

July 22, 2013

VIA ELECTRONIC

Kathryn F. Taylor, Esquire
K&L GATES LLP
Post Office Box 14210
Research Triangle Park, North Carolina 27709-4210

**RE: Child Support Enforcement System & Family Court Case
Management System Contract No. 07-S7279
Case No. 2013-204 A&B**

Dear Katie:

Charleston
Charlotte
Columbia
Greensboro
Greenville
Hilton Head
Myrtle Beach
Raleigh

I am writing to inform you of highly important issues surrounding the transition of the CFS Project from Hewlett-Packard State and Local Enterprise Services and Hewlett-Packard Corporation ("HP") to the State. The Contract requires HP to participate in the orderly transition of all the hardware, intellectual property, documentation, software, and other assets of the Project to the State. § 2.58.7. As the termination is for cause, the State is entitled to all these materials in that regard to **any** controversy between HP and the State regarding payment. § 2.58.5.3. HP will raise that issue and it will be determined by the CPO. Furthermore, HP **claims** that the State is failing to mitigate its damages. If HP prevents the State from having dominion and control over the Project artifacts, the State cannot begin the mitigation process, completely undermining HP's defense.

While these issues are important and will be outlined below, an even more important one has come to my **attention**. As you may know, the electronic mail for both HP employees, HP contractors, State employees and State contractors working on the Project was hosted on a single server owned by HP using the .CFSC domain. It has been my understanding that there was a firewall between the State and HP

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sides and that neither side could access the other side's emails without the other side becoming aware of it. I now understand that my impression may be mistaken. HP has locked down access to the email server and has it in its possession. If my understanding of the division between the two sides is incorrect and HP can access the State's emails, HP would currently have access to attorney-client privileged communications belonging to the State.

As a result, the State demands that HP's attorneys take immediate possession of the email server and determine whether HP accessed any State emails. I further instruct you not to search the State's emails because of the presence of attorney-client communications. A technical team from my office will cooperate with your office in determining how best to secure the server and protect confidential information belonging to either party. If HP does have access to the State's team emails, the State demands to know if any of the attorney-client privilege materials have been accessed and, if so, when and by whom.

Furthermore, as this matter is now involved in ongoing litigation, we reiterate the State's instruction to HP to suspend document destruction policies, and not to destroy or alter documents in their hard copy or electronic form related to the Project in this litigation.

It has now been twelve days since the State's notice of termination. The State brought the SharePoint database and repository to the Project and it belongs to the State. The State needs immediate access to the entire SharePoint database which should be turned over to the State in full. The State does not mind that SharePoint being restricted to read only access as long as it applies to both parties. The State plans to implement a separate SharePoint database for the Project moving forward. The State Project Team must receive SharePoint and full access tomorrow, July 23.

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The State is in the process of extending the lease for the Browning Road site. As part of the orderly transfer, the State needs complete control over the hardware, software, and data at the Browning Road site now that HP has had sufficient to inventory and organize what is being turned over. The hardware and communications equipment needs to remain in its current configuration. This includes, of course, all software necessary to continue the development and licenses to that software as specified in Section 2.57.2.

As part of an orderly turnover, HP needs to provide the requisite knowledge, passwords, and organization of the various materials to State personnel. This will require important HP personnel to deliver that information to the State as part of the transfer. We would hope this could be accomplished before those important HP personnel transfer elsewhere to minimize the expense to the parties.


The State would also like keys to all locked rooms and areas so it can have physical access. The State remains willing to purchase furniture and fixtures, including the phone system and items in the kitchen, to make this as smooth a transition as possible and fully mitigate its damages.

A great sense of urgency is prompted by the arrival of the United States Department of Health and Human Services, Office of Child Support Enforcement ("OCSE") for a technical assessment and support visit in mid-August. The State must have control of and familiarity with the Project systems, environments, and data well in advance of that visit in order to make it productive.

I look forward to working with you on these matters as it is in the best interest of both parties to make this transition as smooth as possible. We have both preserved our legal claims regarding the Contract, the mitigation achieved by a smooth transition assists both sides of this matter.

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Sincerely,

A handwritten signature in black ink, appearing to read 'Manos', with a stylized, cursive flourish extending from the end.

Marcus A. Manos

MAM/hjr