

FILEONE, INC.**SECOND AMENDMENT TO SOFTWARE SERVICE AGREEMENT**

This Second Amendment ("Amendment") shall be deemed a material part of that certain Software Services Agreement by and between FileONE, Inc., a North Carolina corporation ("FileONE") with Federal Identification Number 56-2137429, having its principal offices at 5520 Dillard Drive, Suite 280, Cary, NC, acting through its President, Robert Sydnor and the Department of State of Puerto Rico ("Customer"), with Corporate Social Security Number, 660-43-3481, acting through its Secretary, Hon. Kenneth D. McClintock, of legal age, married and resident of San Juan, Puerto Rico, with an address of P.O. Box 9023271, San Juan, PR 00902-3271 ("Initial Agreement") as amended by a First Amendment to Agreement dated February 5th, 2010 ("First Amendment") (Initial Agreement and First Amendment collectively referred to as "Agreement"). The terms of this Amendment shall modify and supersede any and all inconsistent terms of the Agreement. Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Agreement.

RECITALS

WHEREAS, FileONE and Customer entered into the Agreement under which FileONE will be supplying its SystemWorks business filing systems and other related services to Customer;

WHEREAS, both FileONE and Customer wish to make a second amendment to the Agreement with respect to said services FileONE will be providing to the Customer;

WHEREAS, the Agreement is a valid and subsisting agreement between FileONE and Customer and both parties shall continue to be bound by the terms and conditions of the Agreement not otherwise amended herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are hereby specifically incorporated into, and deemed a material part of, this Amendment.
2. **Back File Services.** A new Section 2.15 is hereby added to the Agreement as follows.

"2.15 Back File Services Provided by FileONE. FileONE shall provide certain Back File Services to the Customer in accordance with the terms of this Agreement and FileONE's proposal set forth on Attachment 5 attached hereto and fully incorporated herein by this reference. For all purposes under this Agreement, the Back File Services to be performed by FILEONE as set forth on Attachment 5 shall be included in the definition of Service as set forth in and used throughout this Agreement. Generally, FileONE shall provide certain scanning, imaging, indexing, storage and 2009 Annual Report rejection and validation services to the Customer for the Customer's business filing documents. In exchange for FileONE's performance of the Service, the Customer shall pay FileONE the amounts set forth on Attachment 2 and in accordance with the payment schedule on Attachment 2. The Customer acknowledges and agrees that FileONE may utilize the services of third party entities and/or

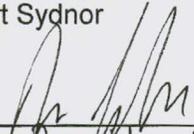
subcontractors to perform some or all of the Service contemplated herein. FileONE acknowledges and agrees that in the event any of the Service is subcontracted, FileONE shall remain responsible for the satisfactory performance of the Service included in any subcontract agreement FileONE may enter into."

3. **Attachments to Agreement.** Attachment 2 to the Agreement is hereby deleted in its entirety and replaced in its entirety with Attachment 2 attached hereto and fully incorporated herein by this reference. In addition, a new Attachment 5, attached hereto and fully incorporated by this reference, is hereby added to the Agreement.

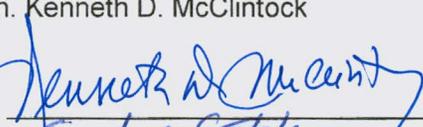
4. **Continuing Validity of Agreement.** Except as specifically set forth in this Amendment, all remaining terms and conditions of the Agreement shall remain in full force and effect.

EXECUTED as of the 28th day of December, 2010.

FileONE, INC.
acting through its President,
Robert Sydnor

By: 
Its: President

Department of State of Puerto Rico
acting through its Secretary,
Hon. Kenneth D. McClintock

By: 
Its: Secretary of State



ATTACHMENT 2

Services Transactional Fees, Payment Processing Schedule and Back File Services Fees and Payment Schedule

A. **Transaction Fees.** Customer shall pay the following transactions fees for the use of the Hosted Software and Service provided by FileONE under the Agreement:

Customer Filing Charge Per Transaction	FileONE Fee
\$1 - \$14	\$1
\$15 - \$24	\$2
\$25 - \$74	\$3
\$75 - \$99	\$4
\$100 and up	\$5
Annual Reports, Non-Profits	\$2
Annual Reports, All Other Types	\$15

Notes on Pricing:

1. All fees associated with the processing of the business filing transactions including, but not limited to, banking fees, service fees, processing fees, credit card association fees and all other processing fees shall be the responsibility of the Customer and shall be deducted from the amounts payable to Customer as set forth in Section 3 below.
2. **Payment Processing; Establishment of Accounts.** Prior to the "Go Live" date of the Hosted Software, FileONE shall open a Hosted Software Operating Account ("HSEA") which shall be maintained separately for the Customer and under the ownership of FileONE. Ownership of all accounts used to receive revenue for the operation of the Hosted Software shall be in the name of FileONE. It is to this account that all Hosted Software revenue shall be deposited and from which disbursements shall be made as provided in Section 3 below.
3. **Payment Processing; Disbursement of Funds.** All fees received by the Customer for filings processed through the Hosted Software and Service shall be deposited in the HSEA. At the end of each month, FileONE shall deduct all applicable charges as set forth in Section 1 of Attachment 2 as fees due to FileONE for the use by the Customer of the Hosted Software. In addition, FileONE shall deduct all fees associated with processing the business filing transactions including, but not limited to, banking fees, service fees, processing fees, credit card association fees and all other processing fees which are associated with the processing of the business filing transactions. After deducting the total of all charges due for the month from the HSEA, FileONE shall send a check for the remaining funds, payable to *Secretario de Hacienda*,

to Departamento de Estado, Oficina de Presupuesto y Finanzas, PO Box 9023271, San Juan, PR 00902-3271. FileONE shall also provide to the Customer at the end of each month, a report identifying the total transactions which took place during the month, the total revenue received in the HSOA and all applicable deductions related to FileONE's charges associated with the use of the Hosted Software (the "Monthly Transaction Report"). If the Customer disputes any information set forth on the Monthly Transaction Report, Customer shall within ten (10) days of its receipt of the Monthly Transaction Report, notify FileONE in writing and the parties shall work together to identify and resolve any disputed items within ten (10) days after FileONE's receipt of such notice.

B. Back File Services Fees and Payment Schedule. Customer shall pay the following fees for FileONE's performance of the Back File Services in accordance with the payment schedule set forth below. Any changes to the pricing and/or payment schedule as set forth below shall be mutually agreed upon, in writing, by the parties and set forth in an amendment to the Agreement. Payments retained by FileONE shall not exceed 40% of the corporation fees received by the Customer whether received through the HSOA account or through the Customer's voucher system. The remaining 60% belongs to the General Fund of the Commonwealth of Puerto Rico. For the avoidance of doubt and by way of example, if the Customer receives fees in the amount of \$500,000 through the HSOA account and \$500,000 through the Customer's voucher system, the total of \$1,000,000 shall be eligible for payment to FileONE based on the forgoing percentages for the Services to be performed by FileONE hereunder. Therefore, FileONE shall be entitled to payment in the amount of \$400,000 based on a total amount received by the Customer in the amount of \$1,000,000. Notwithstanding the foregoing, the Customer shall at all times remain responsible for the payment of all fees associated with the Services to be performed by FileONE hereunder whether or not such fees are available for payment when due.

Milestone	Project Payment	Payment Date	Services Delivered
Project Definition and Analysis Deliverable	\$250,000	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	Delivery of Back Office Service Plan, Project Schedule and Project Design and Solution Report.
Payment for 1 st Month of Back File Documents Processed	\$251,084	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	Deployment of the Customer processed documents and data to the Customer's staging environment. For the first month
Payment for 2 nd Month of Back File Documents Processed	\$251,084	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	Deployment of the Customer processed documents and data to the Customer's staging environment for the second month
Payment for 3 rd Month of Back File Documents Processed	\$251,084	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	Deployment of the Customer processed documents and data to the Customer's staging environment for the third month
Payment for 4 th Month of Back File Documents Processed	\$251,084	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	Deployment of the Customer processed documents and data to the Customer's staging environment for the fourth month

Payment for 5 th Month of Back File Documents Processed	\$251,084	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	month Deployment of the Customer processed documents and data to the Customer's staging environment for the fifth month
Payment for 6 th Month of Back File Documents Processed	\$251,084	Paid upon a sufficient transaction amount balance is available in the transaction account to cover the payment amount due	Deployment of the Customer processed documents and data to the Customer's staging environment for the six month
Additional Filing Charge Per Transaction--Annual Report Filing * <i>Applied to all 2010 except Non-Profits</i>	\$8.00	Paid according to Item A-3	
Additional Filing Charge Per Transaction--Annual Report Filing * <i>Applied to all 2010 Non-Profits</i>	\$2.50	Paid according to Item A-3	
Additional Filing Charge Per Transaction--Annual Report Filing * <i>Applied to all 2011 except Non-Profits</i>	\$8.00	Paid according to Item A-3	
Additional Filing Charge Per Transaction--Annual Report Filing * <i>Applied to all 2011 Non-Profits</i>	\$2.50	Paid according to Item A-3	
Annual Report (AR) Penalty Fee* Applied to all Full Penalties and Grace Program Penalties for any year AR	15% of penalty	Paid according to Item A-3	

* Fees are in addition to the original SystemWORKS filing fees set forth in Section A of Attachment 2. Unless otherwise noted, all payments are due within thirty (30) days of Customers receipt of FileONE's invoice. In the event the Customer has failed to make a payment within sixty (60) days of when such payment is due, the parties shall immediately schedule a meeting to discuss the progress of the project as well as to ensure the Customer has the appropriate funds available to pay FileONE for the Services being provided hereunder.

Note: Pricing in the table above is based on maximum volumes as set forth in item 3 below. In order to provide any indexing and/or data/image processing services in excess of the maximum volumes set forth in item 3 below, the parties shall execute a new amendment to the Agreement, which will be billed in accordance with the rates set forth in item 3 below. Such amendment shall be fully executed by the parties prior to the performance any additional services by FILEONE.

C. **Invoices.** Services provided by FileONE to the Customer for the Project Definition and Analysis Deliverable Milestone as well as the Payments for the six (6) Months of Back File Documents Processed Milestones shall be calculated up to a maximum of **one million seven**

hundred fifty six thousand and five hundred four dollars (\$1,756,504.00) unless extended by mutual written agreement by the parties. **For the avoidance of doubt, the maximum amount of one million seven hundred fifty six thousand and five hundred four dollars (\$1,756,504.00) does not include any amounts that may be billed separately by FileONE for charges associated with the additional filing charge per transaction – Annual Report Filing Milestone and the AR Penalty Fee Milestone.** FileONE shall provide all services to the Customer in accordance with the terms of this Agreement and FILEONE's proposal set forth on Attachment 5. Invoices submitted by FileONE to Customer will comply with the following:

1. According to the Department of the Treasury of Puerto Rico Circular Letter No. 1300-02-10 dated on July 14th 2009, FileONE should submit to Customer an invoice for services rendered no later than ten (10) days after the beginning of the following month.
2. Invoices submitted by FileONE to Customer will be itemized and should include: FileONE's letterhead, date of invoice, date or dates in which services were rendered, detail of the work performed, total quantity invoiced for the services and any other reasonable information requested by the Customer or its authorized representative needed to authorize and process payment of invoice.
3. Invoices should be certified as correct by the Assistant Secretary of Services in order to process payment.
4. Invoices should also comply with Executive Order No. OE-2001-73 and Law No. 84 of 2002, as amended, "Code of Ethics for Contractors", 3 PR Stats. Ann § 1756, and each shall include the following Certification:

Under penalty of absolute nullity, I certify that no public servant of the government entity is a party to or has an interest in the profits or benefits that are the product of the contract subject of this invoice, and to be a party to or have an interest in the profits or benefits of resulting from the contract, under this invoice a prior dispensation has been issued. The sole consideration to furnish the contracted goods or services subject of the contract is the payment agreed upon with the authorized representative of the government entity. The amount that appears in the invoice is fair and correct. The work has been performed, the products have been delivered and the services rendered, and no payment has been received for them.

D. FileONE is hereby warned that any excess of services rendered not authorized by an Amendment to the Agreement will in no way be responsibility of the Customer. Any service not considered in this Agreement will be the total responsibility of FileONE. The parties agree that FileONE will not incur in any obligations or expenses without the written consent of the Customer

Exceeded Volume Pricing For the Back File Services. The FileONE price in item 2 above is based on assumed deliverable volumes in the table below, which were estimated in good faith by FileONE based on the information and documentation provided by the Customer. If volumes exceed the quoted thresholds, items will be priced according to the table below, after the execution of a new amendment to the agreement by the parties. By way of example, if the actual number of 2009 ARs requiring full indexing was 41,000, then the PRDOS would pay \$4,000 [calculated as 41,000-40,000 * \$4.00] above the Included in Item 2-Back File Services Fees and Payment Schedule.

Task	Description	Pricing
2009 Full Capture	- Full Indexing of up to 40,000 filings	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional scanning and Basic Indexing above 320,000 pages	\$0.72 per page
	- Additional Full Indexing above 40,000 filings	\$3.60 per filing
2007-2008 Box Capture	- Scan up to 41,000 filings and up to 328,000 pages - Basic indexing of 328,000 scanned pages - Full Indexing of up to 4,000 filings	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional scanning and Basic Indexing above 328,000 pages	\$0.72 per page
	- Additional Full Indexing above 4,000 filings	\$3.60 per filing
2006-2008 File Capture	- Scan up to 65,000 pulled file folders and up to 2,275,000 pages - Basic indexing of 2,275,000 scanned pages - Full Indexing of up to 3,000 filings	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional scanning and Basic Indexing above 2,275,000 pages	\$0.72 per page
	- Additional Full Indexing above 3,000 filings	\$3.60 per filing
	- Additional pull of file folders above 65,000 folders	\$1.80 per folder
Name Change Amendments for 2009 ARs only	- Name Change Research of up to 200 2009 Annual Reports - Searching and locating up to 200 Name Change Amendments in scanned file folder - Updating up to 200 Corporation records based on Formation document or NCA found in scanned file folder	Included in Item 2-Back File Services Fees and Payment Schedule
	- Name Change Research above 200 2009 Annual Reports - Searching and locating Name Change Amendments in scanned file folder exceeding 200 documents - Updating Corporation records based on Formation document or NCA found in scanned file folder exceeding 200 documents	\$0.90 per Corporation researched \$0.90 per update
Redaction of AR Forms	- Redaction of up to 400,000 pages of standard AR forms for 2006 -2009 ARs	Included in Item 2-Back File Services Fees and Payment Schedule
	- Redaction of additional AR form pages above 400,000	\$0.36 per page
Microfilm of images	- Microfilm of up to 2,900,000 FileONE scanned images	Included in Item 2-Back File Services Fees and Payment Schedule
	- Microfilm of additional pages above 2,900,000	\$0.08 per page

Pricing and Schedule

FileONE estimates that the PRDOS will receive up to **\$4 million in new revenue for the PRDOS**. Therefore, this additional revenue received makes this project a **net revenue positive project for the PRDOS**. The total estimated net revenue for the PRDOS is over \$1.75 million, as highlighted below:

Total PRDOS Additional Revenue	\$4,000,000
<u>Total Estimated Project Costs</u>	<u>\$2,547,460</u>
Total PRDOS Net Revenue	\$1,452,540

3.1 FileONE'S BACK FILE PRICING ESTIMATE

Following our detailed analysis, FileONE has estimated pricing for the PRDOS based on the assumed volumes of 2006-2009 Annual Reports and the number of 'active' Corporations. For the PRDOS's convenience, FileONE has provided the cost per document page for any values that exceed the assumed thresholds in Section 4.13, "FileONE Volume Assumptions and Extended Pricing".

Deliverable	Price
Scanning/Imaging Pricing <i>Includes:</i> - Scanning 2006-2009 ARs - Scanning 'active' Corporation folders	\$261,335
SystemWORKS Indexing, Data/Image Processing <i>Includes:</i> - Document Indexing - Data Import - Merge Processing - Software Development - Image Processing - Project Management & Coordination - Microfilm - Redaction of AR forms	\$2,586,125
Total Estimated Price (Before Discount)	\$2,847,460
FileONE Team Risk Adjusted Discount	\$ 300,000*
TOTAL ESTIMATED PRICE	\$2,547,460

*FileONE Risk Adjusted Discount: FileONE is providing a \$300,000 discount from the SystemWORKS™ Required Enhancements deliverable for using a complete solution from the FileONE team.

3.2 PROPOSED PAYMENT APPROACH

FileONE proposes that a hybrid transactional model be used to fund the back file project. Using a combination of fixed milestone payments and an increase in annual report FileONE fees, FileONE can offer the PRDOS an opportunity to begin and complete this project without the need for a full appropriation.

The following table provides a detailed description of the hybrid model for the scanning, indexing and processing the 'active' Corporations.

Milestone	Project Payment	Payment Date
Project Definition and Analysis Deliverable	\$250,000	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
Invoice for 1st Month of Back File Documents Processed	\$251,084	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
Invoice for 2nd Month of Back File Documents Processed	\$251,084	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
Invoice for 3rd Month of Back File Documents Processed	\$251,084	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
Invoice for 4th Month of Back File Documents Processed	\$251,084	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
Invoice for 5th Month of Back File Documents Processed	\$251,084	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
Invoice for 6th Month of Back File Documents Processed	\$251,084	Paid upon the earlier of (1) a sufficient transaction balance is available in the transaction account to account to cover the payment amount due, or (2) or by July 31, 2011.
2010 AR Fee * <i>Applied to all ARs except Non-Profits</i>	\$8.00	Paid according to original PRDOS SystemWORKS payment terms
2010 AR Fee * <i>Applied to ARs for Non-Profits only</i>	\$2.50	Paid according to original PRDOS SystemWORKS payment terms
2011 AR Fee * <i>Applied to all ARs except Non-Profits</i>	\$8.00	Paid according to original PRDOS SystemWORKS payment terms
2011 AR Fee* <i>Applied to ARs for Non-Profits only</i>	\$2.50	Paid according to original PRDOS SystemWORKS payment terms
AR Penalty Fee* Applied to all Full Penalties and Grace Program Penalties for any year AR	15% of penalty	Paid according to Item 3

* Fees are in addition to the original SystemWORKS filing fees

Using this hybrid model, the PRDOS would pay fixed fees for Project Definition Analysis and the monthly Back File project deliverables highlighted in the table above.

Similar to our current AR transactional funding model, FileONE will assume a significant portion of the total project risk by deferring payment for the remaining value of the contract through our transactional model. For the 2010 AR and 2011 AR filings, FileONE proposes that we would be paid the additional AR project transaction fees as highlighted in the table above. These fees would be in addition to the existing transaction fees contracted under the original SystemWORKS agreement. FileONE has assumed 50,000 for-profit AR transactions and 5,000 non-profit AR filings for the 2010 ARs and 2011 ARs.

For the PRDOS's convenience, FileONE has provided estimated pricing based on the volume assumptions detailed in Section 4.13, "FileONE Volume Assumptions and Extended Pricing". Should the volume exceed the assumed thresholds, FileONE has provided the cost per image in Section 4.13.

3.3 PROJECT SCHEDULE

Provided that the contract amendment is executed before December 31, 2010, FileONE is confident that the 2006-2009 ARs can be imaged and indexed by July 2011. Additional time to complete the redaction effort may delay online imaging viewing until the redaction effort is completed.

Project Stage	Start Date	End Date	Length
Setup/Design	01/03/2010	01/31/2011	1 month
Boxed 2009 Filings	02/01/2011	03/31/2011	2 months
Boxed 2007-2008 Filings	04/01/2011	04/29/2011	1 month
2006-2008 Corp Folder Filings	5/02/2011	07/29/2011	3 months
Redaction	5/02/2011	09/30/2011	5 months

Key Assumptions

4.1 INDEXING ASSUMPTIONS

Full Indexing will be performed on the latest annual filing available for each organization. For example, if an organization filed a 2009 AR, only the 2009 AR will be fully indexed. If an organization filed a 2007 AR, but not a 2008 or 2009 AR, only the 2007 AR filing will be fully indexed.

Document Level Indexing will be performed on annual report filings, Formation Documents, and selected name change amendments.

Note that for all 2006-2009 ARs processed, FileONE will neither review nor reject a filing for missing information or information believed to be inaccurate. The PRDOS understands that FileONE will create AR filing events for any 2006-2009 AR form processed. Certain fields or document types (vouchers, extensions, etc.) may contain placeholder (dummy) data on the AR record.

TABLE 2: BASIC INDEXING

Basic Indexing will be performed on sets of documents scanned between separator sheets for each scanning phase. During the indexing of previous year ARs (2006-2008), Formation Documents and Name Change Amendments, FileONE will perform basic indexing to create a filing event and PRDOS filing date. Full indexing will be performed for only the most recent AR year found for a Corporation.

During the processing of the 2008 ARs if FileONE discovers that a 2009 AR was not indexed for that Corporation, FileONE will complete full indexing, as highlighted in Table 2 above, on the latest AR year found. Any additional data that must be captured beyond the fields enclosed herein will be considered outside of the scope of this proposal.

Through the course of the project, FileONE, at its sole discretion, may update the information and process outline in the following tables to provide the data and image repository.

Index Name	Description & Indexing Rules
Corporation Name & Number	The number that identifies a corporation, assigned by PRDOS. FileONE will match the Corporation Number and Name to an offline database provided by FileONE through a series of business rules defined in the <i>Corporation Data Matching Process</i> .
Corporation Match Flag	If a match is found for the corporation based on FileONE business rules (see <i>Corporation Data Matching Process</i>), this flag will be set to TRUE. Otherwise, the flag will be set to FALSE. This will allow FileONE to research and reconcile filings which do not appear to be appropriately linked to a valid corporation.
Corporation Type Flag	Indicates whether the corporation is Non-Profit, Profit, LLC or other type defined by FileONE. If the Corporation Type on the database matches the Corporation Type listed on the AR filing, this flag will be set to TRUE. Otherwise, the flag will be set to FALSE. If the flag is FALSE, FileONE will perform additional research to determine the correct Corporation

	Type and index as needed.
Corporation Domesticity Flag	Indicates Corporation Domesticity (Foreign vs Domestic) – selected from a predefined list. If a the Corporation Domesticity on the database matches the Corporation Domesticity listed on the AR filing, this flag will be set to TRUE. Otherwise, the flag will be set to FALSE. If the flag is FALSE, FileONE will perform additional research to determine the correct Corporation Domesticity and index as needed.

TABLE 3: DOCUMENT LEVEL INDEXING

Index Name	Description & Indexing Rules	Additional Rules
Document Type	<p>The type of document:</p> <ul style="list-style-type: none"> • Annual Report • Annual Dues • Voucher • Financial Statement • Envelope • Extension • 2009 Double Extension (Pre-Payment) • Rejection Re-File Pre-Payment • Certificate of Good Standing Request • Formation Document • Rejection Letter • Rejection Annual Report Re-Filing • Name Change Amendment (only if flagged for research) • Dissolution / Cancellation of Corporation (only if flagged for research) • Other (document is not in above list) 	All scanned documents will be assigned a document type. If a document does not have an identifiable type from the predefined list (see list to left), it will be labeled "Other"
FileONE Unique ID	FileONE will produce a unique ID for each document. FileONE will provide the unique document ID with the data index to allow FileONE to easily correlate an image set by document type for each unique record for a Corporation. A mutually agreeable ID convention will be determined during setup phase. For example, in the unique ID "578943-0003", "578943" would refer to the unique corporation ID that FileONE assigns to the corporation, and "0003" would refer to the document linked to that corporation.	A unique ID will be assigned for every document.
Filing Year	The Annual Report year reflected on the Annual Report filing.	Only indexed on Annual Reports
Filing Date	The date on which the filing was legally considered submitted. Business rules to determine this will be based the postmark date of the envelope. If an envelope is not provided, the date stamp of the first page of the Annual Report will be used.	Only indexed Annual Reports, Formation Documents and Name Change Amendments

Financial Statement

Index Name	Description	Required
Audited Flag	Shows whether Financial Statement is audited or not.	Yes

Voucher

Index Name	Description	Required
Voucher Date	The voucher date	Yes
Voucher Type	The type of voucher (i.e. register receipt, handwritten, carbonless paper, etc)	No
Voucher Amount	The amount paid on the voucher	Yes

Formation Document

Index Name	Description	Required
Incorporation Date	Date of Incorporation as specified on the Formation Document Form	Yes

LLC Dues Document

Index Name	Description	Required
Amount of Dues	Date of Incorporation as specified on the Formation Document Form	Yes

TABLE 4: FULL INDEXING for 2009 ARs ONLY (or latest AR for a Corporation without a 2009 AR)

Index Name	Description	Document Type
Stamped Flag	Indicates whether the document has been stamped by the PRDOS	Annual Report
Business Volume	For 2009 ARs, indicates whether the corporation business exceeds \$3 million per year.	Annual Report
Authorized Name	First, Middle, Last and Surname of Authorized Person	Annual Report
Authorized Address	Address of Authorized Person	Annual Report
Authorized Phone	Phone number of Authorized Person	Annual Report
Authorized Email	Email Address of Authorized Person	Annual Report
Office Street Address	Street Address of Corporation	Annual Report
Office Mailing Address	Mailing Address of Corporation	Annual Report
RA Name	First, Middle, Last, and Surname of Resident Agent	Annual Report
RA Address	Address of Resident Agent	Annual Report
RA Phone	Phone number of Resident Agent	Annual Report
RA Email	Email Address of Resident Agent	Annual Report
Officer Name*	First, Middle, Last, and Surname of Officer	Annual Report
Officer Address*	Address of Officer	Annual Report
Officer Phone*	Phone number of Officer	Annual Report
Officer Email*	Email Address of Officer	Annual Report
Officer Title*	Title of Officer	Annual Report

** A minimum of 2 officer entries per filing is required.*

Note: FileONE is not responsible for the quality of any existing SystemWORKS data or images that were processed directly by the customer or by the PRDOS/WIIA staff.

FileONE will use commercially reasonable efforts to ensure the accuracy of all work performed throughout all phases and for all deliverables of this project. The PRDOS accepts final responsibility for the accuracy the data and images.

4.2 SCANNING ASSUMPTIONS

FileONE will capture documents in black and white at 300dpi. The image files will be captured and stored in a multi-page .tif format.

FileONE has identified approximately 5 boxes which have been directly or indirectly exposed to water damage. These documents will be managed through a special handling process, which will include scanning the documents via flatbed scanner or a photo capture process.

FileONE will make a reasonable effort to provide high-quality images. The following image correction efforts will occur:

- **Image Enhancement** - Auto-enhancement capability shall be utilized to improve the image quality and legibility while maintaining the integrity of the image information. The specific enhancement options used for each document type shall be determined during the implementation and testing phase. Scan mode will be duplex (front and back) unless otherwise instructed. Back-side threshold (5kb or less per page) and blank side dropout will be utilized to eliminate blank pages.
- **Deskew** – straightening of slightly skewed images,
- **Despeckle** – removal of noise/dirt/speckles. The level of despeckling aggressiveness will be set to remove random noise while maintaining the integrity of the image information.
- **Crop** – removal of overscan areas,
- **Border Removal** – removal of black borders around the document image,
- **Line smoothing** – smoothing of jagged lines
- **Edge enhancement** – enhancing character edges to sharpen the image

If the quality of the paper is poor, the PRDOS must accept these images as-is.

4.3 DEFINITION OF 'ACTIVE' CORPORATIONS

FileONE will complete indexing of boxed 2009, 2008 and 2007 Annual Report filings. Following completion of this effort, FileONE will generate a list of assumed 'active' Corporations. FileONE will image the documents found within each 'active' Corporation folder. FileONE will also locate and conduct basic indexing for any outstanding ARs found in the 'active' Corporation folders. FileONE recommends that we modify the status of these corporate records to "Good Standing" if all ARs due are found and meet the filing requirements defined by the PRDOS.

The PRDOS accepts that if a Corporation's AR is not found in the 2007-2009 boxes, FileONE will assume that the Corporation is 'non-active' and those Corporation file folders will not be scanned. Scanning and indexing 'non-active' Corporations is outside of the scope of this proposal. Upon request, FileONE can provide pricing for scanning 'non-active' Corporations.

4.4 PRDOS NAME AVAILABILITY

FileONE understands the PRDOS database does not accurately reflect the current Corporation name availability as indicated on the paper filings. As part of the AR indexing effort, FileONE will flag instances where the name and Registry Number on an AR does not match the current PRDOS database

(Corporation name conflicts). FileONE will review this Corporation name conflicts exception report according to the process outlined in Section 4.5 “2009 AR Name Conflict Research Process”.

Following the completion of this project, the PRDOS may opt to provide online name availability searches and company formation filings. FileONE makes no guarantees that all Corporation name conflicts will be flagged during the AR indexing effort or resolved during the research and resolution process. Moreover, FileONE strongly recommends that the PRDOS resolve all Corporation name conflicts before providing online services that rely on name availability services. The PRDOS is wholly responsible for all Corporation data within the PRDOS SystemWORKS™ database.

FileONE will not locate or process any additional historical Corporation filings beyond the Annual Report filings, Annual Report re-filings, and Formation Documents, if found during the initial document preparation and scanning process. The PRDOS staff will be responsible for identifying and indexing mergers, involuntary or voluntary dissolutions and other documents that would affect a Corporation’s status and/or information within the production database.

4.5 2009 AR NAME CONFLICT RESEARCH PROCESS

FileONE will flag 2009 AR filings in which the Corporation name on the AR form does not match the PRDOS database. These filings will be placed in an exception queue for FileONE review.

For 2009 ARs, FileONE will research missing Corporation names, Corporation Name conflicts (between AR paper filing and PRDOS database), Corporation domesticity conflicts, Corporation type conflicts. A conflict is defined as an instance where the information on the Annual Report document does not match the PRDOS database provided by FileONE. FileONE will use the Formation Document or Name Change Amendment to conduct its research. If FileONE determines that the information on either the Formation Document or Name Change Amendment conflicts with information on the database, FileONE will flag the Corporation record and index the correct information.

If information from the Formation Document conflicts with the Name Change Amendment, the information on the Name Change Amendment will supersede the information on the Formation Document. If a Formation document or Name Change Amendment is needed to complete the research and cannot be found, FileONE will flag the missing record and queue the AR filing for PRDOS processing. In the event that there are multiple Name Change Amendments, the NCA with the most recent date will supersede all other documentation (other NCAs or Formation Document).

FileONE’s effort to locate and perform basic indexing of Name Changes Amendments will be limited to up to 200 instances where the Corporation name on a 2009 Annual report does not match the Corporation name on the PRDOS database. Identification and indexing of any other Name Change Amendments is out of scope.

FileONE will not conduct any validation or research for 2006 – 2008 AR filings. If FileONE can identify a 2006 – 2008 AR form, FileONE will record that year’s AR filing event for the Corporation. FileONE will

not validate any information for 2006 - 2008 AR filings, including: AR forms, vouchers, financial statements, extension filings, etc. For 2006 – 2008 filings, if FileONE cannot match the Corporation name on the AR form, FileONE will flag the AR filing for PRDOS processing.

The PRDOS will be available to answer questions related to the 2009 AR research and processing effort and shall answer questions within four hours of request.

4.6 COGS AVAILABILITY AND FORMATION DATE

Because FileONE anticipates the full AR indexing and imaging effort will be completed after the 2010 AR due date, the COGS availability for any company will be based upon the following five years: 2006-2010. Therefore, FileONE assumes that 2005 ARs will not be required for a COGS under the PRDOS good standing requirements. Indexing or classifying any ARs before the 2006 AR period is not included in the scope of work. The PRDOS, however, will be able to access pre-2006 AR images as part of the full folder scan image.

Prior to the completion of imaging and indexing of assumed 'active' corporations articles of formation, system generated COGS will not contain the formation date and time.

4.7 2010 ANNUAL REPORT INDEXING

FileONE has included estimates for 2006-2009 ARs only. Indexing and imaging for any paper 2010 ARs filed during this project is outside of the scope of this proposal. FileONE, at its sole option, can process standard 2010 ARs and rejections for the appropriate per transaction costs highlighted at Section 4.13.

4.8 REDACTION

FileONE will redact the information the PRDOS identifies as confidential information prior to commencement of the redaction process. Redaction efforts will be limited to 2006-2009 ARs forms only. FileONE will not review or redact voucher, extensions, and financial statements since they will not be made available to the public. Annual Reports must be filed on the standard Annual Report form. FileONE's pricing and scope of work is limited to 400,000 AR pages.

As some Annual Report filings are hand-written or on non-uniform documents, FileONE cannot make an absolute assurance that all sensitive information will be redacted. FileONE assumes that the PRDOS will review all images to redact any remaining sensitive data before images are made publically available. The PRDOS assumes all responsibility for the information contained on redacted and non-redacted images.

4.9 IMAGE AND DATA UPLOAD SCHEDULE

As FileONE completes the imaging and indexing effort for the back file ARs, FileONE will upload the completed images and data into the SystemWORKS application. FileONE and the PRDOS will mutually determine the periodic upload schedule prior to project commencement.

4.10 SCANNED DOCUMENT HANDLING

FileONE will prepare for scanning by performing the following document preparation steps:

1. Removal of documents from boxes and file folders if applicable.
2. Removal of staples and other document fasteners.
3. Placement of any “sticky” notes and other small items on separate standard-size sheets.
4. Straightening any folded corners and repairing torn edges.
5. If any documents have a landscape orientation, rotating may be performed as needed.
6. Insertion of barcode separator sheets.

Once scanned, completed AR filings will be placed back into the place of origin (box and/or folder, where appropriate) with scanning barcode sheets included. If filings were originally in folders, they will either be placed back into their respective folders or into a box with tracking. Completed documents from the Corporation folders will not be reattached by staples or reattached to folder prongs. If filings were stapled together and loose in the 2007 – 2009 AR boxes, filings will be re-stapled with one staple through the entire filing and returned to their box of origin or new boxes if pulled from Corporation folder. PRDOS or WIIA staff will put all boxed documents back in Corporation folders, if required.

4.11 ACCESSING CORPORATION FOLDERS DURING PROCESSING

The PRDOS will not have access to the physical documents for a given client during the time an annual filing or folder enters the conversion process until after the conversion process has been completed. Should the PRDOS need more immediate access to a file, the following process and fees will apply:

- Standard Rush Orders: For requests received before 11am, FileONE will scan and deliver images by 12pm the following business day; requests received after 11am will be delivered by 5pm the following business day.
- Standard Rush Charges: PRDOS will be charged \$40 for each batch request. A batch consists of one or more filings submitted together. To minimize its costs, the PRDOS is encouraged to batch standard rush filing requests.
- Expedited Rush Orders: FileONE will scan and delivered images within 4 hours of receipt of the request. If the 4 hour processing window exceeds 5pm, FileONE will provide the documents by 9am the following business day.
- Expedited Rush Charges: PRDOS will be charged \$80 for each file request.

4.12 IDENTIFYING AND PRODUCING PAPER DOCUMENTS AND CORPORATION FOLDERS UPFRONT

The PRDOS must identify and produce all 2006 – 2009 Annual Reports before the initial document preparation and scanning process begins. The PRDOS must also produce all Corporation folders and documents contained therein before scanning of the ‘Active’ Corporations begins. Documents or folders found after the scanning process has begun will either: 1) incur additional processing fees to be defined by FileONE following our assessment of the added scope, or 2) may not be scanned as part of this project.

4.13 FileONE VOLUME ASSUMPTIONS AND EXTENDED PRICING

For the PRDOS's convenience, FileONE has provided the cost per image (or per unit if N/A) for any values that exceed the quoted thresholds. For example, if the actual number of 2009 ARs requiring full indexing was 41,000, then the PRDOS would pay \$4,000 [calculated as 41,000-40,000 * \$4.00] above the total core pricing estimate.

Task	Description	Pricing
2009 Full Capture	- Full Indexing of up to 40,000 filings	Included in FileONE Core Price
	- Additional scanning and Basic Indexing above 320,000 pages	\$0.72 per page
	- Additional Full Indexing above 40,000 filings	\$3.60 per filing
2007-2008 Box Capture	- Scan up to 41,000 filings and up to 328,000 pages - Basic indexing of 328,000 scanned pages - Full Indexing of up to 4,000 filings	Included in FileONE Core Price
	- Additional scanning and Basic Indexing above 328,000 pages	\$0.72 per page
	- Additional Full Indexing above 4,000 filings	\$3.60 per filing
2006-2008 File Capture	- Scan up to 65,000 pulled file folders and up to 2,275,000 pages - Basic indexing of 2,275,000 scanned pages - Full Indexing of up to 3,000 filings	Included in FileONE Core Price
	- Additional scanning and Basic Indexing above 2,275,000 pages	\$0.72 per page
	- Additional Full Indexing above 3,000 filings	\$3.60 per filing
	- Additional pull of file folders above 65,000 folders	\$1.80 per folder
Name Change Amendments for 2009 ARs only	- Name Change Research of up to 200 2009 Annual Reports - Searching and locating up to 200 Name Change Amendments in scanned file folder - Updating up to 200 Corporation records based on Formation document or NCA found in scanned file folder	Included in FileONE Core Price
	- Name Change Research above 200 2009 Annual Reports - Searching and locating Name Change Amendments in scanned file folder exceeding 200 documents	\$0.90 per Corporation researched
	- Updating Corporation records based on Formation document or NCA found in scanned file folder exceeding 200 documents	\$0.90 per update
Redaction of AR Forms	- Redaction of up to 400,000 pages of standard AR forms for 2006 -2009 ARs	Included in FileONE Core Price
	- Redaction of additional AR form pages above 400,000	\$0.36 per page
Microfilm of images	- Microfilm of up to 2,900,000 FileONE scanned images	Included in FileONE Core Price
	- Microfilm of additional pages above 2,900,000	\$0.08 per page
Wet Boxes	- Processing of up to the 10,500 wet pages	Included in FileONE Core Price

Task	Description	Pricing
	- Additional wet document pages above 10,500	\$0.45 per page
Pick and Pull Services	- Corporation folder pull up to 65,000 "Active" Corporation folders.	Included in FileONE Core Price
	- Additional Corporation folder pulls above 65,000	\$0.90 per folder
Storage 1 year term Paper	- First year Paper Storage of Scanned Documents	Included in FileONE Core Price
	- Additional paper storage years beyond the first year	\$9,000 per year after the first year
Storage 1 year term microfilm	- First year Storage of Microfilm	Included in FileONE Core Price
	- Additional microfilm storage years beyond the first year	\$9,000 per year after the first year
2009 AR Research and Rejection Processing	- Review of up to 10,000 2009 Annual Reports flagged for rejection before printing and sending	Included in 15% penalty fee \$1.80 per filing
	- Additional review of 2009 Annual Reports flagged for rejection before printing and sending above 10,000 Annual Reports	
	- Stuffing up to 10,000 envelopes and preparing printed rejections for mailing	Included in 15% penalty fee
	- Additional stuffing of envelopes and preparing printed rejections for mailing above 10,000 rejections	\$0.22 per filing
	- Black and white printing of up to 80,000 rejection notice pages on PRDOS provided letterhead	Included in 15% penalty fee
	- Additional black and white printing of rejection notice pages on PRDOS provided letterhead exceeding 80,000 pages	\$0.09 per page
	- Envelopes (up to 10,000 envelopes) - Postage (up to 10,000 letters mailed)	Included in 15% penalty fee
	- Envelopes needed above 10,000 included	\$0.09 per envelope
	- Postage needed above 10,000 included	\$0.50 per postage stamp
2009 AR Rejection Re-File Processing	- Basic processing of up to 10,000 incoming 2009 re-filed AR documents which are submitted by clients as a result of a rejection notice - Updating up to 10,000 Corporation records on original filing and attaching amendment to original filing	Included in 15% penalty
	- Basic processing of incoming re-filed 2009 AR documents which are submitted by clients as a result of a rejection notice above up to 10,000 re-filed documents - Updating Corporation records on original filing and attaching amendment to original filing exceeding 10,000 original amendments	

All fees, including overages, will be deducted from filing fees collected by FileONE on behalf of PRDOS before remittance to PRDOS. If insufficient funds are available, FileONE will invoice the PRDOS.

4.14 DELIVERABLE DESCRIPTIONS AND ACCEPTANCE OF DATA AND IMAGES

The Project Definition and Analysis Deliverable will include the project plan, schedule, and detailed project design and solution report. The Monthly Back File Documents Processed deliverables consists of a deployment of the PRDOS processed documents and data to the PRDOS staging environment.

Should the PRDOS determine that certain documents or data does not meet the standards as defined in this proposal, FileONE will deduct the deliverable as a percentage of the total records included in the deliverable. For example, if FileONE provides 10,000 AR filings for the 1st Month of Back File Documents Processed, and the PRDOS determines that 100 records contain errors, FileONE will defer payment of one (1) percent of the invoice (calculated as 100 errors divided by 10,000 records) until the records are corrected.

FileONE will import data and images on a periodic basis. The PRDOS must report any missing or erroneous data or images within thirty (30) calendar days of delivery by FileONE (“PRDOS Review Period”). The PRDOS must provide a specific list of erroneous or missing Corporation data and/or images in writing to the FileONE project manager during the PRDOS Review Period. All data and images provided by FileONE will be accepted by default after the thirty (30) calendar day PRDOS Review Period. Any FileONE efforts to correct missing or erroneous data and/or images after the PRDOS Review Period are outside of the scope of this proposal and will be considered a change order. FileONE will make reasonable efforts to correct data and image errors.

4.15 2009 REJECTION PROCESS

If a 2009 AR filing is flagged for rejection, it will go through rejection analysis and processing. Some documents may be flagged for rejection at the Basic Indexing step, but FileONE will complete Full or Basic indexing of the rejected filing, if appropriate, to determine any other rejection criteria that may be present. FileONE will provide an image and record index of rejection correspondence sent to customers.

The PRDOS agrees that rejections are limited to the following rejection reasons. Additional rejection reasons identified will result in a change order. Moreover, additional rejection reasons for documents that have been previously accepted or rejected are outside of the scope of the proposal.

FileONE will flag documents that do not meet the PRDOS filing requirements. The following represent the standard filing rejection reasons for 2009 Annual Reports only.

1. Corporation Name, Type and Domesticity Matching Rules failed or flagged for rejection
2. Voucher was not found – an original voucher, a copy or a prepayment receipt within the paper documents is not found.
3. Incorrect voucher amount - voucher is presented for an amount that doesn't correspond to the filing type (Profit vs. Non-Profit or LLC). If the AR is stamped after the due date and no extensions are filed prior to their respective due dates, FileONE will ensure that the respective penalties and filing fees are reflected on the voucher.
4. Voucher without Annual Report – A voucher was received without the corresponding Annual Report.
5. Financial Report without Annual Report – A financial report was received without the corresponding Annual Report.
6. Report is not signed – 2009 annual reports missing signature on signature page (notarization not required)
7. Report was received late & without extension – Any report stamped after April 15th requires that an approved extension is on the AR System. All reports after June 17th require a prepayment which authorizes the filer an additional extension until July 14th. All 2009 Annual Reports received after this date or not in compliance with the previous parameters will be assessed a penalty that the amount will depend with the type of corporation.
8. Officer's information is incomplete – Omitting this information and/or not including the minimum of two officers or one officer with two or more office designations is not an acceptable filing. In addition, if the address information is not complete or without enough detailed to process a complete address it will be rejected.
9. Missing Resident Agent – Resident Agent is a required field. Missing names and/or addresses will be flagged and rejected. Foreign Corporations Resident Agent address and Designated Office address must be located within the Commonwealth of Puerto Rico.
10. Financial statement is missing or wrong type – Every type of corporation is required to provide a financial statement. Corporations with an annual revenue of more than \$3 million will require an audited financial statement. All others are required to provide a simple financial statement. The fact that a statement is labeled as a financial statement or audited financial statement will suffice as proof of an appropriate financial statement submission.
11. Correct AR Year – the AR Report year field must reflect the correct AR year. FileONE can compare the AR Year to the voucher payment date or financial statement.
12. Not providing any required Full Indexing, Document Level Indexing, or Basic Indexing field not described herein.

If a 2009 AR filing fails to meet strict criteria set by the PRDOS, the filing will be rejected and the client is notified, either by sending a letter of rejection explaining the nature of the rejection, or by sending a letter of rejection along with the printed images of the original filing. Letters will be sent to the principle mailing address and resident agent. If the principle mailing address and resident agent are the same,

FileONE will generate and send only one letter. If the Corporation does not re-file a satisfactory 2009 AR within thirty (30) calendar days, FileONE will generate a second and final letter and the Corporation will be assessed a \$500 penalty (\$100 for Non-Profits).

FileONE will provide the outbound mailing preparation services for 2009 AR rejections. Templates for rejection letters will be provided by PRDOS in Microsoft Word format. During rejection processing, FileONE will print, collate and fold rejection notices and insert them into envelopes. Envelopes and postage for rejection notices will be provided by FileONE. The PRDOS will provide official letterhead for FileONE processing. After rejection letters have been prepared and sealed, the envelopes will be shipped via common carrier.

4.16 2009 AR RESEARCH AND REJECTION PENALTY

To provide the necessary resources and management of the Corporation research and rejection process, FileONE will be paid 15 percent of all penalties that should be assessed for 2009 AR filings. FileONE assumes that all rejected or late Non-Profits Annual Reports re-filed will be assessed a minimum \$100 penalty. FileONE assumes that all other late or rejected Corporation filing types will be assessed a minimum \$500 penalty. FileONE assumes that the PRDOS will require that Corporations make all penalty payments of \$100 for non-profits or \$500 for all other Corporation types. Our pricing and scope is dependent upon the PRDOS enforcing payment of late penalties.

Scope of Work Overview

Section
2

Within the back file solution, FileONE has included the scope of work to image and index the 2006-2009 Annual Report filings, as well as scan documents found within 'active' Corporation folders. This will provide a more complete Corporations database and enable the PRDOS to implement the Grace Program. In addition to the core AR imaging and indexing effort include in the table below, FileONE has also provided a microfilm phase to provide a stronger disaster recovery solution. FileONE has also offered a redaction effort to reduce the risk of exposing sensitive information on AR forms accessed via the PRDOS website. Finally, FileONE's rejection review and processing phase for 2009 AR filings will ensure the documents meet the statutory filing requirements. Under this process, FileONE will produce rejection letters, manage the rejection re-file, and collect the AR late penalties.

The back file project will be done in several phases. The first phase, entering the remaining 2009 AR Pre-payments, will be completed by the PRDOS before project commencement. FileONE understands that there are approximately 1,200 AR Pre-payment documents. This effort should be completed using the PRDOS or WIIA staff.

The subsequent phases consist of indexing and scanning the 2007-2009 annual reports currently found in boxes, and scanning and indexing other filings starting with a list of 'active' corporations (system generated based on the number of companies that filed any ARs between 2007-2009). For more details on what defines an 'active' corporation, please reference Section 4.3, "Definition of 'Active' Corporations".

The suggested scope of work is detailed in Table 1 below.

TABLE 1: PROVIDE ASSUMED ACTIVE PRDOS DATABASE WITH ASSOCIATED IMAGES

Phase Number	Objectives	Basic Index? ¹	Full Index? ²
PHASE 1	Enter 2009 AR Pre-payments TO BE COMPLETED BY THE PRDOS <i>Not in the scope of this proposal – PRDOS or WIIA staff will process these documents before back file launch.</i>		x
PHASE 2	Enter 2009 Annual Reports		x
PHASE 3	Enter 2008 AR currently in boxes <i>*If no 2009 AR exists for a particular corporation, full indexing of the 2008 AR.</i>	x*	

Phase Number	Objectives	Basic Index? ¹	Full Index? ²
PHASE 4	Enter 2007 AR currently in boxes <i>*If no 2009 or 2008 AR exists for a particular corporation, full indexing the 2007 AR.</i>	x*	
PHASE 5	Generate Corporation Folder <i>Pull List</i> of 'active' corporations and perform the following indexing: 1. Image/Index any outstanding 2006-2008 AR filings 2. Image documents within the 'active' Corporation folders 3. Index formation date from creation (Formation document) filings <i>*Key Note: If no 2009, 2008 or 2007 ARs are found in boxes during Phase 2-4 for a particular corporation, that corporation will not be included in the active list</i>	x*	x
PHASE 6	Process for rejecting 2009 Annual Reports filed and collect and index re-filed Annual Reports and penalties	x	

Table 1 Legend:

1. **Basic Index:** Reference "Table 2: Basic Indexing" in Section 4.1
2. **Full Index:** Reference "Table 3: Full Indexing" in Section 4.1

SYSTEMWORKS™ ENHANCEMENTS

FileONE has three significant key efforts that must be completed to successfully update the SystemWORKS™ database and imaging system:

1. Modify SystemWORKS to allow for updating corporation data including: new filing events for corporation name, formation date, and status
2. Enhance SystemWORKS™ to allow for PRDOS data and image correction of documents flagged as incomplete or in conflict with the PRDOS database during the indexing process
3. Develop and monitor the data and image import tools

Following completion of the image and indexing effort and SystemWORKS™ enhancements, the following Corporation events will be recorded in the system for each 'active' Corporation (if filed):

- 2009 Annual Report with full data indexing (see Table 2: Full Indexing)
- 2008 Annual Report event only (see Table 3: Basic Indexing)
- 2007 Annual Report event only (see Table 3: Basic Indexing)
- 2006 Annual Report event only (see Table 3: Basic Indexing)
- Formation document found in 'Active' Corporations folders with date of formation and/or Name Change Amendments (see Table 3: Basic Indexing)
- 'Active' Corporation documents will be scanned into a single image

Core Imaging and Indexing Benefits

Upon completion of the core imaging and indexing project, the PRDOS will have electronic records and images of Annual Reports for assumed 'active' corporations and will be able to offer the following functionality:

- Execute the Grace Program
- Produce a complete image repository available directly in SystemWORKS™ for 'active' Corporations. This provides a much needed document disaster recovery piece for the PRDOS.
- Conduct a limited name availability search for Formation filings (please see name availability notes under Key Assumptions in Section 4)
- Provide online Certificate of Good standing (COGS), Certificate of Existence (COE) and Certificates of Non-Existence (CONE) for corporations
- Offer online filings such as creation filings and amendments
- Provide "Good Standing" corporation status, with formation date, officers, resident agent, business volume, and address information
- Offer internal (or external) image viewing of 2006-2009 annual reports documents
- Generate activity reports and analyze filing trends
- Redact sensitive information on the standard AR form documents for public viewing
- Microfilm scanned images for long term storage and disaster recovery
- Processing of 2009 AR rejections, collecting additional revenue for the PRDOS

NAME CHANGE AMENDMENT RESEARCH AND PROCESSING

FileONE will research 2009 Annual Reports where the Corporation name does not match the PRDOS database. FileONE will pull the appropriate Corporation file folder of the corporation in question, then search the Corporation folder for a Name Change Amendment (NCA). If an NCA is found, FileONE will update the Corporation Name in the PRDOS database. If the NCA does not exist or FileONE cannot determine the correct name, FileONE will flag the Corporation in the system. The PRDOS will be responsible for processing all Corporate records for Corporations that do not have an NCA on file. FileONE will only capture NCAs for those Corporations where a 2009 AR Corporation name conflict has occurred.

AUDIT, REJECTION AND RE-FILE WITH PENALTIES PROCESSING

FileONE understands that a high percentage of the 2009 Annual Reports delivered to the PRDOS do not fulfill the statutory filing requirements. FileONE also understands that these documents must be rejected and the customers must re-file a corrected Annual Report with a \$100 or \$500 penalty.

FileONE will complete the audit, notification, and re-file process to collect the penalties (up to \$500 per filing) for the PRDOS. FileONE services will include:

- Postage for initial warning rejection letters and one penalty letter, if necessary.
- Review boxed 2009 Annual Reports for compliance with the Annual Report filing requirements for a given year.

- For rejected filings, generate a correspondence letter to each customer that outlines: a) the specific rejection reason(s), b) the required re-filing steps and deadlines, and c) the re-filing deadline date to avoid a penalty fee of up to \$500
- Process re-filed Annual Reports delivered to the PRDOS and update the record to reflect a completed Annual Report filing.
- If a re-filed Annual Report still does not meet the requirements, FileONE will send a final rejection notice with an updated list of rejection reason(s) and assess a \$500 penalty (\$100 for Non-Profits).
- For corporations that do not re-file their Annual Report within the deadline, FileONE will generate and send a final warning letter to the Corporation on behalf of the PRDOS and assess a \$500 penalty (\$100 for Non-Profits).
- For Corporations that do not re-file their Annual Report after the deadline for the final notice, FileONE will change the status of those Corporations to “Not in Good Standing” within the system. The PRDOS will be responsible for generating any final dissolution process.

MICROFILM SERVICE

As part of the microfilm service, FileONE will microfilm ‘active’ Corporation documents scanned as part of the imaging project. At a high-level, this service will include:

- Convert document images captured to 16mm rolled microfilm
- Microfilm will be stored offsite in a secure facility in Pennsylvania for disaster recovery purposes
- Film will be returned in acid free cardboard film box , labeled by contents
- Images will be written to microfilm in a manner that will minimize the amount of film used (i.e. landscape documents will be rotated to portrait view to conserve space on the film)

Please note the microfilm project is limited to those images for ‘active’ Corporations that are scanned as part of the back file effort. Document images currently in SystemWORKS or documents scanned into the system outside of the back file effort are not included in the scope of work or pricing.

PRDOS Microfilm Benefits: PRDOS would have a back-up of the ‘active’ Corporation images scanned as part of the back file project. The microfilm would provide a long-term archive and disaster recovery option.

REDACTION SERVICE

As part of the redaction service, FileONE will redact Annual Report Form documents for 2006-2009 Annual Reports. The original, non-redacted document images would be available to the PRDOS qualified staff only. A separate, redacted image would be available for public viewing.

Redaction is the process of removing social security numbers, corporate tax identification numbers, or other sensitive information from images stored at the PRDOS that may be accessed via the PRDOS website. Significant technology advances offer an automated option to the traditionally manual

document redaction process. Instead of using a black marker on paper documents, FileONE can offer OCR (Optical Character Recognition) to process scanned images of the paper documents. OCR converts scanned images into a digital format which then allows rules-based search engines to locate sensitive information in the OCR results. The search engine uses a combination of words, phrases, patterns of text, proximity and location to identify potentially sensitive information.

Once the redaction project is completed, the PRDOS will have two versions of a Corporate image: a) the original, non-redacted document which is available to internal staff only, and b) the redacted documents stored as a separate, public file that will be available to the public through the PRDOS website.

Redaction Service Benefit: Sensitive information from imaged documents is redacted to allow for public research and ordering.

Task	Description	Pricing
Wet Boxes	- Processing of up to the 10,500 wet pages	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional wet document pages above 10,500	\$0.45 per page
Pick and Pull Services	- Corporation folder pull up to 65,000 "Active" Corporation folders.	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional Corporation folder pulls above 65,000	\$0.90 per folder
Storage 1 year term Paper	- First year Paper Storage of Scanned Documents	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional paper storage years beyond the first year	\$9,000 per year after the first year
Storage 1 year term microfilm	- First year Storage of Microfilm	Included in Item 2-Back File Services Fees and Payment Schedule
	- Additional microfilm storage years beyond the first year	\$9,000 per year after the first year
2009 AR Research and Rejection Processing	- Review of up to 10,000 2009 Annual Reports flagged for rejection before printing and sending	Included in fixed price and 15% penalty fee
	- Additional review of 2009 Annual Reports flagged for rejection before printing and sending above 10,000 Annual Reports	\$1.80 per filing
	- Stuffing up to 10,000 envelopes and preparing printed rejections for mailing	Included in fixed price and 15% penalty fee
	- Additional stuffing of envelopes and preparing printed rejections for mailing above 10,000 rejections	\$0.22 per filing
	- Black and white printing of up to 80,000 rejection notice pages on PRDOS provided letterhead	Included in fixed price and 15% penalty fee
	- Additional black and white printing of rejection notice pages on PRDOS provided letterhead exceeding 80,000 pages	\$0.09 per page
	- Envelopes (up to 10,000 envelopes) - Postage (up to 10,000 letters mailed)	Included in fixed price and 15% penalty fee
	- Envelopes needed above 10,000 included	\$0.09 per envelope
	- Postage needed above 10,000 included	\$0.50 per postage stamp
2009 AR Rejection Re-File Processing	- Basic processing of up to 10,000 incoming 2009 re-filed AR documents which are submitted by clients as a result of a rejection notice	Included in fixed price and 15% penalty fee
	- Updating up to 10,000 Corporation records on original filing and attaching amendment to original filing	
	- Basic processing of incoming re-filed 2009 AR documents which are submitted by clients as a result of a rejection notice above up to 10,000 re-filed documents - Updating Corporation records on original filing and attaching amendment to original filing exceeding 10,000 original amendments	\$3.60 per filing

If FileONE believes that the quoted threshold is going to be reached soon, then FileONE shall notify that fact to the Customer with at least thirty (30) days notice of anticipation, in order to allow Customer to separate funds and work with the administrative matters that precede the execution of a new amendment to the Agreement.

[END OF ATTACHMENT 2]



ATTACHMENT 5

FileONE Back File Services Proposal

A handwritten blue mark, possibly a checkmark or a stylized signature, located on the left side of the page.A handwritten black signature or initials, located on the right side of the page.

November 19, 2010

Honorable Kenneth McClintock
Puerto Rico Department of State
San Jose St., San Francisco
San Juan, Puerto Rico 00902

Dear Secretary McClintock,

Based upon our recent onsite discussion, FileONE has added the redaction and microfilm deliverables to this proposal to increase the overall project value for the PRDOS.

The PRDOS Back File project benefits include:

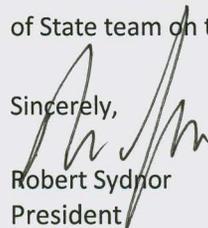
1. Generation of an estimated \$4 million in new PRDOS revenue
2. Employment of 20 Puerto Rico-based resources
3. Elimination of the filing backlog
4. Scanning of active corporation folders
5. Redaction of sensitive information on AR forms
6. Microfilm scanned images which will be stored in a secure US facility

We have included in our proposal a 2009 AR validation and rejection service to provide all functions necessary to fully process all deficient 2009 AR filings submitted on paper. FileONE estimates this service would generate approximately millions in new revenue for the PRDOS.

FileONE has completed the certificates of good standing (COGS) module for for-profit corporations. Without an accurate database, the PRDOS estimates that only 10,000 corporations can obtain a COGS. Using the new statutes and Grace Program authority, we will complete the back file indexing to allow *all Corporation types* to order online COGS, if they are in good standing. The back file indexing is a prerequisite to the Grace Program and providing other online services.

Secretary McClintock, rarely does an agency have the opportunity to have such a tremendous financial and customer service return on an investment. We look forward to partnering with the Puerto Rico Department of State team on this tremendous opportunity to provide the majority of services online.

Sincerely,


Robert Sydnor
President



Executive Summary

Section

1

PROBLEM STATEMENT

The current PRDOS administration inherited a very basic Corporations system with a significant amount of database errors and omissions. Under Secretary McClintock's leadership, the PRDOS has made tremendous progress within the Corporations division with the implementation of the SystemWORKS™ Annual Report system.

While SystemWORKS™ provides a robust system platform, the PRDOS is crippled by the substantial errors and omissions within the PRDOS database. After careful review of the database compared with the paper filings, the PRDOS and FileONE understand that the information contained on the paper documents does not match what is contained in the PRDOS database. The issues outlined below will continuously prevent the PRDOS from reliably providing even the most basic services to meet statutory obligations.

The existing state of the PRDOS database is severely limiting the office from offering many key services, including:

- Certificates of Good Standing (COGS): PRDOS cannot determine if a company has filed 2006-2009 annual reports and whether it is an active entity in good standing.
- Dissolutions: Corporations cannot voluntarily dissolve without verifying filings are processed and all fees are paid.
- Amendments: PRDOS cannot complete many new amendments filed without the assurance existing data is correct and the entity is active and in good standing.
- Grace Program: The database does not reflect what annual report filing years are missing. Therefore, the system is unable to calculate the fees due for compliance. Starting the Grace Program without having a stable database that correctly identifies which company's annual report years are missing may cause thousands of corporations to ask for a manual review to determine which ARs are missing.

In addition to the key service limitations highlighted above, the existing database issues continue to put the PRDOS at risk of authorizing company formations with duplicate company names until the database is corrected. The PRDOS cannot determine if a name is available without an accurate corporation status.

The following is a partial list of the most severe errors and omissions FileONE has identified to date.

1. Annual reports not entered into database
 - a) 209,231 for-profit corporations on record -> only 21 of the 209,231 entities have a record showing they filed all ARs due from 2005-2008
 - b) 58,955 non-profit corporations on record -> only 12 of the 58,955 entities have a record showing they filed all ARs due from 2005-2008
 - c) 3,390 LLCs on record -> only 1 of the 3,390 entities have a record showing they submitted annual report fees due from 2005-2008
PRDOS Impact- Inability to process: certificates of good standing, Grace Program, company formations, dissolutions, most amendments

 2. Missing or erroneous corporation database information
 - a) 168,391 of 271,592 corporations have **no company formation date entered**
PRDOS Impact- Inability to process certificates of good standing, Grace Program
 - b) 166,807 of 271,592 corporations **do not have status listed** (e.g., active, inactive)
PRDOS Impact- Inability to process: certificates of good standing, Grace Program, company formations, dissolutions, most amendments
 - c) 198,907 of 271,592 corporations **do not list resident agents**
PRDOS Impact- Inability to process: dissolutions, company formations, certificates of good standing
 - d) 191,108 of 271,592 corporations **do not list corporation addresses**
PRDOS Impact- Inability to process: annual report financial statements
 - e) For 271,592 corporations, **only 2,387 officers and 2,197 directors are on file**
PRDOS Impact- Inability to process: dissolutions, company formations, certificates of good standing
 - f) **None** (0 of the 271,592) of the corporations **lists business volume**
PRDOS Impact- Inability to process: dissolutions, company formations, certificates of good standing
 - g) **Dissolutions filed are not reflected** in the database
PRDOS Impact- Inability to process: certificates of good standing, company formations
 - h) **Name change amendments are missing** from the database
PRDOS Impact- Inability to process: certificates of good standing, Grace Program, company formations, dissolutions, most amendments
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SOLUTION OVERVIEW

FileONE proposes to lead the effort to resolve erroneous and missing information in the PRDOS database. To develop a solid solution, we have met with a number of highly qualified document imaging and indexing partners. Working closely with these potential partners, we have spent months strategizing how FileONE can empower your SystemWORKS application with accurate data. Consequently, we have developed a proposal that produces quality results with the highest value for the PRDOS.

As the PRDOS has identified a number of key online services it wishes to offer the public, our proposed solution is centered on positioning the PRDOS to meet this commitment. Once the back file project is completed, the PRDOS can offer online certificates of good standing, online company formations, and online copy and research. In addition, the PRDOS can begin the Grace Program.

To develop a complete database, FileONE proposes to review, scan and index millions of document pages. Our highly trained resources will process the documents to identify and index 2006-2009 Annual Reports and Creation documents to update the PRDOS system of record.

For 2009 Annual Report filings, FileONE will complete a rejection process for Annual Report documents that do not meet the filing requirements defined in Section 4. FileONE estimates that the re-filed documents with penalties and the Grace Program will produce millions in additional revenue for the PRDOS.