

Diebold's Sales Pitch to NC County Election Directors
What Diebold Didn't Want People to Know
Before Diebold Fled the State
Diebold eventually went bankrupt

What Diebold Election Systems doesn't want you to know:

Diebold says - buy Diebold because they are made in North Carolina. Would you buy a Yugo if it was made in NC? Or a pinto runabout with an exploding gas-tank?

What they don't tell you is:

- Repairs are performed in Texas
- Ballots are programmed in Nebraska.
- Ballot printing - see your local (in-state) printers handle this.
- Technical help - that will be \$1,000.00 per day, plus expenses unless you have that included in your contract.
- New touchscreen ballot is on a narrow reel, violates secrecy of ballot, difficult to recount.
- Diebold's paper ballot cannot be verified by the disabled.

Problems with new Diebold touchscreen with paper ballot: July 2005. 10-20% failure rate in California for new Diebold Touchscreens with ballot on reel printer. 'The original report of the testing was under-reported. Now they are reporting nearly 20% failure rate and changing the emphasis from the printer to "crashes". 19 machines had 21 blue screen crashes with error messages. 10 machines had 11 printer jams. One third of the machines had a problem. That's on a total of 96 machines tested.

http://www.insidebayarea.com/argus/localnews/ci_2909663

28 page list of "Diebold in the national news"

<http://www.votersunite.org/info/Dieboldinthenews.pdf>

Diebold problems in North Carolina:

November 2004. Gaston County hired a Diebold Technician to provide technical support, including uploading voting results. Even then over 13,200 votes were not counted. <http://www.votersunite.org/article.asp?id=3861>

Documents surface in NC with Diebold and Gaston Co.

This document (from Joyce McCloy of NCVV) is fascinating.

<https://josephhall.org/nqb2/media/GastonDiebold2004.pdf>

It is an exchange between an attorney at Diebold Election Systems, Inc. (DESI) and the general counsel for the North Carolina State Board of Elections. It mostly centers around a few incidents that occurred in Gaston Co., NC. It is a great illustration of a number of worrying characteristics of the vendor/jurisdiction relationship typical of modern election systems.

- **There was a problem with 11,945 votes from Dallas.**
- **NC DESI's accounting is just as bad as its math,** they overbilled Gaston Co. around \$10,000 in expenses
- <http://josephhall.org/nqb2/index.php/2005/10/03/p691#more691>

Diebold billed Gaston County a total of \$81,561.28 from January 1, 2004 through December 31, 2004:

- \$35,850.00 in annual fees including extended warranty and license for hardware and software
- \$31,000 for onsite labor for one, July and November

- \$8,512.15 for travel for DESI representatives
- \$4,098.88 for ballot programming charges
- \$2,100.25 for taxes, supplies and shipping and handling

2000-2004. According to Don Wright, General Counsel for the NC State Board of Elections: "Since 2000, **four counties have had problems with using Diebold memory cards with the Diebold Accu-Vote Optical Scan system.** Sometimes a card fails to download data from the tabulator. When that happens, the system states a failure to download, and a different memory card is used. No data is lost, it is just not downloaded, and another download must be performed. New memory cards do not seem to have this problem. Memory cards that failure to pick up the data, so another card must be used have been experienced in Columbus, Richmond, Anson, and Harnett counties."

Homeland Security Threat --Backdoor in central tabulator - these NC Counties have the GEMS 1.17.17 listed as medium Homeland Security Threat: Edgecombe, Gaston and Rowan
<http://www.us-cert.gov/cas/bulletins/SB04-252.html#diebold>

Internal Diebold memo describes someone named "Jane" doing an "endrun" around the database in Gaston County: :

<http://scdc.sccs.swarthmore.edu/diebold/lists/support,w3archive/200110/msg00122.html>

Truth about Diebold claims of low undervote rate - Diebold defines "undervote" differently than norm

- Using Diebold's definition, a race for President would never have undervotes.
- The normal definition of an undervote is a race for which no vote is cast.
- Diebold uses a different definition, which allows their undervote rate to be much lower.
- When Diebold counts undervotes, they only count races in which voters can select multiple candidates to fill multiple offices, and then only if the voter failed to select the maximum number of candidates allowed.
- Diebold refers to an unrecorded choice in such a race as a "blank vote" -- not an "undervote."

So if someone claims that DREs have fewer "undervotes" than other systems, this may mean nothing. What should be asked is whether they mean "undervotes" or "blank votes", since the terminology may not be standard.

Diebold is struggling with bad financial news, management problems, lawsuits and image issues

FINANCIAL AND MANAGEMENT ISSUES -

Financial - September 22, 2005. Diebold Shares Drop for Second-Straight Day on Earnings Worries, Executive Resignations.

Diebold Inc. shares suffered another beating Thursday as investors fled the stock after the company announced its president and chief operating officer quit and that earnings would fall sharply below projections...

"While the CEO is attempting to respond to the earnings issue and we recognize that the stock has declined, we do not have the confidence that these matters are going to be resolved quickly," said Jefferies & Co. analyst Yvonne "The company cited global manufacturing and supply chain inefficiencies. We expect the company will announce additional restructuring."

http://biz.yahoo.com/ap/050922/diebold_mover.html?v=1

Management -September 21, 2005. CEO walking the plank?" Eric Evans, formerly the president and chief operating officer, has quit and the CEO has assumed his duties. Frankly, I have no idea whether he's being made to take the blame for the poor performance or whether he's escaping what he believes is a bad situation.."

There's no way I'm touching this stock. Earnings quality is suspect, there has been a parade of excuses that predates my time at The Motley Fool, and the company frankly just isn't getting the job done...

<http://biz.yahoo.com/fool/050921/112732240514.html?v=1>

Sept 21, Diebold announces 52 week stock low, blames on Katrina:

<http://biz.yahoo.com/prnews/050921/clw017.html?v=29>

SECURITY ISSUES - Sept 15, 2005 Bloggers revealed that 2 versions of Diebold GEMS were listed as a homeland security threat prior to the November 2004 election. That "Cyber Security Bulletin", little-noticed by the media, and apparently wholly ignored by Diebold when it was originally posted in late August of 2004 is still available on the US-CERT website -

It warns of an "undocumented backdoor" in Diebold's GEM Central Tabulator software used with its electronic

voting machine systems. The security vulnerability could allow a local or remote user to modify vote tallies

stored in the system according to the warning and corroborated by several different sources."

These NC Counties have the GEMS 1.17.17 that has the backdoor: Edgecombe, Gaston and Rowan. Alert at

<http://www.us-cert.gov/cas/bulletins/SB04-252.html#diebold>

IMAGE ISSUES

08/20/2005 Diebold hires top Democrat for national PR blitz. Diebold can't sell its newest touchscreen voting machine, the AccuVote TSx in California, and counties that bought thousands of the machines in 2003 can't use them in elections. More than \$30 million worth of TSx machines sit in three counties' warehouses, unapproved for actual voting. More than \$15 million worth of earlier-generation Diebold touchscreens in Alameda, Los Angeles and Plumas counties cannot be used after January

http://www.wheresthepaper.org/InsideBayArea08_20DieboldHiresTopDemForPRBlitz.htm

LAWSUITS

11/10/2004. Diebold agreed Wednesday to pay \$2.6 million to settle a lawsuit filed by California alleging that the electronic voting machine company sold the state and several counties shoddy voting equipment. <http://www.wired.com/news/evote/0,2645,65674,00.html>

08/02/2005. National Federation of the Blind failed to obtain a preliminary injunction to force Volusia County to immediately purchase Diebold touch-screens for the Oct. 11 city elections... Volusia county officials who want all-paper voting systems want to purchase ballot marking devices to assist the disabled in voting. They have asked the Secretary of State to approve the Automark, a ballot marking device that is federally certified.

<http://www.votersunite.org/article.asp?id=5797>

-----Original Message-----

From: Diebold Election Systems (MLR) [mailto:dieboldelectionsystems@diebold.com]

Sent: Friday, September 02, 2005 11:51 AM

To: internete-mail@ncleg.net; ALAMANCE.boe@ncmail.net; ALEXANDER.boe@ncmail.net; ALLEGHANY.boe@ncmail.net; ANSON.boe@ncmail.net; ASHE.boe@ncmail.net; AVERY.boe@ncmail.net; BEAUFORT.boe@ncmail.net; BERTIE.boe@ncmail.net; BLADEN.boe@ncmail.net; BRUNSWICK.boe@ncmail.net; BUNCOMBE.boe@ncmail.net; BURKE.boe@ncmail.net; CABARRUS.boe@ncmail.net; CALDWELL.boe@ncmail.net; CAMDEN.boe@ncmail.net; CARTERET.boe@ncmail.net; CASWELL.boe@ncmail.net; CATAWBA.boe@ncmail.net; CHATHAM.boe@ncmail.net; CHEROKEE.boe@ncmail.net; CHOWAN.boe@ncmail.net; CLAY.boe@ncmail.net; CLEVELAND.boe@ncmail.net; COLUMBUS.boe@ncmail.net; CRAVEN.boe@ncmail.net; CUMBERLAND.boe@ncmail.net; CURRITUCK.boe@ncmail.net; DARE.boe@ncmail.net; DAVIDSON.boe@ncmail.net; DAVIE.boe@ncmail.net; DUPLIN.boe@ncmail.net; DURHAM.boe@ncmail.net; EDGECOMBE.boe@ncmail.net; FORSYTH.boe@ncmail.net; FRANKLIN.boe@ncmail.net; GASTON.boe@ncmail.net; GATES.boe@ncmail.net; GRAHAM.boe@ncmail.net; GRANVILLE.boe@ncmail.net; GREENE.boe@ncmail.net; GUILFORD.boe@ncmail.net; HALIFAX.boe@ncmail.net; HARNETT.boe@ncmail.net; HAYWOOD.boe@ncmail.net; HENDERSON.boe@ncmail.net; HERTFORD.boe@ncmail.net; HOKE.boe@ncmail.net; HYDE.boe@ncmail.net; IREDELL.boe@ncmail.net; JACKSON.boe@ncmail.net; JOHNSTON.boe@ncmail.net; JONES.boe@ncmail.net; LEE.boe@ncmail.net; LENOIR.boe@ncmail.net; LINCOLN.boe@ncmail.net; MACON.boe@ncmail.net; MADISON.boe@ncmail.net; MARTIN.boe@ncmail.net; MCDOWELL.boe@ncmail.net; MECKLENBURG.boe@ncmail.net; MITCHELL.boe@ncmail.net; MONTGOMERY.boe@ncmail.net; MOORE.boe@ncmail.net; NASH.boe@ncmail.net; NEWHANOVER.boe@ncmail.net; NORTHAMPTON.boe@ncmail.net; ONSLOW.boe@ncmail.net; ORANGE.boe@ncmail.net; PAMLICO.boe@ncmail.net; PASQUOTANK.boe@ncmail.net; PENDER.boe@ncmail.net; PERQUIMANS.boe@ncmail.net; PERSON.boe@ncmail.net; PITT.boe@ncmail.net; POLK.boe@ncmail.net; RANDOLPH.boe@ncmail.net; RICHMOND.boe@ncmail.net; ROBESON.boe@ncmail.net; ROCKINGHAM.boe@ncmail.net; ROWAN.boe@ncmail.net; RUTHERFORD.boe@ncmail.net; SAMPSON.boe@ncmail.net; SCOTLAND.boe@ncmail.net; STANLY.boe@ncmail.net; STOKES.boe@ncmail.net; SURRY.boe@ncmail.net; SWAIN.boe@ncmail.net; TRANSYLVANIA.boe@ncmail.net; TYRRELL.boe@ncmail.net; UNION.boe@ncmail.net; VANCE.boe@ncmail.net; WAKE.boe@ncmail.net; WARREN.boe@ncmail.net; WASHINGTON.boe@ncmail.net; WATAUGA.boe@ncmail.net; WAYNE.boe@ncmail.net; WILKES.boe@ncmail.net; WILSON.boe@ncmail.net; YADKIN.boe@ncmail.net; YANCEY.boe@ncmail.net; Nbrewer@ci.morganton.nc.us; msaccor@wmconnect.com; arlissa@gsiwave.com; chieftwostars@bigfoot.com; wanderson6@nc.rr.com; baileybo@co.forsyth.nc.us; sjbanks@co.pitt.nc.us; devan.barbour@johnstonnc.com; kittybarnes@charter.net; patrickbarnes@bellsouth.net; jbenett@co.anson.nc.us; wbest@co.guilford.nc.us; mbiber@earthlink.net; blackburnrc@skybest.com; blanksdb@carolina.net; jab@intrstar.net; hblizzard@co.craven.nc.us; wilbur.boyd@revlon.com; brownzer@hotmail.com; gbrown@co.craven.nc.us; bbrown1829@charter.net; brownt@halifaxnc.com; gbryan@co.craven.nc.us; buffaloe@earthlink.net; bunchr@co.pasquotank.nc.us; jkburgdorff@co.pitt.nc.us; mcarey1@mindspring.com; lcarmon@co.edgecombe.nc.us; kingspinnacle@aol.com; jeff.carver@firstcitizens.com; kcashio@co.guilford.nc.us; lyndaclay@earthlink.net; jimmyb31@juno.com; frank_clifton@co.onslow.nc.us;

colejf@co.forsyth.nc.us; rvcole@mail.ecsu.edu; conraddl@co.forsyth.nc.us; dcotton@moorecountync.gov; ccoudriet@co.franklin.nc.us; dcraig-ray@co.durham.nc.us; duckdogcross@aol.com; davidcummings@mindspring.com; kidappeal@triadbiz.rr.com; david.dear@clevelandcounty.com; stan@standeatherage.com; delkm@halifaxnc.com; tdennis@co.stanly.nc.us; kedge1@nc.rr.com; dselliott@co.pitt.nc.us; currituckcommish@hotmail.com; jdevans2@bellsouth.net; sgmfarmer@earthlink.net; mfogle@co.cumberland.nc.us; royf@co.jones.nc.us; vfoushee@co.orange.nc.us; fuller@personcounty.net; jimmygarri@aol.com; garrison@vgcc.edu; kgodwin@columbusco.org; g2mat@aol.com; attorney@yadkincounty.gov; garsyth@3rddoor.com; wanda.greene@buncombecounty.org; bgreer@nhcgov.com; lsguy@atiwave.com; whammer@co.alexander.nc.us; zmhanner@co.davidson.nc.us; lhardison@martincountyncgov.com; vharris@coxnc.com; rhawk007@bellsouth.net; hayjim@infoave.net; jhembree@hendersoncountync.org; rick.hester@johnstonnc.com; glee@leecountync.com; mholdencpa@earthlink.net; mrholler@charter.net; jhholmes@randolphbank.com; jhorton@haywoodnc.net; lxhoward@direcway.com; lhughes@moorecountync.gov; Bonnie.Huntley@nc.nacdnet.net; johnnyhutchins@aol.com; rhyatt@co.davidson.nc.us; pi@abts.net; mjerals@camdencountync.gov; pauljohnson1961@yahoo.com; foduke@alltel.net; keatonr@co.pasquotank.nc.us; gkeene@co.currituck.nc.us; nkeever@co.alexander.nc.us; wootco@aol.com; bkopp@nhcgov.com; zee.lamb@ncmail.net; langleywrd@aol.com; michaellavender@charter.net; mlawing@brunscoco.net; glee@leecountync.com; eugene007@charter.net; lukelucasesquire@aol.com; jlunsford@esinc.net; marshbezco@bellsouth.net; gmartin@bladenco.org; jmartin@co.cumberland.nc.us; wbmccintosh@gusaol.com; mmcol@doc.state.nc.us; manager@ashcountycgov.com; dmcneill@co.guilford.nc.us; jonescounty@co.jones.nc.us; nmehta@co.stanly.nc.us; cmesser@hendersoncountync.org; tmiller-white@pcs.k12.nc.us; wootco@aol.com; wmoyer@hendersoncountync.org; jmyers@co.stanly.nc.us; davidn@hendersoncountync.org; roverman@martincountyncgov.com; tedowens@alltel.net; pamlicoctymgr@earthlink.net; cpadgett@mcdowellgov.com; wcmanger@charter.net; dpeoples@washconco.org; cecillc@earthlink.net; perviegw@co.forsyth.nc.us; jpilgrim@co.cumberland.nc.us; Michael_Pittman@ncsu.edu; plylerdr@kratos.co.forsyth.nc.us; cookie@mastschulz.com; morris.rascoe@ncmail.net; llevels@hokecounty.org; coriggs@camdencountync.gov; criggs@camdencountync.gov; rivenbarkf@pender-county.com; drobertson@co.alexander.nc.us; tbr@co.rockingham.nc.us; mruffin@co.durham.nc.us; richmd_coeng@infoave.net; sammonsm@co.surry.nc.us; jsampson@co.craven.nc.us; commissioners@brunscoco.net; ssauer@sampsonnc.com; msavage1@infoave.net; gsawyer@co.craven.nc.us; jself1@carolina.rr.com; mshalati@co.union.nc.us; lwsharpe@bellsouth.net; rsisk@co.craven.nc.us; ronsmithville@aol.com; dsmitherman@leecountync.com; paul.spruill@ncmail.net; vspruill@3rddoor.com; bill.stanley@buncombecounty.org; bsteen@co.stanly.nc.us; amystevens@charter.net; stevensmh@inteliport.com; STORHRD2@ALLTEL.NET; joestric@bellsouth.net; markswanger@direcway.com; mtalbert@polknc.org; cthomas@moorecountync.gov; vtillett@co.dare.nc.us; b-s@net-change.com; ctucker@co.cumberland.nc.us; kingsjimmy@alltel.net; whisenhuntg@aol.com; colejf@forsyth.cc; kermitw@intrstar.net; lwilson@thewootencompany.com; marcia.wilson@waynegov.com; ken.windley@co.roberson.nc.us; robert.wiseman@ncmail.net; cwood@yadkincounty.gov; mattwood@mchsi.com; countymanager@hokecounty.org; ray.woodall@johnstonnc.com; jarvis.woodburn@cmworks.com; rwoodruff@camdencountync.gov; swyatt@moorecountync.gov; yarbo@direcway.com; charlesa@mcdowellgov.com; Michael.Allen@co.davie.nc.us; gbarger@charter.net; bgbeatty@charter.net; jim.brown@co.roberson.nc.us; dbuff@mcdowell.k12.nc.us; scarpenter@personcounty.net; JDaley@catawbacountync.gov; rfrench@co.alexander.nc.us; lithia@wilkes.net; brenda.hunter@co.davie.nc.us; tjackson@co.iredell.nc.us; wayne.jenkins@ncmail.net; rlewis@co.burke.nc.us; TLundy@catawbacountync.gov; jmashburn@co.iredell.nc.us; cmoore@co.gaston.nc.us; lmozingo@tfgnet.com; dfsmathers@madisoncountync.org; tesales@bellsouth.net; commissioner@co.rowan.nc.us; swatford@co.davidson.nc.us; wms@energyunited.net; awooten@mcdowellgov.com; lworsley@catawbacountync.gov; lyoder@alexandercountync.gov; ewilliford@wilson-co.com;

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Subject: Diebold Election Systems Manufacturing Update

Importance: High

Diebold Election Systems is the only election system company that manufactures its products in its own manufacturing facilities in the United States. In fact, jurisdictions in North Carolina have a special benefit when working with Diebold Election Systems because their voting systems are manufactured in their own backyard, Lexington, North Carolina.

Manufacturing plant in Lexington, NC

The Diebold AccuVote-TSX touch screen and AccuVote-OS optical scan voting systems are manufactured in Lexington to ISO-9000 quality standards. The plant has an excellent track record of producing high quality, reliable products that are used throughout the country. Election officials throughout the country have stated they feel strongly that Help America Vote Act federal funding should be used to implement products that are actually made in America.

Diebolds touch screen solutions, installed throughout the entire state of Georgia, provided the most significant reduction in residual vote count in the country (nine-fold), from 3.5% in 2000 to 0.39% in 2004. Our touch screen systems in Maryland produced the overall lowest residual vote count in the country. More than 1,000 jurisdictions use Diebolds touch screen and optical scan systems to accurately conduct successful elections.

To date, Diebold has manufactured almost 100,000 voting units in the Lexington manufacturing facility, and we are very proud to be a part of the North Carolina manufacturing business community. Diebold employs nearly 400 associates throughout North Carolina and has additional offices in Charlotte and Raleigh.

We invite you to visit our state-of-the-art Lexington manufacturing facility. We will be scheduling tour dates beginning in September, so you can review Diebolds quality manufacturing process in action. Please do not hesitate to contact us for any additional information or to set up your Lexington facility tour.

We look forward to meeting with you soon!

Buck Jones- 803.351.7767

Robert Pickett- 336.886.3409