



Diebold Election Systems, Inc.  
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McKinney, TX 75069  
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December 17, 2004

Don Wright  
General Counsel  
North Carolina State Board of Elections  
506 North Harrington Street  
Raleigh, North Carolina 27603

RE: November 2004 Election

Dear Mr. Wright:

This letter responds to your request that Diebold Election Systems Inc. ("DESI") provide you with a description of the work performed by Jane Barth in Gaston County, North Carolina during the November 2004 election.

The work descriptions below and the tasks undertaken for Gaston County are similar to work that DESI has performed successfully for the County since 1998 and for election jurisdictions throughout the country. Furthermore, all functions DESI's staff undertakes on behalf of the County are done under the direction and supervision of the County election officials.

Hopefully, the following will further clarify the County's election needs and provide you a better understanding of the day-to-day activities that Ms. Barth undertook to support the Gaston County Board of Elections.

**October 27, 2004 (Wednesday)**

Jane Barth arrived in Gaston County.

**October 28, 2004 (Thursday)**

At the direction and oversight of Sandra Page, Ms. Barth supported the Gaston County Board of Elections ("CBE" or "County Board") in the following ways:

Ms. Barth spent the day at the offices of the CBE. She worked for most of the week in the back of the CBE's offices, where the CBE stores and tests its election equipment. The GEMS host computer, for example, was located in this election equipment room. Sandra Page was in and out of the election equipment room throughout the day, splitting her time between that room and the front office. Ms. Page asked Ms. Barth a number of questions and checked up on what Ms. Barth was doing. Specifically, Ms. Barth performed two types of tasks today:

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Having determined that the problem was not in the phone lines, Ms. Barth conducted additional tests to isolate the problem with the County's modems. Ms. Barth ultimately determined that the County's second modem was, in fact, not working properly. At Ms. Page's direction, Ms. Barth replaced the second modem, conducted some follow-up tests, and determined that the rollover was finally working properly.

Additionally, Ms. Barth worked with the technician from the phone company when he was at the CBE's offices. She also worked with Ms. Page and the two Contract Technicians to make sure the rollover was working correctly.

(2) Ms. Barth conducted maintenance and testing on the central count optical scan system. The County uses an optical scan system to count paper ballots, such as provisional ballots, mail-in absentee ballots, or curbside ballots. Her work on the central count system falls into two subcategories.

(a) Ms. Barth conducted standard L&A testing on the central count optical scan system, which included running sample ballots through the system and printing results.

(b) Ms. Barth also checked the hardware of the central count system, to ensure that it was functioning properly. As part of this examination, Ms. Barth made sure the printer was working, checked the ribbon and paper on the printer, checked the system's read-head to make sure it was clean and capable of reading properly, and generally conducted a physical inspection of the hardware on the operating system.

(3) Ms. Barth tested the direct connection between the CBE's touch screen unit and the GEMS host computer to ensure the connection was working. Ms. Barth did this by using one sample precinct and downloading one disk to simulate one voting machine. She then set up the system as it would be on election day, created a sample voter card, and cast sample ballots in the same manner an actual voter would cast real ballots. Ms. Barth cast two or three sample ballots. She then inserted a supervisor/manager card into the unit, which is required to end the election and, thus, begin tallying votes. Once she finished with that, she printed a hard copy tape of the results to make sure the votes had been cast, and then transmitted these sample votes to the GEMS computer. The connection was working at the time Ms. Barth conducted this test.

(4) Ms. Barth continued her examination and testing of certain laptops and touch screen machines. Ms. Barth continued the L&A testing on the laptops and touch screens. Ms. Barth worked with Ms. Page and the Contract Technicians throughout the day.

#### November 2, 2004 (Tuesday)

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

##### **I. Before Polls Opened**

Before the polls opened, Ms. Barth sat at the CBE's help desk -- a center set up by the CBE in its offices to field questions from the precincts during election day -- with Ms. Page and the two Contract Technicians. They discussed various logistical and other election-related issues.

##### **II. While the Polls Were Open**

At Ms. Page's request, Ms. Barth supported the CBE's help desk center by answering questions from the precincts regarding typical election-day issues. Ms. Page and the two Contract Technicians were also answering phones. Ms. Page deployed Ms. Barth and the

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Contract Technicians to the precincts when some issues arose that could not be resolved over the phone.

### III. After the Polls Closed

Once the polls had closed, Ms. Barth performed the following tasks:

(1) In preparation for the first precinct returns, Ms. Barth printed out a standard "zero report." This report documents that, before any votes have been counted, the database inside the GEMS host computer contains all zeros. In other words, it shows that no votes have been recorded. Ms. Barth gave the zero report to Ms. Page, who in turn brought it to the County Board. The County Board verified the zero report before any totals were transferred or accumulated.

(2) At Ms. Page's request, Ms. Barth loaded the early voting (or "One Stop Voting") results stored on fifteen diskettes into the GEMS computer. She did this by inserting each of the fifteen diskettes into the AccuVote-TS unit located at the CBE's offices which uses Poll Book software. By utilizing this configuration, Ms. Barth was able to load the early voting results onto the GEMS computer via the CBE's AccuVote-TS. Ms. Page supervised that the early results were loaded, and Ms. Barth believes all members of the County Board were in the room as this took place. Also, the CBE instructed Ms. Barth to accept, and thus count, all of the early votes.

(3) Throughout the course of the night and per Ms. Page's instructions, Ms. Barth used the GEMS host computer to monitor the precincts' transmittal of information, to ensure that the precincts did not encounter any problems while transmitting their information. The status of each precinct is verified under an "AccuVote-TS Server" tab within the GEMS software, as part of the system's inherent checks and balances. If a precinct has not properly transmitted its totals, the software shows a graphical depiction of a red, downward-pointing arrow. When a precinct has properly transmitted its totals, the arrow becomes a green, upward-pointing arrow, and the software displays the upload time. The very first precinct transmitted its reports at about 7:10 p.m., and the last precinct transmitted at roughly 2:00 a.m. Ms. Page performed some of this monitoring as well, and the County Board was present throughout.

(4) At the request of the County Board, Ms. Barth printed unofficial summary reports throughout the course of the night. These unofficial summary reports showed the results from the precincts that had transmitted their reports. Ms. Barth printed these reports between three and six times. Ms. Barth also manually saved this information as an html file to a diskette every twenty to twenty-five minutes. The CBE's data processor took this disk to Ms. Page's computer in Ms. Page's office, and posted the unofficial information.

(5) Ms. Barth supported the CBE in assisting the precincts that could not transmit their information to the CBE. Such precincts physically brought the disks from their touch screen units, along with printouts from the individual touch screen units, to the CBE's offices. At Ms. Page's request, Ms. Barth loaded, accumulated, and transferred the results from these individual precincts.

These results came in throughout the course of the night. Ms. Page, the County Board, and other CBE employees were in the room as Ms. Barth loaded, accumulated, and transferred these results. Ms. Page periodically monitored Ms. Barth as she performed this work.

(6) Once all the precincts transmitted, the County Board asked Ms. Barth to help scan and accumulate some of the mail-in absentee and transfer ballots using the CBE's central count system. At the direction of Ms. Page and the County Board, Ms. Barth scanned the ballots under Ms. Page's and the County Board's supervision. The County Board decided to scan the rest on

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Monday, November 8. Once the ballots were scanned, Ms. Barth ran an "ender card" through the central count system, which signaled that scanning was complete and shut down that election process. At the County Board's request, Ms. Barth then transferred the results from the central count system directly to the GEMS host computer.

Throughout the night, Ms. Barth saved numerous backups of the database to the GEMS host computer hard drive, and included time stamps on each of these backups. In fact, Ms. Barth believes that she saved a backup with a date-and-time stamp for all tasks performed on election day.

Ms. Barth departed the CBE offices at approximately 3:00 a.m.

#### November 3, 2004 (Wednesday)

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

(1) At the County Board's request, Ms. Barth scanned and accumulated "curbside ballots" using the CBE's central count system. This worked in the same way that the mail-in absentee and transfer ballots scanning and accumulating had worked on November 2, 2004. Ms. Page, the County Board, and Ms. Barth all worked on scanning these ballots. Ms. Barth then transferred the results from these ballots to the GEMS host computer, as she had done on November 2, 2004.

(2) At the CBE's request, Ms. Barth provided an unofficial summary and Statement Of Votes Captured report, or "SOVC," to the Board. An SOVC report lists by precinct how many voters voted and how many votes each candidate received. Ms. Barth gave the SOVC report to the CBE for their review and acceptance.

(3) Ms. Barth performed a backup of the database.

(4) Also, the CBE began their auditing process. This process was conducted by Ms. Page, the County Board and the CBE's employees. Ms. Barth did not participate in this auditing process.

During the auditing process, Ms. Page realized that the totals from a single disk had not been uploaded and included in the unofficial totals. Ms. Barth requested and received permission to extract these files by sending a back-up file electronically to DESI technicians. Steve Moreland from DESI faxed Ms. Page an authorization form, which Ms. Page signed and returned to DESI.

Once the DESI technicians had extracted the data, they e-mailed it to Ms. Page and Ms. Barth in Gaston County. At Ms. Page's direction, Ms. Barth then downloaded the information onto a floppy disk, and copied it onto the actual touch screen unit that had not worked properly. Ms. Barth also left this information on the floppy disk.

#### November 4, 2004 (Thursday)

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

(1) At the CBE's request, Ms. Barth conducted routine inspections of two to three laptops and five to ten touch screen voting units used on election day.

(2) Ms. Barth performed a backup of the database, as she had done the day before.

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During this second day of the auditing process, the CBE, Ms. Page and her team established that one of the Dallas precincts (Ms. Barth believes it was Dallas precinct #1) did not transmit all of its totals. The CBE retrieved this precinct's seven touch-screen diskettes.

**November 5, 2004 (Friday)**

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

(1) Ms. Page gave Ms. Barth the Dallas precinct's seven touch-screen diskettes. At Ms. Page's instruction, Ms. Barth loaded, accumulated, and transferred these diskettes to the GEMS host computer using Poll Book software. Once this was done, GEMS reported the correct number of votes.

The Board of Elections subsequently cross-referenced the totals printed by the GEMS host computer against the individual report tapes that were printed from each of the Dallas #1 touch screen units, and verified the correct number.

(2) At the CBE's request, Ms. Barth continued her inspection of laptops and touch screens, as she had done on November 4, 2004.

**November 6, 2004 (Saturday)**

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

(1) On Friday, November 5, 2004, Ms. Page requested that Ms. Barth remain available throughout Saturday in the event her services were needed.

(2) Saturday morning, Ms. Page contacted Ms. Barth by phone concerning questions regarding the scanning of paper ballots. Ms. Page and Ms. Barth spoke multiple times concerning the scanning question. All of Ms. Page's questions were resolved on Saturday.

**November 8, 2004 (Monday)**

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

(1) Pursuant to the CBE's request, Ms. Barth scanned and accumulated additional mail-in absentee ballots using the CBE's central count system. Ms. Page, the County Board and Ms. Barth all participated in the scanning of these ballots. Ms. Barth then transferred these results to the GEMS host computer. Ms. Page and the County Board were present when this transfer took place.

(2) Ms. Barth provided an unofficial summary and SOVC report to the County Board.

(3) Ms. Barth performed a backup of the database, as she had done on previous days.

**November 9, 2004 (Tuesday)**

At the direction and oversight of Ms. Page, Ms. Barth supported the CBE in the following ways:

The CBE determined that the unofficial early voting totals that it reported on election night were incomplete. The unofficial summary report indicated 922 votes were cast during early voting. However, 12,867 votes were actually cast and recorded in the voting system during the early voting period, but these votes were not transmitted. Ms. Barth believes that the CBE discovered this discrepancy when it cross-referenced the early voting machines' activity reports -- which are the actual reports that the precincts print out from each of the machines,

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listed by race and by candidate, after the voting period ends -- with the unofficial report results generated on election night. The CBE discovered this discrepancy at 8:00 a.m., and Ms. Barth immediately received a call from Ms. Page.

(1) Ms. Page gave Ms. Barth the fifteen early voting diskettes. At Ms. Page's request, Ms. Barth re-loaded, accumulated, and transferred the information on these diskettes to the GEMS host computer using Poll Book software. Ms. Barth twice attempted to transfer this information in the same way she had transferred it on election night. In this way, which is standard procedure, Ms. Barth loaded all fifteen disks using the touch screen unit attached to the GEMS host computer, and then accumulated and transferred all fifteen disks' worth of information to GEMS. Both times, GEMS reported only 922 votes.

The Poll Book software is also loaded on the GEMS host computer. Ms. Barth therefore loaded the early voting information directly onto GEMS, and began transferring this information one disk at a time. After each disk was loaded, Ms. Barth could see the red, downward-pointing arrows becoming green, upward-pointing arrows, but she could not tell what votes were being cast until she had finished the process and printed the SOVC. After this third attempt, the 12,867 that were recorded in the voting system were successfully transferred to the host computer.

Ms. Barth gave the updated SOVC to the County Board. The County Board cross-referenced the totals on the SOVC against the individual report tapes that were printed from each of the touch screen voting units used in early voting. The Board confirmed that the early voting totals on this final SOVC matched the vote tallies from each individual early voting machines.

(2) At Ms. Page's instruction, Ms. Barth performed the manual entry of three to five ballots while Ms. Page watched over her shoulder and the County Board monitored. Manual entry must be performed when a paper ballot is damaged or torn such that it could not be read by the central count system. Ms. Barth input this ballot information using the GEMS software on the host computer. As a check and balance, the candidate totals input must balance with the total votes cast. In this way, GEMS performs a redundancy check.

Ms. Barth printed summary reports of the vote totals before she entered any information manually. After she had performed the manual entry, Ms. Barth printed a second report to confirm that the totals had been inputted correctly, which she gave to the CBE.

(3) Ms. Barth performed a final backup of the database, as she had done on previous days.

#### November 10, 2004 (Wednesday)

Ms. Barth departed Gaston County.

#### Support Services Fees

DESI invoiced the County \$13,729.10 for the November election support. The November election support fees are calculated by charging \$1,000 per day, plus expenses. After further review of the charges to the County, DESI believes that a credit for one day's support services may be warranted. DESI is currently reviewing the charges and will contact the County and State Board of Elections when its review is final.

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Please contact me if you have any other questions.

Sincerely,



Karen G. Gantt  
Counsel



## STATE BOARD OF ELECTIONS

6400 Mail Service Center • Raleigh, North Carolina 27699-6400

**GARY O. BARTLETT**  
Executive Director

**MAILING ADDRESS:**  
**P.O. BOX 27255**  
**RALEIGH, NC 27611-7255**

December 21, 2004

General Counsel Karen Gantt  
Diebold Elections Systems, Inc  
1611 Wilmeth Road  
McKinney, Texas 75069

Re: Gaston County North Carolina General Election, November 2004

Dear Ms. Gantt:

Thank you for the faxed letter of December 17, 2004 as to the above matter. The contents of the letter raise several issues and concerns this agency would like to address. Could you please have such responses back to my personal attention by Monday, January 3<sup>rd</sup>?

1. It appears that in 2004 Gaston County was billed a total of around \$80,000 from Diebold. We need a breakdown of all of these expenses as to the type of expense and the exact nature of the expense (such as \$8,000 July 2004 Primary programming, and \$200 11/3/04 expense for Jane Barth). Please provide details.
2. Why did not Ms. Barth note that both the returns from the Dallas Civic Center and 12,000 one-stop absentee (early votes) votes were not reported as part of the unofficial election night returns after it appeared they were downloaded according to the GEMS program? Why was there not a check with the vote totals as reported with each precinct's returns and poll worker voter total that would have quickly shown the totals for the Dallas Civic Center Precinct were not included, and over 12,000 one-stop absentee votes were not included? If the GEMS program gave a green light on these returns, when in fact they did not download, how can that be explained by Diebold?
3. How could Ms. Barth issue a SOVC the day after the election report with the Dallas Civic Center precinct not included since such SOVC report was by precinct? How come it was not until Thursday that it was determined that the SOVC run did not include the Dallas Civic Center precinct? How come it took

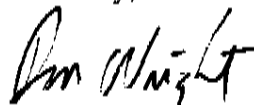


- until Friday to get these totals in the GEMS system? Did Ms. Barth report the malfunction as to the Dallas Civic Center returns or GEMS to Diebold on November 4<sup>th</sup>? If so, to whom did she report and who was placed in charge to resolve this incident? Please provide a copy of any report made on this error by Diebold. If she did not report it, please list all Diebold directives, policies, and procedures she violated by not reporting this major malfunction.
4. On Monday, Ms. Barth reported she "scanned and accumulated additional mail – in ballots" and placed them in the GEMS system. Since these ballots were counted on November 2nd, 6 days earlier, why was it Monday that these ballots were entered into GEMS?
  5. How could Ms. Barth not notice the fact that 12,867 one-stop votes were not in the GEMS system after she personally attempted to download them in GEMS the week before? Why did a cross check of the machines reports with precinct totals were not done until Tuesday morning right before the county canvass?
  6. Why did the first two Tuesday morning attempts to download the one-stop absentee votes using the Poll Book software fail, and yet Ms. Barth asserts it worked the third time? Did Ms. Barth report the malfunction in the Poll Book software or GEMS to Diebold on November 9<sup>th</sup>? If so, to whom did she report and who was placed in charge to resolve this incident? Can we have a copy of any report made on this error by Diebold? If she did not report it, please list all Diebold directives, policies, and procedures she violated by not reporting this major malfunction.
  7. Gaston County purchased the TS system in 1998. How many other counties in the United States still used the level of on-site support, maintenance, and programming that Gaston County was still using eight years after the purchase of the system?
  8. Is your current TSX voting system designed so that a county will have to continue using the same extensive level of DESI support that is needed for a new system through out the lifetime of that system being used by the county? Is the TS or TSX system designed to allow competent Non-DESI information technologists to assume a major part of system maintenance, programming, and trouble shooting?

Your cooperation on responding to these questions is appreciated. For your information, both Gaston County Director Sandra Page and Gaston County Board Chairman Tony Branch resigned December 15, 2004. Board Secretary Richard Jordan is the acting Chairman, and he is being copied both with this letter and your letter of December 17, 2004.

This issues set out and the interaction of Diebold and the Gaston County Elections office is of utmost concern to this agency. I know you will treat this request as seriously as we make it.

Sincerely;

A handwritten signature in black ink, appearing to read "Don Wright". The signature is written in a cursive, somewhat stylized font.

Don Wright  
General Counsel

Cc: N.C. State Board of Elections Executive Director Gary Bartlett  
Cc: Acting Gaston Chairman Richard Jordan



Diebold Election Systems, Inc.  
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972 542-6000  
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December 22, 2004

*Via Fax at 919-715-0135*

Don Wright  
General Counsel  
North Carolina State Board of Elections  
506 North Harrington Street  
Raleigh, North Carolina 27603

RE: Gaston County, North Carolina General Election, November 2004

Dear Mr. Wright:

I received your letter dated December 21, 2004. In that correspondence, you request Diebold Election Systems Inc. ("DESI") provide responses to a series of detailed questions by January 3, 2005. Due to the holiday schedules of those who will need to assist in answering the questions, DESI will not be able to provide responses by January 3. Please understand that DESI does wish to cooperate with the State Board of Elections on this matter and that we will provide you with answers to your inquiries. We will endeavor to submit responses by January 14, 2005.

Also, please be advised that I will be out of the office until January 4, 2005 and will not have access to any correspondence sent by fax or mail during this time. In the event of an emergency, you may contact me by email at [kgantt@dieboldes.com](mailto:kgantt@dieboldes.com), which I will be checking as coverage allows throughout the holidays, or on my cell phone at 214-551-4599.

I hope you and your family have a happy holiday season.

Sincerely,

Karen G. Gantt  
Counsel



Diebold Election Systems, Inc.  
1611 Wilmett Road  
McKinney, TX 75069  
972 542-6000  
fax 972 542-6044  
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January 14, 2005

*Via Fax at 919-715-0135*

Don Wright  
General Counsel  
North Carolina State Board of Elections  
506 North Harrington Street  
Raleigh, NC 27603

Dear Mr. Wright,

This letter responds to your letter of December 21, 2004. As an initial matter, I note that some of the questions in your letter suggest a misapprehension of the nature of Ms. Barth's work in Gaston County and the scope of her responsibilities during the November election. Ms. Barth worked at the direction of Sandra Page and the Gaston County Board of Elections ("CBE") to help support their election efforts. She provided technical support under the direction and supervision of Gaston County's election officials.

Ms. Page and the CBE were responsible for managing and conducting the election. Their responsibilities included reviewing all election reports, verifying all vote totals and returns, and making all decisions concerning when to perform functions such as scanning ballots and inputting vote totals. Neither Ms. Page nor anyone from the CBE directed or requested Ms. Barth to assume or engage in any of these activities, nor were such activities included in the scope of Ms. Barth's work in Gaston County. Any questions regarding the responsibilities or decisions of Ms. Page or the CBE are outside the knowledge of Diebold Election Systems Inc. ("DESI").

#### Unofficial Early Voting Totals

On Tuesday, November 9, the CBE determined that the unofficial early voting totals it reported on election night were incomplete. On that same day, Ms. Page asked Ms. Barth to reload, accumulate and transfer the early voting information contained on fifteen diskettes into the GEMS host computer. Ms. Barth loaded all fifteen diskettes at once onto the CBE's touchscreen unit, and then accumulated and transferred all this information to the GEMS software on the GEMS host computer. After this accumulation and transfer, GEMS did not show all of the votes contained on the fifteen diskettes. Ms. Barth again loaded all fifteen diskettes at once, and then accumulated and transferred all this information to GEMS. Once again, GEMS did not show all of the votes contained on the fifteen diskettes.

On her third attempt, Ms. Barth decided not to load all fifteen diskettes at once and then accumulate and transfer all this information to GEMS. Instead, Ms. Barth began loading one diskette at a time directly onto the GEMS host computer, and then accumulating and transferring information from the Pollbook software to the GEMS software after each diskette was loaded. Ms. Barth then repeated this process fifteen times, until each of the fifteen diskettes had been loaded, accumulated and transferred. After this third attempt, GEMS showed all of the votes contained on the fifteen diskettes.

DESI believes that Ms. Barth's first two attempts did not work because of the unprecedented amount of early-voting information that she was trying to load in a single batch onto the software used in Gaston County. The Poll Book software used in Gaston County apparently was unable to process all fifteen diskettes' worth of information at once, and as such did not report all of the votes contained on those fifteen diskettes. The software worked properly when the information was loaded, accumulated and transferred one diskette at a time.

Ms. Barth notified DESI that, while the GEMS software properly reported that she had loaded fifteen diskettes (and thus showed all green "up-arrows"), only a partial amount of the information had actually been transferred from the loaded diskettes. She also notified DESI that she was able to resolve the issue by loading the information one diskette at a time, instead of in a single batch.

#### Dallas Precinct

The Dallas precinct that did not transmit all of its totals on election night would have been included on the Statement of Votes Cast report, or "SOVC" report, that Ms. Barth provided to the CBE, at the CBE's request, on Wednesday, November 3. The SOVC report lists by precinct how many voters voted and how many votes each candidate received. The Dallas precinct that did not transmit all of its totals did, in fact, transmit some totals. Accordingly, this precinct would have been included on the SOVC report. Because Ms. Barth believed that the precinct had simply failed to load all of the touch-screen diskettes from the Dallas precinct, she did not initially notify DESI that the Dallas precinct did not transmit all of its totals.

#### Scanned and Accumulated Mail-In Ballots

The CBE scanned and accumulated mail-in ballots on two days. First, the CBE asked Ms. Barth "to help scan and accumulate some of the mail-in absentee and transfer ballots" on November 2, 2004. (Letter from K. Gantt to D. Wright 4 (Dec. 17, 2004).) The CBE then asked Ms. Barth to "scan[] and accumulate[] additional mail-in absentee ballots" on November 8, 2004. (*Id.* at 6.) On both November 2 and 8, the CBE directed Ms. Barth to transfer the results from the scanned mail-in ballots into GEMS, which she did. As I mentioned above, DESI does not know why the CBE decided to scan and accumulate mail-in ballots on November 2 and 8.

#### Expenses

DESI billed Gaston County a total of \$81,561.28 from January 1, 2004 through December 31, 2004. These charges can be broken down into roughly five categories. First,

Gaston County paid \$35,850.00 in annual fees. These fees covered Gaston County's extended warranty agreements and license agreements for the election hardware and software used in the county. Second, Gaston County was invoiced \$31,000 for onsite labor charges incurred in June, July and November. These charges covered the election support services that DESI representatives provided onsite in Gaston County before, during and after the elections. Third, DESI charged \$8,512.15 for travel-related expenses incurred by the DESI representatives who were onsite in Gaston County in June, July and November. Specifically, these charges were for airfare, hotel, meals, and car rental expenses. Fourth, Gaston County paid \$4,098.88 for ballot programming charges. Fifth, as a miscellaneous category, Gaston County was invoiced \$2,100.25 for taxes, supplies and all shipping and handling charges.

I previously informed you that DESI's accounting department inadvertently overcharged Gaston County \$1,000 for its services during the November 2004 election. I also reviewed the invoices relating to the July 2004 primary. It appears that the invoices generated by DESI's accounting department were erroneous for July as well. As such, DESI will provide Gaston County with an additional refund of \$8,989.68 for onsite labor charges and travel-related expenses.

#### The TS and TSx Voting Units

DESI provides different levels of election support services to its county customers. The amount of time and effort that DESI needs to spend supporting a particular county is dictated by (1) the technical proficiency of the county board of elections and its staff and (2) the election equipment used in that county. The Gaston County Board of Elections has preferred to rely heavily on representatives of DESI, such as Ms. Barth, to augment its technical proficiency. Moreover, the election equipment used by the Gaston County Board of Elections is now considerably older than that used by most of the other counties DESI services. Accordingly, DESI spent more time and effort supporting Gaston County in the last election than the majority of its county customers.

The Accu-Vote TSx system that you mentioned in your December 21 letter would reduce the amount of support DESI would need to provide to Gaston County. Moreover, DESI has designed the newer election support equipment to load considerably more data in a single batch than the equipment used in Gaston County. Accordingly, the CBE would not have encountered the same loading issue with its early voting information had it used newer equipment. As mentioned above, however, election equipment is only one of the factors controlling how much time and effort DESI spends supporting a particular county.

Sincerely,



Karen G. Gantt  
Counsel

EXHIBIT A TO  
ELECTION TABULATION COMPUTER SYSTEM CONTRACT  
BETWEEN GLOBAL ELECTION SYSTEMS, INC.  
AND GASTON COUNTY, NORTH CAROLINA

PROJECT PRICING SUMMARY

OYT	PRODUCT	UNIT COST	TOTAL COST
335	DRE Voting Machines	4,900.00	1,641,500.00
	Software Services	33,000.00	33,000.00
	Training/On-site Support	19,400.00	19,400.00
	Postal Ballot Counting System	23,200.00	23,200.00
57	Electronic Pollbooks/Voter Access Cards	995.00	56,715.00
	Beta Site Discount		(392,425.00)
	Trade-In		(50,000.00)
	TOTAL		1,331,390.00