

CONTRACT FOR FIRST REFERRAL COLLECTION SERVICES
GILA LLC D/B/A MUNICIPAL SERVICES BUREAU

This Agreement entered into this 1st day of June 2017, by and between the Gila LLC d/b/a Municipal Services Bureau (hereinafter referred to as MSB), and the Department of Finance, Division of Revenue of the State of Delaware (hereinafter referred to as the "Division"), witnesseth that:

WHEREAS, the Division desires to engage MSB to render certain collections of first referral tax accounts receivables;

WHEREAS, the Secretary of Finance deems that the professional services herein contracted for are necessary and desirable in performance of the function of the Division of Revenue.

1. The Division hereby agrees to engage MSB and MSB agrees to perform the herein described services.
2. **Scope of Services.** MSB shall do, perform, and carry out, in a satisfactory and proper manner as determined by the Division of Revenue the services identified in Exhibit A of this Contract. The "Request for Proposal for First Referral Collection Services," Proposal # 25-06-01-17-03 dated September 5, 2016 and MSB response to proposal, dated October 5, 2016 , are hereby made part of this Contract and designated as Exhibit A. Sections I, II and III, of the "Request for Proposal" define the scope of services and all of Exhibit A, as well as the provisions of this Contract detail the performance specifications for collection on accounts.
3. **Personnel.** MSB represents that it has, or will secure, all personnel required in performing the services under this Contract.
4. **Time of Performance.** The services of MSB are to commence as soon as practicable after the execution of this Contract and shall be undertaken and completed in such sequence as to assure their completion in compliance with the terms, conditions and purpose of this Contract.
- 5a. **Method of Remittance.** MSB agrees to satisfactorily perform all services requested according to the terms and conditions specified herein for the commission rates detailed in

this contract. MSB agrees to remit all amounts collected under this Agreement on a weekly basis to the Division for the amounts collected during the prior weekly period.

Amounts collected by MSB shall be held in a special fund held in trust by the Division. A separate account shall be established and the Division may establish written requirements and/or procedures, which will become part of the contract, for the electronic transfer of such funds. MSB represents that it has, or will secure the functionality and processes necessary for the electronic transfer of funds and exchange of case data in accordance with any written requirement and/or procedures established by the Division.

5b. The Commission, as agreed upon, is as follows:

Commission

Commission Rate 14.75 % of amount collected

Litigation Rate 25.0 % of amount collected

6. **Method of Payment.**

- (a) The Division will pay to MSB the amount set forth in paragraph 5b, which shall constitute full and complete payment and consideration for MSB services described herein. Such sum will be paid in the following manner but, in every case shall be subject to receipt of an invoice from MSB specifying, in a manner prescribed by the Division, that it has collected such amounts under this Contract in performance of the Contract.
- (b) The amounts due under paragraph 5b of this Contract shall not be paid until the collections on delinquent accounts have been received by the Division. In no event shall the commission due under paragraph 5b be withheld by MSB.
- (c) Commissions and payment of commissions will cease six (6) months after this Contract is terminated regardless of any installment plans in effect at that time except as provided for in Section 8.
- (d) The amounts due under paragraph 5b of this Contract shall be invoiced to the Division on a weekly basis.

7. **Termination of Contract for Cause.** If, through any cause, MSB shall fail to fulfill as set forth herein its obligations under this Contract, or if MSB shall violate any of the covenants, agreements, or stipulations of this Contract, the Division shall thereupon have the right to

terminate this Contract after giving written notice to MSB. Such termination shall be effective immediately upon receipt of written notice. In that event, all finished or unfinished documents, data studies, and all reports or other material prepared by MSB shall become the Division's property, and MSB shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials. In such case, such property shall be delivered, at MSB's expense, to the Division within seven (7) days of the receipt of the notice of termination. The filing of a petition in bankruptcy or insolvency by or against MSB, shall terminate the contract. **NOTWITHSTANDING THE ABOVE**, MSB shall not be relieved of liability to the Division by virtue of any breach of the Contract by MSB, and the Division may withhold any payment to MSB for the purpose of set-off until such times as the exact amount of damages due the Division from MSB is determined.

8. **Termination for Convenience of the Division of Revenue.** The Division may terminate this Contract without cause at any time by giving written notice to MSB of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents and other materials as described in paragraph 7 above shall become its property and shall be delivered to the Division in accordance with said paragraph. MSB shall be entitled to receive 14.75% commission for any work completed on such documents and other materials.

Upon termination under this section, MSB shall notify DOR of any accounts with installment plans in effect at the time of termination. MSB may retain these installment plans for a period not to exceed twelve (12) months from the effective date of termination. MSB shall return any account who fails to make a payment during a ninety (90) day period, and MSB shall not receive any fee in connection with such account.

9. **Assurances.** MSB hereby agrees that it will give the Division and/or the State Auditor, through any authorized representative of either, access to and the right to examine all records, workpapers, or documents related to the Contract and, during regular business hours from 8:00 a.m. through 5:00 p.m., to inspect the work being performed. This access is in addition to, and not in lieu of, the IRS Publication 1075 requirements.
10. **Assignability.** MSB shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Division.

11. **Interest of MSB.** MSB covenants that it will take all precautions to be assured that it will employ no person in the performance of this Contract who has or acquires any interest, direct or indirect, which will conflict in any manner or degree with the performance of services required to be performed under this Contract.
12. **Findings and Collection Confidentiality.** Any collection, reports, information, data, etc., given to or prepared or assembled by MSB under this Contract which the Division requests be kept confidential shall not be made available by MSB to any individual or organization without the prior written approval of the Division.
13. **Contract Period.** The Contract will be effective for a period of twelve (12) months beginning June 1, 2017 and ending May 31, 2018. By mutual agreement, this Contract may be renewed for four (4), successive one (1) year periods under the terms and conditions as spelled out in Section C of the Division's "Request for Proposal for First Referral Collection Services." All renewals in accordance with this Contract shall be agreed to in writing on or before May 31st of each successive year.
14. **Ethics.** MSB shall not, under any circumstances, use any threats, intimidation, or harassment in the collection process or violate the Fair Debt Collections Practices Act or any other Federal or State law, rule or regulation or guidelines established by either the Federal or State Government. MSB must be a member of the American Collectors Association and shall comply strictly with the code of ethics adopted by this organization.
15. **Indemnification and Relationship of Parties.** MSB shall be an independent Contractor, licensed and bonded, and solely responsible for the employment, acts and omissions, control, and direction of its employees. MSB shall save and hold harmless and indemnify the Division, the State of Delaware, their agents and employees against any and all liability arising out of the operations or performance of the work by MSB, its agents or employees in connection with the Contract.
16. **Changes.** The Division may, from time to time, require changes in the scope and period of the services of MSB to be performed under this Contract. Such changes, including any increase or decrease in the amount of MSB's compensation which are mutually agreed upon in writing by and between MSB and the State, shall be incorporated by written amendments to this Contract.

17. **Suspension of Collection Effort.** MSB agrees to suspend action, either temporarily or permanently, on any account referred for collection upon written notification by the institution or agency concerned. In such cases, MSB will be entitled to commission only on that portion of the placement for which it has made a collection. MSB also agrees to suspend collection action permanently on any account that has been referred for Collection for more than 270 days in which no collections have been made for the previous ninety (90) days.
18. MSB shall procure all permits and licenses required for the performance of services described herein and abide by all applicable laws, regulations, and ordinances of the United States, all States, the State of Delaware, and political subdivisions in which work under this Contract is performed.
19. MSB shall be liable for all taxes levied upon this Contract, the services delivered and payments made to MSB pursuant thereto.
20. Any notice or communication to be given pursuant to the terms of this Contract by either party to the other shall be sufficient if given in writing and personally delivered to MSB Project Manager or the Division Contract Administrator, or mailed by registered mail, postage prepaid, return receipt requested to the address of the other party.
21. This Contract, together with Exhibit A attached hereto and made a part hereof, as well as any Purchase Order, constitutes the entire Agreement between the parties with respect to the subject matter. All prior agreements, representations, statements, negotiations, and undertakings are superceded hereby; but, to the extent such communications are consistent with the terms of the Contract, this Contract shall be intercepted in light thereof.
22. In the event that there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, RFP and Purchase Order. No other documents shall be considered. These documents contain the entire agreement between the State and MSB.
23. No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of both parties.
24. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether

- express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
25. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.
 26. This Contract shall be governed by and construed in accordance with the statutes and laws of the State of Delaware, as such statutes and laws are applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.
 27. Notwithstanding any other provision of the Contract requiring the liability of the State for the expenditure of money, whether by direct payment or covenant, if sufficient funds are not appropriated or special fund authorized by the Delaware Assembly or other appropriate federal or state agency to sustain, in whole or in part, the Division's performance under this Agreement, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this Contract shall be null and void at the written instance of the Director of Revenue.
 28. This contract shall not be effective until a Purchase Order reflecting this transaction is approved by the Secretary of Finance in accordance with the State's Accounting Manual. This Contract shall be effective only to the extent of the dollar amount reflected in such Purchase Order.
 29. Severability: If the scope of any provision of this contract is too broad in any respect whatsoever to permit enforcement to its full extent or is deemed unenforceable for any reason, then such provision shall be enforced to the maximum extent permitted by the law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provision of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.
 30. It is further agreed that MSB shall execute the Nondisclosure Agreement as attached hereto pursuant to both 30 Del. C. Section 368 and Section 7431 of the Federal Internal Revenue Code and all its employees, agents, officers, vendors and other third parties it engages in the

performance of its duties herein shall also execute and/or be subject to and comply with such nondisclosure laws as stated above.

31. The parties further agreed hereto that pursuant to the terms of the Request for Proposal referenced herein, the Division may engage the services of other First Referral Collection Services entities to perform the same services as herein described. In such an event, the Division reserves the right to review the performance of every such First Referral Collection Service at the end of the first year of this Contract's term and shall have the right to not renew the contract of the First Referral Collection Service entity that has the lowest amount of collection revenues at the end of said period.
32. IRS Publication 1075 provides guidance to ensure the policies, practices, controls, and safeguards employed by recipient agencies, agents, or contractors adequately protect the confidentiality of Federal Tax Information ("FTI"). State contractors are required to follow the same security policies as other recipient agencies. Enterprise security policies address the purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance to implement all applicable security controls. IRS Publication 1075 contains the managerial, operational, and technical security controls that you must implement as a condition of receipt of FTI. MSB must comply with the requirements of IRS Publication 1075 and remain in compliance with IRS Publication 1075, as amended from time-to-time, during the term of the contract and any extensions. In addition, MSB must comply with the State of Delaware's Cloud and/ or Offsite Hosting Specific Terms and Conditions in Appendix A of this contract.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix **A**

between State of Delaware and _____ dated _____

This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
1	Data Ownership: The State of Delaware shall own all right, title and interest in its data that is related to the services provided by this contract. The Service Provider shall not access State of Delaware User accounts, or State of Delaware Data, except (i) in the course of data center operations, (ii) response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State of Delaware's written request.
2	Data Protection: Protection of personal privacy and sensitive data shall be an integral part of the business activities of the Service Provider to ensure that there is no inappropriate or unauthorized use of State of Delaware information at any time. To this end, the Service Provider shall safeguard the confidentiality, integrity, and availability of State information and comply with the following conditions: a) All information obtained by the Service Provider under this contract shall become and remain property of the State of Delaware. b) At no time shall any data or processes which either belongs to or are intended for the use of State of Delaware or its officers, agents, or employees, be copied, disclosed, or retained by the Service Provider or any party related to the Service Provider for subsequent use in any transaction that does not include the State of Delaware.
3	Data Location: The Service Provider shall not store or transfer non-public State of Delaware data outside of the United States. This includes backup data and Disaster Recovery locations. The Service Provider will permit its personnel and contractors to access State of Delaware data remotely only as required to provide technical support.
4	Encryption: a) The Service Provider shall encrypt all non-public data in transit regardless of the transit mechanism. b) For engagements where the Service Provider stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest . Examples are social security number, date of birth, driver's license number, financial data, federal/state tax information, and hashed passwords. The Service Provider's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology <u>FIPS140-2</u> , Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the Service Provider cannot offer encryption at rest, they must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach in accordance with the <u>Cloud and Offsite Hosting Policy</u> . Additionally, where encryption of data at rest is not possible, vendor must describe existing security measures that provide a similar level of protection.
5	Breach Notification and Recovery: Delaware Code requires public breach notification when citizens' personally identifiable information is lost or stolen. Reference: <u>6 Del. C. § 12B-102</u> . Additionally, unauthorized access or disclosure of non-public data is considered to be a breach. The Service Provider will provide notification without unreasonable delay and all communication shall be coordinated with the State of Delaware. When the Service Provider or their sub-contractors are liable for the loss, the Service Provider shall bear all costs associated with the investigation, response and recovery from the breach including but not limited to credit monitoring services with a term of at least 3 years, mailing costs, website, and toll free telephone call center services. The State of Delaware shall not agree to any limitation on liability that relieves a Contractor from its own negligence or to the extent that it creates an obligation on the part of the State to hold a Contractor harmless.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE
State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix _____
between State of Delaware and _____ dated _____
This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
6	Notification of Legal Requests: The Service Provider shall contact the State of Delaware upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to the data of the State. The Service Provider shall not respond to subpoenas, service of process, and other legal requests related to the State of Delaware without first notifying the State unless prohibited by law from providing such notice.
7	Termination and Suspension of Service: In the event of termination of the contract, the Service Provider shall implement an orderly return of State of Delaware data in CSV or XML or another mutually agreeable format. The Service Provider shall guarantee the subsequent secure disposal of State of Delaware data. a) Suspension of services: During any period of suspension or contract negotiation or disputes, the Service Provider shall not take any action to intentionally erase any State of Delaware data. b) Termination of any services or agreement in entirety: In the event of termination of any services or agreement in entirety, the Service Provider shall not take any action to intentionally erase any State of Delaware data for a period of 90 days after the effective date of the termination. After such 90 day period, the Service Provider shall have no obligation to maintain or provide any State of Delaware data and shall thereafter, unless legally prohibited, dispose of all State of Delaware data in its systems or otherwise in its possession or under its control as specified in section 7d) below. Within this 90 day timeframe, vendor will continue to secure and back up State of Delaware data covered under the contract. c) Post-Termination Assistance: The State of Delaware shall be entitled to any post-termination assistance generally made available with respect to the Services unless a unique data retrieval arrangement has been established as part of the Service Level Agreement. d) Secure Data Disposal: When requested by the State of Delaware, the provider shall destroy all requested data in all of its forms, for example: disk, CD/DVD, backup tape, and paper. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction shall be provided to the State of Delaware.
8	Background Checks: The Service Provider shall conduct criminal background checks and not utilize any staff, including sub-contractors, to fulfill the obligations of the contract who has been convicted of any crime of dishonesty, including but not limited to criminal fraud, or otherwise convicted of any felony or any misdemeanor offense for which incarceration for a minimum of 1 year is an authorized penalty. The Service Provider shall promote and maintain an awareness of the importance of securing the State's information among the Service Provider's employees and agents.
9	Data Dictionary: Prior to go-live, the Service Provider shall provide a data dictionary in accordance with the State of Delaware <u>Data Modeling Standard</u> .
10	Security Logs and Reports: The Service Provider shall allow the State of Delaware access to system security logs that affect this engagement, its data and or processes. This includes the ability for the State of Delaware to request a report of the records that a specific user accessed over a specified period of time.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE
State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix _____
between State of Delaware and _____ dated _____
This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
11	Contract Audit: The Service Provider shall allow the State of Delaware to audit conformance including contract terms, system security and data centers as appropriate. The State of Delaware may perform this audit or contract with a third party at its discretion at the State's expense. Such reviews shall be conducted with at least 30 days advance written notice and shall not unreasonably interfere with the Service Provider's business.
12	Sub-contractor Disclosure: The Service Provider shall identify all of its strategic business partners related to services provided under this contract, including but not limited to, all subcontractors or other entities or individuals who may be a party to a joint venture or similar agreement with the Service Provider, who will be involved in any application development and/or operations.
13	Operational Metrics: The Service Provider and the State of Delaware shall reach agreement on operational metrics and document said metrics in the Service Level Agreement. Examples include but are not limited to: <ul style="list-style-type: none">a) Advance notice and change control for major upgrades and system changesb) System availability/uptime guarantee/agreed-upon maintenance downtimec) Recovery Time Objective/Recovery Point Objectived) Security Vulnerability Scanning

By signing this Agreement, the Service Provider agrees to abide by all of the above Terms and Conditions.

Service Provider Name/Address (print):

GILA LLC db/a MUNICIPAL SVCS BUREAU
8325 TUSCANY WAY, Bldg 4.
AUSTIN, TX 78754

Service Provider Authorizing Official Name (print):

Bruce Cummings
Original On File

Service Provider Authorizing Official Signature: _____



Date:

6/9/2017

**State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue**

NONDISCLOSURE STATEMENT

Section 368 of Title 30 of the Delaware Code, and Sections 7213, 7513A and 7431 of the Internal Revenue Code, (the text of which appears on Page 2) provide that it is unlawful for any employee, or former employee of the Division of Revenue (or any person employed on an independent contract basis) to disclose to any unauthorized person any information set forth in any State or Federal income tax return, report, or document filed with the Division of Revenue including the fact that it was or was not filed. Violation of Section 368 may be punished by a fine of \$1,000, or imprisonment or both. The law provides as follows:

§ 368, Secrecy of returns and information; penalty.

- (a) Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for any officer or employee of the Department of Finance, or for any other officer or employee of this State who has access to tax returns or information from tax returns under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) to disclose or make known to any person in any manner the amount of income or of any particulars set forth or disclosed in any report or return required under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) including any copy of any portion of federal income or state tax return, or any information on a federal return or report which is required to be attached to or included in a State tax return.
- (b) Nothing in this section shall be construed to prohibit the publication of statistics classified so as to avoid identification of specific taxpayers, or to prohibit the disclosure of the tax return information of any taxpayer to such person or persons as the taxpayer may designate in a written request or consent to such disclosure.
- (c) For purposes of this section, the term "officer or employee" shall include present and former officers and employees, and any person or persons employed or retained by the State on an independent contractor basis. The term "return" or "report" shall include report of the Internal Revenue Service or other competent federal authority containing tax return information.
- (d) Any violation of this Section shall be a misdemeanor, punishable upon conviction by a fine not to exceed \$1,000 or imprisonment not to exceed six months, or both. The Superior Court shall have exclusive original jurisdiction over such misdemeanor.
- (e) For purposes of this section, the terms "return" and "return information" shall not be construed to include any information appearing or to appear on the face of a license required to be displayed under §2109 of this Title or the name or mailing address of the licensee of said license.

Federal law provides that it is unlawful to access federal tax information for any reason other than those pertaining to the official business of the Division of Revenue. Finally, an employee may be subject to discipline up to and including termination if such employee accesses either state or federal tax information for any reason other than official business of the Division of Revenue.

Original On File

David M. Gregor
Director of Revenue

Please indicate, by your signature below, that you have read and understood the foregoing provisions of law and policy, and those provisions of Federal law enumerated on Page 2 of this statement.

Original On File

(Signature at start of employment)

Signature of Employee

6.9.2017

Date

Please indicate, by your signature below, that you understand the nondisclosure provisions on the front and back of this statement apply to you as a former Division of Revenue employee.

(Signature on separation from employment)

Signature of Employee

Date

**State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue**

NONDISCLOSURE STATEMENT (continued from front of this form)

**FEDERAL LAW COVERING FEDERAL TAX RETURNS AND TAX RETURN INFORMATION
PROVIDED TO THE DIVISION UNDER THE INTERNAL REVENUE CODE'S SECTION 6103**

IRC SEC. 7213 UNAUTHORIZED DISCLOSURE OF INFORMATION.

(a) RETURNS AND RETURN INFORMATION.-

(2) STATE AND OTHER EMPLOYEES provides that it shall be unlawful for any person [not described in paragraph (1)] willfully to disclose to any person, except as authorized in this title, any return or return information [as defined in section 6103(b)] acquired by him or another person under subsection (d), (i)(3)(B)(i)(6), (7), (8), (9), (10), (12), (15) or (16) or (m)(2), (4), (5), (6), or (7) of section 6103.. Any violation of this paragraph shall be a felony punishable upon conviction by a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

Sec. 7213A. UNAUTHORIZED INSPECTION OF RETURNS OR RETURN INFORMATION

(a) PROHIBITIONS.-

(2) STATE AND OTHER EMPLOYEES.-It shall be unlawful for any person [not described in paragraph (1)] willfully to inspect, except as authorized by this title, any return information acquired by such person or another person under a provision of section 6103 referred to in section 7213(a)(2).

(b) PENALTY.-

(1) IN GENERAL.-Any violation of subsection (a) shall be punishable upon conviction by a fine in any amount not exceeding \$1000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution..

IRC SEC. 7431 CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE OF RETURNS AND RETURN INFORMATION.

(a) IN GENERAL.-

(2) INSPECTION OR DISCLOSURE BY A PERSON WHO IS NOT AN EMPLOYEE OF UNITED STATES.-If any person who is not an officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103, such taxpayer may bring a civil action for damages against such person in a district court of the United States

(b) EXCEPTIONS.-No liability shall arise under this section with respect to any inspection or disclosure –

- (1) which results from good faith, but erroneous, interpretation of section 6103. or
- (2) which is requested by the taxpayer.

(c) DAMAGES.-In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of-

(1) the greater of-

(A) \$1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or

(B) the sum of-

(i) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus

(ii) in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus

(2) the cost of the action.

CONTRACT FOR FIRST REFERRAL COLLECTION SERVICES
PROGRESSIVE FINANCIAL SERVICES INC.

This Agreement entered into this 1st day of June 2017, by and between the Progressive Financial Services Inc. (hereinafter referred to as PFS), and the Department of Finance, Division of Revenue of the State of Delaware (hereinafter referred to as the "Division"), witnesseth that:

WHEREAS, the Division desires to engage PFS to render certain collections of first referral tax accounts receivables;

WHEREAS, the Secretary of Finance deems that the professional services herein contracted for are necessary and desirable in performance of the function of the Division of Revenue.

1. The Division hereby agrees to engage PFS and PFS agrees to perform the herein described services.
2. **Scope of Services.** PFS shall do, perform, and carry out, in a satisfactory and proper manner as determined by the Division of Revenue the services identified in Exhibit A of this Contract. The "Request for Proposal for First Referral Collection Services," Proposal # 25-06-01-17-03 dated September 5, 2016 and PFS response to proposal, dated October 5, 2016 , are hereby made part of this Contract and designated as Exhibit A. Sections I, II and III, of the "Request for Proposal" define the scope of services and all of Exhibit A, as well as the provisions of this Contract detail the performance specifications for collection on accounts.
3. **Personnel.** PFS represents that it has, or will secure, all personnel required in performing the services under this Contract.
4. **Time of Performance.** The services of PFS are to commence as soon as practicable after the execution of this Contract and shall be undertaken and completed in such sequence as to assure their completion in compliance with the terms, conditions and purpose of this Contract.
- 5a. **Method of Remittance.** PFS agrees to satisfactorily perform all services requested according to the terms and conditions specified herein for the commission rates detailed in

this contract. PFS agrees to remit all amounts collected under this Agreement on a weekly basis to the Division for the amounts collected during the prior weekly period.

Amounts collected by PFS shall be held in a special fund held in trust by the Division. A separate account shall be established and the Division may establish written requirements and/or procedures, which will become part of the contract, for the electronic transfer of such funds. PFS represents that it has, or will secure the functionality and processes necessary for the electronic transfer of funds and exchange of case data in accordance with any written requirement and/or procedures established by the Division.

5b. The Commission, as agreed upon, is as follows:

Commission

Commission Rate	14.75 % of amount collected
Litigation Rate	25.0 % of amount collected

6. **Method of Payment.**

- (a) The Division will pay to PFS the amount set forth in paragraph 5b, which shall constitute full and complete payment and consideration for PFS services described herein. Such sum will be paid in the following manner but, in every case shall be subject to receipt of an invoice from PFS specifying, in a manner prescribed by the Division, that it has collected such amounts under this Contract in performance of the Contract.
- (b) The amounts due under paragraph 5b of this Contract shall not be paid until the collections on delinquent accounts have been received by the Division. In no event shall the commission due under paragraph 5b be withheld by PFS.
- (c) Commissions and payment of commissions will cease six (6) months after this Contract is terminated regardless of any installment plans in effect at that time except as provided for in Section 8.
- (d) The amounts due under paragraph 5b of this Contract shall be invoiced to the Division on a weekly basis.

7. **Termination of Contract for Cause.** If, through any cause, PFS shall fail to fulfill as set forth herein its obligations under this Contract, or if PFS shall violate any of the covenants, agreements, or stipulations of this Contract, the Division shall thereupon have the right to

terminate this Contract after giving written notice to PFS. Such termination shall be effective immediately upon receipt of written notice. In that event, all finished or unfinished documents, data studies, and all reports or other material prepared by PFS shall become the Division's property, and PFS shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials. In such case, such property shall be delivered, at PFS's expense, to the Division within seven (7) days of the receipt of the notice of termination. The filing of a petition in bankruptcy or insolvency by or against PFS, shall terminate the contract. **NOTWITHSTANDING THE ABOVE**, PFS shall not be relieved of liability to the Division by virtue of any breach of the Contract by PFS, and the Division may withhold any payment to PFS for the purpose of set-off until such times as the exact amount of damages due the Division from PFS is determined.

8. **Termination for Convenience of the Division of Revenue.** The Division may terminate this Contract without cause at any time by giving written notice to PFS of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents and other materials as described in paragraph 7 above shall become its property and shall be delivered to the Division in accordance with said paragraph. PFS shall be entitled to receive 14.75% commission for any work completed on such documents and other materials.

Upon termination under this section, PFS shall notify DOR of any accounts with installment plans in effect at the time of termination. PFS may retain these installment plans for a period not to exceed twelve (12) months from the effective date of termination. PFS shall return any account who fails to make a payment during a ninety (90) day period, and PFS shall not receive any fee in connection with such account.

9. **Assurances.** PFS hereby agrees that it will give the Division and/or the State Auditor, through any authorized representative of either, access to and the right to examine all records, workpapers, or documents related to the Contract and, during regular business hours from 8:00 a.m. through 5:00 p.m., to inspect the work being performed. This access is in addition to, and not in lieu of, the IRS Publication 1075 requirements.
10. **Assignability.** PFS shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Division.

11. **Interest of PFS.** PFS covenants that it will take all precautions to be assured that it will employ no person in the performance of this Contract who has or acquires any interest, direct or indirect, which will conflict in any manner or degree with the performance of services required to be performed under this Contract.
12. **Findings and Collection Confidentiality.** Any collection, reports, information, data, etc., given to or prepared or assembled by PFS under this Contract which the Division requests be kept confidential shall not be made available by PFS to any individual or organization without the prior written approval of the Division.
13. **Contract Period.** The Contract will be effective for a period of twelve (12) months beginning June 1, 2017 and ending May 31, 2018. By mutual agreement, this Contract may be renewed for four (4), successive one (1) year periods under the terms and conditions as spelled out in Section C of the Division's "Request for Proposal for First Referral Collection Services." All renewals in accordance with this Contract shall be agreed to in writing on or before May 31st of each successive year.
14. **Ethics.** PFS shall not, under any circumstances, use any threats, intimidation, or harassment in the collection process or violate the Fair Debt Collections Practices Act or any other Federal or State law, rule or regulation or guidelines established by either the Federal or State Government. PFS must be a member of the American Collectors Association and shall comply strictly with the code of ethics adopted by this organization.
15. **Indemnification and Relationship of Parties.** PFS shall be an independent Contractor, licensed and bonded, and solely responsible for the employment, acts and omissions, control, and direction of its employees. PFS shall save and hold harmless and indemnify the Division, the State of Delaware, their agents and employees against any and all liability arising out of the operations or performance of the work by PFS, its agents or employees in connection with the Contract.
16. **Changes.** The Division may, from time to time, require changes in the scope and period of the services of PFS to be performed under this Contract. Such changes, including any increase or decrease in the amount of PFS's compensation which are mutually agreed upon in writing by and between PFS and the State, shall be incorporated by written amendments to this Contract.

17. **Suspension of Collection Effort.** PFS agrees to suspend action, either temporarily or permanently, on any account referred for collection upon written notification by the institution or agency concerned. In such cases, PFS will be entitled to commission only on that portion of the placement for which it has made a collection. PFS also agrees to suspend collection action permanently on any account that has been referred for Collection for more than 270 days in which no collections have been made for the previous ninety (90) days.
18. PFS shall procure all permits and licenses required for the performance of services described herein and abide by all applicable laws, regulations, and ordinances of the United States, all States, the State of Delaware, and political subdivisions in which work under this Contract is performed.
19. PFS shall be liable for all taxes levied upon this Contract, the services delivered and payments made to PFS pursuant thereto.
20. Any notice or communication to be given pursuant to the terms of this Contract by either party to the other shall be sufficient if given in writing and personally delivered to PFS Project Manager or the Division Contract Administrator, or mailed by registered mail, postage prepaid, return receipt requested to the address of the other party.
21. This Contract, together with Exhibit A attached hereto and made a part hereof, as well as any Purchase Order, constitutes the entire Agreement between the parties with respect to the subject matter. All prior agreements, representations, statements, negotiations, and undertakings are superceded hereby; but, to the extent such communications are consistent with the terms of the Contract, this Contract shall be intercepted in light thereof.
22. In the event that there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, RFP and Purchase Order. No other documents shall be considered. These documents contain the entire agreement between the State and PFS.
23. No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of both parties.
24. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether

express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

25. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.
26. This Contract shall be governed by and construed in accordance with the statutes and laws of the State of Delaware, as such statutes and laws are applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.
27. Notwithstanding any other provision of the Contract requiring the liability of the State for the expenditure of money, whether by direct payment or covenant, if sufficient funds are not appropriated or special fund authorized by the Delaware Assembly or other appropriate federal or state agency to sustain, in whole or in part, the Division's performance under this Agreement, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this Contract shall be null and void at the written instance of the Director of Revenue.
28. This contract shall not be effective until a Purchase Order reflecting this transaction is approved by the Secretary of Finance in accordance with the State's Accounting Manual. This Contract shall be effective only to the extent of the dollar amount reflected in such Purchase Order.
29. Severability: If the scope of any provision of this contract is too broad in any respect whatsoever to permit enforcement to its full extent or is deemed unenforceable for any reason, then such provision shall be enforced to the maximum extent permitted by the law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the who of such provision of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.
30. It is further agreed that PFS shall execute the Nondisclosure Agreement as attached hereto pursuant to both 30 Del. C. Section 368 and Section 7431 of the Federal Internal Revenue Code and all its employees, agents, officers, vendors and other third parties it engages in the

performance of its duties herein shall also execute and/or be subject to and comply with such nondisclosure laws as stated above.

31. The parties further agreed hereto that pursuant to the terms of the Request for Proposal referenced herein, the Division may engage the services of other First Referral Collection Services entities to perform the same services as herein described. In such an event, the Division reserves the right to review the performance of every such First Referral Collection Service at the end of the first year of this Contract's term and shall have the right to not renew the contract of the First Referral Collection Service entity that has the lowest amount of collection revenues at the end of said period.
32. IRS Publication 1075 provides guidance to ensure the policies, practices, controls, and safeguards employed by recipient agencies, agents, or contractors adequately protect the confidentiality of Federal Tax Information ("FTI"). State contractors are required to follow the same security policies as other recipient agencies. Enterprise security policies address the purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance to implement all applicable security controls. IRS Publication 1075 contains the managerial, operational, and technical security controls that you must implement as a condition of receipt of FTI. PFS must comply with the requirements of IRS Publication 1075 and remain in compliance with IRS Publication 1075, as amended from time-to-time, during the term of the contract and any extensions.

In addition, PFS must comply with the State of Delaware's Cloud and/ or Offsite Hosting Specific Terms and Conditions in Appendix A of this contract.

IN WITNESS WHEREOF, the Department of Finance, Division of Revenue and PFS have executed this Agreement as of the date first written above.

Date 5-31-2017

Original On File

Attest: _____

Date 6/1/17

Original On File

Attest: _____

Original On File

David Gregor
Director of Revenue

Original On File

President
Progressive Financial Services Inc.

Robert J. Prince

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix **A**

between State of Delaware and _____ dated _____

This document shall become part of the final contract.

Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.	
1	Data Ownership: The State of Delaware shall own all right, title and interest in its data that is related to the services provided by this contract. The Service Provider shall not access State of Delaware User accounts, or State of Delaware Data, except (i) in the course of data center operations, (ii) response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State of Delaware's written request.
2	Data Protection: Protection of personal privacy and sensitive data shall be an integral part of the business activities of the Service Provider to ensure that there is no inappropriate or unauthorized use of State of Delaware information at any time. To this end, the Service Provider shall safeguard the confidentiality, integrity, and availability of State information and comply with the following conditions: a) All information obtained by the Service Provider under this contract shall become and remain property of the State of Delaware. b) At no time shall any data or processes which either belongs to or are intended for the use of State of Delaware or its officers, agents, or employees, be copied, disclosed, or retained by the Service Provider or any party related to the Service Provider for subsequent use in any transaction that does not include the State of Delaware.
3	Data Location: The Service Provider shall not store or transfer non-public State of Delaware data outside of the United States. This includes backup data and Disaster Recovery locations. The Service Provider will permit its personnel and contractors to access State of Delaware data remotely only as required to provide technical support.
4	Encryption: a) The Service Provider shall encrypt all non-public data in transit regardless of the transit mechanism. b) For engagements where the Service Provider stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest. Examples are social security number, date of birth, driver's license number, financial data, federal/state tax information, and hashed passwords. The Service Provider's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology <u>FIPS140-2</u> , Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the Service Provider cannot offer encryption at rest, they must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach in accordance with the <u>Cloud and Offsite Hosting Policy</u> . Additionally, where encryption of data at rest is not possible, vendor must describe existing security measures that provide a similar level of protection.
5	Breach Notification and Recovery: Delaware Code requires public breach notification when citizens' personally identifiable information is lost or stolen. Reference: <u>6 Del. C. § 12B-102</u> . Additionally, unauthorized access or disclosure of non-public data is considered to be a breach. The Service Provider will provide notification without unreasonable delay and all communication shall be coordinated with the State of Delaware. When the Service Provider or their sub-contractors are liable for the loss, the Service Provider shall bear all costs associated with the investigation, response and recovery from the breach including but not limited to credit monitoring services with a term of at least 3 years, mailing costs, website, and toll free telephone call center services. The State of Delaware shall not agree to any limitation on liability that relieves a Contractor from its own negligence or to the extent that it creates an obligation on the part of the State to hold a Contractor harmless.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix _____

between State of Delaware and _____ dated _____

This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
6	Notification of Legal Requests: The Service Provider shall contact the State of Delaware upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to the data of the State. The Service Provider shall not respond to subpoenas, service of process, and other legal requests related to the State of Delaware without first notifying the State unless prohibited by law from providing such notice.
7	Termination and Suspension of Service: In the event of termination of the contract, the Service Provider shall implement an orderly return of State of Delaware data in CSV or XML or another mutually agreeable format. The Service Provider shall guarantee the subsequent secure disposal of State of Delaware data. a) Suspension of services: During any period of suspension or contract negotiation or disputes, the Service Provider shall not take any action to intentionally erase any State of Delaware data. b) Termination of any services or agreement in entirety: In the event of termination of any services or agreement in entirety, the Service Provider shall not take any action to intentionally erase any State of Delaware data for a period of 90 days after the effective date of the termination. After such 90 day period, the Service Provider shall have no obligation to maintain or provide any State of Delaware data and shall thereafter, unless legally prohibited, dispose of all State of Delaware data in its systems or otherwise in its possession or under its control as specified in section 7d) below. Within this 90 day timeframe, vendor will continue to secure and back up State of Delaware data covered under the contract. c) Post-Termination Assistance: The State of Delaware shall be entitled to any post-termination assistance generally made available with respect to the Services unless a unique data retrieval arrangement has been established as part of the Service Level Agreement. d) Secure Data Disposal: When requested by the State of Delaware, the provider shall destroy all requested data in all of its forms, for example: disk, CD/DVD, backup tape, and paper. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction shall be provided to the State of Delaware.
8	Background Checks: The Service Provider shall conduct criminal background checks and not utilize any staff, including sub-contractors, to fulfill the obligations of the contract who has been convicted of any crime of dishonesty, including but not limited to criminal fraud, or otherwise convicted of any felony or any misdemeanor offense for which incarceration for a minimum of 1 year is an authorized penalty. The Service Provider shall promote and maintain an awareness of the importance of securing the State's information among the Service Provider's employees and agents.
9	Data Dictionary: Prior to go-live, the Service Provider shall provide a data dictionary in accordance with the State of Delaware <u>Data Modeling Standard</u> .
10	Security Logs and Reports: The Service Provider shall allow the State of Delaware access to system security logs that affect this engagement, its data and or processes. This includes the ability for the State of Delaware to request a report of the records that a specific user accessed over a specified period of time.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE
State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix _____
between State of Delaware and _____ dated _____
This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
11	Contract Audit: The Service Provider shall allow the State of Delaware to audit conformance including contract terms, system security and data centers as appropriate. The State of Delaware may perform this audit or contract with a third party at its discretion at the State's expense. Such reviews shall be conducted with at least 30 days advance written notice and shall not unreasonably interfere with the Service Provider's business.
12	Sub-contractor Disclosure: The Service Provider shall identify all of its strategic business partners related to services provided under this contract, including but not limited to, all subcontractors or other entities or individuals who may be a party to a joint venture or similar agreement with the Service Provider, who will be involved in any application development and/or operations.
13	Operational Metrics: The Service Provider and the State of Delaware shall reach agreement on operational metrics and document said metrics in the Service Level Agreement. Examples include but are not limited to: <ul style="list-style-type: none">a) Advance notice and change control for major upgrades and system changesb) System availability/uptime guarantee/agreed-upon maintenance downtimec) Recovery Time Objective/Recovery Point Objectived) Security Vulnerability Scanning

By signing this Agreement, the Service Provider agrees to abide by all of the above Terms and Conditions.

Service Provider Name/Address (print):

Progressive Financial Services, Inc.
1510 Chester Pike, Suite 250
Eddystone, PA 19022

Service Provider Authorizing Official Name (print):

Robert J. Prince

Original On File

Service Provider Authorizing Official Signature

Date:

6/16/17

State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue

NONDISCLOSURE STATEMENT

Section 368 of Title 30 of the Delaware Code, and Sections 7213, 7513A and 7431 of the Internal Revenue Code, (the text of which appears on Page 2) provide that it is unlawful for any employee, or former employee of the Division of Revenue (or any person employed on an independent contract basis) to disclose to any unauthorized person any information set forth in any State or Federal income tax return, report, or document filed with the Division of Revenue including the fact that it was or was not filed. Violation of Section 368 may be punished by a fine of \$1,000, or imprisonment or both. The law provides as follows:

§ 368, Secrecy of returns and information; penalty.

- (a) Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for any officer or employee of the Department of Finance, or for any other officer or employee of this State who has access to tax returns or information from tax returns under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) to disclose or make known to any person in any manner the amount of income or of any particulars set forth or disclosed in any report or return required under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) including any copy of any portion of federal income or state tax return, or any information on a federal return or report which is required to be attached to or included in a State tax return.
- (b) Nothing in this section shall be construed to prohibit the publication of statistics classified so as to avoid identification of specific taxpayers, or to prohibit the disclosure of the tax return information of any taxpayer to such person or persons as the taxpayer may designate in a written request or consent to such disclosure.
- (c) For purposes of this section, the term "officer or employee" shall include present and former officers and employees, and any person or persons employed or retained by the State on an independent contractor basis. The term "return" or "report" shall include report of the Internal Revenue Service or other competent federal authority containing tax return information.
- (d) Any violation of this Section shall be a misdemeanor, punishable upon conviction by a fine not to exceed \$1,000 or imprisonment not to exceed six months, or both. The Superior Court shall have exclusive original jurisdiction over such misdemeanor.
- (e) For purposes of this section, the terms "return" and "return information" shall not be construed to include any information appearing or to appear on the face of a license required to be displayed under §2109 of this Title or the name or mailing address of the licensee of said license.

Federal law provides that it is unlawful to access federal tax information for any reason other than those pertaining to the official business of the Division of Revenue. Finally, an employee may be subject to discipline up to and including termination if such employee accesses either state or federal tax information for any reason other than official business of the Division of Revenue.

Original On File

David M. Gregor
Director of Revenue

Please indicate, by your signature below, that you have read and understood the foregoing provisions of law and policy, and those provisions of Federal law enur

Original On File

(Signature at start of employment)

Signature of Employee

Date

Please indicate, by your signature below, that you understand the nondisclosure provisions on the front and back of this statement apply to you as a former Division of Revenue employee.

(Signature on separation from employment)

Signature of Employee

Date

**State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue**

NONDISCLOSURE STATEMENT (continued from front of this form)

**FEDERAL LAW COVERING FEDERAL TAX RETURNS AND TAX RETURN INFORMATION
PROVIDED TO THE DIVISION UNDER THE INTERNAL REVENUE CODE'S SECTION 6103**

IRC SEC. 7213 UNAUTHORIZED DISCLOSURE OF INFORMATION.

(a) RETURNS AND RETURN INFORMATION.-

(2) STATE AND OTHER EMPLOYEES provides that it shall be unlawful for any person [not described in paragraph (1)] willfully to disclose to any person, except as authorized in this title, any return or return information [as defined in section 6103(b)] acquired by him or another person under subsection (d), (i)(3)(B)(i)(6), (7), (8), (9), (10), (12), (15) or (16) or (m)(2), (4), (5), (6), or (7) of section 6103.. Any violation of this paragraph shall be a felony punishable upon conviction by a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

Sec. 7213A. UNAUTHORIZED INSPECTION OF RETURNS OR RETURN INFORMATION

(a) PROHIBITIONS.-

(2) STATE AND OTHER EMPLOYEES.-It shall be unlawful for any person [not described in paragraph (1)] willfully to inspect, except as authorized by this title, any return information acquired by such person or another person under a provision of section 6103 referred to in section 7213(a)(2).

(b) PENALTY.-

(1) IN GENERAL.-Any violation of subsection (a) shall be punishable upon conviction by a fine in any amount not exceeding \$1000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution..

IRC SEC. 7431 CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE OF RETURNS AND RETURN INFORMATION.

(a) IN GENERAL.-

(2) INSPECTION OR DISCLOSURE BY A PERSON WHO IS NOT AN EMPLOYEE OF UNITED STATES.-If any person who is not an officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103, such taxpayer may bring a civil action for damages against such person in a district court of the United States

(b) EXCEPTIONS.-No liability shall arise under this section with respect to any inspection or disclosure -

- (1) which results from good faith, but erroneous, interpretation of section 6103, or
- (2) which is requested by the taxpayer.

(c) DAMAGES.-In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of-

- (1) the greater of-
 - (A) \$1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or
 - (B) the sum of-
 - (i) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus
 - (ii) in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus
- (2) the cost of the action.

CONTRACT FOR FIRST REFERRAL COLLECTION SERVICES
UNITED COLLECTION BUREAU INC.

This Agreement entered into this 1st day of June 2017, by and between the United Collection Bureau Inc. (hereinafter referred to as UCB), and the Department of Finance, Division of Revenue of the State of Delaware (hereinafter referred to as the "Division"), witnesseth that:

WHEREAS, the Division desires to engage UCB to render certain collections of first referral tax accounts receivables;

WHEREAS, the Secretary of Finance deems that the professional services herein contracted for are necessary and desirable in performance of the function of the Division of Revenue.

1. The Division hereby agrees to engage UCB and UCB agrees to perform the herein described services.
2. **Scope of Services.** UCB shall do, perform, and carry out, in a satisfactory and proper manner as determined by the Division of Revenue the services identified in Exhibit A of this Contract. The "Request for Proposal for First Referral Collection Services," Proposal # 25-06-01-17-03 dated September 5, 2016 and UCB response to proposal, dated October 5, 2016, are hereby made part of this Contract and designated as Exhibit A. Sections I, II and III, of the "Request for Proposal" define the scope of services and all of Exhibit A, as well as the provisions of this Contract detail the performance specifications for collection on accounts.
3. **Personnel.** UCB represents that it has, or will secure, all personnel required in performing the services under this Contract.
4. **Time of Performance.** The services of UCB are to commence as soon as practicable after the execution of this Contract and shall be undertaken and completed in such sequence as to assure their completion in compliance with the terms, conditions and purpose of this Contract.
- 5a. **Method of Remittance.** UCB agrees to satisfactorily perform all services requested according to the terms and conditions specified herein for the commission rates detailed in this contract. UCB agrees to remit all amounts collected under this Agreement on a weekly basis to the Division for the amounts collected during the prior weekly period.

Amounts collected by UCB shall be held in a special fund held in trust by the Division. A separate account shall be established and the Division may establish written requirements and/or procedures, which will become part of the contract, for the electronic transfer of such funds. UCB represents that it has, or will secure the functionality and processes necessary for the electronic transfer of funds and exchange of case data in accordance with any written requirement and/or procedures established by the Division.

5b. The Commission, as agreed upon, is as follows:

Commission

Commission Rate 14.75 % of amount collected

Litigation Rate 25.0 % of amount collected

6. **Method of Payment.**

- (a) The Division will pay to UCB the amount set forth in paragraph 5b, which shall constitute full and complete payment and consideration for UCB services described herein. Such sum will be paid in the following manner but, in every case shall be subject to receipt of an invoice from UCB specifying, in a manner prescribed by the Division, that it has collected such amounts under this Contract in performance of the Contract.
- (b) The amounts due under paragraph 5b of this Contract shall not be paid until the collections on delinquent accounts have been received by the Division. In no event shall the commission due under paragraph 5b be withheld by UCB.
- (c) Commissions and payment of commissions will cease six (6) months after this Contract is terminated regardless of any installment plans in effect at that time except as provided for in Section 8.
- (d) The amounts due under paragraph 5b of this Contract shall be invoiced to the Division on a weekly basis.

7. **Termination of Contract for Cause.** If, through any cause, UCB shall fail to fulfill as set forth herein its obligations under this Contract, or if UCB shall violate any of the covenants, agreements, or stipulations of this Contract, the Division shall thereupon have the right to terminate this Contract after giving written notice to UCB. Such termination shall be effective immediately upon receipt of written notice. In that event, all finished or unfinished

documents, data studies, and all reports or other material prepared by UCB shall become the Division's property, and UCB shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials. In such case, such property shall be delivered, at UCB's expense, to the Division within seven (7) days of the receipt of the notice of termination. The filing of a petition in bankruptcy or insolvency by or against UCB, shall terminate the contract. **NOTWITHSTANDING THE ABOVE**, UCB shall not be relieved of liability to the Division by virtue of any breach of the Contract by UCB, and the Division may withhold any payment to UCB for the purpose of set-off until such times as the exact amount of damages due the Division from UCB is determined.

8. **Termination for Convenience of the Division of Revenue.** The Division may terminate this Contract without cause at any time by giving written notice to UCB of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents and other materials as described in paragraph 7 above shall become its property and shall be delivered to the Division in accordance with said paragraph. UCB shall be entitled to receive 14.75% commission for any work completed on such documents and other materials.
Upon termination under this section, UCB shall notify DOR of any accounts with installment plans in effect at the time of termination. UCB may retain these installment plans for a period not to exceed twelve (12) months from the effective date of termination. UCB shall return any account who fails to make a payment during a ninety (90) day period, and UCB shall not receive any fee in connection with such account.
9. **Assurances.** UCB hereby agrees that it will give the Division and/or the State Auditor, through any authorized representative of either, access to and the right to examine all records, workpapers, or documents related to the Contract and, during regular business hours from 8:00 a.m. through 5:00 p.m., to inspect the work being performed. This access is in addition to, and not in lieu of, the IRS Publication 1075 requirements.
10. **Assignability.** UCB shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Division.
11. **Interest of UCB.** UCB covenants that it will take all precautions to be assured that it will employ no person in the performance of this Contract who has or acquires any interest,

direct or indirect, which will conflict in any manner or degree with the performance of services required to be performed under this Contract.

12. **Findings and Collection Confidentiality.** Any collection, reports, information, data, etc., given to or prepared or assembled by UCB under this Contract which the Division requests be kept confidential shall not be made available by UCB to any individual or organization without the prior written approval of the Division.
13. **Contract Period.** The Contract will be effective for a period of twelve (12) months beginning June 1, 2017 and ending May 31, 2018. By mutual agreement, this Contract may be renewed for four (4), successive one (1) year periods under the terms and conditions as spelled out in Section C of the Division's "Request for Proposal for First Referral Collection Services." All renewals in accordance with this Contract shall be agreed to in writing on or before May 31st of each successive year.
14. **Ethics.** UCB shall not, under any circumstances, use any threats, intimidation, or harassment in the collection process or violate the Fair Debt Collections Practices Act or any other Federal or State law, rule or regulation or guidelines established by either the Federal or State Government. UCB must be a member of the American Collectors Association and shall comply strictly with the code of ethics adopted by this organization.
15. **Indemnification and Relationship of Parties.** UCB shall be an independent Contractor, licensed and bonded, and solely responsible for the employment, acts and omissions, control, and direction of its employees. UCB shall save and hold harmless and indemnify the Division, the State of Delaware, their agents and employees against any and all liability arising out of the operations or performance of the work by UCB, its agents or employees in connection with the Contract.
16. **Changes.** The Division may, from time to time, require changes in the scope and period of the services of UCB to be performed under this Contract. Such changes, including any increase or decrease in the amount of UCB's compensation which are mutually agreed upon in writing by and between UCB and the State, shall be incorporated by written amendments to this Contract.
17. **Suspension of Collection Effort.** UCB agrees to suspend action, either temporarily or permanently, on any account referred for collection upon written notification by the institution or agency concerned. In such cases, UCB will be entitled to commission only on

that portion of the placement for which it has made a collection. UCB also agrees to suspend collection action permanently on any account that has been referred for Collection for more than 270 days in which no collections have been made for the previous ninety (90) days.

18. UCB shall procure all permits and licenses required for the performance of services described herein and abide by all applicable laws, regulations, and ordinances of the United States, all States, the State of Delaware, and political subdivisions in which work under this Contract is performed.
19. UCB shall be liable for all taxes levied upon this Contract, the services delivered and payments made to UCB pursuant thereto.
20. Any notice or communication to be given pursuant to the terms of this Contract by either party to the other shall be sufficient if given in writing and personally delivered to UCB Project Manager or the Division Contract Administrator, or mailed by registered mail, postage prepaid, return receipt requested to the address of the other party.
21. This Contract, together with Exhibit A attached hereto and made a part hereof, as well as any Purchase Order, constitutes the entire Agreement between the parties with respect to the subject matter. All prior agreements, representations, statements, negotiations, and undertakings are superceded hereby; but, to the extent such communications are consistent with the terms of the Contract, this Contract shall be interpreted in light thereof.
22. In the event that there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, RFP and Purchase Order. No other documents shall be considered. These documents contain the entire agreement between the State and UCB.
23. No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of both parties.
24. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

25. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.
26. This Contract shall be governed by and construed in accordance with the statutes and laws of the State of Delaware, as such statutes and laws are applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.
27. Notwithstanding any other provision of the Contract requiring the liability of the State for the expenditure of money, whether by direct payment or covenant, if sufficient funds are not appropriated or special fund authorized by the Delaware Assembly or other appropriate federal or state agency to sustain, in whole or in part, the Division's performance under this Agreement, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this Contract shall be null and void at the written instance of the Director of Revenue.
28. This contract shall not be effective until a Purchase Order reflecting this transaction is approved by the Secretary of Finance in accordance with the State's Accounting Manual. This Contract shall be effective only to the extent of the dollar amount reflected in such Purchase Order.
29. Severability: If the scope of any provision of this contract is too broad in any respect whatsoever to permit enforcement to its full extent or is deemed unenforceable for any reason, then such provision shall be enforced to the maximum extent permitted by the law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provision of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.
30. It is further agreed that UCB shall execute the Nondisclosure Agreement as attached hereto pursuant to both 30 Del. C. Section 368 and Section 7431 of the Federal Internal Revenue Code and all its employees, agents, officers, vendors and other third parties it engages in the performance of its duties herein shall also execute and/or be subject to and comply with such nondisclosure laws as stated above.

31. The parties further agreed hereto that pursuant to the terms of the Request for Proposal referenced herein, the Division may engage the services of other First Referral Collection Services entities to perform the same services as herein described. In such an event, the Division reserves the right to review the performance of every such First Referral Collection Service at the end of the first year of this Contract's term and shall have the right to not renew the contract of the First Referral Collection Service entity that has the lowest amount of collection revenues at the end of said period.
32. IRS Publication 1075 provides guidance to ensure the policies, practices, controls, and safeguards employed by recipient agencies, agents, or contractors adequately protect the confidentiality of Federal Tax Information ("FTI"). State contractors are required to follow the same security policies as other recipient agencies. Enterprise security policies address the purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance to implement all applicable security controls. IRS Publication 1075 contains the managerial, operational, and technical security controls that you must implement as a condition of receipt of FTI. UCB must comply with the requirements of IRS Publication 1075 and remain in compliance with IRS Publication 1075, as amended from time-to-time, during the term of the contract and any extensions. In addition, UCB must comply with the State of Delaware's Cloud and/ or Offsite Hosting Specific Terms and Conditions in Appendix A of this contract.

IN WITNESS WHEREOF, the Department of Finance, Division of Revenue and UCB
have executed this Agreement as of the date first written above.

Original On File

Date 5-31-2017

David Gregor
Director of Revenue

Original On File

Attest: _____

Original On File

Date 6/8/17


Vice President
United Collection Bureau Inc.

Original On File

Attest: 

**State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue**

NONDISCLOSURE STATEMENT

Section 368 of Title 30 of the Delaware Code, and Sections 7213, 7513A and 7431 of the Internal Revenue Code, (the text of which appears on Page 2) provide that it is unlawful for any employee, or former employee of the Division of Revenue (or any person employed on an independent contract basis) to disclose to any unauthorized person any information set forth in any State or Federal income tax return, report, or document filed with the Division of Revenue including the fact that it was or was not filed. Violation of Section 368 may be punished by a fine of \$1,000, or imprisonment or both. The law provides as follows:

§ 368, Secrecy of returns and information; penalty.

- (a) Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for any officer or employee of the Department of Finance, or for any other officer or employee of this State who has access to tax returns or information from tax returns under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) to disclose or make known to any person in any manner the amount of income or of any particulars set forth or disclosed in any report or return required under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) including any copy of any portion of federal income or state tax return, or any information on a federal return or report which is required to be attached to or included in a State tax return.
- (b) Nothing in this section shall be construed to prohibit the publication of statistics classified so as to avoid identification of specific taxpayers, or to prohibit the disclosure of the tax return information of any taxpayer to such person or persons as the taxpayer may designate in a written request or consent to such disclosure.
- (c) For purposes of this section, the term "officer or employee" shall include present and former officers and employees, and any person or persons employed or retained by the State on an independent contractor basis. The term "return" or "report" shall include report of the Internal Revenue Service or other competent federal authority containing tax return information.
- (d) Any violation of this Section shall be a misdemeanor, punishable upon conviction by a fine not to exceed \$1,000 or imprisonment not to exceed six months, or both. The Superior Court shall have exclusive original jurisdiction over such misdemeanor.
- (e) For purposes of this section, the terms "return" and "return information" shall not be construed to include any information appearing or to appear on the face of a license required to be displayed under §2109 of this Title or the name or mailing address of the licensee of said license.

Federal law provides that it is unlawful to access federal tax information for any reason other than those pertaining to the official business of the Division of Revenue. Finally, an employee may be subject to discipline up to and including termination if such employee accesses either state or federal tax information for any reason other than official business of the Division of Revenue.

Original On File

David M. Gregor
Director of Revenue

Please indicate, by your signature below, that you have read and understood the foregoing provisions of law and policy, and those provisions of Federal law enumerated on Page 2 of this statement

Original On File

(Signature at start of employment)

Signature of Employee

6 18 17

Date

Please indicate, by your signature below, that you understand the nondisclosure provisions on the front and back of this statement apply to you as a former Division of Revenue employee.

Original On File

(Signature on separation from employment)

Signature of Employee

6 18 17

Date

**State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue**

NONDISCLOSURE STATEMENT (continued from front of this form)

**FEDERAL LAW COVERING FEDERAL TAX RETURNS AND TAX RETURN INFORMATION
PROVIDED TO THE DIVISION UNDER THE INTERNAL REVENUE CODE'S SECTION 6103**

IRC SEC. 7213 UNAUTHORIZED DISCLOSURE OF INFORMATION.

(a) RETURNS AND RETURN INFORMATION.-

(2) STATE AND OTHER EMPLOYEES provides that it shall be unlawful for any person [not described in paragraph (1)] willfully to disclose to any person, except as authorized in this title, any return or return information [as defined in section 6103(b)] acquired by him or another person under subsection (d), (i)(3)(B)(i)(6), (7), (8), (9), (10), (12), (15) or (16) or (m)(2), (4), (5), (6), or (7) of section 6103.. Any violation of this paragraph shall be a felony punishable upon conviction by a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

Sec. 7213A. UNAUTHORIZED INSPECTION OF RETURNS OR RETURN INFORMATION

(a) PROHIBITIONS.-

(2) STATE AND OTHER EMPLOYEES.-It shall be unlawful for any person [not described in paragraph (1)] willfully to inspect, except as authorized by this title, any return information acquired by such person or another person under a provision of section 6103 referred to in section 7213(a)(2).

(b) PENALTY.-

(1) IN GENERAL.-Any violation of subsection (a) shall be punishable upon conviction by a fine in any amount not exceeding \$1000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution..

IRC SEC. 7431 CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE OF RETURNS AND RETURN INFORMATION.

(a) IN GENERAL.-

(2) INSPECTION OR DISCLOSURE BY A PERSON WHO IS NOT AN EMPLOYEE OF UNITED STATES.-If any person who is not an officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103, such taxpayer may bring a civil action for damages against such person in a district court of the United States

(b) EXCEPTIONS.-No liability shall arise under this section with respect to any inspection or disclosure –

- (1) which results from good faith, but erroneous, interpretation of section 6103. or
- (2) which is requested by the taxpayer.

(c) DAMAGES.-In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of-

(1) the greater of-

(A) \$1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or

(B) the sum of-

(i) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus

(ii) in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus

(2) the cost of the action.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix **A**

between State of Delaware and _____ dated _____

This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
1	Data Ownership: The State of Delaware shall own all right, title and interest in its data that is related to the services provided by this contract. The Service Provider shall not access State of Delaware User accounts, or State of Delaware Data, except (i) in the course of data center operations, (ii) response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State of Delaware's written request.
2	Data Protection: Protection of personal privacy and sensitive data shall be an integral part of the business activities of the Service Provider to ensure that there is no inappropriate or unauthorized use of State of Delaware information at any time. To this end, the Service Provider shall safeguard the confidentiality, integrity, and availability of State information and comply with the following conditions: a) All information obtained by the Service Provider under this contract shall become and remain property of the State of Delaware. b) At no time shall any data or processes which either belongs to or are intended for the use of State of Delaware or its officers, agents, or employees, be copied, disclosed, or retained by the Service Provider or any party related to the Service Provider for subsequent use in any transaction that does not include the State of Delaware.
3	Data Location: The Service Provider shall not store or transfer non-public State of Delaware data outside of the United States. This includes backup data and Disaster Recovery locations. The Service Provider will permit its personnel and contractors to access State of Delaware data remotely only as required to provide technical support.
4	Encryption: a) The Service Provider shall encrypt all non-public data in transit regardless of the transit mechanism. b) For engagements where the Service Provider stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest . Examples are social security number, date of birth, driver's license number, financial data, federal/state tax information, and hashed passwords. The Service Provider's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology <u>FIPS140-2</u> , Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the Service Provider cannot offer encryption at rest, they must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach in accordance with the <u>Cloud and Offsite Hosting Policy</u> . Additionally, where encryption of data at rest is not possible, vendor must describe existing security measures that provide a similar level of protection.
5	Breach Notification and Recovery: Delaware Code requires public breach notification when citizens' personally identifiable information is lost or stolen. Reference: <u>6 Del. C. § 128-102</u> . Additionally, unauthorized access or disclosure of non-public data is considered to be a breach. The Service Provider will provide notification without unreasonable delay and all communication shall be coordinated with the State of Delaware. When the Service Provider or their sub-contractors are liable for the loss, the Service Provider shall bear all costs associated with the investigation, response and recovery from the breach including but not limited to credit monitoring services with a term of at least 3 years, mailing costs, website, and toll free telephone call center services. The State of Delaware shall not agree to any limitation on liability that relieves a Contractor from its own negligence or to the extent that it creates an obligation on the part of the State to hold a Contractor harmless.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE
State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix _____
between State of Delaware and _____ dated _____
This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
6	Notification of Legal Requests: The Service Provider shall contact the State of Delaware upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to the data of the State. The Service Provider shall not respond to subpoenas, service of process, and other legal requests related to the State of Delaware without first notifying the State unless prohibited by law from providing such notice.
7	Termination and Suspension of Service: In the event of termination of the contract, the Service Provider shall implement an orderly return of State of Delaware data in CSV or XML or another mutually agreeable format. The Service Provider shall guarantee the subsequent secure disposal of State of Delaware data. a) Suspension of services: During any period of suspension or contract negotiation or disputes, the Service Provider shall not take any action to intentionally erase any State of Delaware data. b) Termination of any services or agreement in entirety: In the event of termination of any services or agreement in entirety, the Service Provider shall not take any action to intentionally erase any State of Delaware data for a period of 90 days after the effective date of the termination. After such 90 day period, the Service Provider shall have no obligation to maintain or provide any State of Delaware data and shall thereafter, unless legally prohibited, dispose of all State of Delaware data in its systems or otherwise in its possession or under its control as specified in section 7d) below. Within this 90 day timeframe, vendor will continue to secure and back up State of Delaware data covered under the contract. c) Post-Termination Assistance: The State of Delaware shall be entitled to any post-termination assistance generally made available with respect to the Services unless a unique data retrieval arrangement has been established as part of the Service Level Agreement. d) Secure Data Disposal: When requested by the State of Delaware, the provider shall destroy all requested data in all of its forms, for example: disk, CD/DVD, backup tape, and paper. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction shall be provided to the State of Delaware.
8	Background Checks: The Service Provider shall conduct criminal background checks and not utilize any staff, including sub-contractors, to fulfill the obligations of the contract who has been convicted of any crime of dishonesty, including but not limited to criminal fraud, or otherwise convicted of any felony or any misdemeanor offense for which incarceration for a minimum of 1 year is an authorized penalty. The Service Provider shall promote and maintain an awareness of the importance of securing the State's information among the Service Provider's employees and agents.
9	Data Dictionary: Prior to go-live, the Service Provider shall provide a data dictionary in accordance with the State of Delaware <u>Data Modeling Standard</u> .
10	Security Logs and Reports: The Service Provider shall allow the State of Delaware access to system security logs that affect this engagement, its data and or processes. This includes the ability for the State of Delaware to request a report of the records that a specific user accessed over a specified period of time.

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

Contract # _____, Appendix _____
between State of Delaware and _____ dated _____
This document shall become part of the final contract.

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
11	Contract Audit: The Service Provider shall allow the State of Delaware to audit conformance including contract terms, system security and data centers as appropriate. The State of Delaware may perform this audit or contract with a third party at its discretion at the State's expense. Such reviews shall be conducted with at least 30 days advance written notice and shall not unreasonably interfere with the Service Provider's business.
12	Sub-contractor Disclosure: The Service Provider shall identify all of its strategic business partners related to services provided under this contract, including but not limited to, all subcontractors or other entities or individuals who may be a party to a joint venture or similar agreement with the Service Provider, who will be involved in any application development and/or operations.
13	Operational Metrics: The Service Provider and the State of Delaware shall reach agreement on operational metrics and document said metrics in the Service Level Agreement. Examples include but are not limited to: <ul style="list-style-type: none">a) Advance notice and change control for major upgrades and system changesb) System availability/uptime guarantee/agreed-upon maintenance downtimec) Recovery Time Objective/Recovery Point Objectived) Security Vulnerability Scanning

By signing this Agreement, the Service Provider agrees to abide by all of the above Terms and Conditions.

Service Provider Name/Address (print):

United Collection Bureau
5620 Southwayok Blvd
Toledo OH 43614

Service Provider Authorizing Official Name (print):

Harold S. Rickard

Original On File

Service Provider Authorizing Official Signature:

[Signature]

Date:

4/8/17