



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

OFFICE OF CORRECTIONAL OPERATIONS
410 W. 5th • MS: 41118 • Olympia, Washington 98504-1181
(360) 753-5703 • FAX (360) 586-6582

September 17, 1999

Paul Wright DOC# 930783
Washington State Reformatory
PO Box 777
Monroe, WA 98272

Dear Mr. Wright:

Enclosed are the documents you requested concerning the Department of Corrections contract with the Washington Marketing Group.

Per Statue 4217255 I have redacted the information for private citizens and businesses.

Sincerely,


Howard E. Yarbrough, Administrator
Correctional Industries

ab
Enclosure

cc: Cathy Carlson, Class I Program Manager
Dennis Thaut, Associate Superintendent

00000001
Exhibit 7

EXHIBIT 7



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
OFFICE OF CORRECTIONAL OPERATIONS
CORRECTIONAL INDUSTRIES
P.O. Box 41115 • Olympia, Washington 98504-1115 • (360) 753-4006
FAX (360) 753-0219

August 2, 1999

Paul Wright DOC# 930783
Washington State Reformatory
PO BOX 777
Monroe, WA 98272

Dear Mr. Wright:

I have received your Public Disclosure Act request for documents involving the Department of Corrections contract with Washington Marketing Group.

Per Department of Corrections policy 280.510, enclosed, the charge for sending 57 copies to you is as follows:

Cost of photocopying 57 copies @ \$0.35 per page	\$19.95
Envelope @ \$0.08 per envelope	\$ 0.08
Postage	<u>\$ 2.53</u>
Total	\$ 22.56

Payment for photocopying must be received by the Department before any documents will be sent to the requester, and only a Money Order will be accepted as payment.

Please send payment to: Howard E. Yarbrough, Administrator
Office of Correctional Operations – Correctional Industries
Post Office Box 41115
Olympia, WA 98504-1115

Sincerely,

Howard E. Yarbrough, Administrator
Correctional Industries

ab
Enclosure

cc: Cathy Carlson, Class I Program Manager
Dennis Thaut, Associate Superintendent

Notes from 5-11-99

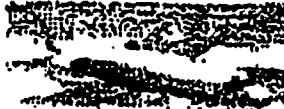
There are modems in John's office. PC has internal & external modem capability.

Telephone dial pad hidden in bottom of John Anderson's file cabinet.

3 hard drives - 2 hooked up to PC.
3rd one is hidden in system. (configured but hidden)

System is configured for 2 modems & no known internal modems are being used legitimately at this time.

www.in-flight.com



Handwritten signature or initials.

Read Message
In-Box

RELATED: Dictionary
Thesaurus

Date: Wed, 25 Nov 1998 14:09:24 -0800

From: Silver Creek Entertainment <orders@silvercrk.com>

Save Address Block Sender

To: [REDACTED]

Subject: Hardwood Solitaire II is here!

Reply Reply All Forward Delete Previous Next Close

John,

Thanks for registering Hardwood Solitaire II!

To register Hardwood Solitaire complete the following instructions:

While playing Hardwood Solitaire II, Press CTRL+K and a registration input dialog box will appear. Now put in your name and code exactly like this:



To share your comments and suggestions you may contact us at hwsol@silvercrk.com or our toll free number 1-888-Game Net. Or if there are any problems with your order please contact me directly at orders@silvercrk.com

Enjoy!

Shauna Chambers
Silver Creek Entertainment
www.silvercrk.com

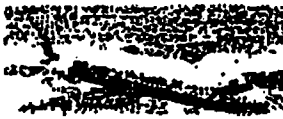
P.S. We now have "Hardwood Solitaire II : The Enchanted Decks" available on CD-Rom for an additional \$5.00 for registered users of Hardwood Solitaire II. To order from our website you can go to the following web address: <http://www.silvercrk.com/cdonly/index.html>

Also, check out our Mouse Pads at our website: www.silvercrk.com

Reply Reply All Forward Delete Previous Next Close

Move To (Move to Selected Folder)

www.in-flight.com

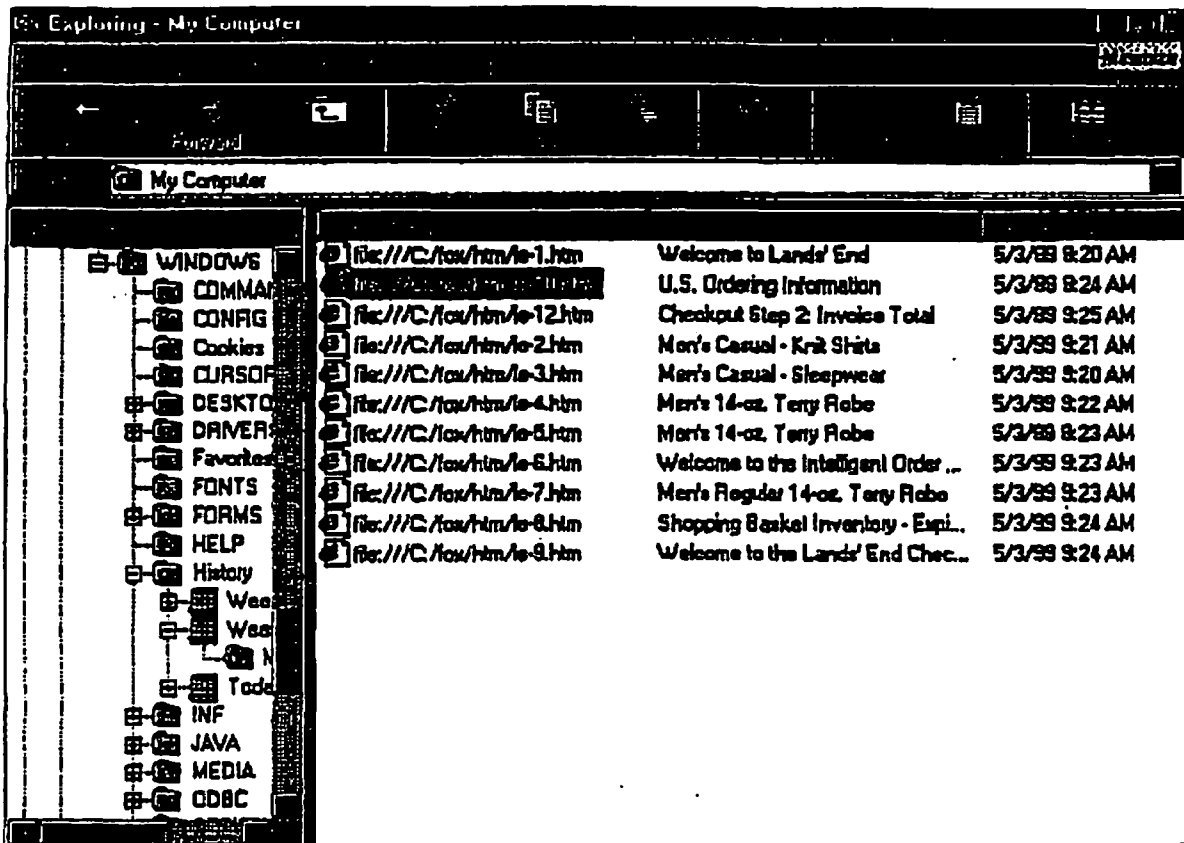


00000005
Exhibit 7

This was printed on a color printer. The only color printer is in the supervisor's office.

© 1996-1998 Hotmail. All Rights Reserved.

[\[Contact Us\]](#) [\[Help\]](#)



These are on the IM PC history but not on the staff PC history. These were done (according to Stan supervisor) while Stan was on the other PC.

Specialty Foods Order Page

We ask for your patience while we work on our shopping cart for the future.

- I would like of Cornet Bay Sauce(\$3.95 ea) = \$
- I would like of Mutiny Bay Spice Pack(\$16.95 ea) = \$
- I would like of Mutiny Bay Recipies(\$5.95 ea) = \$
- I would like of Strawberry - Rhubarb Jam(\$3.25 ea) = \$
- I would like of Blueberry Jam(\$3.25 ea) = \$
- I would like of Bumble Berry Jam(\$3.25 ea) = \$
- I would like of Marion Blackberry Jam(\$3.25 ea) = \$
- I would like of Boysenberry Jam(\$3.25 ea) = \$
- I would like of Marionberry Syrup(\$5.95 ea) = \$
- I would like of Loganberry Syrup(\$5.95 ea) = \$
- I would like of Loganberry Jam(\$3.25 ea) = \$
- I would like of Rosemary & Thyme Vinegar(\$6.95 ea) = \$
- I would like of Lemon Thyme & Dill Vinegar(\$6.95 ea) = \$
- I would like of Chile Pepper Vinegar(\$6.95 ea) = \$
- I would like of Blackberry Vinegar(\$6.95 ea) = \$

Subtotal = \$20.89

If in WA, add 7.9% sales tax = \$1.65

Shipping = \$ 3.50

Total = \$26.04

Is this a Gift? (Yes)(No)

Please Check All That Apply!

If Yes...it's for(a Birthday)(My Wife)(My Husband)(a Special Friend)(Something Different for Someone Different!)(Just for Fun)

Your Name

Your Email (required)

Ship To Name

Ship To Address

City & Zip

*** IMPORTANT ***

Print this out now before submitting. Please send your order and payment to:

Cornet Bay Shoppe
275 Cornet Bay Road

00000008
Exhibit 7

MONROE CORRECTIONAL COMPLEX
SUPERINTENDENT
P.O. BOX 777
MONROE, WA 98272

FACSIMILE TRANSMITTAL SHEET

TO: Cathy Carlson FROM: Joyce Leeberg
COMPANY: DOC/CT DATE: 5-11-99
FAX NUMBER: _____ TOTAL NO. OF PAGES INCLUDING COVER: _____
PHONE NUMBER: _____ SENDER'S PHONE NUMBER: _____
RE: _____ SENDER'S FAX NUMBER: (360) 794-2680

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Ken is in agreement w/ proceeding
with termination if possible. He is
aware of the desire for 5 day
termination.

There is more investigation
being done.



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

CORRECTIONAL INDUSTRIES

P.O. BOX 41115 • OLYMPIA, Washington 98504 • (360) 753-5703

May 19, 1999

Jim Paton, President
Washington Marketing Group
PO Box 547
Monroe, WA 98272

Mr. Paton:

This is a follow up to the closure of your telemarketing operation on Thursday, May 13, 1999. The Secretary of the Department is terminating your contract dated August 3, 1992, and extended June 20, 1997. The contract is terminated under Clause VII. Termination:

"Either party may terminate this Agreement by providing thirty (30) days' written notice to the other party. The notice period shall begin to run on the second day following the postmark thereof or upon the same day which personal delivery is accomplished: *Provided, however, this Contract may be terminated immediately by the Department if, in the discretion of the Secretary of the Department, its continuance would jeopardize the safety of WSR.*"

You are hereby instructed not to conduct any further business, telemarketing or otherwise, from the institution; to do so, would further jeopardize the safety of WSR.

Please contact Cathy Carlson, Class I Program Manager, and Superintendent Ken Ducharme, immediately to make arrangements for your equipment to be removed from the institution not later than May 31, 1999. There will be a walk-through inspection performed by the management of the Monroe Correctional Complex, Correctional Industries staff, and you at the close of business May 31, 1999. All keys, badges and any other Department of Corrections identification issued to you and your staff shall be turned in May 31, 1999.

If you have any questions, contact Cathy Carlson at (360) 586-7552

Sincerely,


Howard E. Yarbrough, Administrator
OCO-Correctional Industries

HEY:sp

Cc: Joseph D. Lehman, Secretary
Dave Savage, Deputy Secretary
Patria Robinson-Martin, Assistant to the Secretary for Governmental
And Constituent Affairs

00000003
Exhibit 7



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
CORRECTIONAL INDUSTRIES - MONROE CORRECTIONAL COMPLEX
PO BOX 777 • Monroe, Washington 98272 • (360) 794-2367

April 19, 1999

Jim Paton, President
Washington Marketing Group
PO Box 547
Monroe, WA 98272

Dear Mr. Paton,

It has come to the attention of the Department of Corrections (DOC) that an offender working for Washington Marketing Group (WMG) has access to names and phone numbers of residential customers. In the performance of his job duties, he downloads the customers' personal information (names and phone numbers) provided by WMG's clients.

WMG's contract with the Department of Corrections states in section II, Conditions of Occupancy, H. Security: "... Contractor shall acknowledge receipt of documentation of such procedures and agree in writing to comply with all such procedures."

A recent directive from DOC Deputy Secretary, Dave Savage, limits inmate access to the public. This has resulted in the Reformatory removing telephone white pages from inmate areas.

In light of the extensive changes made for telemarketers to eliminate such access, the Department requests that you cease immediately from using offenders for loading names and phone numbers into your system. A civilian staff will need to do this task. This is consistent with other security measures that are in place at WMG as well as the intent of Dave Savage's memo on restricting access to the public.

I am also enclosing a copy of a letter from 1997 regarding Offender Access to Electronic Data. There is no direct access to the Internet by offenders. The Department's expectation is that this policy is still being followed.

If there is an issue with training civilian staff to do this task, please contact me so we can discuss timeframes. You can reach me at 360-794-2367.

Sincerely,

Joyce Leeborg
Class 1 Coordinator

cc: Howard E. Yarbrough, Correctional Industries Program Administrator
Dennis Thaur, Associate Superintendent
Cathy Carlson, Class 1 Program Manager

00000010
Exhibit 7



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
DIVISION OF CORRECTIONAL INDUSTRIES
PO Box 41115 • Olympia, Washington 98504 • 360/753-5703

October 21, 1997

James C. Paton, President
Washington Marketing Group
PO Box 547
Monroe, WA 98272

Dear Mr. Paton:

A question has been raised by one of the private sector partners regarding the ability for offenders to have access to the Internet in the course of daily business activities. I have enclosed for your review a copy of Department of Corrections Policy 280.925, Offender Access to Electronic Data, which specifically addresses this issue.

Policy 280.925, Section II C, states that physical security barriers must be in place to ensure that offenders are restricted from accessing the Internet, LAN/WAN (Local Area Networks and Wide Area Networks), dial-in access (modems), E-Mail, and on-line services. Only Civilian staff is allowed to have access to these areas. If these applications are necessary for your operation, please let me know prior to installation so that I can work with appropriate institution staff to ensure that proper security barriers will be in place.

If you have any questions regarding use of computers by offenders, please give me a call at 360-586-7552.

Sincerely,

A handwritten signature in cursive script that reads "Cathy Carlson".

Cathy Carlson, Class I Industries Manager
Correctional Industries

Enclosure

G:\POLEX\CATHY\CLASS1\GENERAL\Inemal Access.doc

wmg.



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
DIVISION OF CORRECTIONAL INDUSTRIES
P.O. Box 41115 • Olympia, Washington 98504-1115 • (360) 586-4811

TELEFAX TRANSMISSION

To: *Howard Yarbrough*
CATHY CARLSON, CLASS 1 MANAGER
DOC/CI - OLYMPIA

FAX No.: (360) 753-0219

FROM: *Jaye Leberg* CLASS 1 COORDINATOR

DATE: 4-12-99

NO. OF PAGES: 6
(INCLUDING THIS COVER SHEET)

URGENT FOR REVIEW PLEASE COMMENT/REPLY

COMMENTS: _____

CONFIDENTIAL

CONFIDENTIAL

APR 12 '99 09:02AM WSR S.

R C E I V E D

APR 12 1999

Tuesday, March 31, 1999

INTELLIGENCE OFFICE
WASHINGTON STATE REFORMATORYKIRO - 7
KCOM - 5
KCOM - TV
KBTC - TV

(A COPY WAS MAILED TO EACH ON MARCH 31, 1999)

The Seattle Times
Seattle Post-Intelligencer
The Daily Olympian

I am an inmate confined at the Washington State Reformatory. Currently, I work within the institution at the Washington Marketing Group. W.M.G. is nothing more than a cloak for Legacy Enterprises: a telemarketing company that employs inmates for labor. W.M.G. and W.S.R. have enjoyed a history spanning approximately 8 years. Within this period, they have contracted for both labor (inmates) and working space within the institution at exceptionally discounted price. There is hardly anything illicit about cut-rate prices given by a proprietor to a leaseholder. However, there is a question of the ethical business practices this particular leaseholder exercises. These questionable practices are the subject of the following paragraphs.

American Red Cross

When I initially began working with W.M.G., the company retained only two working accounts. The primary account was the ~~American Red Cross~~. This account outlined telephone solicitation for donations. The second account dealt principally with a wholesale magazine distributor. In this account, we marketed several magazine subscriptions and secured payment plans. In both of these accounts, we as inmate telemarketers gathered reasonable information that would allow the company to follow-up and secure the donations and payments of the subscriptions. The information collected included: full names, addresses, telephone number of residence and information regarding the particular payment plan. Scarcely an offense yet, questionable once you place a convicted felon into the equation and ask him to balance such information.

In April of 1997, Legacy Enterprises was unfortunate/fortunate (depending on your view) enough to be spotlighted for 15 seconds in the closing remarks of ABC's 20/20 newsmagazine. The spotlight was a result of the newsmagazine feature report on a nation wide trend involving the utilization of prisoners by companies as telemarketers. These 15 seconds proved to be a major misfortune for W.M.G. Consequently, the American Red Cross was forced to withdraw its account from the W.M.G. prison branch. This was in response to the agency's scramble to head-off any question of the agency's propriety within the public's mind. (W.M.G. however, continues to operate the account on the outside with its "legitimate telemarketers".)

Although with less fan-fare than the American Red Cross, the wholesale magazine distributor also canceled its contract with W.M.G. Now, well aware of the public's perception regarding the use of inmates as telemarketers, W.M.G. began to initiate "rules of conduct" to their inmate employees. These rules were implemented in concert with the company's new clients. (Rainier American Mortgage Company and Jona Mortgage

APR 12 '99 09:03AM WSR

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W.M.G 3/31/99

2

Company) The "rules of conduct" instituted were for the benefit of both provider and client, with no regard for the public's interest. These rules proved to be nothing more than subtle threats by W.M.G. to the inmates job security. (Understand that W.M.G. is classified by the Department of Corrections as a Class 1 industry employment. For us inmates, this simply means minimum wage, the highest paying jobs and therefore, the greatest employment opportunity we will ever see in prison.) The following are the three major instructions given to us by the owner Jim Patton and the prison floor supervisor Stan.

- 1.) Never admit to the customers as being employed as an inmate telemarketer.
- 2.) Always "skirt" or "tap-dance" the questions surrounding W.M.G.'s exact calling location.
- 3.) When pressed, disclose to being employed as either Rainier or Jonah Mortgage companies' representative.

We cold-called randomly the states of Washington, Utah, Oregon, and Chicago for refinancing. Superficially, our targets were only residents who expressed an interest. However, essentially we were encouraged by Jim Patton and Stan to target those residents who had "bad credit", older mortgage holders and those individuals who we "felt" were not too knowledgeable and would be successful in fast-talking them into a sell. The information gathered by us inmates for mortgage refinancing were as follows:

- 1.) Addresses of residence or business
- 2.) Appraisal value of home
- 3.) Outstanding balance of the home
- 4.) Financial Institution utilized
- 5.) Current percentage rate on loan
- 6.) Payment plan currently in effect
- 7.) Amount of all debt owed (credit card, vehicles, boat, loans etc.)
- 8.) Any information to further ensure the immediate call back of the Rainier or Jonah's Loan Officers (i.e. fax number, cell phone number, work number, etc.)

A critical point that needs to be stated is that this information was and is currently flowing through the hands of inmates who have been "pre-screened". W.S.R. and W.M.G. will have the public believe that the "pre-screen" guarantees that no inmates convicted of a sexual related offense would be calling the communities or is privy to the sensitive information gathered from the calls. In reality, the screening process does not include inmates who plea-bargained their instant sexual offenses down to lesser offenses. Inmates who were initially charged for rape however, because of lack of evidence, were only charged for assault were not included. Others inmates who were initially booked for child molestation only to be later charged with a lesser-included offense were not included. The same scenario plays out for stalkers, voyeurs, and all classes of pedophiles.

With this stated, this leads to D.O.C.'s imposition upon W.M.G. the rule stating, "No paper or writing utensils were to be brought up to the W.M.G. work area." This was never enforced. Reminded maybe, however no measure was ever placed into effect as to compel the rule.

It was a common as a ritual for an inmate/telemarketer to assemble and discuss "business" on the "Big Yard" with his co-workers and friends. The subject matter dealt with the female and male contacts (willing or unwilling) the inmate telemarketer made over the telephone

APR 12 '99 09:03AM WSR S.

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W.M.G. 3/31/99

3

and of the information he possessed on a \$100,000.00+ homes (address and homeowners work schedule retail at a generous cost here in prison). Presently the system that is engaged allows inmate telemarketers to callback a customer at a desired time. Thus, aiding (advertently/inadvertently) the inmate telemarketer in speaking with the individual at leisure and at W.M.G.'s expense. Of more meaning to the inmate, the calls passed unscreened by D.O.C.

W.M.G. and D.O.C. state that all calls can and are screened randomly. In part, this statement is true. D.O.C. and W.M.G. can screen all calls made by the inmate telemarketers however, the system employed then and now, alerts the inmate telemarketer to the presence of a third party on line. A sharp echo on the speaker/headphone unit punctuates this presence. Aside from this, W.M.G. always alerted the inmate telemarketers not only to when the prison was scheduled to monitor but when W.M.G.'s clients (Rainer and Jona) were scheduled to monitor.

Now enters the use of the World Wide Web by inmate Technical Supervisor John F. Anderson. As an inmate Technical Supervisor he is responsible for maintaining the telephonic system and all equipment employed by W.M.G. This includes not only the operator's equipment but all the sensitive information gathered by the inmate telemarketers and the sensitive information provided on CD's by the clients of W.M.G.'s. In this manner, Mr. [REDACTED] also creates and incorporates the methods of employment for these CD databases (Such as the callback technique). The CD's themselves contain the essential telephone numbers and addresses necessary for the inmate telemarketers, to conduct their calls. Inmate Anderson also makes use of the five computers provided by W.M.G. for the supervisors. It is on these computers that he cruises and makes purchases on the Internet. Ostensibly, for the business end of W.M.G. This is in direct violation of the Washington Annotated Code, which forbids inmates to access or be in contact with the Internet.

In light of [REDACTED] technical skill and indispensable working knowledge, W.M.G. looks the other way, when it comes to [REDACTED] excursions on the Internet. Evidence of this is can be observed by his generous collection of music CD's he has amassed in his office and of the electrical appliances which are incompatible with the running of W.M.G.'s daily function. [REDACTED] "skills" and influence is not just restricted to W.M.G. According to the Seattle Post-Intelligencer, Captain Evans, the senior Correctional Officer for W.S.R., stated that the efficient day to day operation of W.S.R. was dependent on the information provided by two inmates. [REDACTED]

Finally, on the third week of January 1999, the W.M.G. was closed down for an undisclosed period of time. In the meeting following the closure, the owner, Jim Patton, initially stated that he was being black- mailed by Department of Corrections senior officials in Olympia. As the meeting progressed, it became clear and plainly obvious, that W.M.G. would be closed for the duration of the remaining legislative session. Mr. Patton stated that this was necessary because of the increasing interest of the legislators, in closing down the prison telemarketing industries within the only two institutions allowing them. He stated that if we closed down for now, during the session, that the legislators would breathe lighter and pass on a bill calling for the ban of inmate telemarketers. We closed down. No such bill was introduced.

APR 12 '99 09:04AM WSR :

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W.M.G 3/31/99

As clockwork, once the potential legislation had died only a select few of inmate/telemarketers were selected to continue working at W.M.G. According to Jim Patton the rest of the workers would be called back once the legislature was recessed. Conducting the same type of "business practice", we have in the past. Only, now we are more secretive than ever of the accounts we maintain. Not even D.O.C. is privileged to what we now market. Accounts are as follows: mortgages, cell-phone/air-time use, subscriptions, moving van-lines, Internet Web Site set-ups and supervision of the W.M.G.'s outside branch Red Cross operators. Mr. Anderson, Mr. Gary Issacs and I conduct the screening of the civilian outside branch operators. Inmates monitoring civilian operators. Quite the paradox.

All that I have disclosed in the paragraphs above are areas that I have personally been involved with, witnessed or was told. None of the above information is second hand or third party generated. There are however, two details that I wish to disclose yet, am unable to directly attest to.

First, is the W.M.G. inmate telemarketer's bonus fund. For every refinance that is initially generated by the inmate telemarketers by the Rainer and Jona mortgage companies, the inmates are given a \$30.00 dollar and \$20.00 dollar bonus, respectively. The numbers of average leads generated by an individual inmate telemarketer are 90-140 a month (90 -140 leads-for refinancing). Of those, usually only 15-30 % is actually closed. Twenty-four inmate/telemarketers are full-time employees. Taking the median the math indicates that there are on average 2760 leads for refinancing in the entire room for a one-month period. Applying the average of 15-30% to the average number of leads gives us 621 closed refinances. Closed refinances times the inmate telemarketers bonus fee accounts for \$18, 630.00 in total pay-out for W.M.G. to the inmate telemarketers. The total number of bonuses to be paid in accordance to the law of averages is obscenely short of what has been actually paid to the inmate telemarketers in the last 2 years.

Second, is the lay-off and in other times of outright firing of senior inmate telemarketers by W.M.G. On several occasions inmate telemarketers have been laid-off or fired for reasons totally unjustifiable. It is believed by many that, this systematic termination of senior employees is due to W.M.G.'s Machiavellian need to exhaust the old contracts used at the time these senior employees were hired. The contracts provision granted inmate telemarketers to profit share with the company as it progressed. W.M.G. has never presented a legitimate reason for the firing of these inmate telemarketers. Then again as prisoners, what right do we have to question?

In closing, I believe it best to state the reasons for my disclosure of the "behind the scenes business practices" of the W.M.G. There is only one reason and it is to me simply understandable. I am openly gay. Because of the admission the company and the inmate/telemarketers have, both treated me with disdain and disgust. In the end, I know they are no better than I am. Perhaps, it is just the reckoning.

Apr 12 99 01:44p

Correctional Industries

(360) 794-2870

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APR 12 '99 09:05AM WSR

P. 6

W.M.G. 3/31/99

5

A copy of this letter was forwarded in tandem to the W.S.R.'s Internal Investigations division officer, Mrs. Vicki Huwitt. In five days time I will also submit a copy to the three major national television broadcasters in this area.

I ask that my name be kept in the strictest of confidence.

Respectfully,

wmg.

Washington Marketing Group, Inc.

PO Box 547
Monroe, WA 98272
(800) 488-4609
(360) 794-4929 (Fax)

*msg. 1-22
12:45 pm*

January 19, 1999

Ms. Ida Ballasiotes
JLOB 401
Olympia, WA 98504

Dear Ms. Ballasiotes:

This letter is to ensure communication between you, Correctional Industries, and me regarding the activity at Washington Marketing Group's office at the Reformatory in Monroe.

As agreed, we have ceased all marketing activities for our mortgage customers at this facility.

During our teleconference of August 5, 1998 you stated that your concerns were specifically Inmates..."dealing with information of people on the outside."

You also stated that you could support the industry if we were doing something else.

I have been working with the manufacturer of our computerized dialing equipment at the Reformatory to develop internal call transfer technology. This would allow us to transfer calls internally to a civilian supervisor. For campaigns that require the gathering of information those calls would be transferred to a civilian supervisor and only the supervisors would be allowed to gather information.

Inmates would not document information or have access to any of the gathered information.

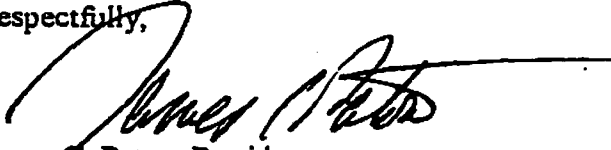
This solution addresses your original concerns and also goes beyond those concerns. We would apply this policy across the board and build all campaigns around the call transfer capabilities. Any and all data to be documented would be performed by civilian supervisory staff only.

We would like to proceed with the installation of the call transfer technology as soon as possible and apply its added security to all of our campaigns immediately.

I would like your feedback before incurring the expense to ensure that we have your support once we institute this policy change.

Please communicate with me at your earliest convenience. I would like to proceed as soon as possible.

Respectfully,



James E. Paton, President
Washington Marketing Group, Inc.

cc. Joseph D. Lehman, Secretary
Cathy Carlson, Class 1 Program Manager

Washington Marketing Group, Inc.

PO Box 547
Monroe, WA 98272
(800) 488-4609
(360) 794-4929 (Fax)

January 14, 1999

Mr. Howard E. Yarbrough
Correctional Industries
410 W 5th
MS: 41118
Olympia, WA 98504-1181

Dear Mr. Yarbrough:

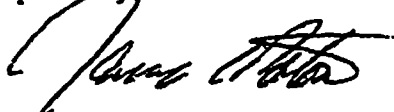
This letter is to confirm our commitment to the agreement made on August 5, 1998 between you, Secretary Lehman, Representative Ballasiotes, Cathy Carlson, and me to transfer the telemarketing mortgage activity to our civilian call center outside of the department's facility.

As discussed in the August 5, 1998 meeting the transfer of the telemarketing mortgage activity to our civilian call center outside of the department's facility would require the construction of a larger call center.

During our quarterly compliance meeting on November 18, 1998 I informed Cathy Carlson that our contractors, building the larger space for our civilian call center necessitated by our agreement of August 5, 1998, were running 2-4 weeks behind schedule.

In compliance with your request in your letter dated January 7, 1999 there will be no mortgage activity at the Monroe Correctional Complex after January 19, 1999.

Respectfully,



James C. Paton, President
Washington Marketing Group, Inc.



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
OFFICE OF CORRECTIONAL OPERATIONS
410 W. 5th • MS: 41118 • Olympia, Washington 98504-1181
(360) 753-5703 • FAX (360) 586-6582

January 7, 1999

Mr. James C. Paton
Washington Marketing Group, Inc.
Post Office Box 547
Monroe, Washington 98272

Dear Mr. Paton:

It has come to the attention of the Department of Corrections that Washington Marketing Group, Inc. continues to sell refinanced mortgages to the general public via telemarketing. The agreement between you, Secretary Lehman, Representative Ballasiotes, Cathy Carlson, and me on August 5, 1998, was this telemarketing activity would be transferred to your civilian call center outside of the department's facility by January 1999. Your commitment was to transition this operation systematically between August 1998 and January 1999.

Washington Marketing Group, Inc.'s continued telemarketing of refinanced mortgages is contrary to the spirit and intent of the agreement made August 5, 1998. The department requests written assurance by January 19, 1999 from Washington Marketing Group, Inc. that the company is no longer offering this product. If Washington Marketing Group, Inc. does not cease from telemarketing refinanced mortgages at the Monroe Correctional Complex, the department will have no other option than to terminate Contract No. CDCI2761. If you have any questions, please call me at (360) 753-4001.

Respectfully,


Howard E. Yarbrough, Administrator
Correctional Industries

HEY:alm

cc. Ida Ballasiotes, Representative 41st District
Joseph D. Lehman, Secretary
David A. Savage, Deputy Secretary
Kenneth DuCharme, Superintendent
Thomas J. Young, Assistant Attorney General
Cathy Carlson, Class I Program Manager

Memo

To: ALL EMPLOYEES
From: STAN MATTHEWS
CC: JIM PATON-
DENNIS THAUT
CPT. EVANS-
JOYCE LEEBERG
Date: 11/05/98
Re: PAPER, PENS, PENCILS IN PHONE ROOM

REMINDER

PER DEPARTMENT OF CORRECTIONS GUIDELINES, W.M.G. EMPLOYEES ARE NOT ALLOWED TO BRING ANY WRITING INSTRUMENTS (PENS, PENCILS, ETC) OR ANY PAPERWORK FROM OUTSIDE OF THE PHONE ROOM. NO PERSONAL PROPERTY ALLOWED AT WORK.

PAPER INCLUDES MAGAZINES, NEWSPAPERS, CATALOGS, POST CARDS OR SIMILAR ITEMS.

THE ONLY PAPERWORK ALLOWED AT YOUR WORK AREA IS THAT ISSUED BY WASHINGTON MARKETING GROUP. FAILURE TO FOLLOW THESE GUIDELINES WILL RESULT IN IMMEDIATE TERMINATION WITH NO QUESTIONS ASKED. IF YOU DO NOT COMPLETELY UNDERSTAND THE RULES THAT WE MUST FOLLOW RELATED TO PENS, PENCILS AND PAPERWORK, ASK!!!!

Wmq.



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

P.O. Box 41101 • Olympia, Washington 98504-1101
(360) 753-2500 • FAX (360) 664-4056

August 14, 1998

The Honorable Ida Ballasiotes
Washington State Representative
Post Office Box 714
Mercer Island, Washington 98040

Dear Representative Ballasiotes:

Thank you for your time during our recent conference call regarding the Washington Marketing Group. I understand your concerns and decision on this issue.

Mr. Patton has made a commitment to transfer the refinancing telemarketing program currently operating at the Washington State Penitentiary to his civilian call center outside of the Department's operations. Mr. Patton's commitment is to transition the operation systematically between now and January of 1999. He will be looking at replacing this business with a suitable telemarketing activity.

I will keep you advised as to the progress he is making.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe", written over a faint circular stamp.

Joseph D. Lehman
Secretary

JDL:clh

cc: Patria Robinson-Martin, Assistant to the Secretary, Legislative
and Constituent Affairs
Howard E. Yarbrough, Program Administrator, Correctional Industries
Cathy Carlson, Class I Manager, Correctional Industries



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
CORRECTIONAL INDUSTRIES
P.O. BOX 41115 • OLYMPIA, Washington 98504 • (360) 753-5703

July 28, 1998

Jim Paton, President
Washington Marketing Group
Post Office Box 547
Monroe, Washington 98272

Dear Mr. Paton:

This letter is to confirm the meeting on August 5, 1998 at 9:00 AM. The meeting will be held in Secretary Joseph Lehman's office on the 6th floor of the Capitol Center Building. Directions are enclosed. Other attendant's are as follows:

Joseph Lehman, Department of Corrections Secretary;
Ida Ballasiotes, Member, House of Representatives;
Howard Yarbrough, Correctional Industries Program Administrator;
Cathy Carlson, Class I Industries Program Manager.

If you have any questions, please give Cathy Carlson a call at (360) 586-7552.
Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Michelle Leedy".

Michelle Leedy, Class I Industries Secretary

Enclosure

cc: Howard Yarbrough, Correctional Industries Program Administrator
Cathy Carlson, Class I Industries Program Manager

G:\POLEX\CATHY\CLASS1\WMG\080598 meeting confirmation.doc



TITLE

OFFENDER ACCESS TO ELECTRONIC DATA

Page 1 of 2

EFFECTIVE DATE: December 31, 1996

SUPERSESSION:

None.

AUTHORITY:

General authority of the Secretary of Corrections to manage and direct the Department, RCW 72.09.050.

PURPOSE:

To establish guidelines for the access of electronic data by offenders.

APPLICABILITY:

Department-wide.

DEFINITIONS:

Electronic Data - Data stored electronically by a computer or data that is accessible by a computer.

Information Technology System - Includes LAN, WAN, or stand alone computer as defined below.

Local Area Network (LAN) - A data transmission facility connecting computers and other communicating devices over a short distance (typically within a building or campus) under some form of standard control.

Administrative LAN - A LAN used to support general office and facility operational applications.

Correctional Industries LAN - A LAN used to support operations of correctional industries operations.

Educational LAN - A LAN designed to support the Department's educational programs for offenders. It includes on-line testing of offenders and provides on-line instruction.

Offender - Those persons committed to the custody/supervision of the Department and offenders transferred from other states or the federal government.

Stand Alone Computer - Any computer not physically or logically connected to any other computer.

System Administrator - A person responsible for administering/controlling the local area network by assigning logon ids, establishing logical barriers, etc.

Wide Area Network - A data transmission facility connecting geographically dispersed (typically across the state, nation, or world) computers and peripheral devices under some form of standard control. Physically separate LANs are often logically linked through a WAN to allow transparent access to remote information (i.e., OBTS, AFRS, ITAS, EMS).

POLICY:

- I. Offenders using information technology systems shall not have direct access, either physically or logically, to information technology systems that will allow access to any outside or non-local electronic media, such as, but not limited to, mainframe applications, Internet, electronic bulletin boards, E-Mail, or on-line services.
- II. Access will be granted to local information technology systems as outlined below.



TITLE

OFFENDER ACCESS TO ELECTRONIC DATA

Page 2 of 2

- A. Offenders may have, upon local supervisory approval, access to local information technology systems for the purpose of performing their assigned work duties or education functions.
- B. If the local information technology system is connected logically or physically to the LAN/WAN, access rights to those applications available on the LAN/WAN will be restricted by the system administrator for any offender having direct access to the local information technology system.
- C. Any site where offenders are granted access must have in place appropriate physical and logical security protocols, such as password protection, keyboard locks, or other physical or logical barriers that are strictly enforced.
- D. Offenders will work only on designated workstations that will be physically and logically restricted from any outside applications referenced in I. above

REVIEW:

The Policy Coordination Committee shall coordinate the review of Department policies at least every two years and update as needed.

REFERENCES:

DOC Policy 801.001.

ATTACHMENTS:

None.

Chase Riveland, Secretary

Date

WASHINGTON STATE REFORMATORY
P.O. BOX 777
MONROE, WA 98272
(360) 794-2601

FACSIMILE TRANSMITTAL SHEET

TO:	Cathy Carlson	FROM:	Kenneth DuCharme, Superintendent
COMPANY:	Correctional Industries	DATE:	February 12, 1998
FAX NUMBER:	(360) 753-0219	TOTAL NO. OF PAGES INCLUDING COVER:	14
PHONE NUMBER:		SENDER'S PHONE NUMBER:	(360) 794-2801
RE:	WASHINGTON MARKETING GROUP	SENDER'S FAX NUMBER:	(360) 794-2680

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Resend @ 2:15
J. H. Keefe

P.O. BOX 777, MONROE, WA 98272-0777

00000027
Exhibit 7

RECEIVED

FEB 11 1998

Washington Marketing Group, Inc.
P.O. Box 547
Monroe, WA. 98272

Fax Cover Sheet

DATE: February 11, 1998 **TIME:** 3:02 PM

TO: Mike Williams **PHONE:** (360) 794-2808
D.O.C. **FAX:** (360) 794-2880

FROM: Jim Paton **PHONE:** 1-800-488-4600
Washington Marketing **FAX:** 1-360-784-4929

RE: Paper trail for WMG retirement plan

CC: Captain Evans

Number of pages including cover sheet: 14

Message:

Please find attached, in chronological order, the correspondence I had with D.O.C. prior to contributing to the retirement plan we discussed yesterday.

11/16/94: Correspondence from Lorraine Herman to Doty Denise. NO RESPONSE.
11/30/94: Correspondence from Lorraine Herman to Shannon Morgan. NO RESPONSE.
6/12/95: Correspondence from Naomi Lieurance to Jim Paton. FIRST RESPONSE TO DATE.
6/15/95: Response to 6/12/95 above from Jim Paton to Jill Will.
10/13/95: Response from Jill Will to my correspondence above. Distributions to the plan were made in August 1995 as outlined (Note date of Jill Will's response). Read this response closely!
2/5/96: Page 2 of the minutes to the quarterly compliance meeting: Jim Paton, Mike Williams attending. Item II, 2nd paragraph discusses the plan.
5/30/97: Memo from Janeen Wadsworth regarding retirement plans: Page 2 specifically states that "...INMATES MUST NOT, SOLELY BY THEIR STATUS AS OFFENDERS, HAVE BEEN DEPRIVED OF THE RIGHT TO PARTICIPATE IN BENEFITS MADE AVAILABLE BY FEDERAL OR STATE GOVERNMENT TO OTHER INDIVIDUALS ON THE BASIS OF THEIR EMPLOYMENT..."

OK Mike, now tell me I did not make a good faith effort to get an answer out of D.O.C. Through out all of this communication, I still did not get an answer. Even though I tried for 10 months.

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Exhibit 7

FROM SITE MGR MSR

06/12/98 15:41 P. 1

**CORRECTIONAL
INDUSTRIES**

FAX

Date: 06/12/98

Number of pages including cover sheet: 1

To:

Jim Paton - WA Mktg. Group

Phone: 360-794-0423

Fax phone: 360-794-4929

CC: Jill Will

From:

Naomi R. Lieurance

Phone: 206-794-2743

Fax phone: 206-794-2849

REMARKS: Urgent For your review Reply ASAP Please comment

Jim: I spoke with Jill regarding your Simplified Employee Retirement fund which you have put into place. I told her that August 1 was the deadline when funds would be deposited into the fund.

Jill has asked if you would kindly fax direct to her (360-753-0219) the information on this fund. I told her that your hands are tied once the money goes into the fund. She wants to let the Attorney General's office know of both your company's intentions and Remark's wishes. Jill does not want to impede what you are doing. She only wants to make certain none of us get into problems with this.

If you have any questions, concerns or just want to chat with her, you can call her at 360-586-5264. Thank you for your assistance.

Let's schedule a time next week (June 19-22).

OUT 6/13

*Jill Will
360-753-0219*

00000029
Exhibit 7

Washington Marketing Group, Inc.
PO Box 547
Monroe, WA 98272

Fax Cover Sheet

DATE: June 15, 1995 TIME: 3:52 PM

TO: Jill Will PHONE:
D.O.C. FAX: (360)-753-0219

FROM: Jim Paton PHONE: 800-488-4809
WMG FAX: 360-794-4929

RE: WMG retirement plan

Number of pages including cover sheet: 4

Message:

Please find attached a 2 page letter from my accountant that outlines qualification requirements for eligible employees for the SEP-IRA.

Page 4 outlines those eligible Inmate employees (Note, 2 of these inmates have since been released and WMG will make their contributions directly into an account in their names).

Checks will be made out by WMG directly into accounts opened in each inmates name. I think 2 signatures can be placed on each account preventing any direct withdrawals by an Inmate.

This plan will be funded in early August.

 **Melang, Hopps & Company P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

June 2, 1995

Mr. Jim Paton
 Washington Marketing Group, Inc.
 P.O. Box 547
 Monroe, WA 98272

Dear Jim:

Thank you for your recent fax. The charges shown on Invoice #9973 include only approximately \$60.00 for the SEP-IRA discussions which would be included as a Washington Marketing Group, Inc. expense. Instead of amending our invoices, may I suggest I offset any final Form 1040 preparation fee with this \$60.00 and bill it to the corporation? I project that the final Form 1040 bill will not be much more than this amount, making the preparation of the 1994 return comparable to the 1993 return.

In order to calculate the SEP-IRA for 1994, and in order to minimize your accounting costs, we would appreciate the following information:

1. First of all, a SEP-IRA for 1994 would require a 2 out of 5 year rule so that you could participate! You will need to look at the employees who worked for Washington Marketing Group, Inc. in 1992, 1993 and 1994 to make this calculation.
2. We will need a copy of all the Form W-2's for 1992 and 1993 and 1993. (We have your 1994 files.)
3. A typed written summary by employee, alphabetical by last name, showing the employee name, and the gross wages earned each year. We suggest a columnar format for example:

Name of employee	1992 gross wages	1993 gross wages	1994 gross wages
-----	-----	-----	-----
Paton, Jim	\$	\$	\$

4. Eligible participants are those who have earned atleast the following during these years:

1992	\$ 374
1993	\$ 385
1994	\$ 396

00000031
 Exhibit 7

Mr. Jim Paton
Washington Marketing Group, Inc.
Page Two
June 2, 1995

Those people meeting the wage requirement for 1992 and 1993 will be eligible for 1994. We then take their 1994 gross wages and multiply it by a predetermined percentage. Anyone meeting the wage requirement for 1993 and 1994, or 1992 and 1994 will be eligible for a contribution for 1995.

4. Our procedures would consist of a quick verification of wage amounts to the Form W-2's, (approximately 1.0hr). We would then calculate the eligible wages and use determined percentage. If you are maximizing your contribution, you must contribute 15% for every other eligible employee.

5. Once the contributions are determined, we can let you know the tax savings. In addition, you need to set up a plan, and we can assist in your preparation of the required documents. (Approximately 2.0hrs or less)

Please let us know if you have any questions. You may need to pick up your 1994 records to complete the 1994 column of your spreadsheet. Let us know when you wish to begin this calculation. The sooner the employee information is completed, the sooner you may make some tax projections for the August 15th deadline. Please feel free to call if you have any questions.

Sincerely,

MELANG, HOPPS & COMPANY, P.C.

By: *Meri M. Gilbert*

Meri Melang Gilbert, C.F.A.

mmg/TEM
WMG, 48730/12

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Exhibit 7

**WASHINGTON MARKETING GROUP, INC.
1994 PROFIT SHARING CALCULATIONS.**

ELIGIBLE EMPLOYEES EMPLOYED IN 1992, 1993, 1994:

<u>Name of Employee</u>	<u>GROSS WAGES</u>			<u>CONTRIBUTION</u>
	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>15%</u>
[REDACTED]	2200.15	9629.38	6596.15	989.42
[REDACTED]	1797.59	3617.18	919.43	137.92
[REDACTED]	1544.84	6639.23	4692.95	703.94
[REDACTED]	1481.22	4316.87	573.09	85.96
[REDACTED]	1915.34	5447.70	1331.06	199.66
[REDACTED]	9.78	2482.64	635.10	NQ
[REDACTED]	1986.88	5535.82	6563.72	984.56
[REDACTED]	1795.59	5574.80	6024.83	<u>903.73</u>

Total Contribution:

CHASE RIVELAND
Secretary



JANEEN WADSWORTH
Director

STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

DIVISION OF CORRECTIONAL INDUSTRIES

P.O. Box 41115 • Olympia, Washington 98504-1115 • (360) 753-5703

October 13, 1995

James C. Paton
President
Washington Marketing Group, Inc.
P. O. Box 547
Monroe, Washington 98272

Dear Mr. Paton:

I spoke with our Assistant Attorney General, Tom Young, regarding the issue of 401K plans for your inmate employees. The tax laws governing the retirement plans are quite complex and thus, out of the area of expertise of the Attorney General's Office.

Mr. Young suggests that you seek advice from your tax advisor or attorney in this matter. If you have any questions, please call me at 360-586-5264.

Sincerely,

Jill Will, Policy & External Relations Manager
Division of Correctional Industries

JW:clc

PN01CATHYCLASISWY061K177D

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Exhibit 7

Washington Marketing Group, Inc.
Quarterly Compliance Meeting
February 5, 1998
Page 2

Mr. Williams discussed the issue of Mr. Paton bringing in donuts for his weekend work crew. Mr. Williams agreed that it was a definite incentive for the workers, but stated that bringing in food items for the work crew poses a significant security problem and is not permissible.

II. OTHER

Mr. Williams informed everyone of the new field instruction updates regarding the hiring and firing process for Class I owners. The policy will now allow for a pre-screen of applications process in the event of numerous applications received for a position. The process for terminating an employee will now only involve the Class I company. Employees wishing to appeal the firing will now use outside sources only, as any employee on the outside would do. The Department of Corrections will not be involved in the appeal process.

Mr. Paton mentioned he will again be contributing to the profit sharing/retirement plan this year for his offender employees.


Ms. Carlson mentioned the January 19, 1998 memo from Jansen Wadsworth regarding First Aid/CPR training for inmate workers. Mr. Paton received the memo and stated he will have each of his employees sign the Inmate Worker Universal Precautions statement and keep a signed copies on file.

Mr. Paton asked Mr. Williams whether the institution was going to remain medium custody or close custody. Mr. William responded by saying the institution may have close custody, but will maintain medium custody offenders. Mr. Paton is looking for a better pool of employees and expressed his desire to increase his employee numbers to approximately 30 by the end of the year by changing his area to accommodate about 20 workers during the day.

F:\MKT\CATHY\CLASS1\A&N0209.DOC

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Exhibit 7

Cal Auckerman, Cal's Custom Upholstery
Steve Crouse, Custom Camera Design, Inc.
Cheryl Ray, Earth Ray
Chris Michaelson, Elliott Bay Metal Fabricating, Inc.
Chuck Egner, Exmark Corporation
Joan Lobdell, Inside Out, Inc.
Ken Piel, MicroJet
Bert Atwater, Omega Pacific, Inc.
Gary Mulhair, Pioneer Industries
John Haughney, Redwood Outdoors
Jim Paton, Washington Marketing Group, Inc.
Jim Grubb, Windmill Ranch

FROM:  Janeen M. Wadsworth, Director
Division of Correctional Industries

RE: 401(k) Benefits to Offender Workers

Recent inquiries into the ability to offer offender workers 401(k) benefits have prompted the Department of Corrections to receive clarification from the United States Department of Justice. Below is the response from Thomas Albrecht, Chief, Corrections Branch, Bureau of Justice Assistance, for use as guidance on this issue.

"I am writing in response to your recent inquires regarding the Prison Industries Enhancement Certification Program (PIECP). Specifically, you have questioned whether Title 18 U.S.C §1781 © requires the provision of the same benefits to PIECP inmates as are provided by the private sector partner to its private sector employees. . . .

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Exhibit 7

401(k) Response
May 30, 1997
Page 2

... Please be advised that Title 18 U.S.C. §1761 © specifically states that PIECP inmates must not, 'solely by their status as offenders, [have] been deprived of the right to participate in benefits made available by Federal or State Government to other individuals on the basis of their employment ...' In this regard, the statute expressly requires the provision of workers' compensation to PIECP inmates. Other benefits typically secured by government includes social security benefits and unemployment insurance.

This benefits requirement does not compel your private sector PIECP partner to provide 401k Plan benefits to its PIECP inmate workers; such benefits are not secured by state or federal government for private sector workers. . . . (Emphasis added.)

cc: Joseph Lehman, Secretary, Department of Corrections
Jill Will, Policy & External Relations Manager
Ralph Lovelace, Business Recruiter
Cathy Carlson, Class I Coordinator

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Exhibit 7

AMENDMENT NO. 3 TO CONTRACT AGREEMENT NO. CDCI2761

THIS AMENDMENT is made by the state of Washington, Department of Corrections, hereinafter referred to as "Department" or "DOC" and Washington Marketing Group, Inc., hereinafter referred to as "Contractor" for the purpose of amending Contract Agreement No. CDCI2761, heretofore entered into between DOC and Contractor.

Section VI, Period of Performance, is amended in part to read: "The period of performance of this Contract shall commence on July 1, 1993 and terminate on ~~(June 30, 1997)~~ June 30, 2002, unless terminated sooner as provided herein."

Section VIII, Hold Harmless, is amended to add the following as paragraph three: "The Contractor understands that the Washington State Reformatory may change from a 'medium custody' institution to a 'close custody' institution and that Contractor staffing may be subject to change due to the 'close custody' status. The Contractor agrees to protect, defend, save, and hold harmless the state of Washington, DOC, or any employees or agents thereof, for any liability or claims for damage, including consequential damages, related to the change of custody status of the institution."

Section III.E., Materials, Equipment, and Storage, is amended in part to add the following as the last sentence: "Contractor must follow all institution policies and procedures for the daily use and storage of equipment."

Paragraph 5 of Section IX, Notice, is amended in part to read: "Any change in corporate status or corporate entity shall be considered an assignment under the Non-assignability clause, General Terms and Conditions, Exhibit "A", and as such requires the written authorization of the Department. In the event an assignment is approved by the Department, the new owners of record will be required to go through the Department's contract approval process."

Additions to the text of this Contract Agreement are shown by underline and deletions by ~~(strikeout)~~. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have affixed their signatures in execution thereof.

WASHINGTON MARKETING
GROUP, INC.

STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

SIGNED 6/20/97
Date

SIGNED 6/2/97
Date
Gary Banning, Administrator
Office of Contracts & Regulations

THIS AMENDMENT HAS BEEN APPROVED AS TO FORM ONLY
BY THE OFFICE OF THE ATTORNEY GENERAL.

AMENDMENT NO. 2 TO CONTRACT AGREEMENT NO. CDCI2761

THIS AMENDMENT is made by the state of Washington, Department of Corrections, hereinafter referred to as "DOC", and Washington Marketing Group, Inc., hereinafter referred to as "Contractor", for the purpose of amending that document entitled Contract Agreement, bearing Contract No. CDCI2761, heretofore entered into between DOC and Contractor.

THEREFORE, the parties hereto agree to the changes made herein as follows:

1. Section VI, PERIOD OF PERFORMANCE is amended as follows:

The period of performance of this Contract shall commence on July 1, ~~((+993))~~ 1995 and terminate on June 30, ~~((+995))~~ 1997, unless sooner terminated as provided herein.

Additions to the text of this Agreement are shown by underline, deletions by ~~((strike-out))~~.

All other terms and conditions of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have affixed their signatures in execution thereof.

CONTRACTOR

STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

SIGNED

SIGNED

6/5/95
Date


5/22/95
Gary Banning, Administrator Date
Office of Contracts & Regulations

THIS AMENDMENT HAS BEEN APPROVED AS TO
FORM BY THE OFFICE OF THE ATTORNEY GENERAL.

IN WITNESS WHEREOF, the parties have affixed their signatures in execution thereof.

WASHINGTON MARKETING
GROUP, INC.

STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS


Date 6/20/97


Date 6/2/97
Gary Banning, Administrator
Office of Contracts & Regulations

THIS AMENDMENT HAS BEEN APPROVED AS TO FORM ONLY
BY THE OFFICE OF THE ATTORNEY GENERAL.

AMENDMENT NO. 1 TO CONTRACT AGREEMENT NO. CDCI2761

THIS AMENDMENT is made by the state of Washington, Department of Corrections, hereinafter referred to as "DOC", and Washington Marketing Group, Inc., hereinafter referred to as "Contractor", for the purpose of amending that document entitled Contract Agreement, bearing Contract No. CDCI2761, heretofore entered into between DOC and Contractor.

It is mutually agreed that the above-referenced Agreement is hereby amended as set forth below:

1. SECTION VI, PERIOD OF PERFORMANCE, is amended as follows:

The period of performance of this Contract shall commence on July 1, (~~(1992)~~) 1993 and terminate on June 30, (~~(1993)~~) 1995, unless sooner terminated as provided herein.

This Contract may be extended for like periods or portions thereof by mutual consent of the parties. However, this Contract carries no expressed or implied right of extension after the initial, or extended, contract period(s).

Additions to the text of this Agreement are shown by underline, deletions by (~~strikeout~~).

All other terms and conditions of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have affixed their signatures in execution thereof.

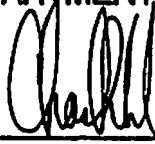
CONTRACTOR



Date

6/14/93

STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS



Chase Riveland
Secretary

6-8-93

Date

THIS AGREEMENT HAS BEEN APPROVED
AS TO FORM BY THE OFFICE OF THE
ATTORNEY GENERAL

CONTRACT AGREEMENT

THIS CONTRACT is entered into between the State of Washington, Department of Corrections, hereinafter referred to as "Department" or "DOC", and Washington Marketing Group, P.O. Box 7179, Bellevue, Washington 98008, hereinafter referred to as "Contractor", for the purpose of providing work training and/or vocational training for offenders of the Washington State Reformatory (WSR), hereinafter referred to as "Institution" or "WSR", and is entered into pursuant to Section 72.09.100 RCW "Free Venture Industries".

I. GENERAL

Contractor shall operate Class I telemarketing and/or data entry service in an area 400 square feet located on the classification floor at "WSR" (hereinafter referred to as "direct marketing room") and in connection therewith shall employ offenders of the Institution, all in accordance with the terms contained herein.

By agreement of the parties, the square footage of the direct marketing room may be increased or decreased depending on the needs of the Department and the Contractor and the number of offenders employed.

II. CONDITIONS OF OCCUPANCY

- A. General: Nothing herein shall be construed as creating either a rental agreement or a lease, and the Contractor shall not have the right to sublet, sublease, assign, transfer, or enter into any other agreement regarding the occupancy herein granted. The occupancy of the industry area shall at all times be consistent with the terms of this Agreement regarding the work authorized and hours.

Contractor and Superintendent, or Superintendent's designee, shall meet quarterly to review contract performance. The parties also agree to nonscheduled meetings within seven (7) days of receipt of a written request of either party.

- B. Premises to be Occupied: The Department shall provide approximately 400 square feet located on the classification floor at WSR.

Contractor acknowledges the Direct Marketing Room is in good and usable condition, specifically that it meets Contractor's electrical,

plumbing and ventilation requirements, and assumes occupancy of same as is.

In the event that the Department requires Contractor to vacate the direct marketing room in order to renovate the area, the Department shall provide Contractor a suitable work site as mutually agreed by the Department and the contractor. The Department shall bear the expense of providing a suitable work site. Contractor and the Department shall share the cost of moving Contractor's operations, including telephone line installation.

- C. Maintenance: The Contractor shall keep the Direct Marketing Room clean, neat and orderly, and shall report any damage to the building structure, interior fixtures, or unsafe conditions to the Institution Superintendent. The Department shall be responsible for the structural maintenance of the building in which the Direct Marketing Room is located.
- D. Utilities: The Department shall provide to the Contractor water, trash removal, electricity and steam directly related to the Contractor's use in the Direct Marketing Room. The Contractor shall reimburse the Department for utilities in accordance with the Utilities Reimbursement Schedule Type B attached hereto as Exhibit B.

The Contractor may, with the prior approval of the Institution Superintendent or designee, install a telephone system in the Direct Marketing Room, which must be secured at all times in accordance with the Institution guidelines. The cost of installing and maintaining such a system will be at the Contractor's sole expense. The Department will be responsible for providing an institutional telephone line.

- E. Materials, Equipment and Storage: The Contractor shall provide all raw materials, machinery, and equipment necessary to produce the products contemplated by the Agreement. The Contractor shall be responsible for the maintenance and safe condition of such machinery and equipment at all times. Should the Contractor wish to use any existing equipment owned by the Department, said equipment and terms for use thereof shall be by written approval of the Superintendent or designee. Title to all equipment shall at all times remain in the respective owners. Contractor shall have the right to remove Contractor owned equipment at

the convenience of the Contractor or upon termination of the agreement. Any equipment owned by the Contractor but not removed within ten days after termination of this agreement shall become the property of the Department.

- F. Liability: All raw materials, personal property, inventory, machinery, equipment, improvements and/or fixtures or other property of any kind or description whatsoever, installed or brought into the industry area by the Contractor or the Contractor's employees or agents, shall be at the Contractor's sole risk and neither the state of Washington, the Department nor any employees or agents thereof, shall be liable for any damage or loss suffered by the business or occupation of the Contractor arising from any acts or occurrence whatsoever, including, but not limited to, fire, malicious mischief, theft, and water damage.
- G. Alterations: The Contractor shall not make, or cause to be made, any alterations or improvements whatsoever to the Direct Marketing Room without the prior written approval of the Institution Superintendent or designee and the Department's Capital Program Facilities' Administrator. Such approval shall not unreasonably be withheld. The cost of such alterations or improvements shall be mutually negotiated between the Superintendent or designee and the Contractor. No third party will be hired to make such alterations or improvements until the Superintendent or designee and the Capital Program Facilities' Administrator have approved such hiring, which approval shall not be unreasonably withheld. Any alterations or improvements made by the Contractor to the Direct Marketing Room or any equipment or fixtures permanently installed in or affixed to the industry area shall become the property of the Department at the termination of this Contract Agreement except for any shelving, brackets, equipment bolted to floor and compressed air. Contractor shall repair any damage caused by the removal of such materials.
- H. Security: The Department shall provide an orientation session, including written documentation, to the Contractor and the Contractor's employees regarding WSR security procedures. Upon completion of the security orientation session, Contractor shall acknowledge receipt of documentation of such procedures and agree in writing to comply with all such procedures. Failure to comply with WSR security procedures is grounds for termination of this Contract Agreement.

The Contractor understands that its deliveries and employees are subject to search before entering or leaving WSR. The Department shall maintain security during the course of the Contractor's workday, at the work site, on a walk through basis and will provide other custody support as determined by the Institution Superintendent or designee.

- I. Deliveries and Pick-ups: All delivery of goods and materials to and pick-up of goods and products of the Contractor shall be conducted in accordance with procedures approved by the Superintendent or designee, which approval shall not be unreasonably withheld and shall take into account Contractor's requirements.
- J. Surrender of Premises: At the termination of this Contract Agreement, the Contractor will surrender the Direct Marketing Room and return same to the Department in the same condition it was received from the Department, normal wear and tear excepted.

III. CONDITIONS OF EMPLOYMENT OF OFFENDERS

- A. General: The Department shall provide referrals through the unit team process to the Contractor who in turn shall interview and hire. The Contractor shall provide written requests for referrals to the Superintendent or designee when Contractor requires applicants for employment. The Contractor will use the Department's job descriptions, as approved for Contractor's operation by the Division of Correctional Industries.

The Contractor shall initially employ a minimum of ten (10) offenders, 3.5 hours per day, as Telemarketing Sales Representatives and/or Data Entry Operators, with the minimum level of employment increasing to twelve (12) offenders, 4.0 hours per day, at the beginning of the second contract year, July 1, 1993. The Contractor will be afforded the necessary hours and days of operations which can be reasonably provided by institutional scheduling.

Offenders will be available for employment from 7:00 am to 4:00 pm, Monday through Friday, less meal time and offender population counts. Should the Contractor desire to change these hours, Contractor must provide written notice to the Superintendent or designee at the earliest possible time, but not later than seven (7) days in advance.

The employment requirements stipulated above shall be measured according to the following definitions and formulas.

Definitions:

Work Days Per Pay Period: Actual number of work days Monday through Friday (excepting State holidays) offenders are available for employment during the pay period. (Varies)

Contract Work Hours: Number of work hours per day offenders are available for employment per the contract agreement. (35) 4.0

Contract Target for Offenders Employed: Number of offenders employed per the contract agreement. (10) 12

Total Hours Worked: Sum of all hours worked by offender employees per pay period, as shown on offender payroll.

Target Hours Per Pay Period: Work Days Per Pay Period x Contract Work Hours x Contract Target for Offenders Employed.

Formula for calculation of minimum employment requirements:

Actual Versus Target Hours:

Total Hours Worked/Target Hours Per Pay Period. Must equal a factor of one (1) or greater.

Adjusted Number Employed:

Total Hours Worked/Work Days Per Pay Period/Contract Work Hours.

- B. **Nondiscrimination:** In connection with the Contractor's hiring of offenders, the Contractor shall adhere to the nondiscrimination provisions of the General Terms and Conditions, attached hereto as Exhibit A and made a part hereof. Contractor shall have the authority to hire and fire employees, but in all events Contractor will comply with the nondiscrimination provisions referred to hereinabove.

- C. On Site Supervision: The Contractor shall provide an on-site supervisor at all times offenders are working in the industry area, and will provide job supervision and job instruction to all offenders hired hereunder. The Contractor shall give safety instructions to all offenders working regarding the Contractor's equipment.

The Contractor shall provide, within two weeks of signature of this Contract Agreement, the Superintendent, the Division of Correctional Industries and each offender employee with a copy of the Contractor's company policies and procedures; and retain in each offender employee's personnel file a form signed by the offender employee stating that the policies and procedures have been received and understood. Each new offender employee shall receive a copy of such policies and procedures upon their first day of work, and shall sign a form to be maintained in their personnel file stating that they have received and understood said policies and procedures.

- D. Wage Schedule: At a minimum, the Contractor will pay employed offenders in accordance with the "Offender Job Description and Announcement" as approved by the Director, Correctional Industries, Department of Corrections. Nothing herein shall be construed as limiting the Contractor's right to pay more.

Wage payments shall be made to the Department as trustee for the individual offender employed and be sent or delivered to the Institution Business Manager. Such payments shall be made at least monthly on a date determined and agreed to in writing by the Superintendent or designee and the Contractor.

The Contractor shall be responsible for all employee taxes and/or benefits required by the State or Federal Government to be paid and/or provided.

Contractor agrees to participate in, and abide by any decisions by, the offender grievance process regarding any wage or employment disputes.

- E. Safety and Insurance: The Contractor shall comply with Washington Dangerous Waste Regulations and be responsible for the cost of disposing of any hazardous waste it may generate. The Contractor shall provide unemployment compensation and industrial insurance for each

offender hired hereunder in accordance with state and federal laws. The Contractor shall comply with Washington Industrial Safety and Health Act standards and permit inspection of the Direct Marketing Room as required. The Contractor shall submit to an inspection when required to verify compliance with these requirements. The Contractor shall comply with all applicable Department of Corrections policies, directives and instructions relating to safety.

- F. Schedule of Work Hours: All work schedules of offenders hired hereunder shall be established by the Superintendent or designee of WSR; Provided, however, such offenders will be available from 7:00 am to 4:00 pm, for a minimum of 3.5 hours, less meal time and offender population counts, each day Monday through Friday. Overtime hours may be arranged with the prior approval of the Superintendent or designee.
- G. Interstate Commerce: The Contractor shall abide by all local, state and federal laws and regulations governing the employment of offenders producing goods for sale in interstate commerce should the Contractor engage in interstate commerce. Contractor assumes the responsibility of informing itself of these laws and regulations. Provided, however, that the Department shall furnish copies of Federal Register Prison Industry Enhancement Certification Guidelines governing employment of offenders engaged in interstate commerce.
- H. Default and Remedies: If the Contractor is found to be in default of any provision(s) of this Contract Agreement, the Department shall promptly notify the Contractor, in writing, of such default, and shall request a written response detailing the Contractor's plan to remedy the default. The Department shall grant Contractor reasonable time to remedy any default, in any event to be not less than five (5) work days.

Should the Contractor fail to remedy any default, the Department may exercise one or more of the following remedies:

- Close designated industry space to all of Contractor's employees and/or institution's offenders.
- Restrict industry area access to specific Contractor employees and/or institution offenders.

- Require mandatory attendance at appropriate training for specified Contractor's employee(s).

The Contractor and or Contractor's employees will be eligible for training in the various State-sponsored training courses on a space available basis. If training is requested by the Contractor, the Contractor will reimburse the Department for any applicable charge back fees. If the Department requires the Contractor, or employees, to attend training, the Department will bear the cost of any applicable charge back fees. Under all circumstances, the Contractor will bear the cost of any associated travel, lodging, per diem or overtime incurred.

- Reduce industry space based on Contractor's actual employment level or operational requirements.
- Correct deficiency and charge back to Contractor.

Contractor shall receive notice prior to the implementation of any of these measures.

These measures shall not be exclusive and are in addition to other rights and remedies provided in law and under this Contract Agreement.

IV. WORK STOPPAGE; LOCKDOWNS; DOWNTIME

- A. General: Neither the state of Washington nor the Department nor their employees or agents shall be liable for any damages to Contractor or any third party growing out of or related to any work stoppage regardless of the reason therefor.
- B. Lockdowns: In the event of a lockdown, the Superintendent will immediately advise the Contractor as to the disposition of Contractor's offender employees. If ordered by the Superintendent, Contractor's offender employees will immediately be returned to their housing units. In the event of an extended lockdown and with the prior approval of the Superintendent, Contractor may place a representative in the Direct Marketing Room, and/or obtain temporary assistance from the community outside WSR.

C. Downtime: The Contractor shall be permitted ten percent (10%) of annual target work hours for downtime. Contractor agrees to notify the Superintendent at least 24 hours in advance of any scheduled downtime, as well as the anticipated length of downtime and a 24 hour notice prior to work commencing.

V. TRAINING

The Contractor and its civilian supervisors will participate in a minimum of five (5) days training at WSR prior to commencing operations in the Direct Marketing Room. This training will be conducted by the WSR staff and will cover those subjects necessary for the Contractor to conduct the operations contemplated herein within WSR in a consistent, secure and effective manner in accordance with the policies and procedures of WSR.

VI. PERIOD OF PERFORMANCE

The period of performance of this Contract shall commence on July 1, 1992 and terminate on June 30, 1993, unless sooner terminated as provided herein.

This Contract may be extended for like periods or portions thereof by mutual consent of the parties. However, this Contract carries no expressed or implied right of extension after the initial, or extended, contract period(s).

VII. TERMINATION

Either party may terminate this Agreement by providing thirty (30) days' written notice to the other party. The notice period shall begin to run on the second day following the postmark thereof or upon the same day which personal delivery is accomplished; Provided, however, this Contract may be terminated immediately by the Department if, in the discretion of the Secretary of the Department, its continuance would jeopardize the safety of WSR.

VIII. HOLD HARMLESS

The Contractor agrees to protect, defend, and hold harmless the state of Washington, the Department, or any employees or agents thereof, from any liability or claims for damage, including injury to the Contractor's employees or agents, except where such liability or claim is due to the sole negligence of the state of Washington, the Department or employees or agents thereof, arising

out of the performance of this Contract.

The Contractor further agrees to protect, defend, and hold harmless the state of Washington, the Department, or any employees or agents thereof, for any product liability claims relating to the products produced under this Contract. The Contractor expressly understands that neither the Department, nor its employees or agents, is a guarantor of the work performed by the WSR offenders hired by the Contractor hereunder.

IX. NOTICE

All notices required to be given by the terms of this Contract, including options, terminations, amendments and disputes, shall be sent to the Department as follows:

Department of Corrections
Office of Contracts and Regulations
P.O. Box 41114
Olympia, Washington 98504-1114
RE: Contract No. CDCI2761

To the Contractor as follows: The following also provides corporate information regarding the Contractor:

Washington Marketing Group, Inc.
P.O. Box 7179
Bellevue, Washington 98008
(206) 643-3626

Wa. Tax Registration Number 601-383-067

Fed. Employer Identification Number 91-155-9037

Principal Owner James C. Paton

Any legal change in Corporate status or Corporate entity shall be considered an assignment under the "Nonassignability" clause, General Terms & Conditions, Exhibit "A", and as such requires the written authorization of the Department.

The Department shall also be notified if there is a change in the name of the

Corporation, or of any of the principal operating officers listed above. Failure to so notify the Department will not relieve previous officers of their contractual obligations with the Department and may be grounds for immediate denial to industry space and/or contract termination.

X. TERMS AND CONDITIONS

Mandatory compliance shall be required of all Department policies and procedures as well as all applicable federal, state and local laws, ordinances and regulations.

All rights and obligations of the parties to this Contract shall be subject to and governed by the "Terms and Conditions" contained in the text of this Contract Agreement and the "General Terms and Conditions", attached hereto as Exhibit "A" and made a part hereof.

XI. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any other parties hereto.

XII. ORDER OF PRECEDENCE

In the event of an inconsistency in this Contract, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:

- A. Those Terms and Conditions as contained in the basic Contract Agreement; and
- B. The General Terms and Conditions, attached hereto and incorporated herein.

XIII. RIGHTS IN DATA


Data entry, survey, software tapes, records of customer contracts and subsequent results shall remain exclusively the property of the Contractor and its assigns and shall not be reproduced by the Department or its agents in any form.

IN WITNESS WHEREOF, the parties have executed this Contract Agreement.

CONTRACTOR

Signed 8/3/92
Date

DEPARTMENT OF CORRECTIONS

 7-30-92
Chase Riveland Date
Secretary

XIII. RIGHTS IN DATA

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IN WITNESS WHEREOF, the parties have executed this Contract Agreement.

CONTRACTOR

James C. Peter 8/3/92
Date

DEPARTMENT OF CORRECTIONS

Chase Riveland 1-30-92
Secretary Date

COST STATEMENT AND COST SHEET

Pursuant to recent changes is RCW 42.17, the Department will now charge the actual cost of providing copies of public record, including applicable postage.

Salary: 2,718.33 median salary per month represents the categories of staff who are most commonly involved in processing public disclosure request throughout the Department.
2,718.33/divided by 174 average hours in a month = 15.62 hourly rate/ divided by 60 minutes = .26 cents per minutes.

Benefits: 706.76 per month/divided by monthly salary 2718.33 = 26% of salary is benefits. .2599 or .26 cents per minute x 26% for benefits = 7 cents per minute. Benefits can range from 26% to 40% of salary. We chose the lower percentage which more accurately reflects the percentage paid for benefits of this salary group.

Costs: .26 cents salary + 07 cents benefits per minute = 33 cents per minute salary and benefits.

Copier/Paper/Envelope Expenses

The following amounts reflect the actual cost the Department is charged for purchasing these items: These cost are added together to come up with a total cost.

Payment for photocopying must be received by the Department before any documents will be sent to the requester and only a Money Order or company check will be accepted as payment, no personal checks or cash.

<u>Description</u>	<u>Cost</u>	<u>Total</u>
The number of pages of documents for either 8 1/2 X 11 or 8 1/2 x 14 paper.	at \$0.01 per page	
	Add	
The number of minutes of salary time.	at \$0.33 per minute	
	Add	
The number of minutes of photocopies cost.	at \$0.01 per minute	= .35 cents per page
	Add	
10 x 13 kraft envelope.	At \$0.08 per envelope one time cost only unless more <u>that one envelope is needed</u>	
	Or	
Plain franked envelope.	At \$0.01 per envelope one time cost only same as above.	
	Add	
Postage	at _____.	
Total costs for request _____		



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS
DIVISION OF CORRECTIONAL INDUSTRIES
PO Box 41115 • Olympia, Washington 98504 • SMU 931-5703

October 21, 1997

James C. Paton, President
Washington Marketing Group
PO Box 547
Monroe, WA 98272

Dear Mr. Paton:

A question has been raised by one of the private sector partners regarding the ability for offenders to have access to the Internet in the course of daily business activities. I have enclosed for your review a copy of Department of Corrections Policy 280.925, Offender Access to Electronic Data, which specifically addresses this issue.

Policy 280.925, Section II C, states that physical security barriers must be in place to ensure that offenders are restricted from accessing the Internet, LAN/WAN (Local Area Networks and Wide Area Networks), dial-in access (modems), E-Mail, and on-line services. Only Civilian staff is allowed to have access to these areas. If these applications are necessary for your operation, please let me know prior to installation so that I can work with appropriate Institution staff to ensure that proper security barriers will be in place.

If you have any questions regarding use of computers by offenders, please give me a call at 360-586-7552.

Sincerely,

Cathy Carlson, Class I Industries Manager
Correctional Industries

Enclosure

OFFICIAL USE ONLY - NOT TO BE REPRODUCED, COPIED, OR DISTRIBUTED

