

Attachment 2

WVSTO RFQ Technical Proposal Form

RFQ# STO12008

Vendor Name: Assets Quest, LLC

Address: 8008 East Arapahoe Ct. Suite 100

City: Centennial State: CO ZIP: 80112

Date Proposal Submitted: 4 / 26 / 2012

Vendor FEIN: 27-4005449

Vendor E-mail Address: d.folsom@assetsquest.com

Contact Person Name: David W. Folsom Phone: 720-273-3614

Addenda to the RFQ we have received and reviewed (list): No(s): Addendum 1 and 2

**I. PROPOSAL SUBMISSION**

- 1.1 Proposals shall be submitted in accordance with the RFQ, including, without limitation, format, submission date and time, and other submission requirements.
- 1.2 All proposals, including the five (5) courtesy (hard) copies AND one CD/DVD/USB flash drives, must be received by the RFQ Bid Opening Date and Time. Failure of the Vendor to deliver the proposal in the prescribed manner and on time will result in disqualification.

RECEIVED

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WV PURCHASING  
DIVISION

**Section I. Technical Proposal:**

The following is a summary of the objectives to be achieved by Assets Quest, LLC (AQ) in its audits of employer group life insurance benefits. It should be noted that AQ's approach to the audit focuses on records maintained by employer companies providing the benefit to its employees and does not depend on records maintained by the life insurance provider. Additionally, because of the large volume of data to be reviewed, the approach used is highly dependent upon AQ's proprietary software developed specifically for this purpose.

As the audit progresses, and as desired by the West Virginia State Treasurer's Office, Unclaimed Property Division (STO), AQ will present interim findings in written reports and, if requested, special meetings. STO will be informed of AQ's progress and assessment of additional work to be performed at each stage of the audit.

The following is a summary of the objectives to be achieved in each audit and does not comport to be exhaustive of the audit process. Each audit will be distinctive for many reasons, which include but are not limited to, the completeness, condition and sophistication of employer records, the extent to which the records are found to be in electronic format, and the degree of cooperation and support of employer personnel.

**Contract Review**

All group life insurance contracts covered by the audit will be carefully reviewed to identify and document contract terms which qualify employees for end of life benefits. Correspondingly, the contracts will be reviewed to determine any provisions which would disqualify employees from receiving such benefits. These qualifying attributes are then loaded into the proprietary software for use later in the audit.

**Systems and Document Review**

The employer's system for maintaining the relevant employee records will be evaluated to ascertain whether the records are complete and accurate. While some of the earlier records may not be digitized, the employer's manual system will also be evaluated for completeness and accuracy. Upon determining that the systems are reliable, the records within these systems will be reviewed to ascertain whether all necessary data is contained therein.

**Data Accumulation**

All appropriate data, which will ultimately be required in assessing liability against the life insurance provider, will be accumulated. This data will include such variables as employee name, address, social security number, date of hire, date of termination, eligible years of service, principal amount of life insurance, etc. A separate database of this information will be developed.

**Authentication**

The records included in the database will be authenticated for eligibility by comparison with insurance contract terms. The resulting records represent all employees eligible for end of life benefits. This new filtered database is then matched against the social security death index to determine which of the eligible employees are now deceased. The resulting data is furthered filtered to exclude those records of recently deceased employees, which would not yet qualify for inclusion under the state's unclaimed property statutes. The resulting database represents information which identifies life insurance benefits that

potentially have not been paid to beneficiaries and, accordingly, is sufficient for assessing liability against the life insurance provider.

### **Documentation**

The data accumulated above will then be carefully documented and, in conjunction with STO, a completed package of audit information will be prepared in the appropriate format and with all supporting documentation.

### **Presentation and Follow-up**

STO will then determine the best manner in which to present the above package of audit information to the life insurance provider. Upon presentation, STO will require the life insurance provider to determine if any beneficiaries of the eligible employees have already been paid. AQ will then audit the life insurance provider's paid files to substantiate that such payments have in fact been made. The resulting unpaid benefits should then be remitted to the state's unclaimed property division for ultimate disposition.

AQ is engaged exclusively in providing audit services for unclaimed benefits arising from group life insurance. AQ's unique audit process begins with acquiring relevant data from employer records, subjecting such data to enhanced verification, authentication, and other audit procedures, and then comparing the resulting data with holder (insurance provider) records. Thus, AQ's process involves a comprehensive audit of a holder's compliance on an employer-by-employer basis. The resulting claim and assessment of liability would be made by AQ on behalf of the State of West Virginia. While the holder would remit proceeds of the claim directly to the state, AQ would reconcile those proceeds with the details of the claim. Accordingly, AQ is not proposing to provide any safekeeping services.

The traditional approach for auditing unclaimed life insurance proceeds requires the auditor to seek policy information directly from the life insurance provider (holder). The nature of group life insurance is that employers provide the benefit to its employee base and the insurance coverage, in many cases, follows the employee into retirement. Unfortunately, the employer does not maintain contact with the employee who may not know or remember that the benefit exists. Thus, it is often unclaimed.

AQ's approach to auditing for unclaimed group life insurance benefits is unconventional but is considered much more comprehensive and accurate. AQ's process begins with an analysis of large group life plans to determine which of those may prove to have significant numbers of unclaimed end of life benefits. This proprietary process has been developed over many years after analysis of hundreds of plans. AQ has filed a patent application for the underlying methodology.

After identifying a target plan, AQ seeks to obtain detail information of retired employees who are eligible for end of life benefits directly from the employer. While the employer is not obligated to provide the information, AQ has generally found the employer to be receptive because the employer understands that the benefits it paid premiums to obtain have not been collected and the state's process is the only viable way for such benefits to ultimately be received by the former employee's beneficiary. A sample copy of a letter of authorization from the state to the employer is included.

After the data obtained from the employer is carefully filtered, a database is developed with all relevant information concerning those deceased employees eligible for the life insurance benefits. This database information is then compared with the holder's records to determine which of the benefits have been paid and which have not.

While this audit process requires a substantial amount of effort not encountered in the traditional audit approach, the resulting product, which is based upon the most reliable source, is comprehensive, accurate and provides better substantiation for the claim made to the holder.

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## ASSETS QUEST, LLC

Date

Mr. XXXXX  
Executive Vice President, Human Resources  
SAMPLE COPY  
PO Box  
City, State XXXXX

Dear Mr. XXXX:

SAMPLE COMPANY and its affiliated entities are recognized leaders in the XXXXX industry. Included among SAMPLE COMPANY's acquisitions is XXXXX's, which has employed numerous STATE residents. I am aware that these employees have generously been provided superior benefits, including life insurance. In many cases those benefits may not have been paid and remain in possession of the life insurance companies.

The STATE Department of Revenue is responsible for administering the STATE Unclaimed Property Act. In fulfilling this responsibility, audits of organizations are routinely conducted. In this regard, the STATE Department of Revenue has retained the services of Assets Quest, LLC ("AQ") to gather the requisite data necessary to present the claim for these unpaid benefits to the responsible life insurance policy providers. Access to XXXXX's group life insurance contracts and employee eligibility data are essential to AQ in further developing this claim. Please be advised that additional states may also retain AQ to perform similar audits, and you may find it more efficient to provide all such data to AQ at one time rather than separately for each state that requests such an audit be performed.

As stated above, AQ has been designated as our examiner and records processor to receive records of abandoned property on our behalf and to collect such property on our behalf. You will be contacted by Mr. David Folsom, President of AQ, or his designee to arrange a time to discuss their assignment. I appreciate your anticipated cooperation in this matter.

If you should have any questions, please contact David Folsom of AQ at (720) 273-3614, or you can reach me at (XXX) XXX-XXXX.

Very truly yours,

Mr. XXXXXX  
Unclaimed Property Administrator

Cc: David Folsom, Assets Quest LLC

**Section II – Miscellaneous**

II. VENDOR AFFIRMATION

VENDOR AFFIRMATIONS AND SIGNATURE

The Vendor hereby covenants, agrees and acknowledges:

1. Vendor has read and understands the RFQ and all attachments thereto;
2. The submitted proposal, which includes the Technical Proposal Form, is in response to the RFQ and all Attachments thereto;
3. The proposal submitted meets or exceeds all the Mandatory Requirements of the RFQ and that Vendor will provide any additional documentation deemed necessary by the STO to demonstrate compliance with the Mandatory Requirements;
4. To be bound by the Proposal and any purchase order and change order, as amended;
5. That the person signing this Technical Proposal Form and the submission of the Proposal is authorized to bind the Vendor to this proposal;
6. The Proposal was prepared independently from all other Vendors, and without collusion, fraud or other dishonesty;
7. That this Proposal shall remain valid for a period of ninety (90) days after the proposal opening date for the RFQ;
8. To provide the Services in accordance with any resulting purchase order, as may be amended from time to time;
9. The STO is not liable for any claims and the Vendor will not assert any defense based upon, resulting from, or related to, Vendor's failure to comprehend all requirements of the RFQ; and
10. Any exception Vendor takes to the terms and conditions of the RFQ, including any STO proposed agreement; any alternative terms and conditions it wants to offer; and any Vendor-proposed agreement have been submitted with this Proposal in the Miscellaneous Section and will comply with the laws, rules, regulations and policies of the STO, the requirements of the RFQ, and the Attachments thereto and any other document required by the STO; and
11. This proposal is not contingent upon the STO's acceptance of any offered exception, proposed revision or any term or condition found objectionable by the STO and the STO has no obligation to accept or negotiate terms and conditions or an agreement.

David W. Folsom  
Printed Name

  
Authorized Signature

RFQ No. ST012008

STATE OF WEST VIRGINIA  
Purchasing Division

**PURCHASING AFFIDAVIT**

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, Limited Liability Company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

**EXCEPTION:** The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

**WITNESS THE FOLLOWING SIGNATURE**

Vendor's Name: ASSETS QUEST, LLC

Authorized Signature: *David W. Johnson* Date: 4/26/12

State of \_\_\_\_\_

County of \_\_\_\_\_, to-wit:

Taken, subscribed, and sworn to before me this \_\_\_ day of \_\_\_\_\_, 20\_\_.

My Commission expires \_\_\_\_\_, 20\_\_.

AFFIX SEAL HERE

NOTARY PUBLIC \_\_\_\_\_



ATTACHMENT 3

WEST VIRGINIA STATE TREASURER'S OFFICE  
NON-EMPLOYEE  
CONFIDENTIALITY / NON-DISCLOSURE AGREEMENT

I am the person (Recipient) named at the end of this Confidentiality / Non-Disclosure Agreement (Agreement), who may have access to information of the West Virginia State Treasurer's Office (STO) that may be considered confidential. I acknowledge and agree that:

1. Certain matters may be disclosed to me that should remain confidential or proprietary;
2. Confidential Data includes any information residing on STO Information Resources; all data, materials, products, technology, computer programs, specifications, manuals, business plans, records, software, financial information, and other information disclosed or submitted, orally, in writing, graphically, machine recognizable, or by any other media, to me that is stamped "confidential," "proprietary" or with a similar legend; or that I have been informed is Confidential Data or proprietary information;
3. Confidential Data does not include any data, information or device that is:
  - In my possession from another source without restrictions on use or disclosure;
  - Independently developed by the me;
  - available without breach of this Agreement; or
  - produced or disclosed pursuant to applicable law, rule, regulation or court order;
4. I shall not disclose or use the Confidential Data in a manner in violation of this Agreement without the express written consent of the State Treasurer or Assistant State Treasurer;
5. I shall not disclose or use the Confidential Data in a manner that violates any law;
6. I will hold in strict confidence anything that is considered Confidential Data or proprietary within the meaning of this Agreement;
7. I shall not disclose to any person not specifically authorized to receive, have or view any Confidential Data or proprietary information;
8. disclosure or unauthorized use of any Confidential Data or proprietary information will cause irreparable harm and loss to the STO and may violate various laws of the State of West Virginia and the United States;
9. the STO may take whatever steps its considers appropriate to protect its Confidential Data, and in the event I disclose or use, or permit any disclosure or use of, any Confidential Data without authorization from the State Treasurer or Assistant State Treasurer, such steps may include termination of any agreement or arrangement under which I work;
10. I shall not use any Confidential Data as a basis upon which to develop or have another entity develop any product or service without the express written consent of the State Treasurer or Assistant State Treasurer; and
11. I will report, in writing, any unauthorized use or disclosure of the Confidential Data of which I become aware.

WITNESS THE FOLLOWING SIGNATURES:

(STO)

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(Recipient)

Signature: David W. Folsom

Name: DAVID W. FOLSON

Title: PRESIDENT

Date: 4/26/12

**WEST VIRGINIA STATE TREASURER'S OFFICE  
VENDOR LAPTOP AND NETWORK SECURITY AGREEMENT**

The Vendor named below hereby acknowledges and agrees as follows:

1. Connection of any laptop to the West Virginia State Treasurer's Office (WVSTO) network requires prior approval. Approval is requested by completing a Network Access Request document and returning to the Primary Contact listed in paragraph 12. Unrecognized laptops on the network are disabled immediately upon discovery (typically by switch port disabling) and the source is investigated. The WVSTO is not liable for loss or damage to unapproved laptops (or the data thereon) by being connected to its network or by being disabled.
2. Efforts to circumvent any network controls (such as internet filtering) are prohibited.
3. All WVSTO network resources are for WVSTO business purposes only.
4. Use of any network reconnaissance tools without prior approval is prohibited.
5. Network logon accounts for Vendors can be provided for contracted work. These accounts will have expiration dates, which can be extended as needed. VPN access can also be provided.
6. Administrative rights can be provided to Vendors by placing their network logon account or logon account(s) group in the Local Administrators Group of computers affected by the Vendor's scope of work when those computers are joined to the WVSTO domain.
7. Vendors are not afforded domain administrator rights and are prohibited from engaging in activities typically performed by domain administrators, such as joining computers to the WVSTO domain, modifying any active directory, extending the schema, or creating or changing DNS entries. In cases where these activities are required, a WVSTO domain administrator will be assigned to work with Vendors to accomplish these tasks.
8. All servers are to use static IP addresses which will be assigned by WVSTO network administrators. Applicable addressing information such as suffix, DNS and WINS will be provided to the Vendor. Computer names and descriptions for servers requiring static IP addresses are to be provided to WVSTO network administrators for documentation purposes.
9. Any server installed into the WVSTO network will have anti-virus software provided by the WVSTO installed as soon as possible. The Vendor should provide any file and folder exclusions that should be applied to the anti-virus software.
10. A phone with a dedicated phone number and voice mail can be provided to Vendors to facilitate an engagement.
11. Typically a WVSTO network administrator is assigned to Vendor projects as a facilitator and liaison for the duration of the project.
12. Primary contact for network access and resources are:

Kin Richardson, Director of Network Operations  
304.341.0727 or 304.341.0700 (WVSTO Help Desk) / [kin.richardson@wvsto.com](mailto:kin.richardson@wvsto.com)

Alternate contact:  
Matt Ellison, Deputy Treasurer of IT  
304.341.0768 / [matt.ellison@wvsto.com](mailto:matt.ellison@wvsto.com)

I acknowledge receiving these guidelines and agree to comply.

Vendor Name: ASSETS QUEST, LLC  
Vendor signature: David W. Folsom  
Print name: DAVID W. FOLSOM  
Date: 4/26/12

WEST VIRGINIA STATE TREASURER'S OFFICE  
NETWORK ACCESS REQUEST

Date: 4/26/12

Vendor: ASSETS QUEST, LLC

Vendor Signature: David W. Folsom

To: (Director of Network Operations) .      Approved: \_\_\_\_\_

Name and affiliation of individual to access network: DAVID W. FOLSOM

Computer name of computer to access network: Folsom

Name of Workgroup or Domain for computer: WORKGROUP

Location where computer to access network will be attached to network:  
CORPORATE OFFICES

Purpose of network access: \_\_\_\_\_  
\_\_\_\_\_

Name of anti-virus software running on computer to access network (include date of anti-virus definition file, or most recent update):  
SYMANTEC , UPDATED AUTOMATICALLY

Desired beginning and ending dates of network access:

Beginning: \_\_\_\_\_ Ending: \_\_\_\_\_

This request may only be submitted by a Director or above. Upon approval, a pass for the dates requested will be issued. To work beyond the requested dates, a written request for an extension must be submitted. All required information must be supplied to process the request. Supplied information about the computer will be verified at the time of initial access. Any computer accessing the network without current, valid authorization will be disconnected immediately, without advance notice.

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application\* is hereby made for Preference in accordance with West Virginia Code, §5A-3-37. (Does not apply to construction contracts). West Virginia Code, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the West Virginia Code. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

- 1. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
3. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
4. Application is made for 5% resident vendor preference for the reason checked: Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked: Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked: Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: ASSETS QUEST, LLC

Signed: [Signature]

Date: 4/26/12

Title: PRESIDENT

\*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

**PART 3 – MANDATORY TECHNICAL CRITERIA & SPECIFICATIONS****3.2 Organizational Requirements***3.2 Organizational Requirements: 3.2.1 Organization*

Assets Quest, LLC (AQ) is a Colorado based Limited Liability Company. It is owned by its individual members and is not affiliated with any other companies. AQ was formed on November 10, 2010 and acquired certain assets of Assets Quest, Inc., a company owned and operated by David Folsom for more than ten years. Mr. Folsom is now the president and owner of AQ. Comments regarding experience include the prior activities of Assets Quest, Inc. Its senior officer, David W. Folsom, president and the team of AQ has more than fifteen years of experience in all aspects of unclaimed property reporting, auditing, recovery, and related services.

AQ has also performed recovery and processing services for unclaimed group life insurance benefits for the Province of Quebec in Canada, resulting in a claim for more than 18,000 beneficiaries amounting to approximately \$50,000,000. In the discovery process for the same group of employers, AQ has identified more than 1,600,000 additional deceased employees in the United States whose beneficiaries are eligible to receive end of life benefits. Each of the fifty states has its share of this population of employees, with the State of West Virginia's portion amounting to approximately 12,500 employees. Of course, AQ has not communicated with or attempted to compare these findings with records of the insurance provider but estimates the claim for West Virginia will be more than \$24,500,000. AQ intends to provide each of the other states with the opportunity to receive its share of proceeds resulting from AQ's audits of this group of employers.

In addition, AQ has evaluated and selected other employers with potentially large unclaimed group life benefits and has commenced audits of other employer information for Arizona and Massachusetts.

*3.2 Organizational Requirements: 3.2.2 Licenses*

Assets Quest, LLC will furnish all required business licenses, certificates and/or registrations upon request or as a matter of proof that it meets certain criteria in order to be considered responsive and responsible.

*3.2 Organizational Requirements: 3.2.3 Location*

AQ and all its assets and data relating to the STO are currently residing within the United States of America and is authorized to conduct business in the State of West Virginia. Our corporate offices are located in Centennial, Colorado and the nature of business conducted is primarily focused on group life auditing and all its support functions.

*3.2 Organizational Requirements: 3.2.4 Experience 3.2.4.1*

AQ and its executive consultants have more than fifteen years of experience in providing unclaimed property audit services. It is currently serving the states of Arizona and Massachusetts in providing unclaimed property audit services for the food industry companies residing within those states.

*3.2 Organizational Requirements: 3.2.4 Experience 3.2.4.2 a.*



AQ currently is not engaged in any services for the State of West Virginia.

*3.2 Organizational Requirements: 3.2.4 Experience 3.2.4.2 b.*

1. AQ is currently engaged with the Commonwealth of Massachusetts and the unclaimed property division and its director, Mark Bracken. The current focus of the engagement is targeted on companies within the food industry.

Reference Name: Mark W. Bracken, J.D.  
Title: Assistant Treasurer, Director of Unclaimed Property Division  
Phone: (617) 367-9333  
Email: [mwbracken@tre.state.ma.us](mailto:mwbracken@tre.state.ma.us)

2. AQ is currently engaged with the state of Arizona and its unclaimed property administration focused on audit services in the food industry.

Reference Name: Joshua A. Joyce  
Title: Unclaimed Property Administrator  
Phone: (602) 716-6033  
Fax: (602) 716-7997  
Email: [jjoyce@azdor.gov](mailto:jjoyce@azdor.gov)

*3.2 Organizational Requirements: 3.2.5 Quality Control Review; Litigation*

AQ's approach to providing group life insurance audit services consists of providing services at the source of the benefits (employer's level) and culminates at the life insurance provider. In connection with providing services under the proposed contract with the State of West Virginia. AQ, under the direction and supervision of Grant Thornton will incorporate and embrace the quality control standards included in Statement on Quality Control Standards No. 8 (SQCS) issued by the American Institute of Certified Public Accountants. AQ's system of internal controls will include policies and procedures addressing the following quality control elements.

1. Leadership responsibilities for quality within AQ (the tone at the top):
  - a. Policies and procedures will be established to promote an internal culture which stresses the importance of performing quality engagements.
2. Relevant ethical requirements:
  - a. Policies and procedure will be designed to provide assurance that AQ's personnel will be independent with respect to entities involved with its engagements.
  - b. Integrity and objectivity will be maintained for all engagements and all personnel involved with the engagements will remain free of conflicts of interest.
3. Acceptance and continuation of client relationships and specific engagements:
  - a. AQ will constantly evaluate its capabilities to perform its engagements, including the estimated time and resources.
  - b. Policies and procedures will be established to obtain an understanding with the State regarding the nature, scope and limitations, if any, of services. Before an audit commences, the assignment will be carefully planned and a comprehensive assignment memorandum will be prepared which will clearly state the audit objectives, the resources and staffing requirements, the timing and logistics of the audit, the anticipated issues to be resolved and the expected deliverables.

4. Human Resources:
  - a. AQ will establish policies and procedures designed to provide assurance that it has sufficient personnel with the competence, capabilities and commitment to ethical principles to perform the engagements and to issue the reports. The key deliverable from audits of employer records will be a database comprised of data elements pertaining to former employees who are eligible for end of life benefits. The source of the information will be carefully documented and rules for inclusion in the database will be closely followed. After the database is constructed, its access will be restricted to authorized personnel only and any modifications will be approved and documented by AQ's senior management.
5. Engagement Performance:
  - a. AQ will establish policies and procedures designed to provide assurance that engagements are performed as planned and that the engagements are adequately supervised. As the plan is executed, Grant Thornton will make an assessment of the work performed and make adjustments, as necessary, to ensure that the audit plan is carefully followed.
6. Monitoring:
  - a. AQ will establish policies and procedures designed to provide assurance its procedures related to its quality controls are relevant, adequate and operating effectively.

### *3.2 Organizational Requirements: 3.2.6 References*

**Reference Name:** Robert L'Ecuyer  
**Title:** Chief Auditor  
**Location:** Quebec, Canada  
**Phone:** (514) 873-5105  
**Fax:** N/A  
**Email:** Robert.L'Ecuyer@curateur.gouv.qc.ca

18,000 beneficiaries and \$50 million group life insurance.

**Reference Name:** Joshua A. Joyce  
**Title:** Unclaimed Property Administrator  
**Location:** Unclaimed Property Administration  
State of Arizona, Department of Revenue, Taxpayer services division  
1600 W. Monroe Phoenix, AZ 85007  
**Phone:** (602) 716-6033  
**Fax:** (602) 716-7997  
**Email:** jjoyce@azdor.gov

Audit in process for group life insurance.

**Reference Name:** Mark W. Bracken, J.D.  
**Title:** Assistant Treasurer, Director of Unclaimed Property Division  
**Location:** Office of State Treasurer Steven Grossman  
One Ashburton Place, 12<sup>th</sup> Fl.  
Boston, MA 02108  
**Phone:** (617) 367-9333  
**Fax:** N/A  
**Email:** mwbracken@tre.state.ma.us

Audit in process for group life insurance.

### 3.3 Staff Qualifications

#### 3.3 Staff Qualifications: 3.3.1 Experienced Staff

##### **David Folsom, President**

Assets Quest was founded by David W. Folsom, author of the *New York Times* Best-Seller, *Assets Unknown*. Mr. Folsom is considered an expert on unclaimed property from his decades of research, authorship, and countless speeches, presentations, and appearances on nationally-syndicated radio and television programs. Despite the legal requirements to escheat unclaimed property from Group Life Insurance companies to State governments, Mr. Folsom has documented the wide shadow that Group Life Insurance underwriters operate within that said insurers do not seek-out the beneficiaries of policies until presented with the proper evidence of the original worker's insurance coverage eligibility and the insured's mortality.

David earned a B.A. from Wheaton College in 1961 and an M.A. from Indiana University in 1965.

##### **Tom McAnespie, Director of States Relations Development**

Tom McAnespie was the Assistant State Treasurer, Massachusetts Unclaimed Property Administrator from 2007- 2011. He oversaw a 35 employee governmental agency receiving over 200 million dollars in annual unclaimed property revenue, managed the annual claims disbursement process for 30,00 unclaimed property payments totaling 60 million dollars in cash and more than 500,000 shares of securities and mutual funds.

Tom earned a B.S. cum laude from Suffolk University, Boston, MA and a J.D. from Suffolk University Law School, Boston, MA.

##### **Nancy Kiely Fermano, Executive Consultant**

Nancy was the Managing Director of the ACS Unclaimed Property Clearinghouse, the leading provider of unclaimed property collection and administration solutions to state governments. Nancy managed the day-to-day operations of all aspects of unclaimed property reporting, recovery, and related services to the Clearinghouse's clients which include all 50 state governments, Commonwealth of Puerto Rico, the District of Columbia, and Province of Quebec. Previously, Nancy was Senior Vice President and Chief Operating Officer of the Clearinghouse where she was responsible for driving the continuous efforts of operations improvements, delivering premium client service, and developing innovative business strategies. Nancy possesses extensive experience in business management, operations, and corporate legal practice in a high growth sales and service environment. In addition, Nancy is a licensed attorney and member of the Massachusetts Bar.

Nancy earned a B.A. in Political Science from the College of the Holy Cross, Worcester, Massachusetts, and a J.D. from Suffolk University Law School in Boston.

#### 3.3 Staff Qualifications: 3.3.2 Partner & Supervisory Qualifications

David W. Folsom, President  
8008 E. Arapahoe Ct. Suite #100  
Centennial, CO 80120  
(720) 273-3614  
[d.folsom@assetsquest.com](mailto:d.folsom@assetsquest.com)



James T. Rodder, Director of Operations  
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Centennial, CO 80120  
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Owen Locke, Lead Analyst  
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[o.locke@assetsquest.com](mailto:o.locke@assetsquest.com)

Tom McAnespie, Director of States Relations Development  
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Centennial, CO 80120  
(978) 957-5912  
[t.mcanespie@assetsquest.com](mailto:t.mcanespie@assetsquest.com)

*3.3 Staff Qualifications: 3.3.3 Contract Manager*

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[d.folsom@assetsquest.com](mailto:d.folsom@assetsquest.com)

*3.3 Staff Qualifications: 3.3.4 Project Team*

David W. Folsom, President, provides leadership and direction for AQ.  
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(720) 273-3614  
[d.folsom@assetsquest.com](mailto:d.folsom@assetsquest.com)

James T. Rodder, Director of Operations, oversees the day to day business operations of AQ.  
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[j.rodder@assetsquest.com](mailto:j.rodder@assetsquest.com)

Owen Locke, Lead Analyst, oversees the research and analysis for any AQ audit projects.  
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[o.locke@assetsquest.com](mailto:o.locke@assetsquest.com)

Tom McAnespie, Director of States Relations Development, oversees the relationships to the pertinent states.

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Nancy Kiely Fermano, Executive Consultant  
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(617) 968-3555  
[n.fermano@assetsquest.com](mailto:n.fermano@assetsquest.com)

### *3.3 Staff Qualifications: 3.3.5 Continuation of Quality Staff*

AQ will ensure that the quality of staff over the term of the agreement is maintained through providing competitive compensation, quality work environments, and appropriate work incentives. AQ will inform the STO in writing if any changes occur relating to AQ's engagement partners, managers, other supervisory staff and specialists.

### *3.3 Staff Qualifications: 3.3.6 Subcontractors*

AQ will be utilizing the services and expertise of the firm of Grant Thornton, LLP and recognizes that the proposal is not considered a joint bid. AQ takes sole responsibility for payments of all financial matters in connection with its employees, contractors, and subcontractors.

**Grant Thornton, LLP**  
Dana A. Wilson  
Partner  
Audit

124 Hebron Avenue  
Glastonbury, CT 06033  
(860) 781-6703

### **3.4 Specific Work Plan – Audit**

AQ is engaged exclusively in providing audit services for unclaimed benefits arising from group life insurance. AQ's unique audit process begins with acquiring relevant data from employer records, subjecting such data to enhanced verification, authentication, and other audit procedures, and then comparing the resulting data with holder (insurance provider) records. Thus, AQ's process involves a comprehensive audit of a holder's compliance on an employer-by-employer basis. The resulting claim and assessment of liability would be made by AQ on behalf of the State of West Virginia. While the holder would remit proceeds of the claim directly to the state, AQ would reconcile those proceeds with the details of the claim. Accordingly, AQ is not proposing to provide any safekeeping services.

The traditional approach for auditing unclaimed life insurance proceeds requires the auditor to seek policy information directly from the life insurance provider (holder). The nature of group life insurance is that employers provide the benefit to its employee base and the insurance coverage, in many cases, follows the employee into retirement. Unfortunately, the employer does not maintain contact with the employee who may not know or remember that the benefit exists. Thus, it is often unclaimed.

AQ's approach to auditing for unclaimed group life insurance benefits is unconventional but is considered much more comprehensive and accurate. AQ's process begins with an analysis of large group life plans to determine which of those may prove to have significant numbers of unclaimed end of life benefits. This propriety process has been developed over many years after analysis of hundreds of plans. AQ has filed a patent application for the underlying methodology.

After identifying a target plan, AQ seeks to obtain detail information of retired employees who are eligible for end of life benefits directly from the employer. While the employer is not obligated to provide the information, AQ has generally found the employer to be receptive because the employer understands that the benefits it paid premiums to obtain have not been collected and the state's process is the only viable way for such benefits to ultimately be received by the former employee's beneficiary. A sample copy of a letter of authorization from the state to the employer is included in the technical proposal.

After the data obtained from the employer is carefully filtered, a database is developed with all relevant information concerning those deceased employees eligible for the life insurance benefits. This database information is then compared with the holder's records to determine which of the benefits have been paid and which have not.

While this audit process requires a substantial amount of effort not encountered in the traditional audit approach, the resulting product, which is based upon the most reliable source, is comprehensive, accurate and provides better substantiation for the claim made to the holder.

### **3.5 Conflicts**

AQ does not have a conflict of interest with regard to any other work performed by AQ for the State of West Virginia, the STO or any other agency, board or commission thereof.

### **3.6 Services**

AQ Response: Duly Noted.

#### *3.6 Services: 3.6.1 Audits*

AQ will conduct audits as required by the STO, and shall work to determine, report and collect all types of unclaimed property in the possession of the holder, within the scope of the audit. AQ recognizes the responsibility to review the records of such holders of unclaimed property to determine if all property within the scope of the audit, held for owners with a last known address in West Virginia, or in the absence of records of owner names, where the holder is domiciled in West Virginia, has been reported and remitted to the state.

#### *3.6 Services: 3.6.2 Involuntary Examinations*

AQ will conduct the assigned involuntary examinations where required. AQ recognizes that it must obtain an examination authorization letter from the STO prior to commencing any involuntary examination. AQ will notify the STO within thirty (30) days of receiving the assignment from the STO if a conflict of interest is found. AQ understands that in the event that an involuntary examination is conducted without prior written approval from the STO, no compensation will be received.

### 3.6 Services: 3.6.3 Voluntary Examinations

AQ will conduct voluntary examinations of holders as required by the STO and agrees to obtain an examination authorization agreement from the holder. AQ will provide a copy of the agreement to the STO and will examine the holder's records to determine the holder's compliance with the act, not merely accept the holder's representations and records as to unclaimed property believed to be held or owing. AQ will not solicit a holder to enter into a voluntary examination agreement if the holder's unclaimed funds reporting liability meets the criteria specified in 3.6.3.1, 3.6.3.2, or 3.6.3.3.

#### 3.6 Services: 3.6.3.1

*The Holder is under an involuntary examination being conducted by any Vendor on behalf of and at the initiation of the STO, or if the Vendor has been notified that such an examination is being conducted by another Vendor on behalf of and at the initiation of the STO; or*

AQ response: duly noted.

#### 3.6 Services: 3.6.3.2

*The Vendor has been notified in writing by the STO that an examination of the Holder is planned or;*

AQ response: duly noted.

#### 3.6 Services: 3.6.3.3

*The Holder has been contacted within the scope of the STO's Desk Audit program.*

AQ response: duly noted.

### 3.7 Timeframe

AQ will comply with the timeframes established by the STO and will schedule an assigned unclaimed property examination at a time mutually agreeable with the holder, commencing no later than ninety (90) days after the notification to the vendor of the assignment of the examination, except on a showing of good cause. AQ will complete the examination and submit the report to the STO within one (1) year of the assignment of the examination, unless it receives a written extension from the STO.

### 3.8 Notices

AQ will comply with the notice requirements of the STO and applicable State law. AQ will advise each holder of the requirements of *W.Va. Code §36-8-7* for notifying owners of their property and shall notify the STO if Due Diligence has not been carried out by a holder.

### 3.9 Act Requirements

AQ has a working knowledge and familiarity with the requirement of the Act so it can properly advise Holders of their obligations thereunder, specifying that the holder's property reported and remitted must conform to the requirements of the Act. AQ recognizes that the holders are not exempt from any section of the Act, including but not limited to *W.VA Code §36-8-24*, which grants the STO the authority to charge penalties and interest to delinquent holders. AQ will not represent to the holders that penalties and interest will be waived without written authorization from the STO.

### **3.10 Demands for Remittance**

AQ is able to demand and accept remittances of unclaimed property from holders. AQ will not make a demand of a holder for remittance of property to the STO until such time as the holder and AQ reconcile and agree upon the report to be filed with the STO, unless authorized by the STO. AQ recognizes that in the event the vendor and holder do not agree upon the report to be filed, the STO shall decide the matter.

### **3.11 Out-of-Proof Reports**

AQ will be able to recognize and handle out-of-proof reports in which inaccurate records keeping results in more accounts listed in the report than actual accounts exist, for which property is remitted to the STO. AQ shall inform the Holder that out-of-proof reports will only be accepted if the Holder pro-rates the report prior to submittal to the STO, and only if allocated for each individual owner, in order to reconcile to the actual dollar and/or share amount submitted to the STO.

### **3.12 Closure**

AQ will be able to properly close an audit or engagement, to include providing the Holder and STO with a final examination report summarizing the procedures performed and the conclusions reached, including the amount deliverable. AQ recognizes that the content and format of the report shall be in the manner prescribed by the STO, along which the working papers will be subject to the STO's review. AQ acknowledges that the STO will notify the Holder of any interest or penalties assessed on delinquent property.

### **3.13 Dispute Resolution**

AQ will assist in dispute resolution and acknowledges that the Holder may file an administrative appeal with the STO in the manner of a letter or a submission of the appeal form including information referenced in 3.13.1, a thru j to the STO's Assistant Director of Unclaimed Property within twenty (20) days of filing the Holder's initial response to AQ's draft report.

#### *3.13 Dispute Resolution: 3.13.1*

AQ Response: Duly noted as to the information to be contained in the appeal per 3.13.1a thru 3.13.1j.

#### *3.13 Dispute Resolution: 3.13.2*

AQ recognizes that the STO staff will review the appeal and work with the Holder to resolve issues, which may include the Treasurer or his or her designated agent.

#### *3.13 Dispute Resolution: 3.13.3*

AQ recognizes that the Treasurer will issue a written decision to the Holder and AQ, which will include findings of fact and conclusions of law.

#### *3.13 Dispute Resolution: 3.13.4*

Upon receiving the Treasurer's decision, AQ will incorporate the terms of the decision in its final examination report provided to the Treasurer and the Holder.

*3.13 Dispute Resolution: 3.13.5*

AQ Response: Duly noted.

*3.13 Dispute Resolution: 3.13.6*

AQ Response: Duly noted.

**3.14 Reporting***3.14 Reporting: 3.14.1*

AQ recognizes that in conjunction with the identification and collection of unclaimed property, in either voluntary or involuntary examinations, AQ will comply with the criteria specified in sections 3.14.1, 3.14.2, 3.14.3, and 3.14.4.

*3.14 Reporting 3.14.2*

AQ Response: Duly noted.

*3.14 Reporting 3.14.3*

AQ Response: Duly noted.

*3.14 Reporting 3.14.4*

AQ Response: Duly noted.

**3.15 Standards**

AQ will comply with the professional standards required by the STO in accordance with the Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS). Any exceptions to these provisions will be submitted to the STO in writing for approval.

**3.16 Authority**

AQ will operate within the scope of authority granted to it by the STO. AQ acknowledges it requires approval from the STO for the use of estimation in the absence of Holder records received in writing from the STO prior to the estimation commencing.

**3.17 Reports & Notices**

AQ will submit timely reports and notices that are required.

**3.18 Electronic Reporting**

AQ will report all unclaimed property electronically using the NAUPA II standardized unclaimed property reporting format, as well as in paper format, if requested by the STO.

**3.19 Report Format**

AQ will submit reports in the format required by the STO. AQ does not expect securities-related property to be encountered in its audits.

**3.20 Securities**

AQ Response: Duly noted - AQ does not expect securities-related property to be encountered in its audits.

*3.20 Securities: 3.20.1*

AQ Response: Duly noted - AQ does not expect securities-related property to be encountered in its audits.

*3.20 Securities: 3.20.2*

AQ Response: Duly noted - AQ does not expect securities-related property to be encountered in its audits.

*3.20 Securities: 3.20.3*

AQ Response: Duly noted - AQ does not expect securities-related property to be encountered in its audits.

*3.20 Securities: 3.20.4*

AQ Response: Duly noted - AQ does not expect securities-related property to be encountered in its audits.

*3.20 Securities: 3.20.5*

AQ Response: Duly noted - AQ does not expect securities-related property to be encountered in its audits.

**3.21 Other Property**

AQ Response: AQ does not intend to receive property. Holder will remit directly to the State of West Virginia. AQ will validate and reconcile all proceeds with details of claim.

**3.22 Interest Credits**

AQ will comply in accordance with the STO procedures regarding the payment of interest credits.

**3.23 Release Agreements**

AQ will prepare release agreements according to STO procedures; when requested by a holder, to be signed by the Holder and the STO, which shall identify the property to be remitted, and verify that the appropriate abandonment period has been met for each type of property reported as sampled in Exhibit C.

**3.24 Instructions**

AQ has a working knowledge of the requirements of State law so as to properly advise Holders of all Act requirements, to include instructing Holders to file all future reports with the STO, pursuant to the STO's reporting requirements. AQ recognizes that the STO will not pay a fee for subsequent reports where the principal/responsible company is re-examined, without prior written STO approval.



### **3.25 Work-In-Progress Reports**

AQ will provide the STO work-in-progress reports according to the following procedures listed in section 3.25.1 a-i.

#### *3.25 Work-In-Progress Reports: 3.25.1*

AQ Response: Duly noted.

#### *3.25 Work-In-Progress Reports: 3.25.2*

AQ will provide work-in-progress reports in the format required by the STO, to include providing the information in a comma delimited text electronic file format, and upon the STO's request, in a paper format as well. AQ recognizes that only entities that it is actively engaged in examining may be included on the Work-in-Progress report.

### **3.26 Review of Records**

AQ will permit the STO to review all records maintained by AQ to ensure AQ's compliance with all the terms and conditions of the purchase order issued pursuant to this RFQ/RFP, scheduled by the STO. AQ recognizes that all working papers and reports must be retained, at AQ's expense, for a minimum of ten (10) years from the originating date, unless AQ is notified in writing by the STO to extend the retention period.

### **3.27 Joint Examination**

AQ recognizes that the STO reserves the right to participate in a joint examination of any Holder, at any time, with AQ, to include reserving the right to reject any audit reports not in compliance with the provisions of this RFQ/RFP.

### **3.28 Property Disputes**

AQ will assist the STO with property disputes, recognizing that timely disbursement of property may be delayed as a result of a dispute with respect to the delivery, ownership, right of possession and/or disposition of property. AQ acknowledges that the delivery requirements may be suspended at the discretion of the STO pending the resolution of said disputes or as otherwise requested by the STO. AQ will notify the STO of any such disputes within thirty (30) days of determination that a dispute exists as well as ensuring that all reasonable efforts to resolve disputes is taken as quickly as possible.

### **3.29 Reasonable Compensation**

AQ agrees to alternate reasonable compensation in certain cases as specified in section 3.29. AQ acknowledges that in certain limited circumstances, the STO may wish to assign AQ a business domiciled and/or geographically located in the State of West Virginia for involuntary examination, where due to the size or nature of the business, the examination may or may not result in sufficient findings in order for AQ to be reasonably compensated.



*3.29 Reasonable Compensation: 3.29.1.1*

AQ recognizes that the STO will notify AQ at the time the examination authorization letter is issued that the alternate payment provisions set forth in this Section and in Section 3.30.2 of this RFQ/RFP may apply.

*3.29 Reasonable Compensation: 3.29.1.2*

AQ shall determine and submit to the STO an estimate of the number of hours AQ anticipates using to complete the audit, prior to commencing fieldwork for the examination. AQ acknowledges that the STO will review the estimate and thereafter determine the number of hours necessary to complete the assigned examination and AQ will be notified of the hours approved by the STO for the examination.

*3.29 Reasonable Compensation: 3.29.1.3*

AQ Response: Duly noted.

*3.29 Reasonable Compensation: 3.29.1.4*

AQ will notify the STO in writing if additional time is needed to perform the estimation or the examination, explaining the grounds for the request for additional hours recognizing that the STO will consider the request and inform AQ in writing of the approval or disapproval of the request.

*3.29 Reasonable Compensation: 3.29.1.5*

AQ Response: Duly noted.

*3.29 Reasonable Compensation: 3.29.1.6*

AQ acknowledges that the reasonable compensation will initially be calculated according to the payment provisions of Section 3.30.1 of this RFQ; provided, however, that if the amount to be paid to AQ under that Section would be less than the hourly rate set forth in this Section, AQ will be paid the hourly rate as determined in this Section and as set forth in Section 3.30.2.

**3.30 Fees**

AQ Response: Duly noted.

*3.30 Fees: 3.30.1*

AQ recognizes that all fees for the identification and collection of unclaimed property will be a flat thirteen (13%) percent of the net unclaimed property remitted to the STO, less any interest due pursuant to the provisions of this RFQ. AQ acknowledges that the net unclaimed property is the gross value of all unclaimed property, minus the value of all unclaimed property delivered by the Holder, if any, that otherwise would have been delivered pursuant to the reporting practices of the Holder as they existed prior to the execution of the agreement with AQ.

*3.30 Fees: 3.30.2*

AQ Response: Duly noted including sections 3.30.2.1 thru 3.30.2.6.

**3.31 Expenses**

AQ acknowledges its responsibility for the payment or making provision for the payment of all expenses incurred in connection with all Services provided.

**3.32 Confidentiality**

AQ will preserve the integrity of STO security and confidentiality, to include exercising appropriate security precautions in handling confidential information. AQ shall maintain as confidential all information concerning a Holder's property, pursuant to W.Va. Code §36-8-25, unclaimed property records are confidential and not subject to the West Virginia Freedom of Information Act, W.Va. Code 29B-1-1 et seq.

**3.33 Terms & Conditions**

AQ Response: Duly noted per Attachment one (1) regarding Special Terms & Conditions.

**3.34 Exceptions**

AQ Response: Duly noted.

**End of document**