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WV PURCHASING
DIVISION

De La Rue
North America
Inc.
100 Powers Court
Dulles, VA 20166
USA



DeLaRue

Date: November 5 2012
Ref: TAX13001

To: Connie Oswald
At: West Virginia State Tax Division, Revenue Center

We thank you for the recent opportunity to submit a Request for Quote (RFQ) Tax13001 for Cigarette Tax Stamps. De La Rue is very interested in providing a heat applied tax stamp product for the US market and West Virginia in particular.

De La Rue is proud to have developed a secure and cost effective heat applied tax stamp for North America which can be used on existing stamping machines in the market. De La Rue has a local facility in Virginia and is very interested in supplying a new product from our Dulles facility to the West Virginia State Tax Division Revenue Center.

Unfortunately, De La Rue is unable to bid on this RFQ and would seek to highlight the reasoning below to help enable the State to produce a more competitive tender process.

1. De La Rue notes that this tender solicitation was printed on October 4th 2012; however, it was not received until Saturday October 13th 2012. With the deadline of October 16th for the return of clarification questions this timeframe was too short to conduct the necessary due diligence with a view to requesting constructive clarifications.
2. The Solicitation document clearly states that it is for the supply of Fuson™ Stamps. Fuson™ is a trademark product of Meyercord Revenue, Inc., a SICPA Company. We do not have permission to produce Fuson™ product and therefore cannot bid for this product nor can any other competitors.
3. Page 20 Section 3.1.4.2 specifies: "Gravure and must adhere to cellophane, paper etc." The inclusion of the word "etc." means it would be very difficult for any genuine supplier of tax stamps to comply with this statement. Any supplier would need to know exactly what surfaces it has to adhere to as it would be impossible to guarantee any surface. De La Rue prides itself on complete honesty and would never agree to something we could not guarantee to its clients. Without a definitive specification in place, a bidder cannot reasonably confirm their compliance and in doing so would mislead the State, which we are unwilling to do.
4. Page 23 Section 3.1.10.1 specifies: "Only lithographed layer built or composite film transfer Steel engraved stamps will be considered" This statement contradicts other requirements as the Solicitation references Gravure in 3.1.4.2 and litho or intaglio within this section. Therefore if De La Rue agreed to this we would be misleading the State. De La Rue would recommend that before future RFQ's are issued, the State consider the issuing of an RFI so it can clearly be assessed which printing technologies are available and might be used to the benefit of the State.

5. Page 24 Section 3.1.11.1.4 specifies that "all work has to be segregated in the manufacturing area and restricted only to those that will work on the stamps." De La Rue has facilities that print other secure products alongside items such as tax stamps and each of these manufacturing facilities are High Security facilities, with the Dulles Virginia site being NASPO Level One Certified. This statement favors the incumbent whose manufacturing facility is dedicated solely to the production of tax stamps even though De La Rue facilities are of the highest standard in North America.
6. Page 30 specifies a delivery time of 45 days for Standard Order. Again this directly favors the incumbent who would already carry a supply of stock and materials unlike other suppliers who would have to design, source the required materials and finish the product within this short lead time.

It is for the reasons set out above we respectfully decline to participate. De La Rue is very passionate about working with the State of West Virginia but based on the specifications within the RFQ issued we will be unable to bid. De La Rue recognize that being biased towards a particular supplier is something the State would never knowingly do in their issuance of an RFQ but felt it very important to point these technical areas out so that the State can be aware of very specific supplier requirements.

Therefore, we would like to request that in the future, the State issues an RFI (Request For Information) to see which suppliers and products are currently available. De La Rue is also happy to provide you with a white paper which highlights similar specifications to the ones listed above; helping to explain how to use open terms that promote healthy competition and ensure an open and fair bid for the State of West Virginia.

Based on our notations above, if the State should consider re-issuing an RFQ De La Rue would be delighted to participate. Alternatively, if the State does proceed with the current RFQ, De La Rue would urge the release of a new RFQ at the earliest time and not request additional extensions. This will allow for new competition and can only improve product and pricing.

De La Rue thanks you for going to tender and hopes to have the opportunity to work with the State in the future.

Sincerely,



Megan Rockfield
De La Rue
Regional Sales & Business Development Manager