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Hewlett-Packard seeks loan repayment

BlueGEM, CEO Harr added to lawsuit over \$6.1 million deal with Needelman's office

Nov. 26, 2013 | Comments



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Former Brevard Clerk of Courts arrested



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Written by Dave Berman FLORIDA TODAY

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The Melbourne technology company that was implicated in a political scandal involving former Brevard County Clerk of Courts Mitch Needelman faces more legal trouble.

Hewlett-Packard Financial Services Co. has added BlueGEM LLC and its chief executive officer, Rose Harr, to the defendants on a

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lawsuit seeking repayment of a \$6.1 million loan.

Needelman's office took out that loan in October 2012 to pay BlueGEM in advance to electronically scan decades worth of court documents.

Needelman, Harr and Needelman associate Matt Dupree all were charged in August with multiple felony counts related to the document-scanning contract in a case alleging Needelman steered the contract to BlueGEM and its parent company, BlueWare, in return for illegal contributions to his 2012 re-election campaign.

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Needelman's successor, Scott Ellis, who took office in January, has refused to make the \$110,776 monthly payments to Hewlett-Packard, contending the loan was illegal and unenforceable. The payments were supposed to stretch over five years.

Hewlett-Packard sued the clerk of courts office in July. On Friday, H-P asked a U.S. District Court judge for permission to add Harr, BlueGEM and a Merritt Island law firm that represented the clerk of courts office as defendants. The judge approved the change Monday.

H-P wanted to add Harr and BlueGEM to the suit, alleging "fraudulent inducement" because of "the possibility of illegal conduct by Needelman and Harr that induced the transaction."

Hewlett-Packard alleges the law firm Caruso, Swerbilow & Camerota was guilty of professional malpractice, negligent misrepresentation and breach of fiduciary duty.

H-P claims to be owed about \$6 million in principal, plus interest and late charges. It also seeks attorney fees and other costs.

H-P's amended complaint alleges that BlueGEM, acting though Harr, "obtained its contract with the clerk by using illegal means to influence the clerk, including bribery; was not capable of completing the digital imaging tasks required by the contract with the clerk; and intended to use the funds obtained from Hewlett-Packard Financial Services to make illicit payments to the clerk and to pay other unrelated debts owed by BlueGEM to other creditors."

Had H-P known in advance, it would not have proceeded with the promissory note deal, it alleges in legal documents.

In a written statement to FLORIDA TODAY, Harr said: "BlueGEM is



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ready, willing and able to complete this contract. Please stop all the litigation, and let us get to work.”

H-P alleges the Caruso law firm “failed to exercise its duty to use the skill and care of a reasonably competent attorney in issuing the legal opinions included in the opinion letters” necessary for the promissory note to be issued.

The law firm’s president and senior partner, Joe Teague Caruso, could not be reached for comment Monday.

FLORIDA TODAY staff writer Rick Neale contributed to this report.

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