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November 3, 2011

Mr. Thomas J. Leney
Executive Director
Small and Veteran Business Programs
Department of Veteran Affairs
Center for Veterans Enterprise (CVE)
Washington, D.C. 20420

By Email: vacorecons@va.gov
tom.leney@va.gov

Re: Request for Reconsideration by CSSS.NET Of CVE Denial

Dear Mr. Leney:

We represent CSSS.NET. On October 24, 2011, Ms. Lisa Wolford, President and CEO of CSSS.NET received a letter from the CVE denying CSSS.NET's application for inclusion as a verified business in the VA VetBiz Vendor Information Pages Verification Program database (the "Denial Letter"). The reasons given for the denial were three-fold as follows:

1. Ms. Wolford's resume was missing from CSSS.NET's application materials, which raised an issue of whether Ms. Wolford has the "management expertise" to run CSSS.NET, an information technology-consulting firm (Denial Letter at 2);
2. Without Ms. Wolford's resume, CVE cannot determine Ms. Wolford's role in FOF&N, LLC, a company in which she is the 99% owner, and as such CVE "cannot reasonably determine that [she] satisf[ies] the 'full-time' control requirements" as the manager of CSSS.NET (Denial Letter at 3); and
3. CVE questions whether Ms. Wolford is the "highest paid person" in CSSS.NET (Denial Letter at 3).

We ask that the CVE reconsider its decision denying CSSS.NET's application. In support of this Request, we are supplying you with an Affidavit from Ms. Wolford addressing each of the above issues and are providing you with a copy of Ms. Wolford's resume, a

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spreadsheet showing the annualized compensation of all CSSS.NET employees for 2011, the 2009 and 2010 Payroll Reports, and copies of Form W-2 for all CSSS.NET employees for 2009 and 2010. We are also providing an Affidavit from Mr. Jeffrey S. Hamernik, the outside Certified Public Accountant providing auditing and accounting services, and tax compliance services for CSSS.NET and FOF&N, LLC since the inception of both firms. Mr. Hamernik is familiar with the compensation paid by CSSS.NET to its employees and the number of hours worked by the employees. *See* Attachment 2 (Affidavit of Lisa Wolford w/Exhibits) and Attachment 3 (Affidavit of Jeffrey S. Hamernik).

A. Ms. Wolford's Resume Shows Extensive Management Expertise And Experience In Information Technology.

The Denial Letter indicates that Ms. Wolford “failed to provide a resume, which raises an issue of whether [she has] the management expertise to run the concern.” Denial Letter at 2. The finding that Ms. Wolford allegedly did not have the management expertise to run CSSS.NET was based solely on the fact that the CVE did not have her resume. We note that, in fact, CSSS.NET did include a copy of Ms. Wolford's Resume in its original documentation. *See* Attachment 1 to this letter, which includes a screenshot of the documents submitted to CVE by CSSS.NET. Nevertheless, we are including a copy of Ms. Wolford's current resume with this Request. A review of Ms. Wolford's resume will show that she has the managerial experience of the extent and complexity needed to run CSSS.NET and has done so successfully for 14 years. *See* Attachment 2 to this letter (Affidavit of Lisa Wolford at ¶ 3 and Exhibit 1 thereto).

As demonstrated by her resume, Ms. Wolford has over 20 years of experience in the Information Technology (IT) industry and 17 years of experience in project, program, and corporate management. *Id.* She has led CSSS.NET as its President and CEO for 14 years and grown CSSS.NET from a start-up to a \$20,000,000 company. Since the inception of CSSS.NET, Ms. Wolford has been solely responsible for managing and controlling the daily operations and long-term decisions of the Company. *Id.* Ms. Wolford has a Bachelor of Science of Business Administration from the University of Nebraska at Omaha, with a dual specialization in Management Information Systems and Accounting. *Id.* She has completed an extensive amount of related coursework in IT, which is detailed on her resume as well. *Id.* Accordingly, Ms. Wolford not only meets, but exceeds, the mandates of 38 C.F.R. § 74.4(b), which requires the service-disabled veteran who manages the concern to have the managerial experience of the extent and complexity needed to run the business.

B. Ms. Wolford Devotes Full-Time To CSSS.NET During The Normal Working Hours Of Other IT Firms.

During the application process, Ms. Wolford apprised CVE of her ownership interest in a limited liability company called FOF&N, LLC and provided its tax returns to CVE. In its Denial

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Letter, CVE indicates that because Ms. Wolford did not provide a resume (which Ms. Wolford did in fact provide and a current copy of which we are providing with this letter), CVE was unable to determine Ms. Wolford's role in FOF&N, LLC,¹ and therefore, assumed that her role in FOF&N, LLC precluded her from managing CSSS.NET on a full-time basis. (Denial Letter at 3).

CVE's concerns regarding Ms. Wolford's ability to manage CSSS.NET on a full-time basis due to her ownership interest in FOF&N, LLC are unfounded. Ms. Wolford's ownership in FOF&N, LLC does not in any way detract from her ability to manage CSSS.NET on a full-time basis. Ms. Wolford's attached Affidavit describes her minimal role in FOF&N, LLC. *See* Attachment 2 (Affidavit of Lisa Wolford at ¶¶ 4-7). Mr. Hamernik confirms in his Affidavit that Ms. Terry Tefft, not Ms. Wolford, performs the majority of work for FOF&N, LLC. *See* Attachment 3 (Affidavit of Jeffrey S. Hamernik at ¶¶ 4-5).

By way of summary, Ms. Wolford is the 99% owner of FOF&N, LLC and her daughter owns the remaining 1%. Attachment 2 (Affidavit of Lisa Wolford at ¶ 5). Ms. Wolford established FOF&N, LLC primarily as a passive investment vehicle. *Id.* *See also* Attachment 3 (Affidavit of Jeffrey S. Hamernik at ¶ 5). FOF&N, LLC is a holding company for three rental properties, from which Ms. Wolford derives rental income. *Id.* Ms. Wolford's involvement in FOF&N, LLC consists of signing checks and reviewing financial statements. Attachment 2 (Affidavit of Lisa Wolford at ¶ 6). These tasks take no more than 5 hours per month and she performs these tasks outside of her normal workday for CSSS.NET. *Id.* *See also*, Attachment 3 (Affidavit of Jeffrey S. Hamernik at ¶ 5)

FOF&N, LLC does not require day-to-day management. Attachment 2 (Affidavit of Lisa Wolford at ¶ 7). Ms. Wolford relies upon her assistant, Ms. Terry Tefft, to schedule and oversee all the repairs and maintenance on the rental properties, as needed. *Id.* Ms. Tefft also prepares the monthly financial statements relating to each of the properties which she provides to Ms. Wolford for review each month. *Id.* Ms. Tefft handles any issues that may arise with FOF&N, LLC during the workday. *Id.* Ms. Tefft is similarly responsible for the tasks associated with renting the properties when they are vacated. *Id.* Ms. Tefft performs the majority of work required by FOF&N, LLC. Attachment 2 (Affidavit of Jeffrey S. Hamernik at ¶ 5). As such, Ms. Wolford is not required to interrupt her business day at CSSS.NET to address problems that may arise for FOF&N, LLC. Attachment 2 (Affidavit of Lisa Wolford at ¶ 7).

¹ In its Denial Letter, the CVE indicates that because Ms. Wolford did not provide a resume and FOF&N, LLC does not have a website that the CVE was not able to determine her role in FOF&N, LLC. As described herein, Ms. Wolford established FOF&N, LLC only for investment purposes and her role in its operations is minimal. *See* Attachment 2 (Affidavit of Lisa Wolford at ¶ 6). Showing a real estate investment on her resume would not be appropriate. *Id.* at ¶ 11. And FOF&N, LLC does not maintain a website because it is merely a holding company for investment property and does not need to promote its business on the internet. *Id.*

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As the CEO and President of CSSS.NET, Ms. Wolford spends at least 10 hours of every business day, which equals more than 3000 hours per year, devoted to managing the affairs of CSSS.NET. This is validated by Ms. Wolford's Affidavit at Attachment 2 (Affidavit of Lisa Wolford at ¶ 4) and the Affidavit of Jeffrey Hamernik at Attachment 3 (Affidavit of Jeffrey Hamernik at ¶ 4). This provides her with enough time to manage and control the business affairs of CSSS.NET. *Id.* Her ownership and involvement with FOF&N, LLC in no way interferes with her ability to manage and control CSSS.NET on a full-time basis during normal working hours of other IT firms. Accordingly, Ms. Wolford meets the requirements of 38 C.F.R. §§ 74.4(c)(3) and its mandate that the service-disabled veteran devote full-time to the business during the normal working hours of firms in the same or similar line of business.

C. Ms. Wolford Is The Highest Paid Employee Of CSSS.NET.

In its Denial Letter, CVE questions whether Ms. Wolford is the "highest paid person" in CSSS.NET. As the documentation submitted with this Request shows, Ms. Wolford is, in fact, currently the highest paid employee of CSSS.NET and was in 2009 and 2010 as well. Accordingly, she meets the requirements of 38 C.F.R. §74.4(g)(3), which requires the service-disabled veteran to be the highest compensated employee of the concern.

The Compensation Summary dated October 26, 2011, which is attached to Ms. Wolford's Affidavit at Exhibit 2, shows that Ms. Wolford's annualized compensation for 2011 is \$160,680.00. Attachment 2 (Affidavit of Lisa Wolford at ¶ 8 and Exhibit 2) and Attachment 3 (Affidavit of Jeffrey S. Hamernik at ¶ 6). The Compensation Summary shows that Joel A. Merriman, the CSSS.NET Vice President, Business Development, is the next highest paid employee with annualized compensation of \$154,500.00. *Id.*

The Payroll Report and W-2s attached to Ms. Wolford's Affidavit at Exhibit 3 also show that Ms. Wolford was the highest paid employee in 2010 as well.² Attachment 2 (Affidavit of Lisa Wolford at ¶ 9 and Exhibit 3). The W-2s show total compensation for Ms. Wolford in 2010 of \$158,196.00. *Id. See also*, Attachment 3 (Affidavit of Jeffrey S. Hamernik at ¶ 6). The next most highly compensated employee was John E. Nelson, who received total compensation of \$147,810.65. *Id.*

And finally, in its letter dated October 24, 2011, the CVE states that Ms. Wolford does not appear on the CSSS.NET Payroll report for 2009. That is incorrect. The 2009 Payroll Report does identify Ms. Wolford as an employee of CSSS.NET. Attachment 2 (Affidavit of Lisa Wolford at ¶ 10 and Exhibit 4). Her Form W-2 (also submitted to CVE) show that Ms.

² Contrary to what CVE asserts in its letter, CSSS.NET provided this information to the CVE in its original submission. *See* Attachment 1 (Screenshot of Documentation Provided to CVE).

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Wolford received total compensation in the amount of \$152,838.45 for the 2009 tax year and that she was the most highly compensated of all CSSS.NET employees. *Id.* See also, Attachment 3 (Affidavit of Jeffrey S. Hamernik at ¶ 6). The employee who was the next most highly compensated employee was Teresa M. Lesicko. *Id.* The Report Summary shows that Ms. Lesicko received total compensation of \$145,258.53 in 2009. *Id.*

D. Conclusion

For the reasons set forth above, we request that the CVE reconsider its denial of CSSS.NET's application for inclusion in the VA VetBiz Vendor Information Pages. As shown above, no valid reason exists for the CVE to deny CSSS.NET's application. We urge CVE to move quickly in restoring CSSS.NET's name to the database given that CSSS.NET has been removed from the database since August 2011 and CSSS.NET is experiencing the loss of contracts as a result.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Laurel Hockey".

Andrew Mohr
Laurel A. Hockey
Counsel for CSSS.NET

cc: Congressman Terry By Email: dean.mathisen@mail.house.gov