

IN THE CIRCUIT COURT OF THE EIGHTEENTH JUDICIAL CIRCUIT
IN AND FOR BREVARD COUNTY, FLORIDA

STATE OF FLORIDA,
Plaintiff,

CASE NO: 05-2013-CF-064037-BXXX

vs.

WILLIAM MATTHEW DUPREE,
Defendant.

STATE'S DISCLOSURE OF DEFENDANT'S AND CO-DEFENDANTS' STATEMENTS

COMES NOW the State of Florida, by and through the undersigned Assistant State Attorney, pursuant to Rule 3.220 (b)(1)(C) and (D), Fla.RCrim.P., and hereby discloses the substance of the following oral statements made by the Defendant and Co-Defendants as supplements to the written, recorded, and oral statements of the Defendant and Co-Defendants that are contained in documents, statements, reports, and recordings provided in discovery:

Oral statements to or in the presence of Nicholas Geaney:

- Matt Dupree introduced Geaney and Rose Harr to Mitch Needelman who was hosting a meeting of the Florida Clerks of Court Operation Corp. at the Yellow Dog Café.
- Needelman spoke to Geaney at that time about scanning stating that he'd heard from Dupree about what they [BlueWare] did and he had a gymnasium full of court records that he thought they would be able to scan. Needelman stated to Geaney that he had a "load" of records that needed to be scanned and asked if Geaney was interested.
- Needelman also commented to Geaney that: "Anything more than three syllables technologically, [I] don't understand and [I] don't really know."
- Needelman introduced Geaney to Clerk of Courts employee, Sean Campbell, and instructed Campbell to arrange for Blueware to see the gymnasium where the records were housed.
- Dupree invited Geaney and his wife, Kelly, to Needelman's home.
- Present at Needelman's home were Geaney, Mitch Needelman, and Matt Dupree who sat together at a table for the following conversation:
 - Needelman stated: 'I understand that you, you know, wanna [sic] make sure that this contract is real and, uh, you -- you understand how this is gonna [sic] work.'
 - Dupree stated: 'Basically, what will happen is that -- that, um, we'll make sure the contract works. Um, Mitch is gonna need help with his campaign. So we're gonna [sic] need some money back.'
 - The men discussed that the campaign was expensive to run and they went on about mailing and videos and polling and social networks and Dupree was justifying their case.



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- Dupree and Needelman told Geaney not to worry about the procurement of the scanning contract.
 - Needelman said "we'll make the contract work; the campaign is expensive to run."
- During that meeting, Needelman talked about his competitor and that they had to get a write-in opponent to close the primary.
- Dupree and Needelman discussed that it would've been so expensive to fight it in the "open domain" [general election] that he would have to get the write in to fight it in the Republican race [primary election].
- During this conversation, Needelman would throw in slurs about Ellis every few sentences, stating he's a "lunatic" and a "liar" and he resigned his last post and shouldn't stand again.
- Geaney called Rose Harr the next morning advising her of the demands for money to be paid to Dupree for Needelman's campaign in exchange for entering the contract. Harr told Geaney that it was obvious that is the way they do business down here and to pay the man.

- Regarding the \$10,000 invoice for the "IT Audit" Needelman asked Dupree "Where are we at?" and Geaney told Dupree: "That's the last freebie you get."
- Dupree told Geaney he wanted to do a \$10,000 invoice for the IT Audit and the Clerk would pay it to BlueWare that day and "we want you to send it straight back."
- Dupree told Geaney the money disbursed was for Needelman's mailing.
- When Geaney advised Rose Harr of the request for \$10,000 Harr responded that it was a test to see that BlueWare would pay Needelman and Dupree to get the scanning contract. Harr also advised she can get Deena to do an invoice and Harr agreed to send all the money to Dupree.

- Prior to the scanning contract, BlueWare and the Clerk through Dupree contracted for an IT contract in the amount of \$100,000 after Rose Harr told Dupree and Needelman "we can take over the IT Department."
- Geaney put the contract together to last six weeks and it would cost \$70,000, but Dupree said that Needelman needed more money and wanted \$30,000 of it, so it actually ended up \$100,000.
- At the meeting regarding the Cost Containment contract and the IT Contract, Geaney, McDaniel, Cook, Lavonda Rose, Rose Harr, and Needelman were present.
- Needelman admits knowing the money is being sent back.
- Needelman was openly uncomfortable and agitated in the room about signing the IT contract.
- Needelman asked Mark Cook if it was under an FDLE investigation whether he could hold that request. He said: "this is gonna take about a week to put in a records request,

by which time, could we say that we're investigating it and it's for potential criminal activity and not declare it?"

- Rose Harr directed Lavonda Rose to wire \$30,000 to Matt Dupree. Present during this conversation were Needelman and Mike McDaniel.
- Geaney was put under pressure from Harr to find a way to make payments toward a line of credit and mortgage that were past due with Citizens Bank in Michigan for \$158,000. Harr's expression to Geaney as to how to handle situations like this was that she was not getting in the weeds, so Geaney was to deal with it. Geaney's solution was creating an addendum to the IT contract for \$150,000 with the Clerk's office. Harr had Deena write three invoices totaling \$150,000 that were approved for payment by Needelman. Later Harr expressed to Geaney that she was a little bit disappointed as she still had to put \$8,000 of her own money up to cover the past due monies.
- Geaney and Dupree discussed procuring the scanning contract several times and about how it could be done.
- Dupree, Needelman, and McDaniel all met at times about the ITN and how to format it and what information to include. Geaney states all three knew BlueWare was putting the ITN together, because they were struggling to do it without having the intellectual information to provide.
- Needelman told Dupree to get it sorted, so he brought in Garrett Parmenter who worked with a BlueWare employee named Matt Rath to put the ITN together.
- From the initial meetings, Geaney states Needelman gave assurances that BlueWare would receive the contract.
- Needelman was going to announce BlueWare as the winning bid on the Friday after the ITN was published because they didn't think anybody else would make a response.
- However, with the two other companies putting a response in, Needelman stated they would have an "exercise" in case he got checked on and set up a meeting with BlueWare to discuss when they were chosen as vendor of choice.
- Needelman told Geaney the Tuesday before the meeting that there would be a meeting with a selection committee and he wanted to keep certain people out of it. "Anybody that have been involved in it." Needelman stated the team he put together wouldn't understand the ITN and assured BlueWare they would get the contract.
- When the bidders submitted questions on the ITN, Harr instructed Geaney to respond to McDaniel at the Clerk's office and answer the other vendor's questions.
- Needelman told Geaney that he needed to ensure that the [scanning] contract looked as if it had been a fair process, so he called Geaney and Harr into a meeting on May 17, 2012, regarding how BlueWare was going to deliver the services. Geaney was advised at the end of the meeting that BlueGem was awarded the scanning contract.

- On May 23, 2012, Harr showed up at a meeting Geaney was having with McDaniel, Cook, and Longacre. Harr had two invoices, one for \$300,000 and the other for \$210,000. Geaney told Harr that he did not think the Clerk was going to pay this today. Harr explained that they had no payroll and staff had not been paid in two weeks.
- Dupree called Geaney to state that "Needelman won't sign it because of the political – he's just got complete cold feet; he won't sign it." Dupree then stated "the contracts will go ahead. He won't sign it until August."
- Dupree stated Needelman wouldn't sign the contract due to the clause about terminating redaction employees and he didn't want that.
- Needelman would call Dupree many times in Geaney's presence and ask advice about what he should and should not be doing.
- Dupree asked Needelman in Geaney's presence whether they needed to do another mailing and stated they needed finances and money to make that happen.
- Dupree stated that it's around \$4,000.00 to do a mailing and maybe "we can come up with something a bit better than that."
- Geaney asked Dupree "What's he doing?" and Dupree responded that "it's now getting expensive... they've got \$2,000 in social media, they've got some more mailing to do..."
- Geaney and Dupree discussed what the \$9,000 payment was for and he stated it was for a video campaign. He stated the last six weeks is where it needed to be intense.
- Needelman talked about the cost of the campaign during meetings and then outside the meetings, Dupree would say: "That's where it needs to go, this is where it needs to go... This is where it needs to be."
- Both Needelman and Dupree talked about the expenses of the campaign and out of the largest payment, there was going to be a TV ad costing in the \$20,000's and mailings at \$4,000 a shot and paying a media group \$2,000 a month to run the social media campaign.
- Geaney had discussions with Harr about becoming an independent contractor for BlueWare; setting up his own organization called Blue360; and wanting to know where he stood with Harr as she had only provided some of the financial incentives she had promised. Harr indicated that she would work it out.

Oral statements to or in the presence of Sean Campbell:

- First met Harr and Geaney at the Yellow Dog Café. Needelman initially had him involved, but as time went on he learned from Needelman that BlueWare employees were in the Clerk's office and doing things for the office.
- Needelman asked him to attempt to obtain a sample ITN contract, but had no involvement in the ITN once a sample was located and forwarded to Needelman.
- After the scanning contract was entered, Campbell participated in a phone call with IBM, Clerk's Attorney Longacre, and Rose Harr where Harr was attempting to convince IBM to loan money against the scanning contract where the Clerk's Office would secure the loan.
- After the phone call Campbell told Needelman about the phone call with IBM and what Rose Harr was attempting to accomplish. Needelman advised Campbell that there was no way he would ever secure such a loan.

Oral statements to or in the presence of Michael McDaniel:

- Needelman interviewed him for position as Finance Director with Dupree present.
- First met Geaney and Harr in March 2012. Conversation at that time was about a Cost Containment Contract and for an IT audit.
- Became involved in conversation about scanning in April 2012, with Geaney and Harr.
- Needelman instructed him to use Campbell and Needelman's personal e-mail accounts as there was some information that Needelman did not want to become public. At the direction of Needelman, Campbell would copy documents at home and bring them in to the office and would use his personal e-mail and home computer to communicate with BlueWare.
- McDaniel questioned Needelman about the short time period for responses from bidders on the ITN, wherein Needelman replied that he wanted to identify a company that was willing and able to provide a quality response in a short period of time.
- When the ITN was advertised and bidders submitted questions, McDaniel asked Needelman what to do with the questions. Needelman directed McDaniel to take the questions for Geaney for answers.

- Needelman stated several times that he was going to empty out the old gym and make it into a basketball court for employees.
- When the \$500,000 prepayment on the scanning contract was approved Needelman instructed McDaniel that the dealings with BlueWare did not need to go any further than McDaniel, Longacre, Cook, and Needelman.
- Needelman advised McDaniel that if he had work related e-mails on his personal computer that he should get rid to them.

Oral statements to or in the presence of Garrett Pomichter:

- Dupree told him about the Clerk's office wanting to do an ITN for scanning.
- Dupree stated that he had introduced BlueWare executives Geaney and Harr to Needelman because the two had some compatible interests in regard to scanning.
- Dupree advised that Needelman was not comfortable with utilizing his role as the Clerk to "sole source" the contract, but would rather advertise the scanning contract utilizing an ITN.
- Dupree provided Pomichter a sample ITN and Pomichter worked with BlueWare employees and Dupree was in contact with Needelman during the entire process.

Oral statements to or in the presence of David Eggli:

- Eggli traveled to England with Geaney and Harr to tour a scanning facility. Geaney and Harr both expressed interest in figuring out how a scanning facility worked. Rose also explained her concept of creating 4 or 5 companies that would do different types of business that individuals would run for her and the money would be funneled back to her as owner.
- On May 31, 2012, Harr requested Eggli come to Florida to work on the cost containment contract to keep the Clerk's office happy regarding the other contracts BlueWare had with the Clerk so that the Clerk would be comfortable in finalizing the scanning contract. Rose had Eggli call Dupree who explained the contracts, what needed to be done, who involved, and who to contact.

- On the evening of June 28, 2012, Eggli had numerous communications with Harr who was at her attorney Susan Smith's office about different provisions of the scanning contract as they worked to finalize the wording with Needelman who Harr indicated was also at Smith's office with his attorney.
- Eggli heard Needelman on the radio on June 29, 2012, explaining that the scanning contract did not exist and it had not been awarded.
- Harr agreed that BlueGem did not have anyone with knowledge and experience to set up the scanning contract and that hiring someone from the scanning company they toured in England with that knowledge might be a good idea.
- Geaney and Harr routinely had discussions in the presence of Eggli about campaign contributions; attending campaign functions; and to do business in Florida you had to pay politicians.

Oral statements to or in the presence of Robert Baldwin:

- First met Needelman and Longacre on June 28, 2012 at attorney Susan Smith's office where Baldwin accompanied Harr to finalize scanning contract with Needelman. During the meeting Baldwin asked Harr about the \$500,000 due at signing and Harr advised that it had already been paid.
- Harr instructed him to contact document scanning companies for the purpose of possibly subcontracting the scanning services with the Clerk.
- Harr became insistent that BlueGem begin scanning even though there was no scanning equipment. Harr also became irate that the Clerk was not set up to begin receiving scanned images from BlueWare as the software changes were not completed. Harr wanted to force the Clerk to use her software when there was no way that it would work, claiming that BlueWare was the Clerk's IT people.
- Baldwin confronted Harr about BlueWare's finances being behind on payroll and taxes. Harr responded that he was to focus on operations and she would focus on finances.
- Harr's plan for BlueGem was to seek other government scanning contracts in other government agencies. Dupree told Baldwin that he told Harr it will never be as easy as it was in Brevard County.

- Harr asked Baldwin to use the contract with the Clerk's office to factor for a financing of IBM equipment. Baldwin told Harr that the Clerk's contract was not a receivable that could be factored. Harr replied that if Baldwin would not do it, she would have Dupree do it. Baldwin said that would be fraud. Harr responded that it would just be a problem for IBM to resolve.

Oral statements to or in the presence of Carol Brancato:

- Harr treated Brancato as a "public whipping dog" for problems BlueGem was having, frequently humiliating her in front of other people.
- Harr stated she wanted to show 1.5 million pages scanned by the end of year regardless of value of the scanned documents. Harr laughed stating that at the end of day it made no difference as there were no performance standards under the scanning contract. Harr also claimed that the longer she waited to scan documents the more documents would be subject to destruction and would not need to be scanned.
- Harr explained her brainstorming concerning a contract with IBM as replacing the Clerk's computers with IBM and put her Best Bond software on the computers.
- Harr explained Dupree was at BlueWare to get Needelman to sign the IBM contract so that Harr could cash out the contract with the Clerk.
- Harr's stated that they will never find the money or her.
- Brancato questioned Dupree why the scanning contract was for 8.5 million when other companies would do the scanning for less, and Dupree just laughed.
- Brancato questioned Harr why the scanning contract was for 8.5 million when other companies would do the scanning for less, and Harr claimed it was based upon BlueWare's experience.

Oral statements to or in the presence of Cindy Rabe:

- Needelman advised that he was bringing BlueWare in for a five year plan with the Clerk's office.
- Needelman gave BlueWare full access to the Clerk's server room and building access.

Oral statements to or in the presence of Inspector Mark Mitchell:

- Needelman advised that he was aware of the complaint made to FDLE alleging misconduct by Needelman regarding the scanning and outsourcing contracts and stated that the allegations were all politically motivated.
- Needelman advised that the contract with BlueGem had been negotiated by Longacre and that the vendors who bid on the project were each evaluated on a 10 point score sheet. Needelman further stated that BlueGem far outsourced the other vendors and that is why BlueGem was awarded the contract.
- Needelman advised that he did not have any previous business or personal relationships with anyone at BlueGem. Needelman then explained that his friend William Matthew Dupree may have previously had a business relationship with BlueGem, but that he was not sure.
- Needelman acknowledged that Dupree and he were friends and previous partners in the lobbying firm Eligere Strategies.

Oral statements to or in the presence of Inspector Mark Mitchell, Special Agent Jason Kriegsman, and Harr's attorney Susan Smith:

- Harr advised that in early 2012, she moved the headquarters of BlueGem from Cadillac, Michigan to Melbourne, Florida. At that time she retained the services of Smith to assist in the transition of the corporation from Michigan to Florida. Harr stated that in addition to BlueGem, she served as CEO and President of BlueWare and RoseWare, companies that provide data management service.
- Harr advised that prior to moving to Florida, she requested economic incentive funds from Florida, Tennessee, North Carolina, California and Massachusetts, but a package presented by the State of Florida, City of Melbourne and Brevard County was the most attractive. Harr stated that the package was worth approximately \$4.5 million and that BlueGem would be required to employ one hundred and ninety employees with an average salary of \$69,000 within four years.
- Harr stated that shortly after moving to Florida, someone in her office (whom she could not identify) received a telephone call from a representative of the Brevard County Clerk of Courts to advise that the Clerk had needs that could possibly be served by BlueGem. Harr stated that BlueGem COO Nicholas Geaney met with members of the Clerk's office and obtained a \$150,000 contract to conduct an audit/inventory of the Clerk's computer

systems and servers. Harr stated that she had no involvement with the negotiations for this contract and that Geaney was the BlueGem point of contact.

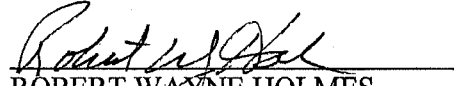
- Harr advised that she first met Needelman at the Yellow Dog Café when BlueGem lobbyist Matt Dupree introduced him to her and Geaney. Harr explained that she was introduced to Dupree by Brevard County Real Estate Broker David Olmer, who recommended BlueGem hire Dupree to assist in obtaining economic development funds. Harr stated that she agreed to pay Dupree \$5,000 per month for his services. Harr advised that Dupree initially arranged a meeting between Harr and Brevard County Commissioner Mary Bolin and Melbourne City Commissioner Mark LaRusso, which helped BlueGem obtain the \$4.5 million incentive funds.
- Harr acknowledged that occasionally her business account balance would not be sufficient to pay Dupree, so she would wait a month and pay Dupree double and that additional payments or bonuses may have been paid in addition to the \$5,000 per month. Harr advised that there was no written contract with Dupree and that approximately two weeks prior Dupree had been hired as a salesman and was compensated on salary plus commission basis.
- Harr advised that she did not recall when she first learned that the Clerk had records that needed scanning. When asked if Harr was aware that the Clerk was looking for a company to scan archived records prior to the Clerk's advertising the Invitation to Negotiate (ITN), she responded that she was not. Harr stated that after the ITN was advertised, BlueGem employees Deena Brigham, Elaine Sladek and Matt Raab worked together to complete the response. When asked if it was difficult to complete the ITN response in only the six days from advertisement to due date, Harr stated that it was difficult, but the BlueGem staff worked very hard to complete it. Harr advised she did not recall how she learned BlueGem had been awarded the contract.
- Harr acknowledged that the Clerk's staff frequently used personal email accounts to communicate with BlueGem staff, but did not know why.
- Harr was asked to look at a BlueGem invoice dated March 20, 2012 to the Clerk for the amount of \$10,000 and a money transfer receipt from the Clerk dated March 22, 2012 in the amount of \$10,000, to which Harr stated that the logo on the invoice did not appear to be authentic and questioned its legitimacy. When advised the documents had come from the Clerk, Harr advised that she would research the invoice and determine its legitimacy and advise what work had been performed.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by
E-MAIL to FRITZ SCHELLER, ESQ., ATTORNEY FOR DEFENDANT, at
FSCHELLER@FLUSALAW.COM, this 7th day of November, 2013.

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