



EXHIBIT 1

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To Whom It May Concern:

Shine Micro intends to conduct a market study. The study will include the deployment of not more than 25 transponder units. Participants in the study will be charged a User Fee, which will not exceed \$100 per unit to defray the costs of the deployment. This is less than 7 percent of the purchase price of a unit. The user fee will be credited toward the purchase of a certified product upon completion of the market study. All devices will be retrieved after the study. SM162B refers to the all-in-one "tube" model of packaging, and SM161B refers to the "box" model (similar to the RadarPlus SL161R AIS receivers already on the market – see "Exhibit 4").

The SM162B and SM161B transponders have been developed with the assistance of SBIR HSARPA research contract NBCHC050038 with DHS (reference form 442, questions 7 and 9). Transponders have been preliminarily tested by BSH in Hamburg, Germany and units have been field tested in Germany under the supervision of BSH, in Scotland under the supervision of the NLB and in the US under the supervision of the USCG. Please see the attached datasheet marked "Exhibit 2" and brochure marked "Exhibit 3" for other particulars in reference to form 442, questions 3 and 4.

We are undergoing formal certification testing at BSH in Hamburg and anticipate filing certification documents with the FCC and USCG sometime in early spring of 2007; pending FCC and USCG rule adoption governing Class B AIS. We believe our transponders are compliant with IEC62287 and with all FCC regulations.

There is a critical need to deploy Class B AIS transponders as soon as possible for multiple reasons:

1. Large scale demonstration of the compatibility of Class B AIS with the existing Class A AIS transponders is needed to verify the USCG simulations and small scale trials.
2. Various law enforcement, military and environmental agencies need small, inexpensive transponders for enhanced Port Security and other awareness applications. Specific and detailed examples are available upon request; including inquiries from the US Navy, Coast Guard, and Air Force, as well as the Department of Transportation, National Data Buoy Center, several marine exchanges, fisheries, and coastal wildlife sanctuaries.

We request permission to deploy SM162B and SM161B transponders under an experimental license during this interim period until formal certification is granted, not to exceed 25 units total (reference for 442, question 13). Desired locations for deployment include:

- Puget Sound, WA
- Portland to Astoria, OR (Columbia River)
- San Diego, CA
- Boston, MA
- Penobscot Bay, ME
- Fishers Island, CT
- Tampa Bay Area, FL
- Houston/Galveston, TX
- Baton Rouge/New Orleans, LA
- Mobil, AL
- Norfolk, VA
- Honolulu, HI
- Juneau, AK
- Stennis Space Center, MS
- Chesapeake, MD
- Baltimore, MD
- Pittsburgh, PA
- Bethpage, NY
- Lake Erie
- Guam

All units will be clearly marked as experimental. In reference to form 442 question 11, this period will likely be less than the 2 year period generally extended to experimental licenses. When formal FCC/USCG certification is issued all experimental units will be hardware and/or software retrofitted as needed and will be properly labeled with the correct FCC identifier.

Respectfully,

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