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## 8

### Company Information

#### (What you won't find on the company Web sites)

If anything should remain part of the public commons, it is voting. Yet as we have progressed through a series of new voting methods, control of our voting systems, and even our understanding of how they work, has come under new ownership.

“It’s a shell game, with money, companies and corporate brands switching in a blur of buy-outs and bogus fronts. It’s a sink-hole, where mobbed-up operators, paid-off public servants, crazed Christian fascists, CIA shadow-jobbers, war-pimping arms dealers — and presidential family members — lie down together in the slime. It’s a hacker’s dream, with pork-funded, half-finished, secretly-programmed computer systems installed without basic security standards by politically-partisan private firms, and protected by law from public scrutiny.”<sup>1</sup>

The previous quote, printed in a Russian publication, leads an article which mixes inaccuracies with disturbing truths. Should we assume crooks are in control? Is it a shell game?

Whatever it is, it has certainly deviated from community-based counting of votes by the local citizenry.

We began buying voting machines in the 1890s, choosing clunky mechanical-lever machines, in part to reduce the shenanigans going

on with manipulating paper-ballot counts. By the 1960s, we had become enamored of the poke-a-hole method (punch cards). In the early 1980s, we saw the advent of fill-in-the-oval ballots, run through a scanner for tabulation (optical-scan systems). In the mid-1990s, we decided to try computers that mark votes using touch screens or dial-a-vote devices (direct recording electronic, or DRE, systems). Then we began experimenting with Internet voting.

We first relinquished control to local election workers, who managed lever machines and punch-card voting. With the advent of optical-scan systems, local election workers gradually gave up control to private, for-profit corporations and their programmers and technicians.

In a frenzy of mergers and acquisitions during the 1980s, local election-services companies sold control of our voting systems to a handful of corporations. During the 1990s, these corporations engaged in a pattern of setting up alliances and swapping key personnel that has given just a few people, some of whom have vested interests, far too much access to and influence over our voting systems.

This is not a computer-programming problem. It is a procedural matter, and part of the procedure must involve keeping human beings, as many of us as possible, in control of our own voting system. Any computerized voting system that requires us to trust a few computer scientists and some corporate executives constitutes flawed public policy. It doesn't matter whether they come up with perfect cryptographic techniques or invent smart cards so clever they can recognize us by sight. The real problem is that we've created a voting system controlled by someone else.

During the 1980s, mom-and-pop companies sold election supplies. That changed when the dominant player in the elections industry, Business Records Corp. (BRC), embarked on an acquisitions blitz. You'd almost think they wanted to corner the elections industry.

### **Business Records Corp. (BRC)**

Business Records Corp. was a subsidiary of a Dallas, Texas, company named Cronus Industries Inc.,<sup>2</sup> which was owned by a consortium of wealthy Texas power brokers.

*July 1984:* BRC acquired Data Management Associates of Colorado Springs, Colorado, a closely-held concern that supplied county governments with computer software and services, and acquired David G. Carney Co., a closely-held San Antonio firm that marketed records-keeping services. Then it purchased the assets of C. Edwin Hultman Co., a closely-held Pittsburgh company that provided county-government information services.<sup>3</sup>

*November 1984:* BRC acquired Western Data Services Inc., a firm that provided on-line computer services to several hundred county and municipal governments, school districts and other governmental agencies in Texas.<sup>4</sup>

*November 1984:* BRC acquired Contract Microfilm Services and Business Images Inc.<sup>5</sup>

*February 1985:* BRC acquired Roberts & Son Inc. of Birmingham, Alabama, a firm which provided voting equipment and election materials to county governments.<sup>6</sup>

*April 1985:* BRC acquired Frank Thornber Co., a Chicago firm specializing in election-related services, equipment and supplies.<sup>7</sup>

*November 1985:* BRC acquired Dayton Legal Blank Co.<sup>8</sup>

*December 1985:* Cronus Industries Inc., the parent company of BRC, completed the purchase of Computer Election Systems Inc. of Berkeley, California. At that time, Computer Election Systems was the nation's largest manufacturer of election machines and related equipment. It provided election computer programs and equipment to more than 1,000 county and municipal jurisdictions.<sup>9</sup>

*January 1986:* BRC acquired Integrated Micro Systems Inc. of Rockford, Illinois.<sup>10</sup>

*March 1986:* BRC merged with Computer Concepts & Services Inc. of St. Cloud, Minnesota.<sup>11</sup> During the same month, it acquired Sun Belt Press Inc. of Birmingham, Alabama and merged it into Roberts & Son, one of the election- and voting-equipment companies acquired by BRC in February 1985. It also bought the government operations of Minneapolis-based Miller/Davis Company. The government portion of Miller/Davis provided legal forms, election supplies and office supplies to local governments in Minnesota.<sup>12</sup>

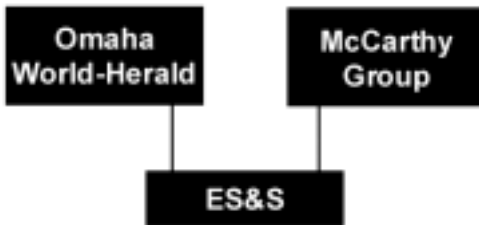
Business Records Corp. dominated the U.S. elections industry until 1997, when it was purchased by Election Systems and Software.

## Election Systems and Software (ES&S)

Founded in Omaha, Nebraska, under the name “Data Mark Systems” by brothers Todd and Bob Urosevich, the company soon changed its name to American Information Systems (AIS). In 1984, the Uroseviches obtained financing from William and Robert Ahmanson, whose family piled up a fortune in the savings-and-loan and insurance industries. <sup>13</sup>

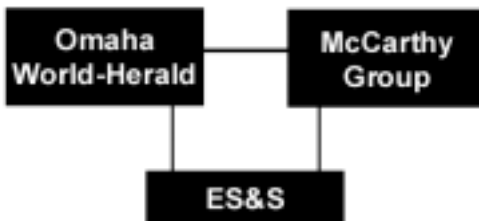
Howard Ahmanson Jr., a younger cousin of the AIS financiers, has parlayed his fortune into extremist right-wing politics, pushing the agenda of the Christian Reconstructionist movement, which openly advocates a theocratic takeover of American democracy. <sup>14</sup>

William and Robert Ahmanson appeared to be more moderate than Howard Jr. and invested money in theater and public broadcasting. In 1987, they sold their direct shares in the voting-machine company to the Omaha World-Herald (which took a 45 percent stake in the company) and the McCarthy Group (35 percent). <sup>15</sup>

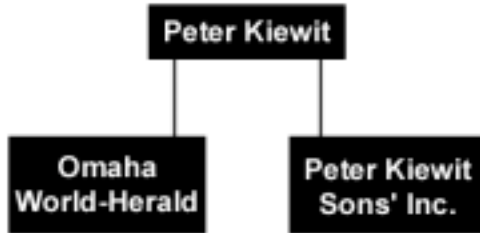


And here the fun begins — watch the bouncing ball ...

It turns out that the Omaha World-Herald has also been an owner of the McCarthy Group. <sup>16</sup>



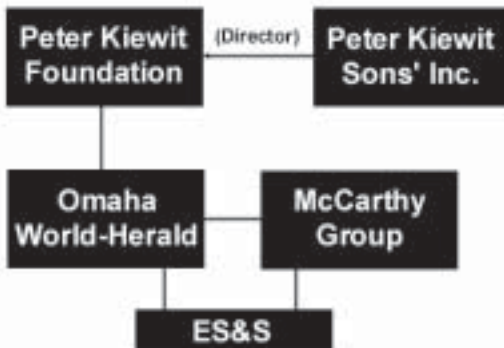
The Omaha World-Herald was owned by Peter Kiewit, the head of Peter Kiewit Sons' Inc., until his death.<sup>17</sup>



Before he died, Peter Kiewit set up the Peter Kiewit Foundation, requiring that at all times the foundation have a director from Peter Kiewit Sons' Inc. as a trustee.



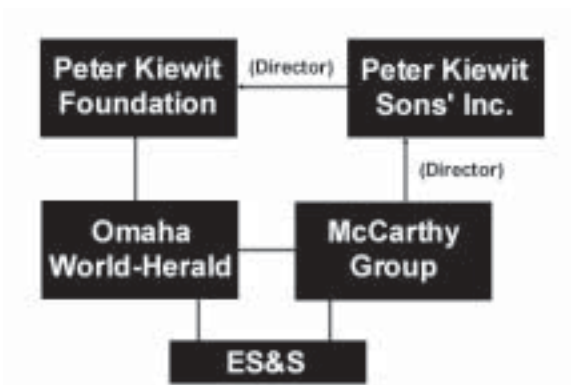
Kiewit arranged for the Omaha World-Herald stock to be purchased by its employees and the Peter Kiewit Foundation, which holds a special class of stock, giving it veto power over any sale proposal. The largest single stockholder in the World-Herald Company is the Peter Kiewit Foundation.<sup>18</sup>



Tracing ES&S ownership thus leads us to the World-Herald and then to the Peter Kiewit Foundation.

It also leads to the McCarthy Group, which is headed by Michael McCarthy. He came to Omaha to sell Peter Kiewit's ranch when he died.<sup>36</sup> Michael McCarthy assumed Peter Kiewit Jr.'s position as a director of Peter Kiewit Sons' Inc in 2001.<sup>19</sup>

The McCarthy Group shows up as one of the investments of a World-Herald subsidiary, in turn leading back to the World-Herald and the Peter Kiewit Foundation. Dizzy yet?



I became interested in Kiewit because if anything is less appropriate than Chuck Hagel's ties to ES&S, it would be a Kiewit relationship of any kind to any voting-system vendor. So who is Kiewit?

Peter Kiewit Sons' Inc. and its subsidiaries have been tied to a string of bid-rigging cases in as many as 11 states and two countries.

In an antitrust case that involved charges of bid-rigging in New Orleans, Kiewit pleaded no contest and paid \$100,000 in fines and \$300,000 in a civil settlement. In South Dakota, a Kiewit subsidiary pleaded guilty to bid-rigging on road contracts and paid a fine of \$350,000. In Kansas, a Kiewit subsidiary was found guilty of bid-rigging and mail fraud on a federal highway project. The firm was fined \$900,000 and a company official was sentenced to a year in jail. A Kiewit subsidiary paid \$1.8 million for bid-rigging on a state highway project in Nebraska, and a Kiewit vice president was jailed.<sup>20</sup>

The Army Corps of Engineers at one point decided to bar Kiewit from bidding on all federal projects but later changed its mind. Kiewit builds munitions plants and military airstrips.

Does Kiewit have a political agenda? Absolutely. Kiewit's Jerry Pfeffer has spoken before Congress to ask for more privatization:

"Kiewit, based in Omaha, built more lane-miles of the Interstate Highway System than any other contractor," he said. "...We're active in toll roads, airports and water facilities ..."<sup>21</sup>

Pfeffer, advocating privatization of the highway system, has stated glibly that "American motorists will gladly pay market prices to avoid congestion."

He goes on to suggest to Congress that Kiewit should get special tax treatment. Kiewit also owns CalEnergy Corp., has been involved with Level 3 Communications and is a quiet giant in telecommunications; underneath its highways, Kiewit lays fiber-optic cable and has been outfitting our roads with video surveillance cameras since 1993.

When the state of Oklahoma forbade Kiewit to bid anymore, Kiewit set up a different company called Gilbert Southern Corp. According to *The Sunday Oklahoman*, "Gilbert Southern Corp. recently submitted a sworn affidavit to the transportation department saying it had no parent company, affiliate firms or subsidiaries."<sup>22</sup>

But Kiewit owned Gilbert Southern Corp. lock, stock and barrel. When the state of Oklahoma found out, it yanked the contracts.

In another obfuscation, Peter Kiewit & Sons took contracts in Washington State under the guise of a minority-owned firm. The government thought it was giving contracts to a company owned by African-American women; actually, it was a bunch of white guys in Nebraska. Kiewit paid more than \$700,000 in fines while denying liability or wrongdoing.<sup>23</sup>

Kiewit's corporate papers indicate that investigations and litigation are normal, saying there are "numerous" lawsuits. This is a handy thing to know: Apparently you can skip disclosure of pending litigation, if there's a lot of it.

This example illustrates why voting-machine vendors should be required to provide full disclosure on owners, parent companies, stockholders and key personnel. Kiewit has connections with both ES&S parent companies and has a track record of hiding ownership

when it wants to, it has a powerful profit motive for getting the people it wants into office and it has broken the law in the past to achieve its goals.

We should require enough disclosure so that we can at least ask informed questions next time we buy voting machines.

In 1997, the company that had called itself American Information Systems bought elections-industry giant BRC and changed its name to Election Systems and Software. The Securities and Exchange Commission objected on antitrust grounds, and an odd little deal was cooked up in which the assets of BRC were shared between two voting companies: ES&S and Sequoia.

### **Sequoia Voting Systems**

Sequoia Voting Systems has nearly jockeyed its way into position to grab voting-machine dominance away from ES&S and Diebold.

We are told to trust Sequoia's voting systems, along with the people who sell and service them. Well, come with me for a moment and let's do a little re-enactment. After this, you, the jury, can decide for yourself how much trust you want to offer Sequoia.

You be Philip Foster, Sequoia's southern regional sales manager and the project manager who oversaw Riverside County, California's first touch-screen election. I'll be your brother-in-law, David Philpot of Birmingham, Alabama.

I am going to hand you a manila envelope stuffed with \$20,000 or \$40,000 of kickback cash.<sup>24</sup> These envelopes are sealed, and I won't tell you what is in them. I instruct you to travel to Louisiana and place them in a drawer belonging to Louisiana state elections chief Jerry Fowler. You do so. And then you do it again. Five times.

If we are to trust Sequoia Voting Systems, we must believe that Phil Foster had no idea what was in those envelopes. Foster said in an interview that he did nothing wrong. He continued to work for Sequoia after these allegations were revealed.

Peter Cosgrove, Sequoia's chief executive officer at the time, decided that the allegations against Foster (two counts of conspiracy to commit money laundering and one count of conspiracy to commit malfeasance in office) were "without merit," so he continued to employ him.



“As a company, we believe the allegations against him are without merit,” said Cosgrove, “and we believe the statements against him were made by convicted felons.”<sup>25</sup>

Well that much is true. Both Foster’s brother-in-law, David Philpot, and Louisiana’s elections chief, Jerry Fowler, pleaded guilty. Fowler went to federal prison. Another participant in the scam, which reportedly cost Louisiana taxpayers \$8 million, was New Jersey’s Pasquale Ricci, who pleaded guilty to conspiracy to commit money laundering.<sup>26</sup>

When the charges against Foster were thrown out, the prosecutor appealed. State District Judge Bonnie Jackson upheld the dismissal of charges, ruling that prosecutors had failed to show the charges resulted from evidence collected separately from Foster’s grand-jury testimony. Because he had been immunized, prosecutors could not use Foster’s own statements against him.<sup>27</sup>

“My investigation of the charges reveals he hasn’t done a thing in the world wrong,” Foster’s Baton Rouge lawyer, Karl Koch is reported to have said.

OK. Let us assume that Foster really had no idea what was in those envelopes. Forty thousand dollars is a minimum of four hundred \$100 bills, a pile two inches thick. We are trusting these guys with our vote. Do we really want someone around our voting machines who is so naive that he doesn’t understand the implications of sticking manila envelopes stuffed with two-inch-thick wads of something shaped like money into desk drawers belonging to election officials?

Of the big four voting vendors, Sequoia currently has the tidiest corporate ownership but the most recent indictment of an employee and the most prolific habit of hiring its own regulators.

Besides hiring former California Secretary of State Bill Jones, Sequoia hired Kathryn Ferguson, the elections official who helped purchase Sequoia machines for Clark County, Nevada, and Santa Clara County, California, as Vice President, Corporate Communications. In October 2003 she moved to Hart Intercivic.<sup>28</sup>

Michael Frontera, former executive director of the Denver Election Commission, went to work for Sequoia after awarding it \$6.6 million in contracts from his own department.<sup>29</sup>

Alfie Charles, former spokesman for Secretary of State Bill Jones,

is now spokesman for Sequoia Voting Systems.<sup>30</sup>

At the time of the bribery scandal, Sequoia Voting Systems was owned by Jefferson Smurfit Group, a company based in Ireland. In May 2002, Sequoia was purchased by Great Britain's De La Rue plc, and Phil Foster's loyal and trusting boss, Peter Cosgrove, was retained and promoted.

De La Rue is considered a blue-chip company. Its fortunes are heavily affected by politics, and it has at least one politically active investor.

It is the world's biggest commercial money printer. De La Rue was one of the first British companies to profit from the war in Iraq, earning a quick windfall when it received the assignment to print the new Iraqi bank notes. During the first Bush administration, De La Rue was called in toward the tail end of Sandinista rule in Nicaragua to create new money.<sup>31</sup>

De La Rue is also involved in Britain's national lottery, through its investment in Camelot Group plc. In this capacity, it enraged British citizens when they learned that Camelot had assigned its executives a 40 percent pay hike while reducing the funds allocated to good works.<sup>32</sup>

De La Rue would very much like to take Diebold's position, and not just in election systems. The firm also sells ATMs and smart cards and lists Diebold Inc. as one of its competitors.<sup>33</sup>

In July 2003, the U.S. Department of Justice launched an investigation into a U.S. division of De La Rue, alleging that it had engaged in an illegal price-fixing scheme in relation to the supply of holograms for Visa banking cards, violating US antitrust laws. In a statement, De La Rue said the "individual implicated" in the price-fixing allegation had "left the business in October 1999."<sup>34</sup>

One of the most aggressive investors in De La Rue stock is the hugely wealthy Australian Lowy family, who by March 2003 had picked up 5.5 million shares (just over 3%) through their private investment vehicle, LFG Holdings. Frank Lowy is Australia's second-richest man.

He is highly political, particularly with pro-Israel issues, and has come under fire for his company's payments to Lord Levy, British Prime Minister Tony Blair's "special envoy to the Middle East," which the Aussie billionaire authorized directly. At first, his payments raised

suspicious of a “cash for access” intrigue at the highest level of British politics, but as the size of the payments (£250,000) became apparent, the Australian media began raising questions of “cash for foreign policy.”<sup>35</sup>

The Lowy family contributes heavily to the Democratic Party.<sup>36</sup>

On August 4, 2003, Sequoia Voting Systems quietly announced a partnership with VoteHere Inc. for electronic ballot verification on its touch-screen machines.<sup>37</sup> It is amazing how much money the elections industry is willing to spend just to avoid giving us ballots we can read and use for audits. The VoteHere system provides a receipt with a code number on it, not a human-readable ballot. You get to check your single vote using a secret code.

If you believe this constitutes public counting of the vote then please meet me under the bridge at midnight and enter your special password into my PalmPilot, and I’ll slip you a brown paper bag with some stock tips in it. Count on ’em. Trust me.

Instead of allowing the vote to be counted in the open, viewed by citizens, the VoteHere solution requires us to give control of our elections to a handful of cryptographers with defense-industry ties.

### **VoteHere Inc.**

Like a Timex watch, this company takes a licking but keeps on ticking. Launched by a cryptographer named Jim Adler during the height of the dot-com boom, VoteHere hoped to usher us into the brave new world of Internet voting.

Adler picked up funding from Compaq Computer and Cisco Systems and Northwest Venture Associates, \$15 million by November 2000.<sup>38</sup> He also did an honorable thing: He made his company’s source code available for review.

Adler’s Internet voting system did not fare well in a simple review titled “Vote early, vote often and VoteHere,” a master’s thesis by Philip E. Varner. After defining threats to the publicly available VoteHere system in such areas as completeness, privacy, verifiability, fairness and reliability, and creating an attack tree, Varner identified several weaknesses in the VoteHere system and concluded it was not ready for use.<sup>39</sup>

Undaunted, the entrepreneurial Adler charged ahead with a plan

to have us try voting on totable Compaq iPAQ hardware using VoteHere software and online polling sites connected to the Internet.<sup>40</sup>

But his Internet plans did not materialize, and Adler also stopped making his source code available for public review. VoteHere persuaded places like Swindon, England, and the city of Suwanee, Georgia, to try the system and conducted an online advisory election for the Conservative Party in Sweden. But by 2003, it had few sales to show for six years of work and \$15 million in outside investments.

I have seen no more sources of funding for VoteHere, nor much in the way of sales revenues, but one thing I did find was a board of directors spiked with power brokers from the defense industries.

For a long time, VoteHere's chairman was Admiral Bill Owens, a member of the Defense Policy Board and Vice Chairman of Scientific Applications International Corp. (SAIC), which did the Diebold review for the state of Maryland. Robert Gates, former CIA director and head of the George Bush School of Business at Texas A&M, was another director.

VoteHere may be trying to make a comeback with its Internet voting concept. It hired former Washington State Secretary of State Ralph Munro as its chairman. Pam Floyd, who had worked for Washington state elections director David Elliott, left to take a position with VoteHere for three years; she recently became Washington's assistant state elections director, and she oversees Washington's Internet SERVE project. Washington state is now leaving the door open (through legislation proposed by Munro crony and current secretary of state Sam Reed) to arrange for more Internet voting in the state.

In 2003, VoteHere decided to go after the innards of other vendors' touch screens, perhaps hoping to become the Good Housekeeping Seal of Approval for electronic voting machines by claiming that its system verifies the integrity of the vote. This verification system is another way to avoid giving voters the paper ballots they are asking for.

I have always been a proponent of hybrid systems, combining voter-verified paper ballots with computers. Systems like VoteHere, though, make me wonder if we aren't safer to go back to straight hand-counted paper ballots. Every time we propose a solution to solve a problem with computerized voting systems, a new salesman pops up with a

different cure, new techno-jargon, a fresh sales pitch and friends in high places and starts lobbying our public officials. By the time we figure out the latest spin, it could be too late.

\* \* \* \* \*

VoteHere had its eye on a Pentagon project called SERVE, designed to convert our armed forces over to Internet voting. Despite its clout, VoteHere did not win the contract. Instead, the contract was awarded to election.com and Hart Intercivic.

### **election.com**

This company is no longer in existence, at least in its original form. I am including it so that you can see just how slipshod our government procurement system, which originally awarded the SERVE contract to election.com, really is.

According to its Web site, election.com was a global election software and services company which provided election services like voter registration and Internet voting.

*Newsday's* Mark Harrington discovered that election.com had sold controlling ownership to an unnamed group of Saudi investors who, he reported, paid \$1.2 million to acquire 20 million preferred shares, for 51.6 percent of the voting power. The investment group was identified as Osan Ltd. <sup>41</sup>

I spoke with Amy Parker, press contact for election.com, in February 2003.

*Harris:* "Is the *Newsday* article, which states that 51.6% of election.com is owned by Osan Ltd, accurate?"

*Parker:* "No, that is not true."

*Harris:* "Is Osan Ltd. involved?"

*Parker:* "Osan Ltd. became the largest shareholder of election.com in December 2002 — that's an accurate statement — and after December 2002 Osan held 36.2% of all outstanding shares."

*Harris:* "Is Osan based in the United States, or where?"

*Parker:* "In the Cayman Islands."

*Harris:* "So when *Newsday* said they have controlling interest ... "

*Parker:* "After December 2002, Osan held 36.2% of all outstanding shares. And that's equal to 58.2% of the voting power."

OK. So Osan actually owned *more* controlling interest than reported by Newsday. Why would we want our military votes counted by a Saudi-owned company?

At least, if it's approved by the Pentagon, one would assume that it's a pretty solid operation. But for some reason, election.com pulled the names of its directors off the Internet. There are ways to find pages that have been removed, so I did and began contacting directors. I soon received an e-mail from one of the directors which said simply: "You should call me."

I did, and he spoke with me at some length but only after getting my agreement not to reveal which director he was when I printed this interview.

*Harris:* "I notice they've taken the names off the Web. Are you still involved?"

*Director:* "No."

*Harris:* "Tell me about your experience with election.com."

*Director:* It looked like a hot company, [was] featured in *Red Herring* as one of the companies most going to affect the world and all that ... What happened is that Joe — they had a CEO named Joe, Joe something ... "

*Harris:* "Joe Mohen?"

*Director:* "That's it. He ended up loving publicity too much. They put those machines in on the Democratic Convention, a giant waste of money, over a million, so Joe could get on TV. When they wanted to start going that way I got concerned. If they were getting into public elections, the market wasn't as huge [as elections in the private market, such as stockholder votes and union elections].

"Of course, the reason I got into it was we wanted to run a business, we wanted to become profitable. ... So the 2000 election in Florida happens, and they change their philosophy and want to do public elections. I said 'this isn't going to work.'

"Finally we get Joe to resign as CEO and we got the Number 2 guy [Charles Smith] to resign also. By this time we were about out of money." (He explained that they brought in a new CEO, who pumped in new money and got some contracts in Australia, but it wasn't long before they ran out of money again.)

*Director:* "Then, the guy we fired [Charles Smith] comes back

with this Arab money. They wanted the board as well as the company. For \$5 million, they bought the whole damn thing. At the time the Arab money came in, I made the motion to go ahead and dismiss our butts.”

*Harris:* “What about Charles Smith? I hear he’s the guy who represents the Arabs.”

*Director:* “Charles Smith is the guy who we fired. He is sort of an Arab himself; I don’t know why he has the name Smith.” [According to his bio, Smith previously worked with Procter & Gamble in Saudi Arabia and with PepsiCo in Cairo.]

*Harris:* “Who else is in the group of investors?”

*Director:* “Nobody knows who this group is.”

*Harris:* “How Saudi is Osan Ltd?”

*Director:* “Oh, it’s all Saudi as far as I know. What do you know about the thing?”

*Harris:* “Just what I read in *Newsday*.”

According to the *Newsday* article, Defense Department spokesman Glenn Flood, when asked how the department screens the background of contractors, said: “We don’t look into that [country of origin] part of it ... It’s the process we’re interested in, not the company, unless they screw up.”

Penelope Bonsall, director of election administration for the Federal Election Commission, told *Newsday* that tracking issues like election.com’s change of control doesn’t fall under the purview of any federal agency.

I decided to ask Amy Parker more about the Pentagon deal, but the conversation got derailed:

*Harris:* “With regard to the military contract, what will election.com be doing and what will Hart Intercivic do?”

*Parker:* “We’re not the prime contractor on that project.”

*Harris:* “Election.com is not the main contractor?”

*Parker:* “No.”

*Harris:* “Who is, then?”

*Parker:* “That’s Accenture.”

*Harris:* “I spoke with Hart Intercivic, who has explained to me that Accenture does not make voting systems. What they do is

procurement. They procured the contract and then subcontracted it to election.com and Hart Intercivic, is that true?"

*Parker:* "Yes."

*Harris:* "Accenture holds shares in Election.com also, doesn't it?"

*Parker:* "No."

*Harris:* "No?"

*Parker:* "Accenture, we have a formal strategic marketing alliance and as part of that they took an equity position."

*Harris:* "So Accenture holds shares in election.com, then."

*Parker:* "Yes."

On July 2, 2003, election.com announced that it had sold its assets to Accenture, turning the military SERVE project over to an Arthur Andersen spin-off and Hart Intercivic.

## Hart Intercivic

You might get the impression that Hart Intercivic, a voting-system vendor based in Austin, Texas, is a cozy little family-owned operation, giving us real faces that we can hold accountable and trust with our vote. Not quite.

The chairman of Hart Intercivic is David Hart, whose family developed Hart Graphics, at one time the largest privately-held commercial printer in Texas.<sup>42</sup> Internet growth and the ease of putting documentation on disks and CD-ROMs reversed the company's fortunes.

"We began to see, in the later part of the '90s, a crack in the strategy," David Hart said. "The presses weren't staying busy." In looking for other work to fill the void, "we just ran into a wall. We were singularly unsuccessful."<sup>43</sup>

And it was here that the comfortable, family-owned company turned into a venture-capital- and government-privatization-driven election vendor. Hart Intercivic sells the eSlate, a dial-a-vote variation on the touch-screen concept that uses a wheel instead of a poke with a finger to register your vote.

The finances and managerial control of Hart Graphics were at one time closely controlled by the family, but Hart took a different approach to its election business. They lined up three rounds of venture capital



and formed an alliance with a gigantic social-services privatizer.

For initial funding, Hart went to Triton Ventures, a wholly-owned subsidiary of Triton Energy, a firm that primarily exploits oil fields in Colombia. Triton, in turn, is a subsidiary of Amerada Hess.<sup>44</sup>

The \$3.5 million awarded by Triton in 1999 didn't last long, but the Help America Vote Act, with its massive allocation of federal money, hovered just over the horizon. In October 2000, Hart picked up \$32.5 million more from five sources.<sup>45</sup> In 2002, it raised another \$7.5 million.<sup>46</sup>

RES Partners, which invested in Hart's second and third rounds, is an entity that represents Richard Salwen, retired Dell Computer Corporation vice president, general counsel and corporate secretary, who had also worked with Perot Systems and EDS. Salwen is a heavy contributor to George W. Bush and the Republican Party.<sup>47</sup>

Hart's most politically charged investor is an arm of Hicks, Muse, Tate & Furst, which was founded and is chaired by Tom Hicks. Hicks bought the Texas Rangers in 1999, making George W. Bush a millionaire 15 times over. Tom Hicks and his investment company are invested in Hart Intercivic through Stratford Capital. They are also heavily invested in Clear Channel Communications, the controversial radio-raider that muscled a thousand U.S. radio outlets into a more conservative message.<sup>48</sup>

In Orange County, California, and in the state of Ohio, Hart Intercivic entered into a joint enterprise called Maximus/Hart-InterCivic/DFM Associates, led by Maximus Inc.

Maximus Inc. is a gigantic privatizer of social services. It cuts deals with state governments to handle child-support collections, implement welfare-to-work and oversee managed care and HMO programs.

A Wisconsin legislative audit report found that Maximus spent more than \$400,000 of state money on unauthorized expenses and found \$1.6 million that Maximus couldn't properly document. These unauthorized expenses included a party for staff members at a posh Lake Geneva resort; \$23,637 for "fanny packs" to promote the company, with the bills sent to the state; and entertainment of staff and clients by actress Melba Moore. Maximus settled for \$1 million.<sup>49</sup>

Maximus jumped into the smart-card business and soon afterward entered the elections industry through an alliance with Hart Intercivic.

All this alliance-building and venture capital-seeking and political shoulder-rubbing is very nice for the big boys in Texas. However, it fundamentally changes the way we run our democracy. Do we really need to bring in Maximus, Hart Intercivic, DFM Associates, Triton oil, CapStreet Group, Dell Computers, Texas Growth Fund and the owner of the Texas Rangers just to count a vote?

The voting-machine industry has created such a byzantine path to computerized voting that it cannot possibly be cheaper or more efficient than voting in a much-simplified way.

### **What do we really know about the certifier, Wyle Laboratories?**

Texas billionaires Sam and Charles Wyly were the ninth-biggest contributors to George W. Bush in 2000, and Sam Wyly bankrolled the dirty tricks that wiped out John McCain's lead during the South Carolina primary. I wondered if the Wyly brothers are involved in Wyle (pronounced Wyly). I found many Wyly companies, and at least two companies called Wyly E. Coyote, but never found a link between Texas Bush-pal Wyly brothers and Wyle Laboratories.

I did find a link between Wyle Laboratories and prominent, right-wing, monied interests: William E. Simon, who, along with Richard Mellon Scaife and the Coors family, has been one of the primary supporters of the Heritage Foundation and its derivatives.

And I did find conflict of interest. You would expect that a company that certifies our voting machines would not have its owners running for office. You would also expect that no one who owns the certification company would be under criminal investigation. You'd be disappointed.

Shortly after Wyle Laboratories split off from Wyle Electronics in 1994, controlling interest was acquired by William E. Simon & Sons, a firm owned by a former Secretary of the Treasury, William E. Simon, and his son, Bill Simon, a candidate for governor of California in 2002.

Just before the election, in August 2002, William E. Simon & Sons was convicted of fraud and ordered to pay \$78 million in damages. In what is surely record time for our glacial judicial system, the conviction was overturned in September 2002. The reason? William E.

Simon & Sons had partnered up with someone who was a criminal and no one could tell who was the guiltiest.<sup>50</sup>

Recently, Wyle Laboratory shares held by William E. Simon & Sons were bought out. Now Wyle Laboratories is a wholly owned subsidiary of LTS Holdings, Inc., an entity I can find no information about, controlled by individuals whose names are not available.

## Diebold Election Systems

By now, Diebold Inc., the owner of what is now arguably the largest voting-machine company in the U.S., has become famous for its vested interests and an idiotic written statement made by its CEO.

Diebold director W. H. Timken has raised over \$100,000 for the 2004 campaign of George W. Bush, earning the designation “Pioneer.” Bush supporters qualify as Pioneers if they raise at least \$100,000, and Rangers if they raise \$200,000.<sup>51</sup>

On June 30, 2003, Diebold CEO Walton O’Dell organized a fund-raising party for Vice President Dick Cheney, raising \$600,000 and many of our antennas.<sup>52</sup>

Julie Carr-Smyth, of *The Plain Dealer*, discovered in August 2003 that O’Dell had traveled to Crawford, Texas, for a Pioneers and Rangers meeting attended by George W. Bush. Then Smyth learned of a letter, written by O’Dell shortly after returning from the Bush ranch and sent to 100 of his wealthy and politically inclined friends, which said:

“I am committed to helping Ohio deliver its electoral votes to the president next year.”<sup>53</sup>

Admitting that such candor was a mistake, O’Dell later told Smyth, “I don’t have a political adviser or a screener or a letter reviewer or any of that stuff.”<sup>54</sup>

O’Dell described Diebold “a model of integrity and reporting and clarity and disclosure and consistency” and said he hoped his company would not suffer because of his mistake. A model of integrity and — clarity? Disclosure, perhaps, if you count embarrassing leaks and the sharp hissing sound of security flying out the window.

Wally O’Dell’s statement was ill-advised, if not downright arrogant. But while Wally O’Dell can write about delivering the vote, Diebold’s programmers may be in a position to actually do so. Where

do they come from?

Diebold Election Systems was formed when Diebold Inc. of Canton, Ohio, acquired a Canadian company called Global Election Systems Inc., headquartered in Vancouver, British Columbia.<sup>55</sup> In some ways, nothing changed. The manufacturing body of the elections company continued to be in McKinney, Texas, under the same management, and the programming brain continued to be in Vancouver, Canada, with the same programmers.

Two of these programmers, Talbot Iredale and Guy Lancaster, have been designing and programming voting machines for Diebold Election Systems Inc. and its predecessors since 1988. Iredale and Lancaster developed the ES-2000 optical-scan voting system currently used in 37 states.<sup>56</sup>

These two men worked for North American Professional Technologies (NAPT), a subsidiary of Macrotrends International Ventures Inc. Their assignment was to develop a computerized voting system.

Macrotrends and NAPT were marketed by Norton Cooper, who had been jailed for defrauding the Canadian government in 1974.<sup>57</sup> This did not keep him out of trouble; he became a stock promoter who sold so much stock in flawed companies though Macrotrends that Jaye Scholl, a writer for *Barron's*, portrayed him as a "hazard" and cautioned the well-heeled to avoid him at the golf course.<sup>58</sup> In 1989, members of the Vancouver Stock Exchange (VSE) ordered Macrotrends to cease any doings with Cooper<sup>59</sup> because his deals went south too often and *Forbes* had written an article describing the VSE as "The Scam Capital of the World," causing an erosion of confidence in the entire exchange.

Charles Hong Lee, a director of both Macrotrends and NAPT, was a childhood friend of Cooper's. In 1989 Lee was ordered to pay \$555,380 in restitution when Lee was sued, together with Norton Cooper, by investors in a Macrotrends venture called Image West Entertainment. Cooper settled, but Lee failed to answer the complaint and also failed to list the lawsuit on his personal disclosure form with immigration officials. In 1994, Lee and his partner, Michael K. Graye, allegedly bilked 43 Chinese immigrants, mostly small businessmen, out of \$614,547 more in fees than was authorized by the agreement. The unauthorized fees were paid to United Pacific Management Ltd., controlled by Graye and Lee.<sup>60</sup>

In 1991, NAPT and Macrotrends were reorganized, and the name was changed to Global Election Systems. At this time, Michael K. Graye became a director, a position he held for two years. Earlier, Graye had misappropriated \$18 million from four corporations, but the law had not yet caught up with him. In 1996, Graye was arrested on charges of tax fraud, conspiracy to commit tax fraud, and money laundering, stemming from activities from 1987 through 1991 with four other companies. For Graye to make bail, a Hong Kong-based shell company called Nexus Ventures Ltd. obtained \$300,000 from unwitting investors in Eron Mortgage. Before Graye's sentence could be pronounced in Canada, he was indicted in the U.S. on stock-fraud charges for his involvement with Vinex Wines Inc., a company he and Charles Hong Lee ran. Graye spent four years in prison on the charges related to Vinex Wines and was returned to Canada in May 2000; in April 2003 he admitted that he had misappropriated \$18 million and committed tax fraud, and he was sent back to jail. <sup>61</sup>

These founding partners, along with Clinton Rickards (sometimes listed as C. H. Richards), set up Macrotrends, NAPT, and then Global Election Systems. During these early years, Iredale and Lancaster nurtured the ES-2000 optical scan voting system into existence.

The company appears to have washed its hands of Cooper, Lee and Graye. These criminals were involved a decade ago, so why is this relevant now?

It's important because it tells us something about the ethics and due diligence of both Diebold and Global Election Systems. If you are asking people to trust you with their votes, but convicted felons hired and managed the programmers who are now your key people, you have some explaining to do. If criminals who were managing your company were written up in *Barrons* and *Forbes*, publicly embarrassing everyone, we would expect that you would rid yourself forever of such people. If you then hire two more convicted felons, you have just demonstrated that we cannot trust you with our votes.

One such felon, a 23-count embezzler named Jeffrey Dean, who specialized in computer fraud, was made a director of Global Election Systems in 2000, and then was assigned to be the head of research and development, with access to all components of the most sensitive parts of the voting system. The other, a cocaine trafficker

named John Elder, has directed the sensitive punch-card printing for both Global and Diebold, and has had involvement with the processing of incoming absentee ballots. Elder is still running the printing division for Diebold.

By 2001, Global Election Systems had grown substantially, but had accumulated a pile of debt. Diebold, Inc. began making arrangements to purchase the company in June 2001. Diebold made a sizeable loan to Global in 2001 and, according to securities documents, arranged to take over manufacturing of Global's voting machines when the Canadian firm could not come up with the cash to service its orders.

While Diebold was loaning money to Global, embezzler Jeffrey Dean remained a director of the company and, according to memos, was involved with the Windows CE system used in the touch-screens and the new 1.96 series optical scan software. He also was working on a project to integrate voter registration software with the GEMS central tabulation program, and he claimed to have developed a "ballot on demand" system which, he bragged to Diebold, could optionally connect a voter with the ballot — a feature which is certainly illegal and would remove voter privacy.

Global Election Systems was formally purchased by Diebold Inc. effective January 31, 2002, and at this time Jeffrey Dean became a paid consultant to Diebold Election Systems and John Elder took over Diebold's national printing division.

Six weeks later, Diebold landed the biggest voting-machine order in history: The \$54 million conversion of the state of Georgia to touch-screen voting.