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STATE PROCUREMENT OFFICE
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103D, HRS

STATE PROCUREMENT OFFICE
STATE OF HAWAII

- 1. TO: Chief Procurement Officer
2. FROM: Department of the Attorney General

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:
The State desires to obtain a contract with Verus Financial, LLC in order to increase the State's out-of-state unclaimed property search capacity. Under the contract, Verus would identify, recover, process and otherwise report past due abandoned property to the State. Verus would perform comprehensive audits of holders as authorized by the State (or by another state in which the State of Hawaii desires to participate) that includes a field examination of all applicable unclaimed property types through a review of the appropriate books and records of the respective holder and /or holder's agent. Verus would only be entitled to compensation under the contract if unclaimed property is actually delivered to and received by the State as a result of the examination. The compensation would be 10.25% of the value of the abandoned property actually delivered to the state with the exception of property delivered to the State by transfer agents. Verus would be responsible for all direct and indirect costs and expenses it incurs in performing the examination.

4. Name of Vendor: Verus Financial, LLC
Address: 500 Chase Parkway
Waterbury, CT 06708
5. Price: \$

6. Term of Contract: From: 2/01/2012 To: 1/31/2015
7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:
Verus was established expressly for the purpose of providing services related to the recovery of unclaimed property to state unclaimed property offices and divisions. Thus far, more than 40 states have contracted with it for this purpose. The Verus organization is comprised of personnel with unparalleled investigative, forensic auditing and legal experience. Accordingly, the Verus team, which include FBI agents, attorneys and auditors, has a wealth of experience which uniquely qualifies it to provide unclaimed property auditing services. The experience includes legal expertise and practical skills in dealing and negotiating with a variety of large and small companies in the regulatory context, forensic accounting and auditing, and technical proficiency in developing and maintaining large volumes of data. Recently, Verus successfully obtained unclaimed property from major insurers for the State of California that is worth more than 40 million dollars.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
See #8 above.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
The contract will be executed and administered by the Department of the Attorney General on behalf of the Department of Budget and Finance. On behalf of the Attorney General, the contract administrator will be Deputy Attorney General, Stephen H. Levins. The Department of the Attorney General has already conferred with the Director of Budget and Finance regarding the subject matter of this contract and the Director concurs with the Department of the Attorney General that it would be in the best interest of the State of Hawaii to enter into the contract.

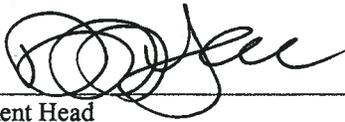
**REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)**

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Kalbert K. Young	Director, B&F	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
David M. Louie	Attorney General	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Stephen H. Levins	Deputy Attorney General	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to:	Department: Attorney General Contact Name: Stephen Levins Phone Number: 586-1180 Fax Number: 586-1205
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Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*



JAN 19 2012

Department Head

Date

**Reserved for SPO Use Only**

15. Date Notice Posted 1-26-12

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer  
 State Procurement Office  
 P.O. Box 119  
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

The department has confirmed that Mr. David Moore is the department personnel who is involved in this request and has attended the appropriate mandatory training.

This request is disapproved as it lacks sufficient justification as to why procurement by competitive means is either not practicable or not advantageous to the State. Unsolicited offers such as the one provided by Verus Financial LLC does not provide opportunity for other prospective parties to compete for the same goods or services in a fair and transparent environment. If there are any questions, please contact Donn Tsuruda-Kashiwabara at 586-0565 or donna.tsuruda-kashiwabara@hawaii.gov.

16.  APPROVED  DISAPPROVED  NO ACTION REQUIRED


 \_\_\_\_\_ 2/13/2012  
 Chief Procurement Officer Date

NEIL ABERCROMBIE  
GOVERNOR



'12 JAN 25 A11 :44 DAVID M. LOUIE  
ATTORNEY GENERAL

RUSSELL A. SUZUKI  
FIRST DEPUTY ATTORNEY GENERAL

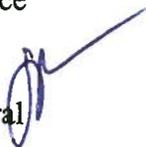
STATE PROCUREMENT OFFICE  
STATE OF HAWAII

**STATE OF HAWAII**  
**DEPARTMENT OF THE ATTORNEY GENERAL**  
**COMMERCE AND ECONOMIC DEVELOPMENT DIVISION**  
425 QUEEN STREET  
HONOLULU, HAWAII 96813  
(808) 586-1180  
FAX (808) 586-1205

January 24, 2012

MEMORANDUM

TO: Chief Procurement Officer  
State Procurement Office

FROM: Stephen H. Levins  
Deputy Attorney General 

RE: Notice and Request for Exemption from Chapter 103D, HRS  
Verus Financial, LLC

In order to recover monies resulting from agreements that have already been secured by Verus Financial, LLC we must enter into a contract with it within the next sixty (60) days. Otherwise, the State may encounter a significant delay in recovering several hundred thousands of dollars of unclaimed property from affected insurance companies. Consequently, time is of the essence.

Attachment