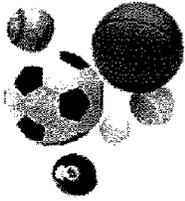


Statement of Scot K. Chang

On April 10, 2007, Scot K. Chang, employee of Bureau of Conveyances (BOC), Department of Land and Natural Resources (DLNR), State of Hawaii (SOH) was contacted by Hilton J. Lui. Upon contact Chang provided to Lui documents which included his email to Masuda, et al, Masuda's email to Chang and a letter by Nani Lindsey of the Lange Group to Masuda dated 4/10/2007 at 1:21 PM. Documents are herewith attached.

200435



Scot K
Chang/DLNR/StateHiUS
04/10/2007 10:58 AM

To Robert K Masuda/DLNR/StateHiUS@StateHiUS
cc Bob Awana/Gov/StateHiUS@StateHiUS, Dennis T
Ihara/DLNR/StateHiUS@StateHiUS, Linda
Lingle/Gov/StateHiUS@StateHiUS, Marie C
bcc

Subject Re: Unethical Practices in the MICRO-FILM / SCANNING
section, DLNR, BOC

History:

This message has been replied to and forwarded.

Thank you Mr Bob!

Also, I will offer my knowledge and experiences when I was working at Title Guaranty and Island Title prior to my arrival here at the Bureau.

I will anxiously wait for that meeting!

THANK YOU for your quick response.
Robert K Masuda/DLNR/StateHiUS

Robert K
Masuda/DLNR/StateHiUS
04/10/2007 10:45 AM

To Scot K Chang/DLNR/StateHiUS@StateHiUS
cc Bob Awana/Gov/StateHiUS@StateHiUS, Dennis T
Ihara/DLNR/StateHiUS@StateHiUS, Linda
Lingle/Gov/StateHiUS@StateHiUS, Marie C
Laderta/DHRD/StateHiUS@StateHiUS, Peter T
Young/DLNR/StateHiUS@StateHiUS
Subject Re: Unethical Practices in the MICRO-FILM / SCANNING
section, DLNR, BOC

Scot:

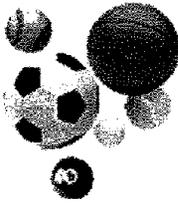
This is a very serious charge that you are making. I would like for you to help me understand the system so that there is no confusion or disinformation on what is going on! I will call you shortly to meet on this issue, first I'd like to arrange for an impartial computer professional to accompany me so we can assure with the facts what is actually going on with the part of the Bureau system to which you refer. I have been told by the Lange Group that they are not involved with Title Guaranty, which is in direct conflict with what you are saying. We need to determine what is fact and what is fiction, so let us work together to dispassionately review the system and determine the problem and source.

Sincerely,
Bob

Robert K. Masuda, Deputy Director
Dept. of Land & Natural Resources
Kalanimoku Bldg., 1151 Punchbowl St.
Honolulu, Hawai'i 96813
ph: (808) 587-0400
fax: (808) 587-0390
email: R.K.Masuda@hawaii.gov

200436

Scot K Chang/DLNR/StateHiUS



Scot K
Chang/DLNR/StateHiUS
04/10/2007 10:19 AM

To Robert K Masuda/DLNR/StateHiUS@StateHiUS, Dennis T
Ihara/DLNR/StateHiUS@StateHiUS
cc Bob Awana/Gov/StateHiUS@StateHiUS, Marie C
Laderta/DHRD/StateHiUS@StateHiUS, Linda
Lingle/Gov/StateHiUS@StateHiUS, Peter T
Young/DLNR/StateHiUS@StateHiUS
Subject Unethical Practices in the MICRO-FILM / SCANNING
section, DLNR, BOC

Aloha All,

As of Wednesday, April 4, 2007, the Bureau of Conveyances has been unable to serve the Public. Valerie Germano, the Microfilm Section Supervisor has been informed by our contracted computer service provided (Lange Group) that her ability to scan and package recorded documents for the public reference viewing room has halted indefinitely. There appears to be a tremendous amount of back log in the system. The back-log was caused by Valerie's re-scanning of corrected documents. These documents when re-scanned are automatically re-posted back into our system. However, Iris from the Lange Group had asked Valerie to stop doing this procedure because, "TITLE GUARANTY is unable to retrieve those re-scanned documents". First, Lange Group should NOT ALLOW Title Guaranty to access our records. Like the Public, Title Guaranty should receive the records in accordance with the general public. It appears that Title Guaranty wants to obtain documents prior to it being posted by the State. Title Guaranty already is filtering daily recorded documents in the State of Hawaii. There is a computer monitor physically located on the premises that leeches itself to our scanning system. However, it is the re-scans that Title Guaranty is unable to retrieve, therefore must go through our repository (Lang Group) to retrieve them. Thus, as of right now, the re-scans are halted because Iris, from the Lange Group is manually retrieving every single document that has been re-scanned and inserting it into Title Guaranty's database, while we wait. All this at the expense of the Hawaii State Tax Payers.

This computer monitor owned by Title Guaranty and is in our office, has been brought up many of times through the proper chains of command within DLNR, however up to date, nothing has been done. As a result, we are now governed by a Title Company.

My understanding is that of all other bids, Carl Watanabe, Registra, selected the Lange Group to service the Bureau of Conveyances.

Thank you for caring,

Scot Chang
HGEA, Steward, BU 3

200437

04/10/2007 01:21 PM

Bob,

Thank you for letting me share and provide input to this subject.

In reviewing the email forwarded to me originated from Scot Chang re Microfilm workflow and TG, I would like to correct a misconception that has come up by him before. Let me reiterate that The Lange Group is in no way affiliated with, or has ever been affiliated with (including client relationships) with Title Guaranty. Furthermore, we are software and maintenance consultants to the BOC and our primary responsibility is to the success of the BOC. We are passionate about this. Our goal is to help the BOC, and have worked with many 3rd parties (such as TG) who offer products and services that benefit the BOC, at the request and approval of the BOC.

Regarding the Rescan of Images:

Alfred from DataTrace, one of the paid subscribers noticed that a document that was rescanned did not appear in the FTP of nightly images. Iris researched the workflow and found that for this RESCANED document (i.e. image correction), if the Scanners "package" (prepare the newly scanned & rescanned documents into microfilm roll files) the same day, it is removed from the directory that the FTP program looks at to copy it to the FTP PC (Scot calls it TG's proprietary PC) which paid subscribers pickup images from that night. She advised Valerie (Scanner Supervisor) about the issue. Valerie mentioned that they normally hold re-scan documents till they can make a batch of 25 documents and will package the next day. This by all means does not hold up scanning or change the way they rescan documents. Only the way they roll out to microfilm. Images that are scanned, including re-scans are available to the BOC workflow almost immediately, by the Kofax Release PC (in the back room), not by the FTP PC. Holding the "packaging" of microfilm rolls should in no way affect the scanning and indexing of documents workflow.

Regarding the FTP PC:

Although TG was generous enough to provide (I believe they donated) the PC and wrote the FTP program that reads the BOC's Microfilm PC nightly and copies daily scanned images to the FTP Image PC, this PC is shared by paid subscribers who have paid BOC for what is known as "unaudited" images (prior to Indexing & LCATS review). These images are from the daily scans, and the immediateness helps the Title & related industries (attorneys etc.) obtain documents in a timely manner. Neither TG nor The Lange Group control who accesses these images. It is controlled through written procedures by BOC to DLNR-DPO. Alan Smith from DPO can provide a list of paid subscribers who are allowed to access the FTP Image PC. BOC Cashiers can provide a list of the paid subscribers and the amounts they pay.

I hope to answer any other questions you or the BOC staff may have in our conference at 2:00pm today.

Thank you,
Nani Lindsey
The Lange Group

200438