consequently, the ARDC Board of Directors unanimously agreed to divest about one quarter (25%, or about 4 million) of its IP Addresses, and to sell it on the open market and use the income to fund its continuing mission of supporting research in digital communications through various programs of grants, supported research projects, and scholarships. The remaining 75% (some 12 million addresses) is to be retained and shall continue to be used directly in furtherance of ARDC's charitable purposes as they long have been.

To help assure that fair market value was received by ARDC for the Sale, ARDC conferred with several Internet Address Brokers who opined that the market for such assets is volatile and offered prices vary considerably from day to day. In February of 2019, ARDC engaged a well-known and highly respected Internet Address Broker, and instructed the Broker to offer the block of approximately 4 million IP Addresses for sale, with some constraints, to the highest bidder. Very few prospective buyers would have the resources to make such a purchase, so the selection and use of a Broker was critical to access the market.

This courtesy notice to the Registry is again not required but offered to provide advance context for ARDC's 2019 Form RRF-1 and 2019 Form 990, which will reflect a substantial growth in its size.

If you need further information or have any questions, please feel free to contact me.
Thank you.

Respectfully,

A handwritten signature in black ink that reads "Gene Takagi". The signature is written in a cursive, flowing style.

Gene Takagi
Attorney for Amateur Radio Digital
Communications