

MEMORANDUM

Date: December 9, 2010

To: California State Lottery Commission

From: Joan M. Borucki

Director

Prepared By: Everest Robillard, Director

SLED

Subject: Item 8(a) – Ratification of Contract Amendment to Change the Name of

Contractor and Payee from HSM to Stanley Convergent Security Solutions,

Inc.

<u>ISSUE</u>

Should the California State Lottery Commission (Commission) ratify an amendment to contract #9695 changing the contractor name and payee from HSM to Stanley Convergent Security Solutions, Inc. (Stanley)?

RECOMMENDATION

Yes. California State Lottery (Lottery) staff recommends that the Commission ratify the amendment of contract #9695 changing the contractor name and payee from HSM to Stanley so that bills can be resubmitted for payment by SCO.

BACKGROUND

Contract #9695 for statewide physical security systems was entered into on August 31, 2004 for a period of three years with an option to extend two years. After the initial three-year term, the contract was extended upon Security Law Enforcement Division's recommendation because the security services were updated to the latest technology and customer support was effective and efficient. According to SLED, the contractor "consistently met its obligations under the terms of the contract and performed at an "excellent" rating level throughout the duration of the contract."

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During the last two years of the contract, contractor HSM notified the Lottery that it was "changing its name and brand to Stanley Convergent Security Solutions, Inc." SLED verified pertinent information for Stanley and found no disqualifying information.

The transition from HSM to Stanley was seamless. During the last year of the contract the company began billing the Lottery under its new name Stanley Convergent Security Solutions. There was no change to the corporate structures or the Federal ID number.

The Lottery approved the name change but did not memorialize it in a written amendment. Thereafter, the Lottery accepted services from and made payment to Stanley until the contract term ended on August 31, 2009.

DISCUSSION

Claims totaling \$232,875.37 were submitted to the State Controller's Office for reimbursement under contract #9695 showing Stanley as the contractor. These were rejected because they were not accompanied by a written contract amendment substituting Stanley for HSM. The contract has expired. Consequently, staff requests that the Commission ratify the name change of Stanley Convergent Security Solutions, Inc. in place of HSM Electronic Protection Services, Inc. so that reimbursement to the revolving fund may be obtained from the State Controller.