

ATTORNEYS FOR

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Plaintiffs

Marion County Circuit Court THE CIRCUIT COURT OF THE STATE OF OREGON

FOR THE COUNTY OF MARION

ELLEN ROSENBLUM, the Attorney General
for the State of Oregon; STATE OF
OREGON, by and through Ellen Rosenblum,
the Attorney General for the State of Oregon,
the Oregon Health Authority, and the Oregon
Department of Human Services; and the
OREGON HEALTH INSURANCE
EXCHANGE CORPORATION, dba Cover
Oregon, an Oregon public corporation,

Plaintiffs,

vs.

ORACLE AMERICA, INC., a Delaware
corporation; STEPHEN BARTOLO, an
individual; THOMAS BUDNAR, an
individual; KEVIN CURRY, an individual;
SAFRA CATZ, an individual; BRIAN KIM,
an individual; RAVI PURI, an individual; and
MYTHICS, INC., a Virginia corporation,

Defendants.

No. 14C 20043

COMPLAINT

**(Fraud; Oregon False Claims Act;
Breach of Contract; Oregon
Racketeer Influenced and Corrupt
Organizations Act)**

**(Not Subject to Mandatory
Arbitration – Prayer in excess of
\$51,000)**

Fee Authority: ORS 21.160(1)(e)

DEMAND FOR JURY TRIAL

Plaintiffs for their complaint against defendants allege as follows:

INTRODUCTION

1.

Oracle America, Inc. ("Oracle") fraudulently induced the State of Oregon (the
"State") and the Oregon Health Insurance Exchange Corporation ("Cover Oregon") to enter
into contracts for the purchase of hundreds of millions of dollars of Oracle products and
services that failed to perform as promised. Oracle then repeatedly breached those contracts
by failing to deliver on its obligations, overcharging for poorly trained Oracle personnel to
provide incompetent work, hiding from the State the true extent of Oracle's shoddy

1 performance, continuing to promise what it could not deliver, and wilfully refusing to honor
2 its warranty to fix its errors without charge. Over the last three years, Oracle has presented
3 the State and Cover Oregon with some \$240,280,008 in false claims under those contracts.
4 Oracle's conduct amounts to a pattern of racketeering activity that has cost the State and
5 Cover Oregon hundreds of millions of dollars. Accordingly, plaintiff Ellen Rosenblum, the
6 Attorney General for the State of Oregon, along with the State and Cover Oregon, brings this
7 lawsuit to recover losses to the State and Cover Oregon caused by Oracle's fraud,
8 racketeering, false claims, and broken contracts.

9
10 2.

11 In 2011, the State of Oregon had two needs. One was to build a State-run health
12 insurance exchange that met the requirements of the Patient Protection and Affordable Care
13 Act ("ACA"). The other was to modernize its aging social services computer systems.
14 Oracle claimed it had the answer, the so-called "Oracle Solution for Oregon."

15 3.

16 Oracle lied to the State about the "Oracle Solution." Oracle lied when it said the
17 "Oracle Solution" could meet both of the State's needs with Oracle products that worked
18 "out-of-the-box." Oracle lied when it said its products were "flexible," "integrated," worked
19 "easily" with other programs, required little customization and could be set up quickly.
20 Oracle lied when it claimed it had "the most comprehensive and secure solution with regards
21 to the total functionality necessary for Oregon."

22 4.

23 Initially, long before Oracle's fraud was revealed, the State was impressed with
24 Oracle — and with reason. The Oregon Department of Human Services ("DHS") and the
25 Oregon Health Authority ("OHA") held a series of meetings with Oracle throughout 2010
26 and 2011. Oracle made presentations, provided demonstrations, and answered questions that
convincingly addressed all of the State's concerns about the ability of Oracle to meet its

1 needs. Independent outside evaluators agreed. They reviewed Oracle's claims and
2 recommended that the State purchase the "Oracle Solution." Oracle's fraudulent
3 representations induced DHS and OHA to sign the first contract in June 2011 for Oracle to
4 build a single platform for both a health insurance exchange (the "HIX-IT Project") and to
5 modernize the State's social services technology (the "Modernization Project").

6 5.

7 As soon as the first contract was signed, Oracle took control of both Projects. DHS
8 and OHA initially planned to hire an independent "Systems Integrator" to manage the
9 Projects and implement the "Oracle Solution." Oracle was dead set against the State hiring
10 an independent Systems Integrator. According to a former Oracle employee, Oracle
11 advanced a "planned * * * behind-the-scenes effort" to convince the State "that a Systems
12 Integrator would just cause * * * delay." The former employee explained that "the message
13 was we've got to make sure that [the State] doesn't bring [a Systems Integrator] in because
14 it's * * * just going to cause us trouble." Oracle recommended to the State that it hire
15 Oracle's own internal consulting unit, Oracle Consulting Services, to play the same role.
16 Oracle also offered to provide training services to State employees, enabling the State to
17 believe that it, along with Oracle, could co-manage the Projects without hiring an
18 independent Systems Integrator. Oracle continued to support the State's decision through the
19 life of the project.

20 6.

21 Oracle's behind-the-scene scheme paid off, for Oracle. Oracle convinced the State to
22 spend millions of dollars more to use Oracle Consulting Services to design, plan, integrate
23 and manage the Projects. Oracle became, in effect, the Systems Integrator, bringing on
24 project managers and taking the lead in proposing system architecture, selecting software and
25 hardware, and managing the Projects. From 2011 on, Oracle was the technical lead on both
26 Projects and was responsible for the development of the technology. Oracle not only was

1 responsible for all technology, it tightly controlled access to the software development
2 environments, so that the State had to rely on Oracle's demonstrations and reports to learn
3 about Oracle's progress on the Projects.

4 7.

5 In 2013, the State transitioned the HIX-IT Project to Cover Oregon, a State-created
6 public corporation responsible for running Oregon's health insurance exchange. Cover
7 Oregon needed to launch the exchange to the public on October 1, 2013, to ensure that
8 Oregonians would be able to enroll in health insurance online in time to meet federal
9 deadlines. Oracle assured Cover Oregon that the exchange would be ready to launch on
10 October 1. Oracle presented Cover Oregon detailed spreadsheets showing that the HIX-IT
11 Project was nearly 80% complete. Cover Oregon relied on Oracle's statements and entered
12 contracts with Oracle to complete the HIX-IT Project.

13 8.

14 In the spring, summer, and fall of 2013, Oracle failed to deliver. At first, Oracle
15 asked Cover Oregon to reduce the scope of the HIX-IT Project. In order to meet its
16 October 1 launch date, Cover Oregon had no choice but to agree. But even with a reduced
17 scope, Oracle fell far behind schedule. By the summer of 2013, it was evident that, despite
18 its assurances, Oracle would fail to complete by October 1 a key element of the exchange—a
19 website portal for small employers and their employees to shop for and purchase insurance.
20 Nonetheless, Oracle employees assured Cover Oregon that the centerpiece of the HIX-IT
21 Project—a website portal for individual Oregonians to review, compare, and purchase health
22 insurance—would be ready to launch on schedule. By late September, however, when
23 Oracle was unable to demonstrate a working website, Cover Oregon realized that Oracle's
24 assurances were worthless. On October 1, Oregon's health insurance exchange was not
25 ready for public launch.

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9.

Despite Oracle's failure, its executives continued to demand full payment, while promising the exchange would be ready to launch, first by mid-October 2013, then by the end of October, then in December, then January 2014, then February. Again and again, Oracle broke its promises, missing every promised date. Without the website portal that the State and Cover Oregon had already paid Oracle more than \$100,000,000 to build, Cover Oregon and the State each hired hundreds of additional employees and expedited their training, in order to manually enroll Oregonians in health insurance, Medicaid, and other programs by hand processing paper applications.

10.

In the spring of 2014, Oracle's president claimed that the exchange had been ready to launch in February 2014. Her self-serving claim was belied by assessments performed by independent experts. In January, a review conducted on behalf of the federal government reported that "there are still significant performance issues with the system such that, while the core functionality exists, the end user experience would be significantly diminished." In April, Cover Oregon staff identified 1,198 errors that required repair before the system could be considered for a public launch. That same month, an independent assessment concluded that it would cost tens of millions of dollars and take more than a year to fix Oracle's abysmal and incomplete work.

11.

Oracle willfully refused to fix its defective work under its warranty, continually demanded to be paid, and threatened to walk off the job if it were not paid, jeopardizing Cover Oregon's ability to meet the needs of Oregonians during open enrollment for health care. Realizing Oracle would never live up to its obligations, Cover Oregon began work to transition to a federally run system. The State and Cover Oregon are unable to use most of Oracle's shoddy and incomplete work.

12.

Oracle sold the State of Oregon a lie. According to a former Oracle employee, “There was no solution.” The cobbled together collection of products that Oracle called the “Oracle Solution” was not flexible, was not integrated, and most importantly, did not work “out-of-the-box.” Oracle’s 2010 and 2011 claims to DHS and OHA were patently and categorically false.

13.

Not only were Oracle’s claims lies, Oracle’s work was abysmal. One developer experienced in Oracle products called Oracle’s programming “atrocious.” He added that “they broke every single best practice that Oracle themselves have defined. It is one of the worst assessments I have performed * * *.” The same developer wrote to Oracle, “You are Oracle people, working on an Oracle hardware platform, with Oracle technology products, on an Oracle solution. * * * Oracle should be delivering these environments and products as a solution, like they actually understood the products and owned the solution which has not been the case by a long shot.” According to an independent quality assessment conducted in October 2013, Oracle’s “processes do not meet industry standards. Impact analysis, code review, coding standards and proper parallel development techniques are ad hoc and inconsistently applied or understood.” Another assessment stated simply that “Oracle’s performance is clearly lacking.” A former Oracle employee was more direct saying Oracle’s products were seemingly configured “by a kindergartner.”

14.

The cost of Oracle’s lies and appalling work is extraordinary. The State and Cover Oregon paid Oracle approximately \$240,280,008 for a health insurance exchange that never worked as promised and a modernization program that never got off the ground. The State has and will spend tens of millions more fixing or compensating for Oracle’s failures, including millions of dollars to process paper applications, to create a manual enrollment and

1 insurance eligibility determination process, to transition to the federal health insurance
2 exchange, to fix Medicaid enrollment, to independently assess and repair Oracle's failures,
3 and to connect to the federal exchange.

4 15.

5 In short, Oracle employed false statements to induce the State, and later Cover
6 Oregon, to employ Oracle and related defendants to undertake Projects that were central to
7 the social programs and healthcare needs of hundreds of thousands of Oregonians. In
8 addition, Oracle employed false statements to expand Oracle's role in the Projects and, thus,
9 increase its profits. The result was that Oracle had nearly unfettered control of the
10 Modernization and HIX- IT projects. Then, when problems arose and plaintiffs were in a
11 terrible bind due to the looming deadlines related to the health exchange, Oracle made further
12 false statements to induce the State and Cover Oregon to stay the course. In effect, Oracle
13 used its purported superior expertise, coupled with lies and pressing deadlines, to trap the
14 State and Cover Oregon in a deadly spiral: at each juncture Oracle charged more and Oregon
15 got less.

16 16.

17 Oracle has never offered to return a penny of \$240,280,008 it fraudulently obtained or
18 to pay for any of the millions its failures cost the State. On the contrary, on August 8, 2014,
19 Oracle filed a lawsuit riddled with false and irrelevant allegations against Cover Oregon,
20 claiming that Cover Oregon owes Oracle an *additional* \$23,000,000 for the "Oracle
21 Solution" that never worked.

22 **PARTIES, JURISDICTION, AND VENUE**

23 17.

24 Plaintiff Ellen Rosenblum is the Attorney General of Oregon. Pursuant to
25 ORS 180.760(1), Attorney General Rosenblum has authority to bring claims under the
26 Oregon False Claims Act in the name of the State of Oregon. Pursuant to ORS 166.725(5)

1 and (8), Attorney General Rosenblum has authority to institute civil actions for violations of
2 the Oregon Racketeer Influenced and Corrupt Organizations Act (“ORICO”).

3 18.

4 Plaintiff Oregon Health Insurance Exchange Corporation, doing business as Cover
5 Oregon (“Cover Oregon”), is an Oregon public corporation. Pursuant to ORS 741.002(2),
6 Cover Oregon has the authority to sue.

7 19.

8 Plaintiff Oregon Department of Human Services (“DHS”) is the State agency
9 responsible for most of the State’s social service programs, including Temporary Assistance
10 for Needy Families (“TANF”), Employment Related Day Care (“ERDC”), and the
11 Supplemental Nutrition Assistance Program (“SNAP”). Pursuant to ORS 179.040(2)(a),
12 DHS has the authority to sue.

13 20.

14 Plaintiff Oregon Health Authority (“OHA”) is the State agency responsible for
15 managing most of the State’s health care programs, including the Oregon Health Plan, the
16 State’s Medicaid program. The Oregon legislature created OHA in 2009 as a division within
17 DHS, and DHS consolidated health-related programs under OHA. Effective July 1, 2011,
18 OHA became a separate and independent State agency. Pursuant to ORS 179.040(2)(a),
19 OHA has the authority to sue.

20 21.

21 Defendant Oracle America, Inc. (“Oracle”) is a Delaware corporation with its
22 principal place of business in California. Oracle conducts business in offices in Portland,
23 Oregon. This court has jurisdiction over Oracle pursuant to ORCP 4 (A)(4)-(5) and 4 (L)
24 because Oracle is engaged in substantial activities within the state and has consented to the
25 exercise of personal jurisdiction.

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22.

Defendant Mythics, Inc. (“Mythics”) is a Virginia corporation with its principle place of business in Virginia. This court has jurisdiction over Mythics pursuant to ORCP 4 (A)(4)-(5), 4(C), 4(D), and 4 (L) because Mythics committed acts within and without Oregon giving rise to injuries to plaintiffs within Oregon and at the time of the injuries, service activities were carried on within Oregon on Mythics’ behalf, and because Mythics is engaged in substantial activities within the state and has consented to the exercise of personal jurisdiction.

23.

Defendant Stephen Bartolo is an individual resident of Massachusetts. He is Vice President, Engineered Systems and Hardware, at Oracle. This court has personal jurisdiction over Bartolo pursuant to ORCP 4 A(4), C, and L because Bartolo was engaged in substantial activities within Oregon and committed acts within Oregon giving rise to injuries within Oregon.

24.

Defendant Thomas Budnar is an individual resident of Connecticut. He is Vice President for North America Government Consulting at Oracle. This court has personal jurisdiction over Budnar pursuant to ORCP 4 A(4), C, and L because Budnar was engaged in substantial activities within Oregon and committed acts within Oregon giving rise to injuries within Oregon.

25.

Defendant Safra Catz is an individual resident of California. She is the President and Chief Financial Officer of Oracle. This court has personal jurisdiction over Catz pursuant to ORCP 4 C, D, and L because Catz committed acts within and without Oregon giving rise to injuries to plaintiffs within Oregon. In addition, Catz sent correspondence into Oregon giving rise to a claim alleged herein.

1 26.

2 Defendant Kevin Curry is an individual resident of Georgia. At all relevant times, he
3 was Group Vice President for North America Public Sector at Oracle. This court has
4 personal jurisdiction over Curry pursuant to ORCP 4 A(4), C, and L because Curry was
5 engaged in substantial activities within Oregon and committed acts within Oregon giving rise
6 to injuries to plaintiffs within Oregon.

7 27.

8 Defendant Brian Kim is an individual resident of Virginia. At all relevant times, Kim
9 was a Technical Manager at Oracle. This court has personal jurisdiction over Kim pursuant
10 to ORCP 4 A(4), C, and L because Kim was engaged in substantial activities within Oregon
11 and committed acts within Oregon giving rise to plaintiffs' injuries within Oregon.

12 28.

13 Defendant Ravi Puri is an individual resident of Georgia. At all relevant times, Puri
14 was Senior Vice President for North America Technology and Government Consulting at
15 Oracle. This court has personal jurisdiction over Puri pursuant to ORCP 4 C, D, and L
16 because Puri committed acts within and without Oregon giving rise to injuries to plaintiffs
17 within Oregon and, at the time of the injuries, service activities were carried on within
18 Oregon on Puri's behalf. In addition, Puri sent correspondence into Oregon giving rise to a
19 claim alleged herein.

20 29.

21 Subject matter jurisdiction is conferred on this Court by ORS 14.030 and 14.050(1).

22 30.

23 Venue in Marion County is proper pursuant to ORS 14.080(1) and (2) and ORS
24 14.050(1) because the cause of action arose in Marion County and because the address for
25 Oracle's registered agent is in Marion County and because plaintiff Attorney General
26 Rosenblum seeks the recovery of penalties imposed by statute. Venue is also proper in

1 Marion County because Section O.1 of the Oracle License and Services Agreement signed by
2 Oracle and Cover Oregon provides for venue in the Circuit Court for the State of Oregon for
3 Marion County.

4 **SUMMARY OF THE ACTION**

5 **Origins of DHS Modernization Project, 2007-2010**

6 31.

7 In the 2007-2008 biennium, DHS began a project to modernize its aging information
8 technology systems to improve the delivery of social services such as Medicaid, TANF,
9 ERDC, and SNAP. DHS referred to this project by several names, including the
10 “Modernization Project.” DHS considered several potential technology strategies to
11 implement the Modernization Project, including transferring a technology strategy from
12 another state or purchasing a Commercial-off-the-Shelf (“COTS”) package.

13 32.

14 COTS software is software sold to the general public, businesses, and governments
15 that is designed for a particular purpose. COTS software is an alternative to custom designed
16 software, which is built from the ground up for a single customer to meet the individual and
17 specific demands of that customer and not sold to the general public. Programs such as
18 Microsoft Word, Excel, and PowerPoint are examples of COTS software. COTS software
19 has a number of different “functionalities.” “Functionality” is the capacity of a software
20 program to perform a particular task. For example, Microsoft Word has the functionality to
21 perform word processing. PowerPoint has the functionality to create slide presentations.
22 COTS software can be “configured” to perform in certain ways. “Configure” means to set
23 the values of parameters within a software program to achieve a goal. For example,
24 Microsoft Word may be configured to produce documents in many different fonts.
25 Configuration does not require a software developer to write computer code to achieve the
26 functionality.

1 33.

2 DHS sought to implement a system that would integrate all social services into a
3 single technology strategy capable of meeting a variety of requirements, including:

- 4 (a) Automating the determination of eligibility for social services (“Eligibility
5 Automation”);
6 (b) Automating the calculation of benefits;
7 (c) Providing a unified set of case management tools for caseworkers; and
8 (d) Providing client notifications and scheduling.

9 34.

10 To identify potential technology vendors capable of meeting these requirements, DHS
11 issued a Request for Information (“RFI”) in January 2009. The purpose of the RFI was to
12 identify potential technology packages or technology providers who could assist DHS in
13 design, development, and implementation of the Modernization Project.

14 35.

15 Oracle submitted a response to the RFI in February 2009. Oracle proposed that DHS
16 adopt an “Oracle Solution” that consisted of a suite of Oracle software products and Oracle
17 consulting services to implement those products. Oracle claimed that its COTS software
18 “meets the current and future needs [of] DHS’s case management requirements with out-of-
19 the-box functionality.” Oracle also stated that Siebel Public Sector Case Management, the
20 key product in the “Oracle Solution,” “is a true enterprise COTS [Commercial-off-the-Shelf]
21 application that leverages ‘out-of-the-box’ functionality and allows DHS to accommodate
22 various application requirements by configuring the Siebel Public Sector application (using
23 our comprehensive development tools) while minimizing the need for custom coding. This
24 configuration-based approach will drive down cost, time to market and substantially reduce
25 the risk for the [Modernization Project].” In addition, Oracle claimed that its proposed
26 COTS application was “flexible to accommodate various program area needs and business

1 processes across the entire organization. Oracle's COTS software meets the current and
2 future needs of the Health and Human Services Sector case management requirements with
3 out-of-the-box functionality. It also provides the ability for each customer to configure the
4 application to their precise business needs[.]”

5 36.

6 In addition to the purchase of Oracle products, Oracle proposed that DHS utilize
7 Oracle Consulting Services (“OCS”) to implement the “Oracle Solution.” OCS is a division
8 of Oracle that provides systems integration, software engineering, project management, and
9 technical support to integrate and implement Oracle Projects. According to Oracle's
10 response to the RFI, “Who knows Oracle applications better than Oracle?” Oracle stated that
11 OCS could successfully plan and implement the Modernization Project, “concluding in an
12 actual application that operates as anticipated.”

13 37.

14 In March 2010, the President signed two bills, the Patient Protection and Affordable
15 Care Act and the Health Care and Education Reconciliation Act (collectively the “ACA”),
16 overhauling the nation's healthcare system. Among its provisions, the ACA required states
17 to implement a health insurance exchange (“HIX”) or use an exchange developed by the
18 federal government. A HIX is an entity created to facilitate the purchase of health insurance.
19 Oregon elected to build and operate its own HIX.

20 38.

21 The ACA requires most Americans to obtain health insurance coverage by 2014. The
22 ACA provides that uninsured Americans should be able to compare, purchase, and enroll in
23 health insurance through state HIXes (“Individual Enrollment”). The ACA does not require
24 small employers to provide health insurance. However, the ACA provides that small
25 employers should be able to use state HIXes to offer insurance to their employees. Small
26

1 employers who use a HIX to offer insurance to their employees are eligible for federal tax
2 credits. This program is known as the Small Business Health Options Program (“SHOP”).

3 39.

4 In summer of 2010, DHS followed up on its RFI by inviting technology vendors to
5 participate in an “Eligibility Automation Vendor Fair.” DHS invited more than a dozen
6 software vendors to present proposed strategies for eligibility automation and case
7 management. DHS also encouraged vendors to make presentations demonstrating a
8 “broader-based solution” consisting of “an integrated, interoperable solution spanning
9 anywhere from application intake, eligibility determination up to total back end (legacy)
10 system replacement and/or modernization.” To participate in the vendor fair, DHS required
11 the vendors to offer COTS programs and an automated rules engine, a software program
12 designed to electronically determine an individuals’ eligibility for social services programs.

13 40.

14 On August 18, 2010, a dozen Oracle employees made a nearly four-hour presentation
15 to DHS staff at the vendor fair. As part of their presentation, Oracle distributed an article
16 describing its proposed solution. According to the article, “Oracle now provides a complete
17 solution that gives caseworkers a comprehensive view of clients across programs. Using
18 Oracle’s social services solution, organizations can streamline the entire social services
19 lifecycle, including 1) application, initiation and screening, 2) determination and
20 investigation, 3) delivery of benefits and services and 4) measurement, analysis and
21 optimization of programs * * *.”

22 41.

23 With the passage of the ACA, DHS saw an opportunity to combine the Modernization
24 Project with an effort to develop a HIX. In September 2010, following the Eligibility
25 Automation Vendor Fair, DHS issued a Request for Additional Information to the vendors
26 who participated in the Fair. In this request, DHS asked the vendors to provide additional

1 information about work they were performing to assist other states in implementing the
2 requirements of the ACA. Oracle responded that it was prepared to “provide guidance to
3 states on how to fulfill the[ir] obligations under” the ACA.

4 42.

5 Based on its market research, responses to the RFI and the Request for Additional
6 Information, and presentations at the Eligibility Automation Vendor Fair, DHS concluded
7 that it should purchase COTS programs to complete the Modernization Project. In October
8 2010, DHS issued a report summarizing its findings and requesting authorization to proceed
9 with procurement of COTS programs. This report indicated that DHS was considering
10 combining the Modernization Project with a project to develop a HIX.

11 43.

12 By late 2010, two vendors emerged as leading contenders for supplying the State with
13 a COTS platform: Oracle and Cúram Software.

14 **Early Innovator Grant and Procurement, Fall 2010 – Summer 2011**

15 44.

16 In October 2010, the U.S. Department of Health and Human Services (“HHS”)
17 announced that it would offer “Early Innovator” grants to states to design and implement the
18 information technology infrastructure needed to operate the health insurance exchanges
19 required by the ACA. This grant provided Oregon with an opportunity to combine the
20 Modernization Project with a project to create a HIX. (The project to create a HIX became
21 known as the “HIX Project.” The HIX Project included the work to determine the business
22 requirements for running a HIX, the technology to implement a HIX, and the program to
23 market the HIX to Oregonians).

24 /// ///

25 /// ///

26 /// ///

1 45.

2 The State applied for the Early Innovator grant. The State proposed that it would
3 build on the planning it had already completed on the Modernization Project to create an
4 integrated technology platform on which to build a HIX.

5 46.

6 In its application, the State outlined that its HIX “will be a central marketplace for
7 health insurance in the state, providing one-stop shopping for individuals and small
8 businesses to compare rates, benefits and quality among plans, offering meaningful choice of
9 health plans and providers, apples-to-apples comparisons, and easy payment processing. It
10 will administer the new federal health insurance tax credits, offer improved, seamless access
11 to Medicaid, and make it easier to enroll in commercial health insurance plans.”

12 47.

13 In February 2011, HHS awarded the State an Early Innovator grant of more than \$48
14 million to implement a HIX.

15 48.

16 After receiving the Early Innovator grant, DHS continued its efforts to procure a
17 COTS platform, now focused on obtaining a platform that would meet the needs of both the
18 Modernization and HIX Projects. Because the State now sought a combined technology
19 platform for both the Modernization and HIX Projects, staff from what would become OHA
20 joined with DHS in evaluating vendors. (The project to develop the technology to support
21 the HIX became known as the “HIX-IT Project,” while the overall project to create, operate,
22 and administer a HIX remained known as the “HIX Project.”)

23 49.

24 To obtain more information about how Oracle and Cúram proposed to meet the
25 technology requirements of the Modernization and HIX-IT Projects, DHS hosted a series of
26

1 “Table Talk” presentations in early 2011. These presentations were conversations between
2 DHS and the vendors.

3 50.

4 DHS hired Wakely Consulting Group (“Wakely”) and KPMG LLP (“KPMG”) to
5 provide guidance to DHS during the evaluation and procurement process, and to provide an
6 independent evaluation of both vendors’ platforms, including whether the vendors’
7 technology products could meet State requirements. Wakely and KPMG staff attended some
8 of the Table Talk presentations, reviewed Oracle’s written responses to DHS’s request for
9 information, and suggested questions for DHS and OHA to ask both vendors. Oracle knew
10 that the State had hired Wakely and KPMG, and Oracle’s presentations and response to the
11 State’s requests for information were intended to persuade Wakely and KPMG, as well as
12 DHS, that the “Oracle Solution” would meet Oregon’s needs.

13 51.

14 In a February 2011 Table Talk presentation, Oracle proposed the “Oracle Solution.”
15 Oracle did not have one software product capable of implementing the Modernization and
16 HIX Projects. However, Oracle said that several of its discrete products had already been
17 integrated together to meet Oregon’s needs for the Modernization and HIX-IT Projects.
18 These included, but were not limited to, Siebel Public Sector (“Siebel”), a customer
19 relationship management database used for storing client data and managing clients’
20 applications for and use of social services programs; Oracle Policy Automation (“OPA”), a
21 program designed to automatically determine individuals’ eligibility for government
22 subsidies, social service programs, and health insurance plans; and WebCenter, a program to
23 display the website portal.

24 52.

25 The technology foundation of the “Oracle Solution” consisted of the software
26 programs Siebel and OPA. According to Oracle, OPA would determine whether Oregonians

1 were eligible for benefits, including health insurance, subsidies for health insurance, and
2 social services, such as TANF, ERDC, and SNAP. Siebel would allow the State to manage
3 the administration of benefits, including payment processing and enrollment policy
4 management. Siebel would also provide a back-end portal for insurance providers.

5 53.

6 Throughout these presentations, Oracle said that it had developed its products so that
7 the State would be able to very rapidly deploy the systems necessary to complete the
8 Modernization and HIX-IT Projects.

9 54.

10 One of the biggest challenges facing the states that developed their own exchanges
11 was that the full list of federal requirements for the exchanges had not yet been developed.
12 Oracle, however, told the State that it had deep experience with state and federal
13 requirements and was already preparing to meet ACA requirements. In a response to DHS's
14 September 2010 request for additional information, Oracle stated that "Oracle has a long
15 history of involvement in standards bodies and industry initiatives. Oracle has worked hard
16 with federal and state/local Health and Human Services organizations to ensure that Oracle
17 solutions meet requirements and anticipate future ones." Oracle added that as "of now, only
18 a fraction of [ACA] requirements have been released and finalized. Oracle team members
19 are actively assessing the health bill requirements and will continue to work with government
20 leaders on the path forward." Oracle also added that it "invests several billion dollars in
21 research and development to meet changing organization requirements."

22 55.

23 DHS developed a list of 450 technology requirements for the Modernization and
24 HIX-IT Projects. To determine each vendor's ability to provide a technology platform for
25 the Projects, DHS used this list to create a questionnaire (the "Vendor Questionnaire"). DHS
26 and OHA sent the Vendor Questionnaire to Oracle and Cúram in March 2011. For each

1 requirement, DHS asked Oracle and Cúram to score whether their proposed software
2 programs had functionality to meet the requirement “out-the-box” (score of “4”); had
3 functionality to meet the requirement through the “seamless” use of a third-party product
4 (score of “3”); had functionality to meet the requirement with “customization” (score of “2”);
5 had functionality to meet the requirement through “customized integration” with a third-party
6 product (score of “1”); or lacked functionality to meet the requirement (“score of “0”).

7 56.

8 “Customization” is a term of art in the technology industry. If a program requires
9 “customization” to meet a functional requirement, a software developer must write custom
10 software code to implement the functionality. “Out-of-the-box” functionality does not
11 require engineers to write code to implement the functionality. DHS defined a score of “4”
12 as meaning the “vendor provides the functionality from its own code base. No customizing or
13 working around is required.”

14 57.

15 In its response, Oracle set forth its interpretation of DHS’s scores. Oracle clarified
16 that it scored its response to DHS’s requirements a “4” if its products met the requirement
17 “out-of-the-box without modification or through routine configuration using the toolsets
18 provided with the applications * * *.” Oracle claimed that “routine configuration” could be
19 performed by business analysts and did not require software engineers to write software code
20 or scripts.

21 58.

22 Oracle also clarified its interpretation of a “2.” According to Oracle, “customization”
23 involved writing scripts to create new functionality. Scripts are software code that runs on
24 top of software applications. “Source code,” in contrast, is the software code that forms the
25 underlying application. Oracle later claimed that “under no circumstances will we
26 recommend” changes to the underlying application source code.

1 59.

2 Oracle scored more than 95% of the DHS's requirements as a "4," indicating that the
3 "Oracle Solution" was 95% "out-of-the-box."

4 60.

5 On the Vendor Questionnaire, Oracle contended that the "Oracle Solution" met key
6 State requirements for both the Modernization and HIX-IT Projects out-of-the-box. Oracle
7 claimed, for example, that the "Oracle Solution" provided the functionality for Individual
8 Enrollment and SHOP out-of-the-box. Oracle also claimed that the "Oracle Solution" would
9 allow Oregonians to electronically apply for DHS benefits and for DHS to make benefit
10 determinations out-of-the-box.

11 61.

12 Oracle's responses to the Vendor Questionnaire also indicated that key components
13 of the "Oracle Solution" already worked together out-of-the-box. For example, in response
14 to the State's requirement that the vendor's proposed technology should allow Oregonians to
15 "self-screen[] for program benefits and services," Oracle responded that the "Oracle
16 Solution" met the requirement out-of-the-box. Oracle added in a comment that it would meet
17 this requirement with three Oracle products: WebCenter, Siebel, and OPA. Oracle's
18 response to this requirement, and many others, caused DHS and OHA to believe that there
19 was an "out-of-the-box integration between" OPA and Siebel.

20 62.

21 Oracle's responses to the Vendor Questionnaire also stated that OPA and Siebel, the
22 foundation of the "Oracle Solution," could be implemented by business analysts, not
23 software developers, and without customization. Oracle explained that "government subject
24 matter experts (not application developers)" could define rules in OPA "in the terms and
25 vocabulary that they are familiar with and/or as defined in relevant statute, regulations and
26 policy documents. * * * There is no scripting or programming needed." With respect to

1 Siebel, Oracle claimed that changes “such as adding new fields are considered configurations
2 in the Oracle system and require NO CODE to implement” (capitalization in original).

3 63.

4 Throughout its presentations to and conversations with DHS, Oracle repeatedly
5 stressed that the “Oracle Solution” would only require 5% customization.

6 64.

7 DHS hosted a Table Talk presentation on March 14, 2011. In a PowerPoint
8 accompanying Oracle’s presentation, Oracle stated that it was proposing a “Comprehensive
9 Solution for Eligibility Automation and Health Insurance Exchange,” and its Solution
10 utilized “Comprehensive integrated technology” (emphases in original). Oracle also
11 claimed that OPA used “pre-packaged integrations.”

12 65.

13 Oracle also said that the “Oracle Solution” would allow the State to meet the
14 demanding timelines imposed by the ACA. Oracle’s March 14, 2011 PowerPoint
15 presentation stated that “Proven enterprise architecture & OnDemand hosting speeds the
16 deployment time necessary to meet HIX deadlines.” The presentation also stated that
17 “Infrastructure and Environment can be stood up in less than 3 weeks from contract
18 ratification.”

19 66.

20 Following its March 2011 Table Talk presentation, Oracle continued to represent that
21 Oregon could implement the “Oracle Solution” quickly and with minimal customization. In
22 its response to DHS requests for additional information, Oracle wrote that the “Oracle
23 Solution” could be “incorporated into the current technology environment without
24 customization of the core features and functionality * * *.” Oracle also stated that its
25 “Solution” “is a highly flexible, scalable, secure, commercial-off-the-shelf (COTS) package
26 that is easily integrated with internal and external systems.”

1 67.

2 The Wakely and KPMG assessments also noted that Oracle was claiming it could
3 provide Oregon with a solution for the Modernization and HIX-IT Projects with existing
4 applications that merely needed to be configured. Upon a review of Oracle documents sent
5 to the State, Wakely and KPMG wrote that “Oracle is touting the ‘one stop shop’ approach
6 where all of the functionality it feels Oregon needs to handle the [Eligibility Automation] and
7 HIX solution is already available and primarily needs to be configured.” Wakley and KPMG
8 also noted that “Oracle proposes that its solution can [be] incorporated into Oregon’s current
9 technology environment without customization of the core features and functionality.”

10 68.

11 Cúram withdrew from the procurement process in May 2011.

12 69.

13 On May 10 through 12, 2011, DHS invited Oracle to provide demonstrations of its
14 products to a State evaluation team. During these demonstrations, Oracle demonstrated to
15 the evaluation team “the ‘out-of-the-box’ capabilities of its solution” and answered follow-up
16 questions. Wakely and KPMG attended Oracle’s May 2011 demonstrations.

17 70.

18 During the May 2011 demonstrations, Oracle said that its products had been
19 developed so that the State could very rapidly deploy the systems for the Modernization and
20 HIX-IT Projects. Oracle asserted that key components of the “Oracle Solution,” such as
21 Siebel and OPA, were already seamlessly connected. Oracle claimed that their products
22 were highly integrated and the State would only need to configure them to make them work
23 together. Based on Oracle’s presentation, DHS believed that Oracle’s suite of applications
24 could be configured to work together with “point and click” tools.

25 ///

26 ///

1 71.

2 Oracle Vice President Kevin Curry was the highest ranking Oracle employee present
3 throughout the May 2011 demonstrations. Curry failed to disclose to DHS that the “Oracle
4 Solution” was not already integrated, was not functional “out-of-the-box,” and was not
5 flexible and easy to use.

6 72.

7 During a breakfast meeting held on the final day, Curry told DHS staff, including
8 DHS Interim Chief Information Officer John Koreski, that the “Oracle Solution” was 95%
9 out-of-the-box. During this same breakfast, Oracle told DHS that rules for determining
10 Oregonians’ eligibility for social service programs could be configured in OPA in six to eight
11 weeks.

12 **The State Decides to Purchase the “Oracle Solution”**

13 73.

14 Following Oracle’s May 2011 demonstrations, DHS prepared a final report
15 summarizing its findings and recommending that the State purchase the “Oracle Solution”
16 (the “Recommendation and Evaluation”). The State followed the Recommendation and
17 Evaluation and selected the “Oracle Solution.”

18 74.

19 Oracle’s representation that the “Oracle Solution” was 95% out-of-the-box was the
20 key factor influencing the State’s decision to purchase the “Oracle Solution.” One State
21 evaluation team noted that Oracle “products meet virtually all of our business/field
22 requirements out-of-the-box (Oracle’s response to our questionnaire indicated only about 5%
23 of the business requirements will require customization).”

24 75.

25 The DHS Recommendation and Evaluation emphasized that “Oracle’s vendor
26 demonstration did a good job showing how flexible the solution is out of the box. Members

1 of the Oracle team walked through how configurable the solution components are and how
2 they integrate well together. The [Oracle] team also *repeatedly reiterated* that everything
3 being presented was core functionality that comes ‘out of the box’ to its clients” (emphasis
4 added). The report added that “Oracle’s response to [the Vendor] questionnaire indicated
5 only about 5% of business requirements will require customization. We conclude that the
6 Oracle framework will meet the needs of Eligibility Automation for DHS.” Altogether, the
7 DHS Recommendation and Evaluation mentioned the out-of-the-box functionality of the
8 “Oracle Solution” almost 20 times.

9 76.

10 The State also relied on Oracle’s representations that the “Oracle Solution” was
11 flexible and easily configurable. DHS noted that the “Oracle solution is highly
12 configurable”; “the proposed solution is quite flexible”; “Oracle’s solution provides an
13 integrated and flexible approach to policy automation”; OPA “is highly configurable and
14 does not require a high level of technical expertise.” In a debrief following Oracle’s May
15 2011 demonstrations, the DHS team recorded that “Configurability is very valuable.” A
16 State team focused on developing the HIX reported that “the Oracle solution has the
17 flexibility for scaling and configuration to meet our current and future needs.” A summary of
18 team feedback recorded “ease of use” first on a list of features that the team liked.

19 77.

20 Finally, the State relied on Oracle’s representations that the “Oracle Solution” was
21 scalable. The DHS final report stated that the “proposed infrastructure supports clustering
22 and load balancing features, flexible deployment options, horizontal and vertical scalability
23 features and high levels of performance tuning on data and application servers to meet
24 availability, performance and capacity growth requirements.”

25 ///

26 ///

1 78.

2 Wakely and KPMG independently concluded that the State should purchase the
3 “Oracle Solution.” They noted that Oracle’s May 2011 demonstrations showed that “several
4 of the various components that comprise the [Oracle] solution are mature, robust, and appear
5 to be well integrated,” and concluded that “based on the information provided previously and
6 the functionality demonstrated during the [May demonstrations], the Oracle solution provides
7 Oregon a sound technology foundation on which to build its envisioned” Modernization and
8 HIX-IT Projects.

9 **The Oracle-Mythics Enterprise**

10 79.

11 Mythics is a corporation headquartered in Virginia Beach, Virginia. Mythics is
12 engaged in an ongoing organization with Oracle to distribute and resell Oracle products and
13 provide consulting on the implementation and integration of those products.

14 80.

15 To purchase the “Oracle Solution,” the State entered a contract and purchase orders
16 with Mythics rather than Oracle directly. Oracle and Mythics worked together to develop
17 terms for the contracts between Mythics and the State. Oracle and Mythics employees
18 jointly negotiated the contracts between Mythics and the State.

19 **Mythics License Service Agreement, June 30, 2011**

20 81.

21 The Oregon legislature created OHA in 2009 as a division within DHS. DHS
22 consolidated health-related programs under OHA. The legislature provided that OHA should
23 transition to become an independent state agency effective July 1, 2011. Throughout 2010
24 and early 2011, State employees from what would become OHA attended Oracle’s
25 presentations and demonstrations. On July 1, 2011, OHA became a separate and independent
26 State agency.

1 82.

2 On June 30, 2011, the State executed the Mythics License and Services Agreement
3 (“MLSA”) with Mythics. Oracle did not sign the MLSA, but it was named as a third-party
4 beneficiary of the contract. The MLSA does not itself provide for the purchase of Oracle
5 products and services. Instead, it provides a contractual framework governing the purchase
6 of Oracle products and services. Actual purchases were made through a series of purchase
7 orders submitted pursuant to the MLSA. (The MLSA and the purchase orders and ordering
8 documents submitted pursuant to it shall be collectively referred to as the “Mythics-OHA
9 Contracts.”)

10 83.

11 The State entered the Mythics-OHA Contracts pursuant to an amendment to an
12 existing Oregon Department of Administrative Services State Procurement Office Price
13 Agreement with Dell Marketing LLP (“Dell”). DHS and OHA issued purchase orders for
14 Oracle and Mythics products and services to Dell, and then Dell invoiced DHS and OHA for
15 these services.

16 84.

17 The MLSA expressly warrants that Mythics and Oracle will perform work “in a
18 professional manner consistent with industry standards.” It also warrants that programs “will
19 operate in all material respects as described in the applicable program documentation for one
20 year after delivery.”

21 85.

22 On the same day that DHS and OHA executed the MLSA, they also executed a
23 Statement of Work providing that Mythics and Oracle would “assist” DHS and OHA “with
24 the installation, implementation, configuration, and customization of the Oracle Policy
25 Automation 10.2 components * * * to support benefit eligibility processing and full
26 determination for” SNAP, TANF, Medicaid, and the HIX. The Statement of Work also

1 included a proposed schedule where Mythics estimated that based “on current knowledge of
2 the DHS/OHA requirements” the work would take 28 weeks to complete. Mythics proposed
3 that OPA would be configured for full determination of eligibility for SNAP, TANF,
4 Medicaid, and the HIX in January 2012.

5 86.

6 In August 2011, DHS and OHA executed a purchase order with Oracle for
7 approximately \$8,700,000. This purchase order provided for the purchase of licenses for the
8 Oracle software comprising the “Oracle Solution,” hardware on which to run the software,
9 and consulting services to begin planning and implementing the “Oracle Solution.”

10 87.

11 Between June 30, 2011 and July 11, 2013, the State and Mythics executed 20
12 purchase orders under the MLSA for the purchase of Oracle hardware, software, and
13 services, for a total of more than \$30,000,000. The first two purchase orders issued by DHS
14 and OHA included services from Oracle’s internal consulting unit, Oracle Consulting
15 Services. The remaining purchase orders were for the purchase of access to data storage,
16 software licenses, hardware, and server maintenance, support, and setup.

17 **Decision Not to Use a Systems Integrator, Summer 2011**

18 88.

19 DHS and OHA initially planned to use a Systems Integrator to implement the “Oracle
20 Solution.” A Systems Integrator is a company that is responsible for bringing together all of
21 the components in a project and ensuring that the components function together.

22 89.

23 In May 2011, DHS and OHA began preparation of a Request for Proposals to solicit
24 potential Systems Integrators. Although never completed, the draft envisioned that a
25 potential Systems Integrator would be responsible for managing the Modernization and HIX-
26 IT Projects, including developing and maintaining the work plan and schedule.

1 90.

2 Unbeknownst to the State, Oracle was dead set against the State hiring an
3 independent Systems Integrator. According to a former Oracle employee, Oracle advanced a
4 “planned * * * behind-the-scenes effort” to convince the State “that a Systems Integrator
5 would just cause * * * delay.” The former employee explained that “the message was we’ve
6 got to make sure that [the State] doesn’t bring [a Systems Integrator] in because it’s * * * just
7 going to cause us trouble.” Oracle recommended to the State that it hire Oracle’s own
8 internal consulting unit, Oracle Consulting Services, to fill that role. Oracle also offered to
9 provide training services to State employees, enabling the State to believe it, along with
10 Oracle, could co-manage the Projects without hiring an independent Systems Integrator.
11 Oracle continued to support the State’s decision to not hire a Systems Integrator through the
12 life of the project.

13 91.

14 Oracle’s behind-the-scene scheme paid off. Oracle convinced the State to spend
15 millions of dollars more to use Oracle Consulting Services to design, plan, and manage the
16 Projects, rather than hire an independent Systems Integrator.

17 **Oracle License Service Agreement, November 2011**

18 92.

19 In November 2011, DHS and OHA entered the Oracle License Service Agreement
20 (“OHA OLSA”) with Oracle. Like the MLSA, the OHA OLSA does not itself provide for
21 the purchase of Oracle products and services. Instead, it provides a contractual framework
22 governing the purchase of Oracle products and services. Actual purchases were made
23 through a series of purchase orders submitted pursuant to the OHA OLSA (collectively, the
24 OHA OLSA and related purchase orders and ordering documents shall be referred to as the
25 “Oracle-OHA Contracts”).

26 /// ///

1 93.

2 The State entered the Oracle-OHA Contracts pursuant to an amendment to an existing
3 Oregon Department of Administrative Services State Procurement Office Price Agreement
4 with Dell. DHS and OHA issued purchase orders for Oracle products and services to Dell,
5 and then Dell invoiced DHS and OHA for these products and services.

6 94.

7 The OHA OLSA expressly warrants that Oracle will perform work “in a professional
8 manner consistent with industry standards.” It also warrants that programs “will operate in
9 all material respects as described in the applicable program documentation for one year after
10 delivery.”

11 95.

12 Between November 30, 2011 and May 29, 2014, DHS and OHA executed 23
13 purchase orders under the OHA OLSA. The majority of the State’s purchases under the
14 Oracle-OHA Contracts were for Oracle Consulting Services.

15 96.

16 Oracle caused 238 invoices to be sent to the State for payment under both the
17 Mythics-Oracle Contracts and Oracle-OHA Contracts. The State paid \$133,607,504 for
18 Oracle products and services under these contracts. A complete list of these invoices under
19 the Mythics-Oracle and Oracle-OHA Contracts is attached to this complaint as Exhibits 1
20 and 2, and incorporated herein by reference.

21 97.

22 The Oracle-OHA Contracts provided for Oracle to supply all of the products and
23 services necessary for the State to implement the technological components of the
24 Modernization and HIX-IT Projects. The first purchase order submitted pursuant to the OHA
25 OLSA provided that “Oracle will assist the State of Oregon Health Authority and the Oregon
26 Department of Human Services’ [sic] implementation of the Health Insurance Exchange

1 system.” It goes on to provide that Oracle will assist DHS and OHA with developing the
2 technology architecture for the HIX, including for the creation of an online portal permitting
3 individual Oregonians and Oregon small businesses to create accounts, undergo eligibility
4 screening, and shop for health plans.

5 **Creation of Cover Oregon**

6 98.

7 In June 2011, the Oregon legislature passed and the Governor signed Senate Bill 99,
8 creating the Oregon Health Insurance Exchange Corporation. On October 1, 2012, the
9 corporation adopted the name “Cover Oregon.”

10 99.

11 Cover Oregon is a public corporation and an independent unit of State government.
12 State law provides that Cover Oregon shall “[a]dminister a health insurance exchange in
13 accordance with federal law to make qualified health plans available to individuals and
14 groups throughout this state.”

15 100.

16 From 2011 through the end of 2012, Cover Oregon focused on building staff and
17 developing plans for implementation of the ACA in Oregon. During this time, OHA
18 remained responsible for working with Oracle on the HIX-IT Project.

19 101.

20 Cover Oregon’s business plan provided that it would be funded by federal grants
21 through 2014. To pay for operations beyond 2014, Senate Bill 99 established an assessment
22 to be paid by carriers based on the number of individuals enrolled in health plans offered by
23 the carriers through the exchange. Cover Oregon’s plan was to begin to charge the carrier
24 assessment in 2014 and achieve self-sufficiency in 2015.

25 /// ///

26 /// ///

1 **Oracle Takes Control, 2012**

2 102.

3 Oracle did more than provide software, hardware, and implementation services. It
4 managed both Projects. In summer of 2012, OHA asked for Oracle's assistance with project
5 management and Oracle set up a project management office. Oracle provided a project
6 manager and a chief technology officer to direct the Projects.

7 103.

8 OCS became, in effect, the Systems Integrator throughout the life of the
9 Modernization and HIX-IT Projects. Oracle brought on project managers to run the Projects
10 and tightly controlled access to Oracle's development and integration work. Oracle took the
11 lead in proposing system architecture, the selection of software and hardware, and project
12 management. At all times, Oracle was the technical lead on both Projects. Under this
13 arrangement, Oracle was 100% responsible for the development of the HIX technology, and
14 State employees did not have access to the technical development environment.

15 104.

16 Oracle described itself as Oregon's Systems Integrator in its own internal email.

17 105.

18 Until the HIX failed to launch in October 2013, Oracle managed its own staff
19 throughout the Projects. Before that time, Oracle did not seek State approval for most
20 staffing decisions unless it was for approval to add additional staff.

21 106.

22 Oracle, and Oracle alone, was responsible for the technical development and
23 implementation of the Modernization and HIX-IT Projects systems. Oracle did not provide
24 the State, Cover Oregon, or the State and Cover Oregon's independent quality assurance
25 provider, Maximus, with access to its technical development work. State employees did not
26 set up hardware, configure software, integrate components, or write code. In fact, Oracle

1 managers forbade their staff from discussing the progress of Oracle's development with State
2 employees. A former Oracle employee was chastised by an Oracle manager after he revealed
3 to Cover Oregon staff that Oracle developers were having trouble implementing an Oracle
4 product. The State, Cover Oregon, and Maximus did not gain access to test the system until
5 July 16, 2013, less than three months before the HIX-IT Project was planned for launch.

6 **Transition to Cover Oregon, 2012-2013**

7 107.

8 From the execution of the MLSA in June 2011 through December 2012, the
9 Modernization and HIX-IT Projects proceeded in parallel and were jointly managed under an
10 executive steering committee consisting of the heads of DHS, OHA, and Cover Oregon. The
11 State originally planned to merge both Projects into a single code base.

12 108.

13 In December 2012, however, due to concerns about meeting ACA deadlines, the State
14 decided not to merge the HIX-IT Project code base with the Modernization code base. In
15 December 2012, OHA began to transition the HIX-IT Project to Cover Oregon.

16 109.

17 In January 2013, the HHS awarded Cover Oregon a Level 2 Establishment grant to be
18 used in part to complete the HIX-IT Project.

19 110.

20 Because Cover Oregon was not a party to the MLSA or the Oracle-OHA Contracts,
21 on March 14, 2013, Cover Oregon executed an Oracle License and Services Agreement with
22 Oracle.

23 111.

24 Like the MLSA and the OHA OLSA, the Cover Oregon OLSA does not itself provide
25 for the purchase of Oracle products and services. Instead, it provides a contractual
26 framework governing the purchase of Oracle products and services. Actual purchases were

1 made through a series of Oracle ordering documents and Cover Oregon purchase orders
2 submitted pursuant to the Cover Oregon OLSA (collectively, the Cover Oregon OLSA and
3 the ordering documents and purchase orders submitted pursuant to it shall be referred to as
4 the “Oracle-Cover Oregon Contracts”).

5 112.

6 The Cover Oregon OLSA expressly warrants that Oracle will perform work “in a
7 professional manner consistent with industry standards.” It also warrants that programs “will
8 operate in all material respects as described in the applicable program documentation for one
9 year after delivery.”

10 113.

11 The Cover Oregon OLSA also provides that if Oracle breaches its warranty to
12 provide service in a professional manner consistent with industry standards, then Oracle will
13 provide additional services at no charge to correct that breach of warranty. Specifically, the
14 Contract provides that when Oracle breaches the warranty, Oracle shall provide “**THE**
15 **REPERFORMANCE OF THE DEFICIENT SERVICES**” (capitalization and emphasis in
16 original).

17 114.

18 Oracle sent Cover Oregon invoices for payment under Cover Oregon-Oracle
19 Contracts. Between March 15, 2013 and August 6, 2014, Oracle sent Cover Oregon 105
20 invoices under these contracts. Cover Oregon paid a total of \$106,672,503 for Oracle
21 products and services. A complete list of Oracle’s invoices under the Oracle-Cover Oregon
22 Contracts is attached to this complaint as Exhibit 1, and incorporated herein by reference.

23 115.

24 In early 2013, before Cover Oregon and Oracle had executed the Cover Oregon
25 OLSA, Cover Oregon officials, including Cover Oregon Chief Information Officer Aaron
26 Karjala, met twice with Oracle executives, including Vice-President of Government Sales

1 Greg Loos and Regional Vice-President for Public Sector State and Local Government Colin
2 Wardlaw. During these meetings, Cover Oregon and Oracle discussed Cover Oregon
3 purchasing Oracle hardware, including servers and environments. The Oracle executives
4 told Karjala that key Oracle environments could be set up and ready for use in approximately
5 12 weeks.

6 116.

7 Karjala relied on the Oracle executives' representations to recommend that Cover
8 Oregon execute two purchase orders totaling \$12.4 million for the purchase of Oracle servers
9 and related licenses, equipment, and support. Both purchase orders were executed on March
10 14, 2013, contemporaneously with the Cover Oregon OLSA.

11 117.

12 In early 2013, Oracle provided Cover Oregon with estimates of the "Level of Effort"
13 required to complete the HIX-IT Project by October 1, 2013. Oracle's Level of Effort
14 estimates indicated to Cover Oregon that the HIX-IT Project was approximately 80%
15 complete.

16 118.

17 Cover Oregon relied on Oracle's Level of Effort estimates to enter into an ordering
18 document for Oracle consulting services on May 1, 2013. This ordering document provided
19 for Cover Oregon to purchase \$45 million in consulting services. Oracle used the Level of
20 Effort estimated to determine the size and scope of the May 1, 2013 ordering document and
21 Cover Oregon relied on Oracle's Level of Effort estimates to approve and sign the May 1,
22 2013 ordering document.

23 119.

24 In the May 1, 2013 ordering document, Oracle agreed to provide Cover Oregon with
25 consulting services "to assist with the completion of the Cover Oregon * * * implementation
26 of the Health Insurance Exchange system[.]"

120.

The May 1, 2013 ordering document provided that Oracle would, among other tasks, assist with program management, milestone planning, and project scheduling. It also provided that Oracle would assist Cover Oregon with the implementation of the “Oracle Solution,” including configuring, integrating, and implementing Siebel, OPA, and WebCenter. The ordering document also provided that Oracle would provide “post production support from 10/1/13 [Cover Oregon’s launch date for the HIX] through 12/31/13” and additional post-production support in 2014.

The HIX-IT Project, Spring – Fall, 2013

121.

Consistent with the requirements set forth in the ACA, Cover Oregon sought to implement a HIX that offered both Individual Enrollment and SHOP. As described above, Individual Enrollment allows individuals to compare, purchase, and enroll in health insurance on a HIX website. SHOP is the Small Business Health Options Program. SHOP offers small employers an option to provide health insurance to their employees through a HIX website. In order for Oregonians to obtain insurance for 2014, as required by the ACA, Cover Oregon established a goal of implementing Individual Enrollment and SHOP by October 2013. Consistent with the goal, Cover Oregon set October 1, 2013 as the launch date for the HIX.

122.

Both orally and in writing Oracle assured OHA and Cover Oregon that it would deliver a fully functioning HIX system on or before the launch date of October 1, 2013. On May 20, 2013, Oracle Senior Vice President for North America Technology and Government Consulting Kate Johnson wrote in an email to Cover Oregon Executive Director Howard “Rocky” King: “I have copied my manager, Matt Mills, to ensure that you know we are committed to the successful implementation of Oregon’s Health Insurance Exchange at the

1 highest levels in Oracle. I will continue to personally work with you and the team to achieve
2 this critical GoLive on Oct 1.” In addition, as noted above, the May 1, 2013 ordering
3 document expressly provided that post-production work would begin on October 1, 2013.
4 Furthermore, Oracle prepared estimates of the Level of Effort required to complete the
5 project and used those estimates to create the ordering documents under the Oracle-Cover
6 Oregon Contracts. Those estimates projected that the website would be delivered before
7 October 1, 2013. OHA and Cover Oregon relied on Oracle’s representations throughout the
8 HIX-IT Project and, based on those representations, reasonably expected that Oracle would
9 deliver a functioning HIX system on or before October 1, 2013.

10 123.

11 In early 2013, Cover Oregon staff provided Oracle with a set of requirements setting
12 out the scope of the final version of the HIX-IT Project. A requirement is a stand-alone
13 statement describing a required functionality. Most requirements were based on federal and
14 State laws and regulations governing the implementation of the HIX. Cover Oregon’s key
15 requirements were for Individual Enrollment and SHOP, but also included several others.

16 124.

17 In April 2013, Oracle provided feedback to Cover Oregon that they were concerned
18 that they could not complete the HIX-IT Project in time to launch on October 1, 2013 unless
19 Cover Oregon reduced the scope. In response, Cover Oregon reduced the number of
20 requirements, but retained both Individual Enrollment and SHOP. After Cover Oregon
21 agreed to reduce the scope, Oracle assured Cover Oregon that it would meet the October 1,
22 2013 launch date, including completing both Individual Enrollment and SHOP.

23 125.

24 Throughout 2013, Oracle deceived the State about the development status of the HIX.
25 During the June 13, 2013 Cover Oregon Board of Directors meeting, Oracle Technical
26 Manager Brian Kim provided a demonstration to the Cover Oregon Board that purportedly

1 showed that core elements of the HIX were functional, including portions of both Individual
2 Enrollment and SHOP. Kim's demonstration was designed to create and did create the
3 impression that core elements of the HIX were functional and nearly complete. But the core
4 elements of the HIX, as Oracle knew, were not functional and were not nearly complete.

5 126.

6 During the June 13, 2013 demonstration, Kim purported to demonstrate the
7 functionality of the HIX at that time. Kim explained that "we wanted to demonstrate the
8 functionality." Kim represented that the HIX had functionality to (1) allow different types of
9 users (including individuals, employees, employers) to create and manage accounts, (2) allow
10 individuals to submit an application to enroll for financial assistance under the ACA for
11 healthcare coverage, (3) determine if an individual who submits an online application is
12 eligible for financial assistance for coverage, (4) allow individuals to shop for medical
13 coverage and dental coverage, and enroll in the coverage of her or his choosing, and (5)
14 allow employers to shop for and select a healthcare plan for their employees. Kim's
15 demonstration was false. At the time of the demonstration, the core functionalities Kim
16 demonstrated were not complete and were not in a state of completion that would allow them
17 to launch in October. Kim knew or recklessly disregarded that the core functionalities he
18 was demonstrating were not complete and were not in a state of completion that would allow
19 them to launch in October.

20 127.

21 As the summer of 2013 progressed, Cover Oregon had growing concerns about
22 Oracle's performance. Although Oracle executives Loos and Wardlaw had promised Cover
23 Oregon that environments would be set up in approximately 12 weeks, Oracle delivered the
24 environments late. A Cover Oregon contractor wrote to Oracle: "[W]hen [Oracle] delivers
25 an environment nothing is setup to work together. You are Oracle People, working on an
26 Oracle Platform, with Oracle technology products, on an Oracle solution. * * * Oracle

1 should be delivering these environments and products as a solution, like they actually
2 understood the products and owned the solution which has not been the case by a long shot.”

3 128.

4 In addition, from spring until August, Oracle regularly provided Cover Oregon with
5 “development dashboards,” which showed the percentage of the development of the Project
6 that Oracle estimated was complete. The first development dashboard, provided in April
7 2013, showed the HIX-IT Project at just under 80% complete. Development dashboards
8 provided in the following months remained at approximately 80% complete, even as Oracle
9 purportedly increased resources dedicated to the Project and Cover Oregon continued to
10 reduce its scope.

11 129.

12 Given these concerns, in August 2013 Cover Oregon decided to focus development
13 efforts on Individual Enrollment and not launch SHOP on October 1, 2013. Cover Oregon
14 also revised its October launch plan. It decided to implement a “soft launch” on October 1,
15 2013. Under the soft launch, Cover Oregon did not plan to launch Individual Enrollment to
16 the public immediately on October 1, 2013. Instead, Cover Oregon set up a portal accessible
17 only by community partners and agents. Oregonians contacted a community partner or agent
18 to request that the community partner or agent use the portal to enroll them in an appropriate
19 health insurance plan. Cover Oregon planned to launch Individual Enrollment to the public
20 later in October 2013.

21 130.

22 Oracle executives assured Cover Oregon that the system would meet this revised
23 launch plan. At the August 8, 2013 Cover Oregon Board of Directors meeting, Oracle Vice
24 President for North America Government Consulting Thomas Budnar stated that Oracle has
25 “been working closely with the Oregon management team on all aspects of the project,
26 including the launch plan. We worked together to develop that – it’s in line with our best

1 practices for what we would recommend for large projects, so we feel very comfortable with
2 that and support the approach 100%.” At the same time, Budnar failed to disclose that there
3 were serious deficiencies with the system that would prevent Oracle from meeting Cover
4 Oregon’s revised launch plan. At the time he made these statements and failed to disclose
5 the HIX systems’ serious deficiencies, Budnar knew or recklessly disregarded that the state
6 of development on the HIX-IT Project would make it impossible to launch the system
7 according to Cover Oregon’s plan.

8 131.

9 Oracle staff regularly told the State that the system was almost ready.

10 **Oracle’s Failures to Launch**

11 132.

12 On September 11 and 12, 2013, the Center for Medicare and Medicaid Services
13 (“CMS”), the federal agency overseeing state projects to build exchanges, conducted an
14 Operational Readiness Review to assess the status of Oregon’s HIX. Oracle employee Brian
15 Kim led CMS through a demonstration of the system.

16 133.

17 Kim’s demonstration exposed serious problems with the HIX. Both Individual
18 Enrollment and SHOP (which Oracle demonstrated even though it was not planned for the
19 October launch) failed to function correctly. Kim could not successfully demonstrate that the
20 system was capable of processing user requests as simple as an address change. Serious
21 errors occurred throughout the demonstration. Kim demonstrated portions of the system that
22 had not been completed and still resided on a development environment.

23 134.

24 On September 18, 2013, Oracle demonstrated the system to Cover Oregon staff at
25 Cover Oregon’s headquarters in Durham, Oregon. Oracle executives flew into Oregon from
26 out-of-state to attend the demonstration. The demonstration was a disaster. Critical errors

1 interrupted the demonstration. Essential functionality needed to enroll Oregonians in health
2 insurance programs was incomplete and failed to operate.

3 135.

4 Even with a sharply reduced scope, the system was not ready to launch on October 1,
5 2013. The soft launch to community partners and agents failed to function correctly and
6 Cover Oregon was forced to scale it back.

7 136.

8 Despite Oracle's failure to deliver a functional system on October 1, Oracle
9 executives continued to assure Cover Oregon that the system, including Individual
10 Enrollment, would be ready to launch before the end of October. On October 10, 2013, Vice
11 President, Engineered Systems and Hardware Stephen Bartolo sent an email to Rocky King
12 stating "[a]t this point in time we are confident that we will reach the 10/15 date[.]" Bartolo
13 also repeatedly told King and Karjala in person that the system would be ready to launch
14 with Individual Enrollment before the end of October. During the October 17, 2013 Cover
15 Oregon Board of Directors meeting, Bartolo stated that "we're working together to meet the
16 date of October 30." At the time he made each of these statements, Bartolo knew or
17 recklessly disregarded that given the current state of development of the HIX-IT Project it
18 would be impossible for the system to launch on the dates he told King and Karjala.

19 137.

20 In October 2013, Oracle assigned its "A-Team" to Cover Oregon to fix the errors
21 caused by Oracle's inferior development team over the preceding years.

22 138.

23 Even with the "A-Team" on site, the HIX was not ready to launch by the end of
24 October 2013.

25 /// ///

26 /// ///

1 139.

2 By mid- to late-October 2013, Cover Oregon had lost hope that the system would be
3 capable of allowing citizens to enroll online. To ensure that Oregonians would be able to
4 enroll in insurance, Cover Oregon had no choice but to hire hundreds of temporary workers
5 to manually process paper applications.

6 140.

7 In November, Oracle executives continued to represent to Cover Oregon that the
8 system was nearly ready to launch. On November 14, 2013, Budnar told the Cover Oregon
9 Board of Directors that the system would be ready for individual enrollments by the end of
10 December 2013. Budnar stated: “The timeframe that we’re looking at for the plan selection
11 and enrollment is early- to mid-December. For the full end-to-end eligibility is the middle to
12 end of December.” He went on to add that “those are dates that we feel are outliers and
13 we’re going to try to bring it in before those dates.” At the time he made these statements,
14 Budnar was aware that the state of development of the system made it impossible to launch
15 the system by the end of December 2013.

16 141.

17 Like Bartolo’s assurances, Budnar’s assurances were false. The system did not
18 launch by the end of December 2013.

19 142.

20 From October 1, 2013 onward, Oracle worked on repairing its earlier deficient
21 services. Oracle’s level of effort estimates, express oral and written statements, and May 1,
22 2013 ordering document all indicated that Oracle would deliver a fully functioning HIX on
23 October 1, 2013. When Oracle broke its promises to meet that deadline, it was unable to
24 engage in the “post-production” work agreed to in the May 1, 2013 ordering document.
25 Instead, Oracle continued to work on the deficient system. Consistent with the Cover Oregon
26 OLSA, which requires Oracle to re-perform deficient services free of charge, Cover Oregon

1 began withholding payments to Oracle in September 2013. Nonetheless, Oracle has and
2 continues to insist that Cover Oregon owes it millions for work performed after October
3 2013, even though that work was for repairing Oracle's earlier deficient services.

4 143.

5 On January 7, 2014, Oracle sent yet another executive to Oregon to again assure the
6 State that Oracle would meet a deadline. Senior Vice President for North America
7 Technology and Government Consulting Ravi Puri, along with Budnar, met with Acting
8 Executive Director of Cover Oregon Dr. Bruce Goldberg and told him that Oracle would
9 have the functionality necessary to launch the HIX completed on February 3, 2014. Puri also
10 claimed that all serious errors—known as “blockers”—preventing the HIX system from
11 launching had been resolved. In an email following up on their meeting, Puri wrote to
12 Goldberg that Oracle is “committed to a successful go-live.” At the time Puri made these
13 statements, he knew or recklessly disregarded that Oracle had not resolved all “blockers” and
14 the state of development of the system made it impossible to launch the HIX on February 3,
15 2014.

16 144.

17 Even though Oracle had failed to meet the October 2013 launch dates, during the
18 January 7, 2014 meeting, Puri demanded that Cover Oregon pay Oracle more than \$24
19 million for development work allegedly performed after October 1, 2013. This included
20 more than \$11 million for allegedly new development, as opposed to repair work which
21 would have been covered by warranty, performed in November and December 2013 (and that
22 failed to make the site ready for launch in December 2013, as Budnar had promised), \$11
23 million for allegedly new development work, as opposed to repair work which would have
24 been covered by warranty, planned for January 2014, and \$2 million for testing through
25 February 3, 2014. Puri's demand for more than \$24 million constituted a representation that
26 Oracle had performed new development work, as opposed to repairs to the system, because

1 repair work was covered by warranty and should have been performed without charge. At
2 the time Puri demanded payment, he knew or recklessly disregarded that the work Oracle
3 was claiming payment for was not new development work, but was repair work that was
4 covered by warranty. Because the system was not ready to launch, Dr. Goldberg refused to
5 pay Oracle.

6 145.

7 Budnar failed to correct Puri's false statements and failed to disclose that the system
8 would be unable to launch on February 3, 2014. Budnar also knew or recklessly disregarded
9 that Oracle had not resolved all "blockers" and the state of development of the system made
10 it impossible to launch the HIX on February 3, 2014. Budnar also failed to disclose that the
11 work Oracle had performed since October 1, 2013, and was proposing to perform, was repair
12 work covered by warranty, even though he knew or recklessly disregarded that this was the
13 case.

14 146.

15 Dr. Goldberg met with Puri and Budnar again on February 11, 2014. Dr. Goldberg
16 told Puri and Budnar that Cover Oregon would not pay Oracle until the HIX worked
17 correctly. Puri "guaranteed" that the HIX would be working for community partners and
18 agents by February 14, 2014 and ready for launch to the public the following week on
19 February 24, 2014. When he made this representation, Puri knew or recklessly disregarded
20 that the system would not have sufficient functionality for Cover Oregon to successfully
21 launch the HIX on February 24, 2014. Puri coupled his representation that the HIX website
22 was nearly ready to launch with a demand that Cover Oregon pay Oracle nearly \$70,000,000.
23 Puri threatened to pull the entire Oracle workforce off the HIX-IT Project on March 1, 2014
24 if Cover Oregon did not make the demanded payment. Later that day, Puri emailed Goldberg
25 a PowerPoint slide purporting to show that Cover Oregon should pay Oracle nearly
26 \$70,000,000 for HIX development and testing. Puri's demand for nearly \$70,000,000

1 constituted a representation that Oracle had performed and was going to perform new
2 development work, as opposed to repairs to the system, because repair work was covered by
3 warranty and should have been performed without charge. At the time Puri demanded
4 payment, he knew or recklessly disregarded that the work Oracle was claiming payment for
5 was not new development work, but was repair work that was covered by warranty.

6 147.

7 Budnar failed to correct Puri's false statements and failed to disclose that the system
8 would be unable to launch on February 14 and 24, 2014. Budnar knew or recklessly
9 disregarded that it would be impossible for Cover Oregon to successfully launch the HIX on
10 February 24, 2014. Budnar also failed to disclose that the work Oracle had performed since
11 October 1, 2013, and was proposing to perform, was repair work covered by warranty, even
12 though he knew or recklessly disregarded that this was the case.

13 148.

14 Throughout this time, Oracle continued to exert tight control over the development
15 process. A February 2014 report by the Centers for Medicare and Medicaid Services
16 ("CMS") noted that there "is no visibility by [Cover Oregon] into OCS' activities.
17 Therefore, there is a substantial dependency on OCS for almost everything that is time
18 sensitive (e.g., schedules, fixes, releases, etc.)." The report went on to note that Oracle was
19 failing to provide Cover Oregon with variance reports necessary to allow Cover Oregon to
20 properly test the system.

21 149.

22 Despite Oracle's assurances that the system could launch in February 2014, Cover
23 Oregon concluded that it was unstable and not suitable for the public. The February 2014
24 CMS report found that the "system environments are not stable and are affecting testing,
25 development and activities." Cover Oregon conducted consumer testing throughout
26

1 February. Significant numbers of testers were unable to enroll in insurance through the
2 system.

3 150.

4 On February 26, 2014, during a meeting with Dr. Goldberg and State officials, Oracle
5 President Safra Catz threatened to pull Oracle personnel off the HIX-IT Project in less than a
6 week if Cover Oregon did not immediately pay Oracle millions of dollars for work
7 performed since October. Catz's threat risked severely compromising the limited back-end
8 functionality Cover Oregon was using to make Medicaid eligibility determinations and enroll
9 Oregonians in health insurance through community partners and agents with paper
10 applications. Catz also claimed that the HIX system was nearly ready to launch and that the
11 State and Oracle were on the verge of declaring victory. At the time she made these claims,
12 Catz knew or recklessly disregarded that the system was not almost ready to launch. On
13 February 28, 2014, Cover Oregon and Oracle reached an agreement by which Oracle would
14 continue work and Cover Oregon would pay \$43,934,567, a portion of the amount Oracle
15 claimed it was owed. Pursuant to this agreement, Cover Oregon did not waive any claims
16 and expressly retained its right to seek a refund of its payment to Oracle.

17 151.

18 In April 2014, Catz wrote a letter to Cover Oregon in which she claimed that the HIX
19 website "that Oracle coded has successfully registered a very substantial number of citizens."
20 Catz also claimed that the "functionality required to enroll the vast majority of Oregon
21 residents is operational* * * ." In May 2014, Catz followed up in an email to Cover Oregon
22 stating Oracle and Cover Oregon must resolve "payment issues."

23 152.

24 Puri's representation that the HIX website would be ready to launch in February 2014
25 and Catz's subsequent representation that month that it was ready to launch were false. In
26 January 2014, a review conducted on behalf of the federal government found that "there are

1 still significant performance issues with the system such that, while the core functionality
2 exists, the end user experience would be significantly diminished.” A report by Deloitte in
3 April 2014 concluded that it would take nearly two years and cost more than \$50,000,000 in
4 2014 alone for Oracle and the State to repair the “Oracle Solution” in order to make it usable
5 for Oregonians.

6 153.

7 As of April 24, 2014, Cover Oregon staff identified 1,198 errors that required repair
8 before the system could be considered for a public launch. On April 25, 2014, the Cover
9 Oregon Board voted unanimously to transition from the HIX-IT Project to the federal health
10 insurance exchange.

11 154.

12 Cover Oregon is unable to use the vast majority of Oracle’s shoddy and incomplete
13 work. Cover Oregon uses a limited portion of the backend system, which includes
14 functionality to determine Medicaid eligibility, but that system is fragile. Cover Oregon’s use
15 is frequently interrupted by extended outages when employees are sometimes locked out for
16 days.

17 155.

18 As a result of Oracle’s failure to deliver a fully automated “Oracle Solution” to Cover
19 Oregon, the Oregon Health Authority, in coordination with Cover Oregon, is working to
20 transition to the federal website. As part of the transition plan, Cover Oregon will transfer
21 back to the Oregon Health Authority responsibility for MAGI-Medicaid eligibility
22 determinations under the Oregon Health Plan. To accomplish this in time for open
23 enrollment in November 2014, Cover Oregon has already transferred this functionality into
24 an OHA development environment. Both Cover Oregon and the State paid Oracle for
25 developing the limited functionality in use.

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Throughout the Modernization and HIX-IT Projects, Oracle failed to meet industry standards for architecture, planning, development, implementation, integration, customization, configuration, project management and productivity.

Oracle’s development failed to meet basic industry standards. A former Oracle employee described Oracle’s work designing the architecture for the HIX-IT Project as “literally garbage.” In May 2013, a Cover Oregon consultant who had a long history in Siebel development obtained access to Oracle’s work on the Siebel application, the key Oracle product in the “Oracle Solution.” After reviewing Oracle’s work, he concluded that “the Oracle development team’s quality of * * * work was atrocious.” He added that “they broke every single best practice that Oracle themselves have defined. It is one of the worst assessments I have performed in my 18 years of Siebel work.” The Centers for Medicare and Medicaid Services observed that Oracle Consulting Services had an “overall lack of timeliness and quality with regards to solution delivery.”

Oracle assigned employees to work on the Projects who lacked minimum levels of training, skill, and experience. According to a former Oracle employee, Oracle assigned employees to the HIX-IT Project who “had no technical skills in the area they were assigned.” Oracle also assigned employees to teams who lacked relevant experience on the components they were developing.

Maximus, Cover Oregon’s outside quality assurance consultant, also found that Oracle’s work was below industry standards. In its October 2013 report, Maximus stated that Oracle’s “processes do not meet industry standards. Impact analysis, code review, coding

1 standards and proper parallel development techniques are ad hoc and inconsistently applied
2 or understood.” In its January 2014 report, Maximus observed that “Oracle’s performance is
3 clearly lacking. Their inability to adhere to industry standards and professional software and
4 project management tenants warrants further review.”

5 160.

6 Another outside consultant reviewed Oracle’s software development in October and
7 November 2013. He concluded that Oracle’s code and development processes were below
8 industry standards. He also found that Oracle had failed to assign a skilled software
9 development manager to the Project. As a result, Oracle was “working under group
10 consensus as opposed to industry standard best practices.”

11 161.

12 Oracle failed to manage the Projects in a professional manner consistent with industry
13 standards. Oracle was consistently unable to correctly estimate the level of effort required to
14 complete the project. Maximus found that “Oracle’s ability to properly estimate the work for
15 any release is significantly lacking.” Oracle also failed to properly manage the configuration
16 of its own products. The February 2014 CMS report noted that “there is no formal tool in
17 place for system build configuration management.” Furthermore, while Oracle used a
18 software tool to analyze changes to the system, Oracle refused to provide Cover Oregon with
19 access to reports generated by the tool.

20 162.

21 Oracle also failed to manage its own staff. Oracle staff were divided into different
22 units according to the product they worked on and there was poor communication between
23 units.

24 163.

25 Oracle failed to configure and implement its own programs correctly. WebCenter
26 was incorrectly configured so that if any single connection failed, the whole system would

1 fail. The Identity Management (“IDM”) component, an essential suite of security products,
2 was configured separately for every environment instead if a single instance across all
3 environments, slowing down the setup of all the environments. Additionally, Oracle had to
4 use an outdated version of IDM because the current version was not compatible with
5 Oracle’s other products. This decision and lack of integration placed the entire project in
6 jeopardy because support was scheduled to end for the older version of IDM in 2015,
7 meaning more costs in trying to upgrade and maintain IDM.

8 **Oracle’s False Statements**

9 164.

10 Before DHS and OHA signed the first contract with Oracle, the MLSA on June 30,
11 2011, Oracle made material misrepresentations about the “Oracle Solution” to DHS and
12 OHA. These included:

- 13 (a) The “Oracle Solution” functioned “out-of-the-box”:
- 14 i. “Oracle’s COTS software meets the current and future needs [of]
15 DHS’s case management requirements with out-of-the-box
16 functionality.” (Letter from Oracle Customer Relations Management
17 Application Sales Manager Jim Verster to DHS, February, 18, 2009,
18 Oracle Response to DHS RFI);
- 19 ii. “Oracle’s COTS software meets the current and future needs of Health
20 and Human Services sector case management requirements with out-
21 of-the-box functionality.” (Oracle Response to DHS RFI, February
22 18, 2009, p. 4);
- 23 iii. Oracle’s Siebel Public Sector Case Management Solution “contains
24 intuitive visual tools that allow users to configure the Siebel User
25 Interface without modifying HTML or writing ‘code.’” (Oracle
26 Response to DHS RFI, February 18, 2009, p.4);

1 iv. “The Siebel Public Sector Case Management Solution is a true
2 enterprise COTS application that leverages ‘out-of-the-box’
3 functionality and allows DHS to accommodate various application
4 requirements by configuring the Siebel Public Sector application (and
5 using our comprehensive development tools) while minimizing the
6 need for custom coding. This configuration-based approach will drive
7 down the cost, time to market and substantially reduce risk for the
8 Self-Sufficiency Modernization Program.” (Oracle Response to DHS
9 RFI, February 18, 2009, p. 6);

10 v. “Oracle’s componentized solution can be incorporated into the current
11 technology environment without customization of core features and
12 functionality on a phased basis.” (Oracle Solution for Oregon
13 Eligibility Automation & Health Insurance Exchange, p. 2 [undated]);

14 vi. On March 14, 2011 and May 12, 2011, Oracle Vice President Curry
15 told DHS and OHA that the “Oracle Solution” was 95% out-of-the-
16 box and would only require 5% customization.

17 (b) The “Oracle Solution” could be implemented quickly:

18 i. “Infrastructure and Environment can be stood up in less than **3 weeks**
19 from contract ratification.” (Oracle Solution Overview, p. 37
20 (emphasis in original));

21 ii. During a breakfast meeting held on May 12, 2011, an Oracle employee
22 told DHS Information Technology Director Kathryn Naugle that rules
23 for determining Oregonians’ eligibility for social service programs
24 could be configured in OPA in six to eight weeks.

25 (c) The “Oracle Solution” was built on integrated technologies:

26 /// ///

- 1 i. OPA allows purchaser to “achieve consistency across delivery
2 channels using standard web services architecture and pre-packaged
3 integrations.” (Oracle Solution Overview, p. 41);
- 4 ii. “Comprehensive **integrated technology**.” (Oracle Solution Overview,
5 p. 40 (emphasis in original));
- 6 (d) The “Oracle Solution” was flexible and easy to integrate with both existing
7 and external systems:
- 8 i. “Oracle’s integrated solution is a highly flexible, scalable, secure,
9 commercial-off-the-shelf (COTS) package that is easily integrated
10 with internal and external systems.” (Oracle Solution for Oregon
11 Eligibility Automation & Health Insurance Exchange, p. 4 [undated,
12 2011]).
- 13 ii. “Oracle will also enable Oregon to achieve the following goals and
14 objectives * * * [e]ase operability/integration to legacy and 3rd party
15 systems.” (Oracle Solution for Oregon Eligibility Automation &
16 Health Insurance Exchange, p. 6 [undated, 2011]);
- 17 iii. “Oracle will also enable Oregon to achieve the following goals and
18 objectives * * * [f]lexible and maintainable applications to enable self-
19 sufficiency for Oregon staff.” (Oracle Solution for Oregon Eligibility
20 Automation & Health Insurance Exchange, p. 6 [undated, 2011]);
- 21 iv. “Key capabilities include * * * [c]onfigurable applications and flexible
22 business rules architecture.” (Oracle Solution for Oregon Eligibility
23 Automation & Health Insurance Exchange, p. 4 [undated, 2011]);
- 24 v. “The Seibel Data Model is designed to be very flexible, and able to
25 optimize performance for both online users and server processes.”
26

(Oracle Response to request for additional information, April 29, 2011,
p. 3.)

(e) The “Oracle Solution” included implementation of a health insurance
exchange:

- i. The “Oracle Solution” “provid[es] a Health Insurance Exchange and
an Eligibility Automation solution for [Oregon] citizens.” (Oracle
Solution for Oregon Eligibility Automation & Health Insurance
Exchange, p. 6 [undated]);
- ii. “Comprehensive functionality across multi-program social services
case management, eligibility automation & health insurance exchange”
(Oracle Solution Overview, p. 40);
- iii. “Proven enterprise architecture & OnDemand hosting speeds the
deployment time necessary to meet HIX deadlines.” (Oracle Solution
Overview, p. 47);
- iv. “Comprehensive Solution for Eligibility Automation and Health
Insurance Exchange.” (Oracle Solution Overview, p. 53);
- v. “Our solution is the most comprehensive and secure solution with
regards to the total functionality necessary for Oregon, including
Eligibility Automation and Health Insurance Exchange.” (Oracle
Solution Overview, p. 54);
- vi. The “Oracle Solution’s” “Comprehensive functionality addresses a
broad range of requirements across Eligibility Automation and Health
Insurance Exchange.” (Oracle Solution for Oregon Eligibility
Automation & Health Insurance Exchange, p. 2 [undated]);
- vii. “Oracle will also enable Oregon to achieve the following goals and
objectives * * * [t]o accomplish an effective single point of entry fo[r]

1 all clients – Eligibility Automation and Healthcare Insurance
2 Exchange.” (Oracle Solution for Oregon Eligibility Automation &
3 Health Insurance Exchange, p. 6 [undated, 2011]).

4 165.

5 These representations by Oracle were false. In fact, the Oracle products making up
6 the “Oracle Solution” were not a “Comprehensive Solution” and were unable to function
7 together to modernize DHS’s social services delivery systems or create an operational HIX.
8 An internal assessment estimated that the “Oracle Solution” was 40% custom code. The
9 “Oracle Solution” failed to easily integrate with Oregon’s legacy systems and external
10 systems. The “Oracle Solution” and its components could not be implemented quickly.

11 166.

12 Oracle also made numerous false statements on the Vendor Questionnaire. As noted
13 above, Oracle answered 95% of the Vendor Questionnaire requirements with a “4,”
14 indicating “out-of-the-box” functionality. The following responses to the Vendor
15 Questionnaire requirements were false. For each requirement, the “Oracle Solution” did not
16 function “out-of-the-box.” It required customization and integration to meet the requirement:

17 (a) State requirement T-250: “The system shall utilize automated deployment
18 tools and techniques to build different environments (for development, testing,
19 training and production) and support interfaces with external systems.”

20 Oracle response: 4.

21 (b) State requirement T-340: “The system shall support Master Data Management
22 functions, including data standardization and deduplication.” Oracle
23 response: 4. Oracle comments: “Our Master Data Management platform
24 performs high-quality search, match, duplicate identification, and relationship
25 linking on all types of name, address and other identification data.”

26 /// ///

- 1 (c) State requirement T-780: "The system shall be the Agency system of record
2 for all information used to determine client eligibility and the eligibility result.
3 This information shall include client identity, personal information, legal
4 status, household information, income and assets." Oracle response: 4.
5 Oracle comments: "Oracle's technology components are ideal for building
6 master data management systems, and Oracle's MDM solutions for client data
7 can bring real business value in a fraction of the time it takes to build from
8 scratch."
- 9 (d) State requirement R-0152: "System shall support client-initiated electronic
10 application for benefits." Oracle's response: 4. Oracle comments: "Clients
11 will use the proposed Eligibility Automation Portal - powered by Oracle
12 WebCenter, Oracle's Siebel Public Sector and Oracle Policy Automation
13 (OPA) - to initiate and complete online applications for benefits."
- 14 (e) State requirement R-0153: "System shall support client self-screening for
15 program benefits and services." Oracle's response: 4. Oracle comments:
16 "Clients will use the proposed Eligibility Automation Portal - powered by
17 Oracle WebCenter, Oracle's Siebel Public Sector and Oracle Policy
18 Automation (OPA) - to initiate self screening."
- 19 (f) State requirement R-0156: "The system shall provide a method for clients and
20 client advocates to update case information." Oracle response: 4.
- 21 (g) State requirement R-0473: "The system shall support configurable workflow
22 management." Oracle response: 4.
- 23 (h) State requirement T-360: "The system shall be scalable, meaning that
24 additional performance load can be met without changes to the technical
25 architecture." Oracle response: 4.

26 /// ///

- 1 (i) State requirement T-380: “The system shall provide failover capability for
2 servers.” Oracle response: 4.
- 3 (j) State requirement T-390: “The system shall average 2 seconds or less end-
4 user response time 98% of the time each day, testable from the server subnet.”
5 Oracle response: 4.
- 6 (k) State requirement T-400: “The system shall scale to at least 50,000 end-users
7 while meeting response time requirements (this number is inclusive of the
8 number of users for con-current usage). Other information pertinent to sizing
9 of the system include: (1) Number of Oregon medicaid - eligible clients: over
10 500,000; (2) Number of case managers & other administrative users: 6,000 ;
11 (3) Number of Providers: 50,000.” Oracle response: 4.
- 12 (l) State requirement T-410: “The system shall support 10,000 concurrent users.”
13 Oracle response: 4.
- 14 (m) State requirement T-420: “The system shall be recoverable from a system
15 failure in 30 minutes or less.” Oracle response: 4.
- 16 (n) State requirement T-840: “The system shall support real-time & batch
17 interfaces with the legacy Client Index system.” Oracle response: 4.
- 18 (o) State requirement T-850: “The system shall facilitate a person search in its
19 database and the legacy Client Index system for resolving the identity of
20 known and possibly known persons before initiating the eligibility
21 determination process.” Oracle response: 4. Oracle comment: “Oracle’s
22 MDM technology components include Data Quality capabilities that search
23 for possible duplicates and provide data cleansing functions that can be
24 utilized before eligibility determination processes are started.”
- 25 (p) State requirement T-860: “The system shall support real-time & batch
26 interfaces with the Agency SSA Data Exchange system to facilitate data

exchange with Social Security Administration systems to support eligibility verification functions.” Oracle response: 4.

(q) State requirement R-0002: “The system shall support updating client data (e.g., client demographics and detail information).” Oracle response: 4.

(r) State requirement R-0019: “The system shall support setting an eligibility status.” Oracle response: 4.

(s) State requirement R-0034: “The system shall support the issuance of benefits (e.g., medical cards, EBT cards, provider vouchers, cash equivalents, checks, EFT, Foster Home Licenses, etc.).” Oracle response: 4.

(t) State requirement R-0039: “The system shall support tracking of payment transactions (e.g., client payments to branch, deposits, overdue payments, provider vouchers, EBT Cards, 437’s, Contractor Invoices [599A’s]).” Oracle response: 4.

(u) State requirement R-0148: “System shall support insurance plan enrollment.” Oracle response: 4.

(v) State requirement R-0149: “System shall support identifying regional insurance plan choices.” Oracle response: 4.

(w) State requirement R-0238: “The system shall support data extraction for analysis and reporting.” Oracle response: 4.

(x) State requirement R-0450: “The system shall identify duplicate data in client records.” Oracle response: 4.

(y) State requirement R-0471: “The system shall determine client benefits.”

Oracle response: 4. Oracle comments: “Oracle Policy Automation, Oracle’s natural language rules engine, will be used to determine all client benefits based on underlying State business policies and legislation.”

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- 1 (z) State requirement (not numbered): “The system shall support maintenance of
2 rules.” Oracle response: 4. Oracle comments: “The Oracle Policy
3 Automation (OPA) component of the proposed solution supports rule
4 maintenance. OPA is used to create, model, test, and deploy business rules in
5 natural language.”
- 6 (aa) State requirement R-0272: “The system shall support receiving new Oregon
7 Administrative Rule(s) (OAR).” Oracle response: 4. Oracle comments: “Rule
8 adminis[t]rators, using Oracle Policy Automation, can receive and incorporate
9 new OAR rules easily as they are released.”
- 10 (bb) State requirement R-0273: “The system shall provide historical access to prior
11 Oregon Administrative Rule(s) (OAR).” Oracle response: 4. Oracle
12 comments: “Oracle Policy Modeling has the ability to store historical versions
13 of source policy documents and legislation in its rule repository.”
- 14 (cc) State requirement R-0274: “The system shall support rule testing/impact
15 analysis.” Oracle response: 4. Oracle comments: “Oracle’s Policy
16 Automation solution determines eligibility in complex legislative
17 environments.”
- 18 (dd) State requirement R-0275: “The system shall support importing, exporting and
19 sharable rules.” Oracle response: 4. Oracle comments: “Oracle’s Policy
20 Automation solution supports the ability to import, export and [s]hare
21 business rules in easy-understood formats by using familiar desktop
22 applications such as Microsoft Word and Excel.”
- 23 (ee) State requirement R-0278: “The system shall support applying rules.” Oracle
24 response: 4. Oracle comments: “The Oracle Policy Automation (OPA)
25 component of the proposed solution supports applying rules to business
26 processes.”

- 1 (ff) State requirement X-0001: “The system shall support a web portal for an
2 individual to view/identify affordable health insurance options.” Oracle
3 response: 4.
- 4 (gg) State requirement X-0002: “The system shall support a web portal for a
5 employer to view/identify affordable health insurance options.” Oracle
6 response: 4.
- 7 (hh) State requirement X-0008: “The system shall support multiple open
8 enrollment periods (e.g., initial, change of circumstance, Indian tribal, etc.)”
9 Oracle response: 4.
- 10 (ii) State requirement X-0032: “The system shall support individual enrollment
11 for health plans.” Oracle response: 4.
- 12 (jj) State requirement X-0033: “The system shall support employer enrollment
13 for health plans.” Oracle response: 4.

14 167.

15 Oracle’s representations were false. With respect to each of the representations
16 described in paragraphs 164 and 166, the system did not function out-of-the-box. Oracle did
17 not use automated development deployment and billed the State to configure and standup
18 code-ready environments. Oracle’s discrete products failed to integrate without extensive
19 customization. The disaster recovery environment was never delivered. On the October 1,
20 2013 launch date, the systems scaled to only 80 users. Oracle failed to configure its data
21 management component to load client addresses from the State’s legacy servers and Oracle
22 billed the State to de-duplicate data. An Oracle employee noted that OPA, which was the
23 key Oracle product responsible for eligibility automation, was “[n]ot ready for prime time
24 when sold as an integral part of the initial contract.” Oracle extensively customized Siebel
25 and OPA.

26 /// ///

1 168.

2 Oracle also presented false bills to the State. According to a former Oracle employee,
3 Oracle billed the State for employees working 40-hour weeks when those same employees
4 were not working on the Projects but were instead performing work for other states.

5 **The Damage Oracle Caused to the State**

6 169.

7 From June 2011 until June 2014, the State and Cover Oregon paid \$240,280,008 for
8 Oracle products and services to build a HIX and modernize its delivery of social services.
9 The State's and Cover Oregon's investment in Oracle products and services has amounted to
10 a nearly complete loss. The HIX failed to launch on schedule and has never functioned as
11 planned. The Modernization Project ground to a halt in 2013 and remains incomplete.

12 170.

13 Since 2011, DHS and OHA have paid \$133,607,504 for Oracle products and services
14 for the Modernization and HIX-IT Projects. Of that total, DHS and OHA paid \$94,504,170
15 for Oracle's consulting services. Cover Oregon paid \$106,672,503 between March 2013 and
16 present for Oracle products and services related to the HIX-IT Project. Of that total, Cover
17 Oregon paid \$77,197,987 for Oracle's consulting services. In total, the State and Cover
18 Oregon paid \$240,280,008 for Oracle products and services for the Modernization and HIX-
19 IT Projects.

20 171.

21 Oracle's failures have caused the State to incur additional costs beyond Oracle's
22 sizeable fees.

23 172.

24 Oracle's failures required Cover Oregon and the OHA to create a manual process to
25 determine Oregonian's eligibility for benefits under the ACA and enroll them in coverage.
26 To that end, Cover Oregon hired hundreds of temporary workers to manually process paper

1 insurance enrollment applications, at a reasonably probable cost through the end of 2014 of
2 \$11,235,543. To support this manual process, OHA's activities included creating a call
3 center, renting office space, hiring hundreds of temporary employees, purchasing hardware,
4 and sending out thousands of mailings. It is reasonably probable that the total cost to OHA
5 of this manual process through the end of 2014 will be \$51,735,864.

6 173.

7 Aside from a limited portion the back-end system used to determine Medicaid
8 eligibility and transition to the federal exchange, the majority of Oracle's shoddy and
9 incomplete work on the HIX-IT Project is useless. Cover Oregon estimates that it will cost
10 \$661,600 to transition to federal exchange. Cover Oregon may incur additional costs that
11 have yet to be determined to complete this transition.

12 174.

13 Oracle's failures required the State and Cover Oregon to build a new eligibility
14 determination process for Medicaid applicants. The first portion of this work is estimated to
15 cost \$24,400,000. Additional work will be required at a cost that has not yet been
16 determined.

17 175.

18 Oracle's failures required Cover Oregon to build a temporary website to provide the
19 public with information about health insurance choices at a cost of \$5,750,000.

20 176.

21 Oracle's failures cost Cover Oregon millions of dollars in anticipated revenue. Had
22 the exchange launched as planned on October 1, 2013, Cover Oregon expected to earn carrier
23 assessments and public program fees totaling \$32,004,018 in revenue in 2014 and
24 \$64,361,775 in 2015. Because Oregonians seeking health insurance contacted insurance
25 carriers directly instead of enrolling through Cover Oregon or did not enroll at all due to
26 inaccessibility of the website, Cover Oregon lost most of the carrier assessment revenue it

1 expected to receive. As a result of Oracle's failures, it is reasonably probable that Cover
2 Oregon will lose approximately \$26,214,018 in anticipated net revenue in 2014, and
3 approximately \$54,361,775 in anticipated net revenue in 2015, for a total projected net loss
4 of \$80,575,793.

5 177.

6 The State and Cover Oregon expected to derive other benefits from the HIX-IT
7 Project, including the benefit of being a nationwide leader in running a state health insurance
8 exchange. The full amount that the State and Cover Oregon have lost as a result of the
9 failure of Oracle to deliver these benefits has yet to be determined.

10 178.

11 Oracle's failures required the State to hire third-party vendors to assess Oracle's
12 work. In January 2014, the State hired First Data to provide a review of the HIX-IT Project,
13 at a total cost of \$228,000. Also in 2014, the State and Cover Oregon each hired Deloitte to
14 assess Oracle's work and provide them with options for enabling Oregonians to enroll in
15 health insurance. Cover Oregon paid Deloitte \$2,900,000 and the State paid Deloitte
16 \$2,980,000.

17 179.

18 Oracle's failures caused the Modernization Project to fail. The State will be forced to
19 spend an amount that has yet to be determined to complete the Modernization Project.

20 180.

21 In addition, the State expected the Modernization Project to streamline the
22 application, eligibility determination, and enrollment process for State social service
23 programs, improving efficiency and reducing costs. The State also expected the
24 Modernization Project to improve caseworker efficiency for State social service programs,
25 also reducing costs. Finally, the State and Cover Oregon expected to have a unified, single
26 system for the health insurance exchange and the State's social service programs, improving

1 efficiency and reducing costs. The full amount that the State and Cover Oregon have lost as
2 a result of the failure of Oracle to deliver these benefits has yet to be determined.

3 181.

4 Oracle's failures led to several ongoing federal investigations. On March 25, 2014,
5 the United States House Committee on Oversight and Government Reform launched an
6 investigation into the failures of Oregon's HIX. Two months later, the United States Senate
7 Committee on Finance launched its own investigation into the failures. In May 2014, the
8 United States Attorney for Oregon launched a grand jury investigation. To date, the State
9 has spent approximately \$85,000 responding to these investigations, and will continue to
10 incur costs.

11 182.

12 Oracle's failures have also exposed the State to litigation. In March 2014, the estate
13 of an Oregon citizen provided to the State notice of its intention to sue to recover medical
14 expenses incurred because the citizen was allegedly unable to successfully obtain health
15 insurance through the HIX. The citizen's alleged inability to obtain health insurance through
16 the HIX is, if true, directly caused by Oracle's failures. The State has incurred and will incur
17 costs investigating and preparing a defense to this potential lawsuit.

18 183.

19 In addition, on July 8, 2014, counsel for a health insurance agent provided notice of
20 intent to file a class action lawsuit against Cover Oregon on behalf of more than 1,000 health
21 insurance agents alleging that Cover Oregon had failed to pass through commission
22 payments to agents and provide adequate reporting. Any delay or inadequacy in commission
23 payments or reporting by Cover Oregon was caused by Oracle's failure to properly design
24 and construct the functionality necessary to process the commissions and accurately report.
25 To date, Cover Oregon has incurred costs to address these issues and will incur costs to
26 defend any future lawsuit.

1 **FIRST CLAIM FOR RELIEF**

2 **Fraud**

3 **(DHS and OHA against Defendant Oracle)**

4 184.

5 Plaintiffs re-allege paragraphs 1 through 183, and incorporate the allegations herein,
6 as if fully set forth.

7 185.

8 Oracle made material representations to DHS and OHA that were false, including:

- 9 (a) The “Oracle Solution” was an out-of-the-box solution, as described in
10 paragraphs 3, 35, 57, 59, 60, 61, 69, 72, 74, 75, 164 and 166;
11 (b) The “Oracle Solution” required only 5% customization, as described in
12 paragraphs 59, 63, 72, 74, 75, 164 and 166;
13 (c) The “Oracle Solution” could be implemented quickly, as described in
14 paragraphs 53, 70, 66 and 164;
15 (d) The “Oracle Solution” was built on integrated technologies, as described in
16 paragraphs 3, 51, 64, 66, 70, 75, 76 and 164;
17 (e) The “Oracle Solution” was flexible and easy to integrate with both existing
18 and external systems, as described in paragraphs 3, 35, 66, 75, 76 and 77;
19 (f) The “Oracle Solution” included implementation of a health insurance
20 exchange, as described in paragraph 164.

21 186.

22 Oracle disguised the true state of development of the Modernization and HIX-IT
23 Projects, including by its control of access to development environments, as described in
24 paragraphs 6, 103, 106 and 148, so that DHS and OHA were unable to discover that Oracle
25 was failing to meet the representations listed in paragraph 185.

26 /// ///

1 187.

2 DHS and OHA were ignorant of the falsity of Oracle's representations, which were
3 material to DHS and OHA's decision to purchase the "Oracle Solution."

4 188.

5 Oracle either knew that its representations were false or recklessly disregarded the
6 truth or falsity of its representations.

7 189.

8 Oracle made these representations with the intent that DHS and OHA would rely on
9 them to decide to purchase and use the "Oracle Solution" and to pay Oracle millions of
10 dollars.

11 190.

12 Oracle's representations caused DHS and OHA to purchase the "Oracle Solution" and
13 pay Oracle, as described in paragraphs 9, 14, 96, 169 and 170.

14 191.

15 DHS and OHA's reliance on Oracle's representations was justified. Oracle had
16 superior knowledge and understanding of the products in the "Oracle Solution" and the
17 capacity of Oracle to integrate, program, and implement the products. Furthermore, DHS
18 and OHA exercised reasonable diligence in determining the truth of Oracle's representations,
19 including by submitting numerous requests for information, holding several Table Talk
20 presentations, hosting a demonstration of the "Oracle Solution," and hiring Wakely and
21 KPMG to make an independent evaluation and recommendation, as described in paragraphs
22 50, 67, 69 and 78.

23 192.

24 As the direct and foreseeable result of Oracle's fraud, DHS and OHA suffered
25 damages of \$212,837,368, as described in paragraphs 169-183.

26 /// ///

1 193.

2 The dates on which DHS and OHA became responsible for the amounts described in
3 paragraph 192 are easily ascertainable. As such, DHS and OHA are entitled to prejudgment
4 interest on those amounts at the statutory rate of 9% per annum.

5 194.

6 Because aggravating factors exist with regard to Oracle's fraud, DHS and OHA
7 reserve the right to seek leave to amend this claim to allege punitive damages consistent with
8 ORS 31.725.

9 **SECOND CLAIM FOR RELIEF**

10 **Fraud**

11 **(Cover Oregon against Defendant Oracle)**

12 195.

13 Plaintiffs re-allege paragraphs 1 through 194, and incorporate the allegations herein,
14 as if fully set forth.

15 196.

16 Oracle made material representations to Cover Oregon that were false, including:

- 17 (a) Oracle executives Loos and Wardlaw told Cover Oregon officer Karjala that
18 servers and environments could be set up in less than 12 weeks, as described
19 in paragraph 115;
- 20 (b) Oracle Level of Effort estimates provided to Cover Oregon showed that the
21 HIX-IT Project was nearly 80% complete, as described in paragraphs 7, 117
22 and 128;
- 23 (c) Oracle would deliver complete production of the HIX-IT Project before
24 October 1, 2013.

25 /// ///

26 /// ///

1 197.

2 In addition, Oracle intended that the representations it made to DHS and OHA,
3 described above in paragraph 196, would be passed on to and relied on by Cover Oregon.

4 198.

5 Cover Oregon was ignorant of the falsity of Oracle's representations, which were
6 material to Cover Oregon's decision to enter the Oracle-Cover Oregon Contracts.

7 199.

8 Oracle either knew that its representations was false or recklessly disregarded the
9 truth or falsity of its representations.

10 200.

11 Oracle made these representations with the intent that Cover Oregon would enter the
12 Oracle-Cover Oregon Contracts and pay Oracle millions of dollars.

13 201.

14 Oracle's representations caused Cover Oregon to enter the Oracle-Cover Oregon
15 Contracts and pay the amounts Oracle billed for and demanded, as described in paragraphs
16 114, 150, 169 and 170.

17 202.

18 Cover Oregon's reliance on Oracle's representations was justified. Oracle had
19 superior knowledge and understanding of the products in the "Oracle Solution," including the
20 servers and environments, and the capacity of Oracle to integrate, program, and implement
21 the products. Furthermore, Oracle controlled the HIX-IT Project, as described in paragraphs
22 6, 103, 106 and 148. As such, Oracle did not provide Cover Oregon with access to
23 development environments and Cover Oregon was unable to assess the degree to which
24 Oracle had completed the HIX-IT Project.

25 ///

26 ///

1 203.

2 As the direct and foreseeable result of Oracle's fraud, Cover Oregon suffered
3 damages of \$207,915,439 as described in paragraphs 169-183.

4 204.

5 The dates on which Cover Oregon became responsible for the amounts described in
6 paragraph 203 are easily ascertainable. As such, Cover Oregon is entitled to prejudgment
7 interest on those amounts at the statutory rate of 9% per annum.

8 205.

9 Because aggravating factors exist with regard to Oracle's fraud, Cover Oregon
10 reserves the right to seek leave to amend this claim to allege punitive damages consistent
11 with ORS 31.725.

12 **THIRD CLAIM FOR RELIEF**

13 **Oregon False Claims Act**

14 **(Attorney General of Oregon against Defendant Oracle)**

15 206.

16 Plaintiffs re-allege paragraphs 1 through 205, and incorporate the allegations herein,
17 as if fully set forth.

18 **Count 1 – Violation of ORS 180.755(1)(a)**

19 207.

20 Oracle presented invoices for payment to DHS, OHA, and Cover Oregon, as
21 described in paragraphs 9, 14, 96, 114, 143-147, 150, 169 and 170.

22 208.

23 Oracle fraudulently induced DHS, OHA, and Cover Oregon to enter the Mythics-
24 OHA Contracts, the Oracle-OHA Contracts, and the Oracle-Cover Oregon Contracts, as
25 described in First and Second Claims for Relief. Each and every one of the invoices
26 presented to DHS, OHA, and Cover Oregon pursuant to the Mythics-OHA Contracts, the

1 Oracle-OHA Contracts, and the Oracle-Cover Oregon Contracts was a false claim because
2 they derived from the original fraudulent misrepresentations inducing DHS, OHA, and Cover
3 Oregon to the enter Mythics-OHA Contracts, the Oracle-OHA Contracts, and the Oracle-
4 Cover Oregon Contracts.

5 209.

6 Oracle disguised the true state of development on the Modernization and HIX-IT
7 Projects, including by controlling access to development environments, as described in
8 paragraphs 6, 103, 106 and 148, so that DHS, OHA and Cover Oregon were unable to
9 discover that Oracle was failing to meet the representations listed in paragraphs 185 and 196.

10 210.

11 As a direct and foreseeable result of Oracle's false claims, DHS, OHA, and Cover
12 Oregon were damaged in the full amount of every claim paid, amounting to \$133,607,504
13 paid by DHS and OHA and \$106,672,503 paid by Cover Oregon, as described in paragraph
14 9, 14, 96, 114, 150, 169 and 170.

15 211.

16 Pursuant to ORS 180.760(4), the Attorney General seeks an award of damages for the
17 amounts described in paragraph 210.

18 212.

19 The dates on which DHS, OHA, and Cover Oregon became responsible for the
20 amounts described in paragraph 210 are easily ascertainable. As such, the Attorney General
21 is entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

22 213.

23 In addition, pursuant to ORS 180.760(4), the Attorney General seeks civil penalties
24 amounting to twice the amount of damages described in paragraph 210. The Attorney
25 General seeks an award of reasonable attorney fees and costs of investigation, preparation,
26 and litigation incurred in connection this count pursuant to ORS 180.760(8).

Count 2 – Violation of ORS 180.755(1)(b)

214.

Oracle falsely stated that:

- (a) The “Oracle Solution” was an out-of-the-box solution, as described in paragraphs 3, 35, 57, 59, 60, 61, 69, 72, 74, 75, 164 and 166;
- (b) The “Oracle Solution” required only 5% customization, as described in paragraphs 59, 63, 72, 74, 75, 164 and 166;
- (c) The “Oracle Solution” could be implemented quickly, as described in paragraphs 55, 66, 70, 164;
- (d) The “Oracle Solution” was built on integrated technologies, as described in paragraphs 3, 51, 64, 66, 70, 75, 76 and 164;
- (e) The “Oracle Solution” was flexible and easy to integrate with both existing and external systems, as described in paragraphs 3, 35, 66, 75, 76 and 77;
- (f) The “Oracle Solution” included implementation of a health insurance exchange, as described in paragraph 164;
- (g) The HIX-IT Project was nearly complete, as stated in the development dashboards and described in paragraphs 7 and 128;
- (h) Core elements of the exchange were functional as shown in Kim’s demonstration at the June 13, 2013 Cover Oregon Board of Directors’ meeting described in paragraphs 125-127;
- (i) The HIX would be ready to launch on October 1, 2013, as described in paragraphs 7, 8, 117, 120, 122, 124, 126, 128, 130 and 142;
- (j) The HIX would be ready to launch on October 15, 2013, as stated in the email from Bartolo to King described in paragraphs 9 and 136;
- (k) The HIX would be ready to launch on October 31, 2013, as told by Bartolo to King and Karjala and described in paragraph 9 and 136;

1 (l) The HIX would be ready to launch at the end of December 2013, as told by
2 Budnar to the Cover Oregon Board of Directors on November 14, 2013 and
3 described in paragraphs 9 and 140;

4 (m) The HIX would be ready to launch on February 3, 2014, as told by Puri to
5 Goldberg on January 7, 2014 and described in paragraphs 9, 10, 143-145;

6 (n) The HIX would be ready to launch on February 24, 2014, as told by Puri to
7 Goldberg on February 11, 2014 and described in paragraphs 9, 10, 146-147;

8 (o) The HIX was nearly ready to launch as told by Catz to Goldberg and other
9 State officials on February 26, 2014 and described in paragraph 150;

10 (p) The “functionality required to enroll the vast majority of Oregon residents is
11 operational,” as written in a letter from Catz to Cover Oregon in April 2014
12 and described in paragraph 151.

13 215.

14 Oracle made these statements with actual knowledge that they were false, with
15 deliberate ignorance of their falsity, or with reckless disregard of their falsity.

16 216.

17 Oracle made these statements in the course of presenting invoices and other claims
18 for payment to DHS, OHA, and Cover Oregon. Oracle made these statements in the course
19 of presenting for payment each of the invoices and claims described in paragraphs 9, 14, 96,
20 114, 143-147, 150, 169, 170 and 210.

21 217.

22 Oracle disguised the true state of development on the Modernization and HIX-IT
23 Projects, including by controlling access to development environments, as described in
24 paragraphs 6, 103, 106 and 148, so that DHS and OHA were unable to discover that Oracle
25 was failing to meet the representations listed in paragraph 214.

26 /// ///

1 218.

2 As a direct and foreseeable result of Oracle's false claims, DHS, OHA, and Cover
3 Oregon were damaged in the full amount of every claim paid, amounting to \$133,607,504
4 paid by DHS and OHA and \$106,672,503 paid by Cover Oregon, as described in paragraphs
5 9, 14, 96, 114, 150, 169, 170 and 210.

6 219.

7 Pursuant to ORS 180.760(4), the Attorney General seeks an award of damages for the
8 amounts described in paragraph 218.

9 220.

10 The dates on which DHS, OHA, and Cover Oregon became responsible for the
11 amounts described in paragraph 218 are easily ascertainable. As such, the Attorney General
12 is entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

13 221.

14 In addition, pursuant to ORS 180.760(4), the Attorney General seeks civil penalties
15 amounting to twice the amount of damages described in paragraph 218. The Attorney
16 General seeks an award of reasonable attorney fees and costs of investigation, preparation,
17 and litigation incurred in connection this count pursuant to ORS 180.760(8).

18 **Count 3 – Violation of ORS 180.755(1)(a)**

19 222.

20 Oracle presented invoices for payment to DHS, OHA, and Cover Oregon, for
21 consulting services, as described in paragraphs 9, 96, 114, 143-147, 150, 169 and 170.

22 223.

23 Each and every one of these invoices was false because Oracle's consulting services
24 were not provided in a professional manner consistent with industry standards, as required in
25 the MLSA, OHA OLSA, and Cover Oregon OLSA. Oracle failed to adhere to industry
26 standards, as described in paragraphs 13, 84, 94, 112, 113, 156-163.

1 224.

2 Oracle disguised the true state of development on the Modernization and HIX-IT
3 Projects, including by controlling access to development environments, as described in
4 paragraphs 6, 103, 106 and 148, so that DHS and OHA were unable to discover that Oracle
5 was failing to meet industry standards.

6 225.

7 As a direct and foreseeable result of Oracle's false claims, DHS, OHA, and Cover
8 Oregon paid Oracle \$174,029,405 for consulting services, as set forth in Exhibit 1.

9 226.

10 Pursuant to ORS 180.760(4), the Attorney General seeks an award of damages for the
11 amounts described in paragraph 225.

12 227.

13 The dates on which DHS, OHA, and Cover Oregon became responsible for the
14 amounts described in paragraph 225 are easily ascertainable. As such, the Attorney General
15 is entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

16 228.

17 In addition, pursuant to ORS 180.760(4), the Attorney General seeks civil penalties
18 amounting to twice the amount of damages described in paragraph 225. The Attorney
19 General seeks an award of reasonable attorney fees and costs of investigation, preparation,
20 and litigation incurred in connection this count pursuant to ORS 180.760(8).

21 **Count 4 – Violation of ORS 180.755(1)(a)**

22 229.

23 Oracle presented invoices for payment to DHS, OHA, and Cover Oregon, for
24 consulting services, as described in paragraphs 9, 96, 114, 143-147, 150, 169 and 170.

25 ///

26 ///

1 230.

2 Numerous of these invoices were false because they represented that Oracle
3 employees were working on the Projects, when in reality those employees were performing
4 work for other states, as described in paragraph 168.

5 231.

6 As a direct and foreseeable result of Oracle's false claims, DHS, OHA, and Cover
7 Oregon paid Oracle an amount to be determined, but not in excess of \$174,029,405, for
8 consulting services billed that Oracle did not perform.

9 232.

10 Pursuant to ORS 180.760(4), the Attorney General seeks an award of damages for the
11 amounts described in paragraph 231.

12 233.

13 The dates on which DHS, OHA, and Cover Oregon became responsible for the
14 amounts described in paragraph 231 are easily ascertainable. As such, the Attorney General
15 is entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

16 234.

17 In addition, pursuant to ORS 180.760(4), the Attorney General seeks civil penalties
18 amounting to twice the amount of damages described in paragraph 231. The Attorney
19 General seeks an award of reasonable attorney fees and costs of investigation, preparation,
20 and litigation incurred in connection this count pursuant to ORS 180.760(8).

21 **FOURTH CLAIM FOR RELIEF**

22 **Oregon False Claims Act – Violation of ORS 180.755(1)(b)**

23 **(Attorney General of Oregon against Defendant Catz)**

24 235.

25 Catz made the following false statements:

26 /// ///

1 (a) During a meeting on February 26, 2014 with Dr. Goldberg and State officials,
2 Catz falsely stated that the HIX system was nearly ready to launch, as
3 described in paragraph 150;

4 (b) In an April 2014 letter to Cover Oregon, Catz falsely stated that the
5 “functionality required to enroll the vast majority of Oregon residents is
6 operational,” as described in paragraph 151.

7 236.

8 Catz made these statements with actual knowledge that they were false, with
9 deliberate ignorance of their falsity, or with reckless disregard of their falsity.

10 237.

11 Catz made these statements in the course of presenting claims for payment to Cover
12 Oregon. Catz made her February 26, 2014 statement in the course of demanding that the
13 State and Cover Oregon pay Oracle millions of dollars, as described in paragraph 150. Catz
14 made her April 2014 statement in the course of demanding that Cover Oregon resolve
15 “payment issues” with Oracle, as described in paragraph 151.

16 238.

17 As a direct and foreseeable result of Catz’s February 26, 2014 statement, Cover
18 Oregon paid Oracle \$43,934,567, as described in paragraph 150.

19 239.

20 Pursuant to ORS 180.760(5), Catz is liable for a penalty under ORS 180.760(4). The
21 Attorney General seeks civil penalties amounting to twice the amount of damages described
22 in paragraph 238. Pursuant to ORS 180.760(4), the Attorney General also seeks a penalty of
23 \$10,000 for each of Catz’s violations of ORS 180.755(1)(b) contained in her April 2014
24 letter.

25 ///

26 ///

1 240.

2 The dates on which Cover Oregon became responsible for the amounts described in
3 paragraph 238 are easily ascertainable. As such, the Attorney General is entitled to
4 prejudgment interest on those amounts at the statutory rate of 9% per annum.

5 241.

6 The Attorney General seeks an award of reasonable attorney fees and costs of
7 investigation, preparation, and litigation incurred in connection with this claim pursuant to
8 ORS 180.760(8).

9 **FIFTH CLAIM FOR RELIEF**

10 **Oregon False Claims Act – Violation of ORS 180.755(1)(b)**

11 **(Attorney General of Oregon against Defendant Budnar)**

12 242.

13 Budnar made the following false statements:

- 14 (a) At the August 8, 2013 Cover Oregon Board of Directors meeting, Budnar
15 confirmed that the HIX system would be ready to launch on October 1, 2013,
16 and failed to disclose that there were serious deficiencies with the system, as
17 described in paragraph 130;
- 18 (b) At the November 14, 2013 Cover Oregon Board of Directors meeting, Budnar
19 stated that the HIX would be ready to launch at the end of December 2013, as
20 described in paragraph 140;
- 21 (c) At the January 7, 2014 meeting with Puri and Dr. Goldberg, Budnar failed to
22 to correct Puri's false statements, as described in paragraphs 143-145;
- 23 (d) At the February 11, 2014 meeting with Puri and Dr. Goldberg, Budnar failed
24 to correct Puri's false statements, as described in paragraphs 146-147.

25 /// ///

26 /// ///

1 243.

2 Budnar made these statements with actual knowledge that they were false, with
3 deliberate ignorance of their falsity, or with reckless disregard of their falsity.

4 244.

5 Budnar made these statements in the course of presenting claims for payment to
6 Cover Oregon. Oracle had four invoices awaiting payment when Budnar made his first
7 misrepresentation on August 8, 2013, as shown in Exhibit 1. Oracle sent Cover Oregon an
8 additional 33 invoices between August 8, 2013 and December 31, 2013, the last date Budnar
9 said the HIX-IT Project would be ready to launch, as shown in Exhibit 1. In addition failed
10 to correct Puri's false statements during the January 7, 2014 and February 11, 2014 meetings,
11 during which Oracle presented demands for payment.

12 245.

13 As a direct and foreseeable result of Budnar's false statement on August 8, 2013,
14 Cover Oregon paid Oracle \$12,265,026.37 for consulting services from that date until
15 October 1, 2013, the date Budnar represented the HIX-IT Project would be ready to launch,
16 as shown in Exhibit 1.

17 246.

18 As a direct and foreseeable result of Budnar's failure to correct Puri's false statements
19 on January 7, 2014 and February 11, 2014, Cover Oregon paid Oracle \$43,934,567 in March
20 2014, as described in paragraph 150.

21 247.

22 Pursuant to ORS 180.760(4) and (5), the Attorney General seeks civil penalties
23 amounting to twice the amount of damages described in paragraphs 245 and 246.

24 248.

25 Pursuant to ORS 180.760(4), the Attorney General seeks a penalty of \$10,000 for
26 each of Budnar's violations of ORS 180.755(1)(b) on November 14, 2013.

1 249.

2 The dates on which Cover Oregon became responsible for the amounts described in
3 paragraphs 245-246 are easily ascertainable. As such, the Attorney General is entitled to
4 prejudgment interest on those amounts at the statutory rate of 9% per annum.

5 250.

6 The Attorney General seeks an award of reasonable attorney fees and costs of
7 investigation, preparation, and litigation incurred in connection with claim pursuant to
8 ORS 180.760(8).

9 **SIXTH CLAIM FOR RELIEF**

10 **Oregon False Claims Act – Violation of ORS 180.755(1)(b)**

11 **(Attorney General of Oregon against Defendant Bartolo)**

12 251.

13 Bartolo made the following false statements:

14 (a) On October 10, 2013, Bartolo sent an email to King stating that the HIX-IT
15 Project would be ready to launch on October 15, 2013, as described in
16 paragraphs 9 and 136;

17 (b) On multiple dates in October, Bartolo told King and Karjala that the HIX-IT
18 Project would be ready to launch on October 30, 2013, as described in
19 paragraphs 9 and 136.

20 252.

21 Bartolo made these statements with actual knowledge that they were false, with
22 deliberate ignorance of their falsity, or with reckless disregard of their falsity.

23 253.

24 Bartolo made these statements in the course of presenting claims for payment to
25 Cover Oregon. Oracle had five invoices outstanding in October 2013 and Oracle sent Cover
26 Oregon an additional two invoices in October 2013, as shown in Exhibit 1.

1 254.

2 Pursuant to ORS 180.760(4) and (5), the Attorney General seeks a penalty of \$10,000
3 for each of Bartolo's violations of ORS 180.755(1)(b).

4 255.

5 The Attorney General seeks an award of reasonable attorney fees and costs of
6 investigation, preparation, and litigation incurred in connection with claim pursuant to
7 ORS 180.760(8).

8 **SEVENTH CLAIM FOR RELIEF**

9 **Oregon False Claims Act – Violation of ORS 180.755(1)(b)**
10 **(Attorney General of Oregon against Defendant Kim)**

11 256.

12 At the June 13, 2013 Cover Oregon Board of Directors meeting, Kim falsely
13 represented through a demonstration to the Cover Oregon Board of Directors that core
14 elements of the HIX system were functional, as described in paragraphs 125-127.

15 257.

16 Kim presented this demonstration with actual knowledge that it was false, with
17 deliberate ignorance of its falsity, or with reckless disregard of its falsity.

18 258.

19 Kim presented this demonstration in the course of presenting claims for payment to
20 Cover Oregon. Oracle sent Cover Oregon 15 invoices between Kim's June 13, 2013
21 demonstration and October 1, 2013, the date the HIX-IT Project failed to launch.

22 259.

23 As a direct and foreseeable result of Kim's June 13, 2013 demonstration, Cover
24 Oregon paid Oracle \$22,551,105.19 for consulting services between that date and October 1,
25 2013, the date the HIX-IT Project failed to launch.

26 /// ///

1 260.

2 Pursuant to ORS 180.760(4) and (5), the Attorney General seeks civil penalties
3 amounting to twice the amount of damages described in paragraph 259.

4 261.

5 The dates on which Cover Oregon became responsible for the amount described in
6 paragraph 259 is easily ascertainable. As such, the Attorney General is entitled to
7 prejudgment interest on those amounts at the statutory rate of 9% per annum.

8 262.

9 The Attorney General seeks an award of reasonable attorney fees and costs of
10 investigation, preparation, and litigation incurred in connection with claim pursuant to
11 ORS 180.760(8).

12 **EIGHTH CLAIM FOR RELIEF**

13 **Oregon False Claims Act – Violation of ORS 180.755(1)(b)**

14 **(Attorney General of Oregon against Defendant Puri)**

15 263.

16 Puri made the following false statements:

- 17 (a) On January 7, 2014, Puri told Dr. Goldberg that all “blockers” had been
18 resolved and the HIX would be ready to launch on February 3, 2014, as
19 described in paragraph 183;
- 20 (b) On the same day, Puri told Dr. Goldberg that Oracle had performed
21 development work, as opposed to repair work covered by warranty, since
22 November 17, 2013 and would be performing new development work, as
23 opposed to repair work covered by warranty, through February 3, 2014;
- 24 (c) On February 11, 2014, Puri told Dr. Goldberg that the HIX would be ready to
25 launch with limited functionality on February 14, 2014 and be ready for a full
26 launch on February 24, 2014, as described in paragraph 146;

1 (d) On the same day, Puri told Dr. Goldberg that Oracle had performed new
2 development work since October 1, 2013, as opposed to repair work covered
3 by warranty, and would be performing new development work up until
4 February 28, 2014, as opposed to repair work covered by warranty.

5 264.

6 Puri made these statements with actual knowledge that they were false, with
7 deliberate ignorance of their falsity, or with reckless disregard of their falsity.

8 265.

9 Puri made these representations in the course of presenting claims for payment to
10 Cover Oregon. On January 7, 2014, Puri demanded more than \$24,000,000 in payment, as
11 described in paragraph 144, and on February 11, Puri demanded nearly \$70,000,000 in
12 payment, as described in paragraph 146.

13 266.

14 Puri's false representations that the HIX-IT Project would be ready to launch on
15 February 3, 2014 and February 24, 2014, each violated ORS 180.755(1)(b). Pursuant to ORS
16 180.760(4), the Attorney General seeks a penalty of \$10,000 for each of Puri's violations of
17 ORS 180.755(1)(b).

18 267.

19 As a direct and foreseeable result of Puri's representations on January 7, 2014 and
20 February 11, 2014, that Oracle had performed and would perform development work, as
21 opposed to repair work covered by warranty, Cover Oregon paid Oracle \$43,934,567 in
22 March 2014.

23 268.

24 Pursuant to ORS 180.760(4) and (5), the Attorney General seeks civil penalties
25 amounting to twice the amount of damages described in paragraph 267.

26 /// ///

1 269.

2 The dates on which Cover Oregon became responsible for the amounts described in
3 paragraph 267 are easily ascertainable. As such, the Attorney General is entitled to
4 prejudgment interest on those amounts at the statutory rate of 9% per annum.

5 270.

6 The Attorney General seeks an award of reasonable attorney fees and costs of
7 investigation, preparation, and litigation incurred in connection with claim pursuant to
8 ORS 180.760(8).

9 **NINTH CLAIM FOR RELIEF**

10 **Oregon False Claims Act – Violation of ORS 180.755(1)(a)**

11 **(Attorney General of Oregon against Defendant Curry)**

12 271.

13 Curry falsely told DHS that the “Oracle Solution” was 95% “out-of-the-box” at a
14 breakfast meeting on May 12, 2011, as described in paragraph 72. In addition, even though
15 Curry was the highest ranking Oracle employee at the May 2011 demonstrations, Curry
16 failed to disclose that the “Oracle Solution” was not already integrated, was not functional
17 “out-of-the-box,” and was not flexible and easy to use, as described in paragraph 71.

18 272.

19 Curry made this representation and these omissions with actual knowledge that they
20 were false, with deliberate ignorance of their falsity, or with reckless disregard of their
21 falsity.

22 273.

23 Curry’s false representation and omissions induced DHS and OHA to enter the
24 Mythics-OHA Contracts and the Oracle-OHA Contracts. As a result, each and every one of
25 the invoices presented to DHS and OHA pursuant to the Mythics-OHA Contracts and the
26 Oracle-OHA Contracts was a false claim because they derived from Curry’s false

1 representation and omissions inducing DHS and OHA to the enter the Mythics-OHA
2 Contracts and the Oracle-OHA Contracts.

3 274.

4 As a direct and foreseeable result of Curry's false representation and omissions, DHS
5 and OHA paid Oracle \$133,607,504 under the Mythics-OHA Contracts and the Oracle-OHA
6 Contracts.

7 275.

8 Pursuant to ORS 180.760(5), Curry is liable for a penalty under ORS 180.760(4).
9 The Attorney General seeks civil penalties amounting to twice the amount of damages
10 described in paragraph 274.

11 276.

12 The dates on which Cover Oregon became responsible for the amounts described in
13 paragraph 274 are easily ascertainable. As such, the Attorney General is entitled to
14 prejudgment interest on those amounts at the statutory rate of 9% per annum.

15 277.

16 The Attorney General seeks an award of reasonable attorney fees and costs of
17 investigation, preparation and litigation incurred in connection with claim pursuant to
18 ORS 180.760(8).

19 **TENTH CLAIM FOR RELIEF**

20 **Breach of Contract**

21 **(DHS and OHA against Defendants Oracle and Mythics)**

22 278.

23 Plaintiffs re-allege paragraphs 1 through 277, and incorporate the allegations herein,
24 as if fully set forth.

25 /// ///

26 /// ///

1 279.

2 DHS and OHA have performed the duties required of them under the Mythics-OHA
3 Contracts alleged in this complaint, or their duties have been excused, and all conditions
4 precedent to the institution of this lawsuit and to the claims therein have been met.

5 280.

6 Oracle and Mythics materially breached the Mythics-OHA Contracts by failing to
7 assist DHS and OHA to:

- 8 (a) Install, implement, configure, and customize OPA to support benefit
9 eligibility prescreening and full determination for SNAP, TANF, Medicaid,
10 and the HIX in a professional manner consistent with industry standards
11 (MLSA § E; Oracle Policy Automation Implementation, Exhibit 1, Statement
12 of Work, June 23, 2011, § 1.1)
- 13 (b) Configure an online benefit eligibility pre-screening rulebase in a professional
14 manner consistent with industry standards (MLSA § E; Oracle Policy
15 Automation Implementation, Exhibit 1, Statement of Work, June 23, 2011, §
16 2.1(C)(1)(a));
- 17 (c) Configure an online benefit application interview rulebase to collect and
18 validate plan data required to apply for TANF, SNAP, and Medicaid programs
19 in the State of Oregon in a professional manner consistent with industry
20 standards (MLSA § E; Oracle Policy Automation Implementation, Exhibit 1,
21 Statement of Work, June 23, 2011, § 2.1(C)(1)(b));
- 22 (d) Configure a full determination rulebase for TANF, SNAP, and Medicaid to
23 determine the eligibility of a household for SNAP, TANF, and Medicaid
24 benefits according to criteria in the Oregon Self-Sufficiency Family Services
25 Manual and determine the amount of the benefit an applicant is entitled to
26 using formulas provided by DHS/OHA in a professional manner consistent

1 with industry standards (MLSA § E; Oracle Policy Automation
2 Implementation, Exhibit 1, Statement of Work, June 23, 2011, § 2.1(C)(1)(c));
3 (e) Configure an online HIX eligibility and benefit calculator rulebase to
4 determine eligibility for a health insurance exchange benefit in a professional
5 manner consistent with industry standards (MLSA § E; Oracle Policy
6 Automation Implementation, Exhibit 1, Statement of Work, June 23, 2011, §
7 2.1(C)(1)(d)).

8 281.

9 Oracle and Mythics also breached the Mythics-OHA Contracts, including without
10 limitation all of the purchase orders and ordering documents, by failing to provide services in
11 a professional manner consistent with standards, as required in the MLSA § E, throughout
12 their work on the Modernization and HIX-IT Projects, as described in paragraphs 156-163.
13 In addition, Oracle and Mythics breached the duty of good faith and fair dealing by failing to
14 deliver a fully functional and complete HIX and Modernization Project, according to the
15 reasonable expectations of DHS and OHA.

16 282.

17 As the direct and foreseeable result of Oracle's and Mythics' breach of contract, DHS
18 and OHA suffered damages of \$109,455,925, as described in paragraphs 169 and 183 and
19 Exhibit 2.

20 283.

21 All of damages sought by DHS and OHA are legally appropriate, despite limitations
22 on remedies in the Mythics-OHA Contracts, due to the conduct of Oracle, as described
23 above.

24 ///

25 ///

26 ///

1 **Count 2 - Breach of Warranty of Repair**

2 284.

3 The MLSA, Section E, provides that if Oracle breaches its warranty to provide
4 service in a professional manner consistent with industry standards, then Oracle will provide
5 additional services at no charge to correct that breach of warranty. Specifically, the MLSA
6 provides that when Oracle and Mythics breaches the warranty, Oracle and Mythics shall
7 provide “**THE REPERFORMANCE OF THE DEFICIENT SERVICES**” (capitalization
8 and emphasis in original).

9 285.

10 Oracle and Mythics breached their warranty by failing to provide re-performance of
11 the deficient services.

12 286.

13 As the direct and foreseeable result of Oracle’s and Mythics’ breaches of warranty,
14 DHS and OHA suffered damages of in the amount of \$2,203,324, as described in Exhibit 1,
15 pg. 5 and Exhibit 2.

16 287.

17 All of damages sought by DHS and OHA are legally appropriate, despite limitations
18 on remedies in the Mythics-OHA Contracts, due to the conduct of Oracle, as described
19 above.

20 **Count 3 - Breach of Warranty to Recover Fees**

21 288.

22 The MLSA, Section E, further provides that if Oracle and Mythics cannot correct
23 their breaches of the warranty “**IN A COMMERCIALY REASONABLE MANNER,**
24 **[DHS and OHA] MAY END THE RELEVANT SERVICES AND RECOVER THE**
25 **FEES YOU PAID TO ORACLE FOR THE DEFICIENT SERVICES**” (capitalization
26 and emphasis in original).

1 289.

2 Oracle and Mythics did not correct their breaches of warranty in a commercially
3 reasonable manner. DHS and OHA have ended the relevant services. Oracle and Mythics
4 have not returned the fees that DHS and OHA paid to Oracle and Mythics.

5 290.

6 As the direct and foreseeable result of Oracle's and Mythics' breaches of warranty,
7 DHS and OHA suffered damages in the amount of \$2,203,324, as described in Exhibit 1, pg.
8 5 and Exhibit 2.

9 291.

10 All of damages sought by DHS and OHA are legally appropriate, despite limitations
11 on remedies in the Mythics-OHA Contracts, due to the conduct of Oracle, as described
12 above.

13 292.

14 The dates on which DHS and OHA became responsible for the amounts described in
15 paragraphs 282, 286 and 290 are easily ascertainable. As such, the DHS and OHA are
16 entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

17 **ELEVENTH CLAIM FOR RELIEF**

18 **Breach of Contract**

19 **(DHS and OHA against Defendant Oracle)**

20 293.

21 Plaintiffs re-allege paragraphs 1 through 292, and incorporate the allegations herein,
22 as if fully set forth.

23 294.

24 DHS and OHA have performed the duties required of them under the Oracle-OHA
25 Contracts alleged in this complaint, or their duties have been excused, and all conditions
26 precedent to the institution of this lawsuit and to the claims therein have been met.

Count 1 - Breach of Express Contract

295.

Oracle materially breached the Oracle-OHA Contracts by failing to assist DHS and OHA to:

- (a) Implement a completed and functioning HIX (Exhibit 1-TME-300336749 to ordering document 306226-04-OD-18-NOV-2011, § 1(A); Exhibit 1-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § 1(A));
- (b) Implement a completed and functioning Modernization Project by building eligibility automation initiatives (Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § (1));
- (c) Analyze and design HIX Siebel integrations in a professional manner consistent with industry standards (OHA OLSA § E; Exhibit 1-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § 2.2(1)(a) (HIX Tasks));
- (d) Analyze and design a WebCenter portal for HIX, Medicaid, and CHIP in a professional manner consistent with industry standards (OHA OLSA § E; Exhibit 1-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § 2.2(3)(a) (HIX Tasks));
- (e) Analyze and design Oracle SOA integrations in a professional manner consistent with industry standards (OHA OLSA § E; Exhibit 1-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § 2.2(4) (HIX Tasks));
- (f) Analyze and design MDM functionality in a professional manner consistent with industry standards (OHA OLSA § E; Exhibit 1-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § 2.2(a) (Shared Component tasks));

- 1 (g) Analyze and design IDM functionality in a professional manner consistent
2 with industry standards (OHA OLSA § E; Exhibit 1-TME-300336724 to
3 ordering document 306226-04-OD-18-NOV-2011, § 2.2(3) (Shared
4 Component tasks));
- 5 (h) Manage the Modernization and HIX-IT Projects in a professional manner
6 consistent with industry standards (OHA OLSA § E; Exhibit 1-TME-
7 300336741 to ordering document 306226-04-OD-18-NOV-2011, as amended
8 September 7, 2012, § 1(A); Exhibit 2-TME-300336724 to ordering document
9 306226-04-OD-18-NOV-2011, § (1)(D));
- 10 (i) Configure and test Seibel for SNAP, Medicaid, and Long-Term Care in a
11 professional manner consistent with industry standards (OHA OLSA, § E;
12 Exhibit 1-TME-300336741 to ordering document 306226-04-OD-18-NOV-
13 2011, as amended September 7, 2012, § 3.1(a)(3); Exhibit 1-TME-300336749
14 to ordering document 306226-04-OD-18-NOV-2011, as amended September
15 7, 2012, § 3.1(2));
- 16 (j) Implement Siebel integrations with OPA in a professional manner consistent
17 with industry standards (OHA OLSA, § E; Exhibit 1-TME-300336741 to
18 ordering document 306226-04-OD-18-NOV-2011, as amended September 7,
19 2012, § 3.1(a)(3)(e); Exhibit 1-TME-300336749 to ordering document
20 306226-04-OD-18-NOV-2011, as amended September 7, 2012, § 3.1(2));
- 21 (k) Install the Modernization and HIX-IT Projects in the test, training, and
22 production environments in a professional manner consistent with industry
23 standards (OHA OLSA, § E; Exhibit 2-TME-300336724 to ordering
24 document 306226-04-OD-18-NOV-2011, §§ (1)(A)(xii), (1)(B)(vii); Exhibit
25 1-TME-300336741 to ordering document 306226-04-OD-18-NOV-2011, as
26 amended September 7, 2012, §§ 4.1(a)(1), 4.1(b)(1); Exhibit 1-TME-

300336749 to ordering document 306226-04-OD-18-NOV-2011, as amended
September 7, 2012, §§ 4.1(a), (e));

- (l) Validate the OPA pre-screening, benefit application interview, and full eligibility rulebases in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 1-TME-300336741 to ordering document 306226-04-OD-18-NOV-2011, as amended September 7, 2012, §§ 4.1(b)(2)-(4), 4.1(c)(2)-(3));
- (m) Test the Modernization and HIX-IT Projects in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 1-TME-300336749 to ordering document 306226-04-OD-18-NOV-2011, as amended September 7, 2012, § 3.1(c)(1)-(3), (5); Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, §§ (1)(A)(xiii), (1)(B)(viii));
- (n) Migrate the Modernization and HIX-IT Projects from one environment to another in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 1-TME-300336749 to ordering document 306226-04-OD-18-NOV-2011, as amended September 7, 2012, §§ 4.1(e), 5.1(d) Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § (1)(E)(iv));
- (o) Design, build, and test integrations between Siebel and other application components for the Modernization and HIX-IT Projects in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, §§ (1)(A)(iv), (1)(B)(iv));
- (p) Design, build, and test Webcenter for the Modernization Projects in a professional manner consistent with industry standards (OHA OLSA § E;

Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § (1)(B)(ii));

(q) Design, build, and test the HIX Identity Management application in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § (1)(A)(vii));

(r) Design, build, and test the Master Data Management application for the HIX-IT Project in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, §§ (1)(A)(viii));

(s) Design, build, and test PeopleSoft for the HIX-IT Project in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, § (1)(A)(xi));

(t) Correct defects and resolve deficiencies in a professional manner consistent with industry standards (OHA OLSA, § E; Exhibit 1-TME-300336741 to ordering document 306226-04-OD-18-NOV-2011, as amended September 7, 2012, §§ 4.1(a) (5), 5.1(a); Exhibit 1-TME-300336749 to ordering document 306226-04-OD-18-NOV-2011, as amended September 7, 2012, §§ 3.1(c)(4), 4.1(b), 4.2(b), 5.1(a); Exhibit 2-TME-300336724 to ordering document 306226-04-OD-18-NOV-2011, §§ (1)(E)(i)-(iii)).

296.

Oracle also breached the Oracle-OHA Contracts, including without limitation all of the purchase orders and ordering documents, by failing to provide services in a professional manner consistent with standards, as required in the OHA OLSA § E, throughout its work on the Modernization and HIX-IT Projects, as described in paragraphs 156-163.

1 297.

2 As the direct and foreseeable result of Oracle's breaches of contract, DHS and OHA
3 suffered damages of \$182,611,307, as described in paragraphs 169-183.

4 298.

5 All of the damages sought by DHS and OHA are legally appropriate, despite
6 limitations on remedies in the Oracle-OHA Contracts, due to the conduct of Oracle, as
7 described above.

8 **Count 2 - Breach of Implied Duty of Good Faith and Fair Dealing**

9 299.

10 The Oracle-OHA Contracts contain an implied duty of good faith and fair dealing.

11 300.

12 The Oracle-OHA Contracts require Oracle to "assist" DHS and OHA with "the
13 implementation of the Health Insurance Exchange system[.]" The implied duty of good fair
14 and fair dealing required Oracle to "assist" DHS and OHA in a manner consistent with the
15 reasonable expectation of the parties.

16 301.

17 DHS and OHA reasonably expected that Oracle was responsible for delivering a fully
18 functional HIX on or before the State's launch date of October 1, 2013. This reasonable
19 expectation is manifest in:

- 20 (a) Oracle's complete control of the Modernization and HIX-IT Projects, as
21 described in paragraphs 6, 103, 106 and 148;
- 22 (b) DHS and OHA did not have their own developers and architects and relied on
23 Oracle for all software development and system architecture;
- 24 (c) The size and scope of the Oracle-OHA Contracts, which provided that DHS
25 and OHA would pay Oracle tens of millions of dollars and provide assistance
26 with every facet of the Modernization and HIX-IT project, including project

management, scheduling, hardware, software, and development, as described in paragraphs 92-97, 293-296;

(d) Oracle's assumption of the role, in effect, of Systems Integrator, as described in paragraphs 5, 6, 90-91, 103-104.

302.

Oracle breached its implied duty of good faith and fair dealing by failing to meet the reasonable expectation of the parties and delivering a fully functional HIX system on or before October 1, 2013.

303.

As the direct and foreseeable result of Oracle's breach of the duty of good faith and fair dealing, DHS and OHA suffered damages of \$182,611,307, as described in paragraphs 169-183.

304.

All of damages sought by DHS and OHA are legally appropriate, despite limitations on remedies in the Oracle-OHA Contracts, due to the conduct of Oracle, as described above.

Count 3 - Breach of Warranty of Repair

305.

The OHA OLSA, Section E, provides that if Oracle breaches its warranty to provide service in a professional manner consistent with industry standards, then Oracle will provide additional services at no charge to correct that breach of warranty. Specifically, the OHA OLSA provides that when Oracle breaches the warranty, Oracle shall provide "**THE REPERFORMANCE OF THE DEFICIENT SERVICES**" (capitalization and emphasis in original).

306.

Oracle breached its warranty by failing to provide re-performance of its deficient services.

1 307.

2 As the direct and foreseeable result of Oracle's breach of warranty, DHS and OHA
3 suffered damages in the amount of \$94,628,093, as described in Exhibit 1, pg. 5.

4 308.

5 All of damages sought by DHS and OHA are legally appropriate, despite limitations
6 on remedies in the Oracle-OHA Contracts, due to the conduct of Oracle, as described above.

7 **Count 4 - Breach of Warranty to Recover Fees**

8 309.

9 The OHA OLSA, Section E, further provides that if Oracle cannot correct its breach
10 of the warranty **"IN A COMMERCIALY REASONABLE MANNER, [DHS and OHA]**
11 **MAY END THE RELEVANT SERVICES AND RECOVER THE FEES YOU PAID**
12 **TO ORACLE FOR THE DEFICIENT SERVICES"** (capitalization and emphasis in
13 original).

14 310.

15 Oracle did not correct its breaches of warranty in a commercially reasonable manner.
16 DHS and OHA have ended the relevant services. Oracle has not returned the fees that DHS
17 and OHA paid to Oracle.

18 311.

19 As the direct and foreseeable result of Oracle's breach of warranty, DHS and OHA
20 suffered damages in the amount of \$94,628,093, as described in Exhibit 1, pg. 5.

21 312.

22 All of damages sought by DHS and OHA are legally appropriate, despite limitations
23 on remedies in the Oracle-OHA Contracts, due to the conduct of Oracle, as described above.

24 /// ///

25 /// ///

26 /// ///

1 313.

2 The dates on which DHS and OHA became responsible for the amounts described in
3 paragraphs 297, 303 and 311 are easily ascertainable. As such, the DHS and OHA are
4 entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

5 **TWELFTH CLAIM FOR RELIEF**

6 **Breach of Contract**

7 **(Cover Oregon against Defendant Oracle)**

8 314.

9 Plaintiffs re-allege paragraphs 1 through 313, and incorporate the allegations herein,
10 as if fully set forth.

11 315.

12 Cover Oregon has performed the duties required of it under the Oracle-Cover Oregon
13 Contracts alleged in this complaint, or its duties have been excused, and all conditions
14 precedent to the institution of this lawsuit and to the claims therein have been met.

15 **Count 1 - Breach of Express Contract**

16 316.

17 Oracle materially breached the Oracle-Cover Oregon Contracts by:

- 18 (a) Failing to provide a functioning, completed HIX (Exhibit 1 to the April 28,
19 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering
20 Document; Exhibit 1 to the March 1, 2014 Ordering Document; Exhibit 1 to
21 the March 11, 2014 Ordering Document; Exhibit 1 to the April 14, 2014
22 Ordering Document; and Exhibit 1 to the May 16, 2014 Ordering Document);
23 (b) Failing to meet deadlines to ensure the timely launch of the HIX (Exhibit 1 to
24 the April 28, 2013 Ordering Document; Exhibit 1 to the November 15, 2013
25 Ordering Document; Exhibit 1 to the March 1, 2014 Ordering Document;
26 Exhibit 1 to the March 11, 2014 Ordering Document; Exhibit 1 to the April

1 14, 2014 Ordering Document; and Exhibit 1 to the May 16, 2014 Ordering
2 Document);

3 (c) Failing to design and deliver an overall architecture for the HIX in a manner
4 consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the
5 April 28, 2013 Ordering Document, §2.B.5, 7; Exhibit 1 to the November 15,
6 2013 Ordering Document § 2.B.10, 12; Exhibit 1 to the March 1, 2014
7 Ordering Document § 2.B.13, 15; Exhibit 1 to the March 11, 2014 Ordering
8 Document §2.B.13, 15; Exhibit 1 to the April 14, 2014 Ordering Document
9 §2.B.13, 15; and Exhibit 1 to the May 16, 2014 Ordering Document § 2.B.12,
10 14);

11 (d) Failing to document the overall architecture for the HIX (Cover Oregon
12 OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, §2.B.5, 7;
13 Exhibit 1 to the November 15, 2013 Ordering Document § 2.B.10, 12; Exhibit
14 1 to the March 1, 2014 Ordering Document § 2.B.13, 15; Exhibit 1 to the
15 March 11, 2014 Ordering Document §2.B.13, 15; Exhibit 1 to the April 14,
16 2014 Ordering Document §2.B.13, 15; and Exhibit 1 to the May 16, 2014
17 Ordering Document § 2.B.12, 14);

18 (e) Failing to deliver a set of integrated software programs (Cover Oregon OLSA
19 § E; Exhibit 1 to the April 28, 2013 Ordering Document; Exhibit 1 to the
20 November 15, 2013 Ordering Document; Exhibit 1 to the March 1, 2014
21 Ordering Document; Exhibit 1 to the March 11, 2014 Ordering Document;
22 Exhibit 1 to the April 14, 2014 Ordering Document; and Exhibit 1 to the May
23 16, 2014 Ordering Document);

24 (f) Failing to provide personnel with the proper experience, competence, and
25 training to perform the tasks necessary to meet Cover Oregon's needs in a
26 professional manner consistent with industry standards (Cover Oregon OLSA

§ E; Exhibit 1 to the April 28, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document; Exhibit 1 to the March 1, 2014 Ordering Document; Exhibit 1 to the March 11, 2014 Ordering Document; Exhibit 1 to the April 14, 2014 Ordering Document; and Exhibit 1 to the May 16, 2014 Ordering Document);

(g) Failing to provide adequate project management, including failure to follow the Oracle Unified Method, consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document § 2.B.5, 6, § 4; Exhibit 1 to the November 15, 2013 Ordering Document § 2.B.10, 11, § 4; Exhibit 1 to the March 1, 2014 Ordering Document § 2.B.13, 14 § 4; Exhibit 1 to the March 11, 2014 Ordering Document § 2.B.13, 14, § 4; Exhibit 1 to the April 14, 2014 Ordering Document § 2.B.13, 14, § 4; and Exhibit 1 to the May 16, 2014 Ordering Document § 2 B.12, 14, § 4);

(h) Failing to provide proper configuration of Siebel consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, § 1, § 2.B.23; Exhibit 1 to the November 15, 2013 Ordering Document § 1, § 2.B.20; Exhibit 1 to the March 1, 2014 Ordering Document § 1, § 2.B.23; Exhibit 1 to the March 11, 2014 Ordering Document § 1, § 2.B.23; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.23; and Exhibit 1 to the May 16, 2014 Ordering Document § 1, § 2 B.22);

(i) Failing to apply standard naming conventions consistent with industry standards (Cover Oregon OLSA § E);

(j) Failing to provide proper branching for WebCenter applications consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, § 1, § 2.B.23; Exhibit 1 to the November 15, 2013 Ordering Document § 1, § 2.B.20; Exhibit 1 to the March 1, 2014 Ordering

Document § 1, § 2.B.23; Exhibit 1 to the March 11, 2014 Ordering Document § 1, 2.B.23; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.23; and Exhibit 1 to the May 16, 2014 Ordering Document, § 1, § 2.B.22);

(k) Failing to provide and complete the development of SHOP (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document; Exhibit 1 to the March 1, 2014 Ordering Document; Exhibit 1 to the March 11, 2014 Ordering Document; Exhibit 1 to the April 14, 2014 Ordering Document; and Exhibit 1 to the May 16, 2014 Ordering Document);

(l) Failing to develop an adequate enrollment interface, including but not limited to failure to comply with ACA and the Health Insurance Portability and Accountability Act (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document; Exhibit 1 to the March 1, 2014 Ordering Document; Exhibit 1 to the March 11, 2014 Ordering Document; Exhibit 1 to the April 14, 2014 Ordering Document; and Exhibit 1 to the May 16, 2014 Ordering Document);

(m) Failing to provide adequate testing of new code releases consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document; June 3, 2013 Ordering Document; June 25, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document § 1.F; Exhibit 1 to the March 1, 2014 Ordering Document § 1.F; Exhibit 1 to the March 11, 2014 Ordering Document § 1.F; Exhibit 1 to the April 14, 2014 Ordering Document § 1.F; and Exhibit 1 to the May 16, 2014 Ordering Document § 1.F);

(n) Failing to provide adequate revision controls consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering

Document, § 2.B.5; Exhibit 1 to the November 15, 2013 Ordering Document § 2.B.10; Exhibit 1 to the March 1, 2014 Ordering Document § 2.B.13; Exhibit 1 to the March 11, 2014 Ordering Document § 2.B.13; Exhibit 1 to the April 14, 2014 Ordering Document § 2.B.13; and Exhibit 1 to the May 16, 2014 Ordering Document § 2.B.12);

(o) Failing to provide proper configuration of Oracle Identity Management suite consistent with industry standards ((Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, § 1, 2.B.23; Exhibit 1 to the November 15, 2013 Ordering Document § 1, § 2.B.20; Exhibit 1 to the March 1, 2014 Ordering Document §1, § 2.B.23; Exhibit 1 to the March 11, 2014 Ordering Document § 1, § 2.B.23; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.23; and Exhibit 1 to the May 16, 2014 Ordering Document § 1, § 2.B.22);

(p) Failing to timely deliver code ready environments for necessary testing to meet the October 1, 2013 launch (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, §1, § 2.B.23, March 4, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document § 1, § 2.B.20; Exhibit 1 to the March 1, 2014 Ordering Document §1, § 2.B.23; Exhibit 1 to the March 11, 2014 Ordering Document § 1, § 2.B.23; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.23; and Exhibit 1 to the May 16, 2014 Ordering Document § 1, § 2.B.22);

(q) Failing to deliver code ready environments for development and production to meet the October 1, 2013 launch (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, §1.B, §2.B.23; Exhibit 1 to the November 15, 2013 Ordering Document § 1.A, § 2.B.20; Exhibit 1 to the March 1, 2014 Ordering Document §1.A, § 2.B.23; Exhibit 1 to the March 11, 2014 Ordering

Document § 1, § 2.B.23; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.23; and Exhibit 1 to the May 16, 2014 Ordering Document § 1.a, § 2.B.22);

(r) Failing to properly integrate and deliver the Oracle User Content Management program (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, §1, § 2.B.23; Exhibit 1 to the November 15, 2013 Ordering Document § 1, § 2.B.20; Exhibit 1 to the March 1, 2014 Ordering Document §1, § 2.B.23; Exhibit 1 to the March 11, 2014 Ordering Document § 1, § 2.B.23; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.23; and Exhibit 1 to the May 16, 2014 Ordering Document § 1, § 2.B.22);

(s) Failing to design and implement the HIX to meet user specifications of scalability to accommodate anticipated number of concurrent users (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document; Exhibit 1 to the March 1, 2014 Ordering Document; Exhibit 1 to the March 11, 2014 Ordering Document; Exhibit 1 to the April 14, 2014 Ordering Document; and Exhibit 1 to the May 16, 2014 Ordering Document);

(t) Failing to provide accurate level of effort estimates (Exhibit 1 to the April 28, 2013 Ordering Document §1 and 2 B.1; Exhibit 1 to the November 15, 2013 Ordering Document § 1, § 2.B.1; Exhibit 1 to the March 1, 2014 Ordering Document § 1, § 2.B.1; Exhibit 1 to the March 11, 2014 Ordering Document § 1, § 2.B.1; Exhibit 1 to the April 14, 2014 Ordering Document § 1, § 2.B.1; and Exhibit 1 to the May 16, 2014 Ordering Document § 1, § 2.B.1);

(u) Failing to provide accurate monthly status reports of the current state, needs, and issues concerning the development of the HIX (Exhibit 1 to the April 28, 2013 Ordering Document § 1.I ; Exhibit 1 to the November 15, 2013 Ordering

Document § 1.B; Exhibit 1 to the March 1, 2014 Ordering Document § 1.B; Exhibit 1 to the March 11, 2014 Ordering Document § 1.B; Exhibit 1 to the April 14, 2014 Ordering Document § 1.B; and Exhibit 1 to the May 16, 2014 Ordering Document § 1.B,;

(v) Failing to provide adequate documentation of software, architecture, design, and systems engineering for the HIX consistent with industry standards (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, § 2.B.5, 7; Exhibit 1 to the November 15, 2013 Ordering Document § 2.B.10, 12; Exhibit 1 to the March 1, 2014 Ordering Document § 2.B.13, 15; Exhibit 1 to the March 11, 2014 Ordering Document § 2.B.13, 15; Exhibit 1 to the April 14, 2014 Ordering Document § 2.B.13, 15; and Exhibit 1 to the May 16, 2014 Ordering Document § 2.B.12, 14);

(w) Failing to provide timely repair of coding failures, bugs and errors (Cover Oregon OLSA § E; Exhibit 1 to the April 28, 2013 Ordering Document, § 2.B.5, 7; June 3, 2013 Ordering Document; June 25, 2013 Ordering Document; Exhibit 1 to the November 15, 2013 Ordering Document §1, § 2.B.10, 12; Exhibit 1 to the March 1, 2014 Ordering Document §1, § 2.B.13, 15; Exhibit 1 to the March 11, 2014 Ordering Document §1, § 2.B.13, 15; Exhibit 1 to the April 14, 2014 Ordering Document §1, § 2.B.13, 15; and Exhibit 1 to the May 16, 2014 Ordering Document §1, § 2.B.12, 14);

(x) Failing to provide “reperformance of the deficient services” consistent with industry standards and without charge (Cover Oregon OLSA § E);

(y) Failing to use software engineering tools to support the development of the HIX, consistent with industry standards (Cover Oregon OLSA § E);

(z) Failing to perform system monitoring and system health checks (Cover Oregon OLSA § E; March 4, 2013 Ordering Document);

- 1 (aa) Failing to implement an electronic submission of collected data to Siebel for
2 storage and further processing (Exhibit 1 to April 28, 2013 Ordering
3 Document §1.A);
- 4 (bb) Failing to deliver an online web interview implementing the information
5 display, data collection, and webpage behavior as described in requirements
6 provided to Oracle (Exhibit 1 to April 28, 2013 Ordering Document §1.A);
- 7 (cc) Failing to integrate WebCenter with IDM for Single Sign On and User
8 registration self-service, OPA to display OPA questionnaires, Siebel for end
9 user functionality using the Oracle SOA Suite, and Oracle WebCenter Content
10 for content management (Exhibit 1 to April 28, 2013 Ordering Document
11 §1.A);

12 317.

13 Oracle also breached the Oracle-Cover Oregon Contracts, including without
14 limitation all purchase orders and ordering documents, by failing to provide services in a
15 professional manner consistent with standards, as required in the Cover Oregon OLSA § E,
16 throughout its work on the HIX-IT Projects, as described in paragraphs 156-163.

17 318.

18 As the direct and foreseeable result of Oracle's breach of contract, Cover Oregon
19 suffered damages of \$207,915,439, as described in paragraphs 169-183.

20 319.

21 All of damages sought by Cover Oregon are legally appropriate, despite limitations
22 on remedies in the Oracle-Cover Oregon Contracts, due to the conduct of Oracle, as
23 described above.

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The Oracle-Cover Oregon Contracts contain an implied duty of good faith and fair dealing.

The Oracle-Cover Oregon Contracts require Oracle to “assist” Cover Oregon “with the completion of the Cover Oregon * * * implementation of the Health Insurance Exchange system[.]” The implied duty of good fair and fair dealing required Oracle to “assist” Cover Oregon in a manner consistent with the reasonable expectation of the parties.

Cover Oregon reasonably expected that Oracle was responsible for delivering a fully functional HIX on or before Cover Oregon's launch date of October 1, 2013. This reasonable expectation is manifest in:

- (a) Oracle's complete control of the development of the HIX system, as described in paragraphs 6, 103, 106, 148;
- (b) Oracle's complete control of demonstrations of the HIX system before October 1, 2013, including control of demonstrations at the June 13, 2013 Cover Oregon Board of Directors' meeting, the September 11-12, 2013 CMS Operation Readiness Review, and the September 18, 2013 demonstrations to Cover Oregon staff, as described in paragraphs 6, 125-127, 132-133 and 134;
- (c) Oracle executives' statements that Oracle would deliver a functional HIX by October 1, 2013, as described in paragraphs 9, 122 and 130;
- (d) The May 1, 2013 ordering document's terms providing that Oracle would provide "post production support from 10/1/13 [Cover Oregon's launch date for the HIX] through 12/31/13" and additional post-production support in 2014;

1 (e) Oracle's determination of the "Level of Effort" necessary to complete the HIX
2 system in time for launch on October 1, 2013, as described in paragraph 117,
3 122 and 142;

4 (f) The size and scope of the Oracle-Cover Oregon Contracts, which provided
5 that Cover Oregon would pay Oracle nearly \$100 million and provide
6 assistance with every facet of the HIX-IT Project, including project
7 management, scheduling, hardware, software, and development, as described
8 in paragraphs 110-114, 314-317.

9 323.

10 Oracle breached its implied duty of good faith and fair dealing by failing to meet the
11 reasonable expectation of the parties and delivering a fully functional HIX system on or
12 before October 1, 2013.

13 324.

14 As the direct and foreseeable result of Oracle's breach of contract, Cover Oregon
15 suffered damages of \$207,915,439, as described in paragraphs 169-183.

16 325.

17 All of damages sought by Cover Oregon are legally appropriate, despite limitations
18 on remedies in the Oracle-Cover Oregon Contracts, due to the conduct of Oracle, as
19 described above.

20 **Count 3 - Breach of Warranty of Repair**

21 326.

22 The Cover Oregon OLSA, Section E, provides that if Oracle breaches its warranty to
23 provide service in a professional manner consistent with industry standards, then Oracle will
24 provide additional services at no charge to correct that breach of warranty. Specifically, the
25 Contract provides that when Oracle breaches the warranty, Oracle shall provide "**THE**
26

1 **REPERFORMANCE OF THE DEFICIENT SERVICES**” (capitalization and emphasis in
2 original).

3 327.

4 Oracle breached its warranty by failing to provide re-performance of the deficient
5 services. Instead, Oracle charged Cover Oregon and demanded payment for Oracle’s
6 attempts to correct Oracle’s previously substandard services (November 15, 2013 Ordering
7 Document, March 1, 2014 Ordering Document, April 1, 2014 Ordering Document, April 14,
8 2014 Ordering Document, May 16, 2014 Ordering Document).

9 328.

10 As the direct and foreseeable result of Oracle’s breach of warranty, Cover Oregon
11 suffered damages of \$77,197,987, as described in Exhibit 1, pg. 7.

12 329.

13 All of damages sought by Cover Oregon are legally appropriate, despite limitations
14 on remedies in the Oracle-Cover Oregon Contracts, due to the conduct of Oracle, as
15 described above.

16 **Count 4 - Breach of Warranty to Recover Fees**

17 330.

18 The Cover Oregon OLSA, Section E, further provides that if Oracle cannot correct its
19 breach of the warranty “**IN A COMMERCIALLY REASONABLE MANNER, [Cover**
20 **Oregon] MAY END THE RELEVANT SERVICES AND RECOVER THE FEES YOU**
21 **PAID TO ORACLE FOR THE DEFICIENT SERVICES**” (capitalization and emphasis
22 in original).

23 331.

24 Oracle did not correct its breaches of warranty in a commercially reasonable manner.
25 Cover Oregon has ended the relevant services. Oracle has not returned the fees that Cover
26 Oregon paid to Oracle.

1 332.

2 As the direct and foreseeable result of Oracle's breach of warranty, Cover Oregon
3 suffered damages of \$77,197,987, as described in paragraphs Exhibit 1, pg. 7.

4 333.

5 All of damages sought by Cover Oregon are legally appropriate, despite limitations
6 on remedies in the Oracle-Cover Oregon Contracts, due to the conduct of Oracle, as
7 described above.

8 **Count 5 - Promissory Estoppel**

9 334.

10 Oracle promised that it would deliver a functional HIX-IT Project by October 1,
11 2013, as described in paragraphs 7, 8, 117, 120, 122, 124, 126, 128, 130 and 142.

12 335.

13 Oracle could and did foresee that this promise would induce Cover Oregon to make
14 payments to Oracle.

15 336.

16 Cover Oregon relied on Oracle's promise and as a result of that reliance paid Oracle
17 to deliver a functional HIX-IT Project by October 1, 2013.

18 337.

19 As the direct and foreseeable result of Oracle's breach of its promise, Cover Oregon
20 suffered damages of \$207,915,439, as described in paragraphs 169-183.

21 338.

22 All of damages sought by Cover Oregon are legally appropriate, despite limitations
23 on remedies in the Oracle-Cover Oregon Contracts, due to the conduct of Oracle, as
24 described above.

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1 339.

2 The dates on which Cover Oregon became responsible for the amounts described in
3 paragraphs 318, 324, 328, 332 and 337 are easily ascertainable. As such, Cover Oregon is
4 entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

5 **THIRTEENTH CLAIM FOR RELIEF**

6 **Oregon Civil Racketeer Influenced and Corrupt Organizations Act**

7 **(DHS, OHA, and Cover Oregon against Oracle)**

8 340.

9 Plaintiffs re-allege paragraphs 1 through 339, and incorporate the allegations herein,
10 as if fully set forth.

11 **Count 1 – Violation of ORS 166.720(2)**

12 341.

13 DHS, OHA, Cover Oregon, Mythics, and Oracle have operated continuously as an
14 associated-in-fact enterprise from February 2009, when Oracle submitted its response to
15 DHS's request for information, until present (the "Modernization-HIX Enterprise"). This
16 enterprise is organized for a legitimate common purpose, to implement the Modernization
17 and HIX-IT Projects. The members of this enterprise are organized through a web of
18 contracts, including the Mythics-OHA Contracts, Oracle-OHA Contracts, and Oracle-Cover
19 Oregon Contracts, as described in paragraphs 79-87, 92-97, 110-114. DHS, OHA, and Cover
20 Oregon have been and are innocent participants in this legitimate enterprise.

21 342.

22 Oracle indirectly and directly acquired and maintained control of the Modernization-
23 HIX Enterprise through a pattern of racketeering activity by committing or attempting to
24 commit the crimes of unsworn falsification, ORS 162.085, and fraudulently obtaining a
25 signature, ORS 165.042.

26 /// ///

343.

Oracle committed or attempted to commit the crime of unsworn falsification by:

(a) Falsely stating in writing that:

- i. The “Oracle Solution” had out-of-the-box functionalities on the Vendor Questionnaire, as described in paragraphs 55-61, 74, 75 and 166;
- ii. The “Oracle Solution” was an out-of-the-box solution, as described in paragraphs 3, 35, 57, 61, 69, 72, 74-75, 164 and 166;
- iii. The “Oracle Solution” could be implemented quickly, as described in paragraphs 53, 66, 70, 164;
- iv. The “Oracle Solution” was built on integrated technologies, as described in paragraphs 3, 51, 64, 66, 70, 75-76 and 164;
- v. The “Oracle Solution” was flexible and easy to integrate with both existing and external systems, as described in paragraphs 3, 35, 66, 75-77;
- vi. The “Oracle Solution” included implementation of a health insurance exchange, as described in paragraph 164;
- vii. The HIX-IT Project was nearly complete, as stated in the development dashboards and described in paragraphs 7 and 128;
- viii. Oracle would deliver the HIX on October 15, 2013, as stated in the email from Bartolo to King described in paragraph 9 and 136;
- ix. The “functionality required to enroll the vast majority of Oregon residents is operational,” as written in a letter from Catz to Cover Oregon in April 2014 and described in paragraph 151.

(b) Making each of these representations to public servants working for DHS, OHA, or Cover Oregon.

- 1 (c) Making these statements in connection with:
- 2 i. Oracle's application to become DHS, OHA, and Cover Oregon's
- 3 vendor for the Modernization and HIX-IT Projects and obtain the
- 4 benefit of payment from DHS, OHA, and Cover Oregon;
- 5 ii. Applications for payment of invoices pursuant to the Mythics-OHA
- 6 Contracts, Oracle-OHA Contracts, and Oracle-Cover Oregon
- 7 Contracts, as described in paragraphs 96, 114, 143-147, 150, 169 and
- 8 170 for the benefit of payments from DHS, OHA, and Cover Oregon.

9 344.

10 Oracle committed or attempted to commit the crime of fraudulently obtaining a

11 signature by:

- 12 (a) Obtaining DHS's, OHA's, and Cover Oregon's signatures on the Mythics-
- 13 Oracle Contracts, Oracle-OHA Contracts, and Oracle-Cover Oregon
- 14 Contracts;
- 15 (b) Obtaining these signatures by knowingly misrepresenting that:
- 16 i. The "Oracle Solution" was an out-of-the-box solution, as described in
- 17 paragraphs 3, 35, 57-61, 69, 72, 74-75, 164 and 166;
- 18 ii. The "Oracle Solution" required only 5% customization, as described in
- 19 paragraphs 59, 63, 72, 74-75, 164 and 166;
- 20 iii. The "Oracle Solution" could be implemented quickly, as described in
- 21 paragraphs 53, 66, 70 and 164;
- 22 iv. The "Oracle Solution" was built on integrated technologies, as
- 23 described in paragraphs 3, 51, 64, 66, 70, 75-76 and 164;
- 24 v. The "Oracle Solution" was flexible and easy to integrate with both
- 25 existing and external systems, as described in paragraphs 3, 35, 66, 75-
- 26 77;

- 1 vi. The “Oracle Solution” included implementation of a health insurance
2 exchange, as described in paragraph 164;
- 3 vii. The HIX-IT Project was nearly complete, as stated in the development
4 dashboards and described in paragraphs 7 and 128;
- 5 viii. Core elements of the exchange were functional as shown in Kim’s
6 demonstration at the June 13, 2013 Cover Oregon Board of Directors’
7 meeting described in paragraphs 125-127;
- 8 ix. The HIX would be ready to launch on October 1, 2013, as described in
9 paragraphs 7, 8, 117, 120, 122, 124, 126, 128, 130 and 142;
- 10 x. The HIX would be ready to launch on October 15, 2013, as stated in
11 the email from Bartolo to King described in paragraphs 9 and 136;
- 12 xi. The HIX would be ready to launch on October 31, 2013, as told by
13 Bartolo to King and Karjala and described in paragraphs 9 and 136;
- 14 xii. The HIX would be ready to launch at the end of December 2013, as
15 told by Budnar to the Cover Oregon Board of Directors on November
16 14, 2013, and described in paragraphs 9 and 140;
- 17 xiii. The HIX would be ready to launch on February 3, 2014, as told by
18 Puri to Goldberg on January 7, 2014, and described in paragraphs 9,
19 10, 143-145;
- 20 xiv. The HIX would be ready to launch on February 24, 2014, as told by
21 Puri to Goldberg on February 11, 2014, and described in paragraphs 9,
22 10, 146-147;
- 23 xv. The HIX was nearly ready to launch as told by Katz to Goldberg and
24 other State officials on February 26, 2014, and described in paragraph
25 150;
- 26

xvi. The “functionality required to enroll the vast majority of Oregon residents is operational,” as written in a letter from Catz to Cover Oregon in April 2014 and described in paragraph 151.

(c) Making these representations with the intent to defraud DHS, OHA, and Cover Oregon.

345.

Oracle committed multiple crimes of unsworn falsification and fraudulently obtaining a signature. Oracle committed the crime of unsworn falsification once for every instance in which Oracle made a false statement in writing as described in paragraph 343(a). Oracle committed the crime of fraudulently obtaining a signature once for every signature a State employee placed on any of the Mythics-OHA Contracts, Oracle-OHA Contracts, and Oracle-Cover Oregon Contracts.

346.

These crimes had the same intent: To obtain payments of substantial sums from DHS, OHA, and Cover Oregon to Mythics and Oracle or to obtain contracts providing for such payments. These crimes also had the same victims: DHS, OHA, and Cover Oregon.

347.

Oracle disguised the true state of development on the Modernization and HIX-IT Projects, including by controlling access to development environments, as described in paragraphs 6, 103, 1065 and 148, so that DHS and OHA were unable to discover that Oracle was failing to meet the representations listed in paragraphs 343 and 344.

348.

DHS, OHA, and Cover Oregon were injured by reason of Oracle’s violations of ORS 166.720(2). Oracle’s control of the Modernization-HIX Enterprise caused both the Modernization and HIX-IT Projects to fail. The “Oracle Solution” failed to meet the needs of the Modernization and HIX-IT Projects, as described in paragraphs 132-163, 169-183.

Moreover, Oracle's control of the Modernization-HIX Enterprise enabled Oracle to disguise its poor work and inability to complete the Projects, thus preventing the State from taking action to correct Oracle's mistakes or hire an alternate vendor. Oracle's control of the Modernization-HIX Enterprise also allowed Oracle to manipulate the State into signing additional purchase orders, guaranteeing Oracle a continuous flow of payments.

349.

As the direct and foreseeable result of Oracle's violations of ORS 166.720(2), DHS, OHA, and Cover Oregon suffered damages of \$420,752,808, as described in paragraphs 169-183, which shall be trebled in accordance with ORS 166.725(7)(a).

350.

The dates on which DHS, OHA, and Cover Oregon became responsible for the amounts described in paragraph 349 are easily ascertainable. As such, DHS, OHA, Cover Oregon are entitled to prejudgment interest on those amounts at the statutory rate of 9% per annum.

351.

Because aggravating factors exist with regard to Oracle's violations of ORS 166.720(2), DHS, OHA, and Cover Oregon reserve the right to seek leave to amend this count to allege punitive damages consistent with ORS 166.725(7)(a) and ORS 31.725.

Count 2 – Violation of ORS 166.720(3)

352.

Oracle and Mythics have operated continuously as an associated-in-fact enterprise since before 2010 to present, as described in paragraphs 79-80. The common purpose of this enterprise is to sell, resell, and distribute Oracle products and services. This enterprise is organized through contracts between Oracle and Mythics.

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1 353.

2 Oracle participated in the Oracle-Mythics enterprise through a pattern of racketeering
3 activity by committing or attempting to commit the crimes of unsworn falsification, ORS
4 162.085, and fraudulently obtaining a signature, ORS 165.042.

5 354.

6 Oracle committed or attempted to commit the crime of unsworn falsification by
7 engaging in the conduct alleged in paragraph 343.

8 355.

9 Oracle committed or attempted to commit the crime of fraudulently obtaining a
10 signature by engaging in the conduct alleged in paragraph 344.

11 356.

12 Oracle committed multiple crimes of unsworn falsification and fraudulently obtaining
13 a signature. Oracle committed the crime of unsworn falsification once for every instance in
14 which Oracle made a false statement in writing as described in paragraph 343(a). Oracle
15 committed the crime of fraudulently obtaining a signature once for every signature a State
16 employee placed on any of the Mythics-OHA Contracts, Oracle-OHA Contracts, and Oracle-
17 Cover Oregon Contracts.

18 357.

19 These crimes had the same intent: To obtain payments of substantial sums from
20 DHS, OHA, and Cover Oregon to Mythics and Oracle or to obtain contracts providing for
21 such payments. These crimes also had the same results: The execution of the Mythics-OHA
22 Contracts, Oracle-OHA Contracts, and Oracle-Cover Oregon Contracts and the payments by
23 DHS, OHA, and Cover Oregon pursuant to those contracts. These crimes also had the same
24 victims: DHS, OHA, and Cover Oregon.

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26 /// ///

1 358.

2 Oracle disguised the true state of development on the Modernization and HIX-IT
3 Projects, including by controlling access to development environments, as described in
4 paragraphs 6, 103, 106 and 148, so that DHS and OHA were unable to discover that Oracle
5 was failing to meet the representations listed in paragraphs 343-344.

6 359.

7 DHS, OHA, and Cover Oregon were injured by reason of Oracle's violations of ORS
8 166.720(3). As a direct result of Oracle's crimes, DHS, OHA, and Cover Oregon entered the
9 Mythics-OHA Contracts, Oracle-OHA Contracts, and Oracle-Cover Oregon Contracts and
10 the payments by DHS, OHA, and Cover Oregon pursuant to those contracts. Oracle violated
11 ORS 166.720(3) with the intent that the State would enter these contracts and make
12 substantial payments to Oracle.

13 360.

14 As the direct and foreseeable result of Oracle's violations of ORS 166.720(3), DHS,
15 OHA, and Cover Oregon suffered damages of \$420,752,808, as described in paragraphs 169-
16 183, which shall be trebled in accordance with 166.725(7)(a).

17 361.

18 The dates on which DHS, OHA, and Cover Oregon became responsible for the
19 amounts described in paragraph 360 are easily ascertainable. As such, DHS, OHA, Cover
20 Oregon are entitled to prejudgment interest on those amounts at the statutory rate of 9% per
21 annum.

22 362.

23 Because aggravating factors exist with regard to Oracle's violations of ORS
24 166.720(3), DHS, OHA, and Cover Oregon reserve the right to seek leave to amend this
25 claim to allege punitive damages consistent with ORS 166.725(7)(a) and ORS 31.725.

26 /// ///

1 363.

2 DHS, OHA, and Cover Oregon seek an award of reasonable attorney fees incurred in
3 connection with this claim pursuant to ORS 166.725(14).

4 **FOURTEENTH CLAIM FOR RELIEF**

5 **Oregon Civil Racketeer Influenced and Corrupt Organizations Act**
6 **(Attorney General of Oregon against Oracle)**

7 364.

8 Plaintiffs re-allege paragraphs 1 through 363, and incorporate the allegations herein,
9 as if fully set forth.

10 **Count 1 – Violation of ORS 166.720(2)**

11 365.

12 DHS, OHA, Cover Oregon, Mythics, and Oracle have operated continuously as an
13 associated-in-fact enterprise from February 2009, when Oracle submitted its response to
14 DHS's request for information, until present (the "Modernization-HIX Enterprise"). This
15 enterprise is organized for a legitimate common purpose, to implement the Modernization
16 and HIX-IT Projects. The members of this enterprise are organized through a web of
17 contracts, including the Mythics-OHA Contracts, Oracle-OHA Contracts, and Oracle-Cover
18 Oregon Contracts, as described in paragraphs 79-87, 92-97, 110-114. DHS, OHA, and Cover
19 Oregon have been and are innocent participants in this legitimate enterprise.

20 366.

21 Oracle indirectly and directly acquired and maintained control of the Modernization-
22 HIX Enterprise through a pattern of racketeering activity by committing or attempting to
23 commit the crimes of unsworn falsification, ORS 162.085, and fraudulently obtaining a
24 signature, ORS 165.042, obtaining execution of documents by deception, ORS 165.102, and
25 wire fraud, 18 U.S.C. § 1343.

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1 367.

2 Oracle committed or attempted to commit the crime of unsworn falsification by
3 engaging in the conduct alleged in paragraph 343.

4 368.

5 Oracle committed or attempted to commit the crime of fraudulently obtaining a
6 signature by engaging in the conduct alleged in paragraph 344.

7 369.

8 Oracle committed or attempted to commit the crime of obtaining execution of
9 documents by deception by:

- 10 (a) Obtaining DHS's, OHA's, and Cover Oregon's signatures on the Mythics-
11 Oracle Contracts, Oracle-OHA Contracts, and Oracle-Cover Oregon Contracts
12 and presenting invoices for payments, as described in paragraphs 96, 114,
13 143-147, 150, 169 and 170.
- 14 (b) Obtaining execution of these documents by fraud, deceit, or subterfuge by
15 knowingly misrepresenting that:
- 16 i. The "Oracle Solution" was an out-of-the-box solution, as described in
17 paragraphs 3, 35, 57-61, 69, 72, 74-75, 164 and 166;
- 18 ii. The "Oracle Solution" required only 5% customization, as described in
19 paragraphs 59, 63, 72, 74-75, 164 and 166;
- 20 iii. The "Oracle Solution" could be implemented quickly, as described in
21 paragraphs 53, 66, 70, 164;
- 22 iv. The "Oracle Solution" was built on integrated technologies, as
23 described in paragraphs 3, 51, 64, 66, 70, 75-76 and 164;
- 24 v. The "Oracle Solution" was flexible and easy to integrate with both
25 existing and external systems, as described in paragraphs 3, 35, 66, 75-
26 77;

- 1 vi. The “Oracle Solution” included implementation of a health insurance
2 exchange, as described in paragraph 164;
- 3 vii. The HIX-IT Project was nearly complete, as stated in the development
4 dashboards and described in paragraphs 7 and 128;
- 5 viii. Core elements of the exchange were functional as shown in Kim’s
6 demonstration at the June 13, 2013, Cover Oregon Board of Directors’
7 meeting described in paragraphs 125-127;
- 8 ix. The HIX would be ready to launch on October 1, 2013, as described in
9 paragraphs 7, 8, 117, 120, 122, 124, 126, 128, 130 and 142;
- 10 x. The HIX would be ready to launch on October 15, 2013, as stated in
11 the email from Bartolo to King described in paragraph 9 and 136;
- 12 xi. The HIX would be ready to launch on October 31, 2013, as told by
13 Bartolo to King and Karjala and described in paragraph 9 and 136;
- 14 xii. The HIX would be ready to launch at the end of December 2013, as
15 told by Budnar to the Cover Oregon Board of Directors on November
16 14, 2013, and described in paragraph 9 and 140;
- 17 xiii. The HIX would be ready to launch on February 3, 2014, as told by
18 Puri to Goldberg on January 7, 2014, and described in paragraphs 9,
19 10, 143-145;
- 20 xiv. The HIX would be ready to launch on February 24, 2014, as told by
21 Puri to Goldberg on February 11, 2014 and described in paragraph 9,
22 10, 146-147;
- 23 xv. The HIX was nearly ready to launch as told by Catz to Goldberg and
24 other State officials on February 26, 2014, and described in paragraph
25 150;

26 /// ///

xvi. The “functionality required to enroll the vast majority of Oregon residents is operational,” as written in a letter from Catz to Cover Oregon in April 2014 and described in paragraph 151.

(c) Making these misrepresentations with the intent to acquire millions of dollars in payments.

370.

Oracle committed the crime of wire fraud by:

(a) Engaging in a scheme to defraud DHS, OHA, and Cover Oregon by making material misrepresentations, including that:

- i. The “Oracle Solution” was an out-of-the-box solution, as described in paragraphs 3, 35, 57-61, 69, 72, 74-75, 164 and 166;
- ii. The “Oracle Solution” required only 5% customization, as described in paragraphs 59, 63, 72, 74-75, 164 and 166;
- iii. The “Oracle Solution” could be implemented quickly, as described in paragraphs 53, 66, 70 and 164;
- iv. The “Oracle Solution” was built on integrated technologies, as described in paragraphs 3, 51, 64, 66, 70, 75-76 and 164;
- v. The “Oracle Solution” was flexible and easy to integrate with both existing and external systems, as described in paragraphs 3, 35, 66, 75-77;
- vi. The “Oracle Solution” included implementation of a health insurance exchange, as described in paragraph 164;
- vii. The HIX-IT Project was nearly complete, as stated in the development dashboards and described in paragraphs 7 and 128;

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/// ///

- viii. Core elements of the exchange were functional as shown in Kim's demonstration at the June 13, 2013, Cover Oregon Board of Directors' meeting described in paragraphs 125-127;
- ix. The HIX would be ready to launch on October 1, 2013, as described in paragraphs 7, 8, 117, 120, 122, 124, 126, 128, 130 and 142;
- x. The HIX would be ready to launch on October 15, 2013, as stated in the email from Bartolo to King described in paragraphs 9 and 136;
- xi. The HIX would be ready to launch on October 31, 2013, as told by Bartolo to King and Karjala and described in paragraphs 9 and 136;
- xii. The HIX would be ready to launch at the end of December 2013, as told by Budnar to the Cover Oregon Board of Directors on November 14, 2013, and described in paragraphs 9 and 140;
- xiii. The HIX would be ready to launch on February 3, 2014, as told by Puri to Goldberg on January 7, 2014, and described in paragraphs 9, 10 and 143-145;
- xiv. The HIX would be ready to launch on February 24, 2014, as told by Puri to Goldberg on February 11, 2014, and described in paragraphs 9, 10, 146-147;
- xv. The HIX was nearly ready to launch as told by Catz to Goldberg and other State officials on February 26, 2014, and described in paragraph 150;
- xvi. The "functionality required to enroll the vast majority of Oregon residents is operational," as written in a letter from Catz to Cover Oregon in April 2014 and described in paragraph 151.
- (b) Using the wires to transmit documents containing these misrepresentations, as well as invoices and other documents in furtherance of its scheme to defraud.

1 (c) Making these misrepresentations with the specific intent to cause DHS, OHA,
2 and Cover Oregon to enter into the Mythics-OHA Contracts, the Oracle-OHA
3 Contracts, and the Oracle-Cover Oregon Contracts, and to make payments to
4 Oracle and Mythics under those Contracts.

5 371.

6 Oracle disguised the true state of development on the Modernization and HIX-IT
7 Projects, including by controlling access to development environments, as described in
8 paragraphs 6, 103, 106 and 148, so that DHS and OHA were unable to discover that Oracle
9 was failing to meet the representations listed in paragraphs 369 and 370.

10 372.

11 For Oracle's violations of ORS 166.720(2), the Attorney General seeks the following
12 injunctive relief pursuant to ORS 166.725(1):

13 (a) An order voiding the provisions of the Mythics-OHA Contracts, the Oracle-
14 OHA Contracts, and the Oracle-Cover Oregon Contracts that limit DHS's,
15 OHA's, and Cover Oregon's rights to recover indirect, incidental, special,
16 punitive and consequential damages;

17 (b) An order voiding the provisions of the Mythics-OHA Contracts, the Oracle-
18 OHA Contracts, and the Oracle-Cover Oregon Contracts stating that actions
19 arising out or related to those contracts may not be brought more than two
20 years after the cause of action accrues;

21 (c) A permanent injunction prohibiting Oracle from marketing to or entering into
22 a contract with any public corporation of or agency of the State of Oregon
23 from the date of judgment forward.

24 373.

25 For each of Oracle's violations of ORS 166.720(2), the Attorney General seeks a civil
26 penalty of \$250,000 pursuant to ORS 166.725(8).

Count 2 – Violation of ORS 166.720(3)

374.

Oracle and Mythics have operated continuously as an associated-in-fact enterprise since before 2010 to present, as described in paragraphs 79-80. The common purpose of this enterprise is to sell, resell, and distribute Oracle products and services. This enterprise is organized through contracts between Oracle and Mythics.

375.

Oracle participated in the Oracle-Mythics enterprise through a pattern of racketeering activity by committing or attempting to commit the crimes of unsworn falsification, ORS 162.085, and fraudulently obtaining a signature, ORS 165.042, obtaining execution of documents by deception, ORS 165.102, and wire fraud, 18 U.S.C. § 1343.

376.

Oracle committed or attempted to commit the crime of unsworn falsification by engaging in the conduct alleged in paragraph 343.

377.

Oracle committed or attempted to commit the crime of fraudulently obtaining a signature by engaging in the conduct alleged in paragraph 344.

378.

Oracle committed or attempted to commit the crime of obtaining execution of documents by engaging in the conduct alleged in paragraph 369.

379.

Oracle committed the crime of wire fraud by engaging in the conduct alleged in paragraph 370.

380.

Oracle disguised the true state of development on the Modernization and HIX-IT Projects, including by controlling access to development environments, as described in

1 paragraphs 6, 103, 106 and 148, so that DHS and OHA were unable to discover that Oracle
2 was failing to meet the representations listed in paragraphs 343, 344, 369 and 370.

3 381.

4 For Oracle's violations of ORS 166.720(3), the Attorney General seeks the following
5 injunctive relief pursuant to ORS 166.725(1):

- 6 (a) An order voiding the provisions of the Mythics-OHA Contracts, the Oracle-
7 OHA Contracts, and the Oracle-Cover Oregon Contracts that limit DHS's,
8 OHA's, and Cover Oregon's rights to recover indirect, incidental, special,
9 punitive and consequential damages;
- 10 (b) An order voiding the provisions of the Mythics-OHA Contracts, the Oracle-
11 OHA Contracts, and the Oracle-Cover Oregon Contracts stating that actions
12 arising out or related to those contracts may not be brought more than two
13 years after the cause of action accrues;
- 14 (c) A permanent injunction prohibiting Oracle from marketing to or entering into
15 a contract with any public corporation of or agency of the State of Oregon
16 from the date of judgment forward.

17 382.

18 For each of Oracle's violations of ORS 166.720(3), the Attorney General seeks a civil
19 penalty of \$250,000 pursuant to ORS 166.725(8).

20 383.

21 The Attorney General seeks an award of the cost of investigation and reasonable
22 attorney fees incurred in connection with this claim, including the costs and expenses of
23 DHS, OHA, and Cover Oregon incurred in connection with the investigation and litigation,
24 pursuant to ORS 166.725(5).

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1 **PRAYER**

2 WHEREFORE, plaintiffs Attorney General Rosenblum, the State of Oregon, by and
3 through DHS, OHA, and Attorney General Rosenblum, and Cover Oregon pray for relief
4 against defendants as follows:

5 A. On the first claim for relief, for a judgment in favor of DHS and OHA and
6 against Oracle in an amount of \$212,837,368;

7 B. On the second claim for relief, for a judgment in favor of Cover Oregon and
8 against Oracle in an amount of \$207,915,439;

9 C. On the third claim for relief:

10 1. On count 1, for a judgment in favor of Attorney General Rosenblum
11 and against Oracle in the amount of \$240,280,008 in damages and
12 \$480,560,017 in penalties;

13 2. On count 2, for a judgment in favor of Attorney General Rosenblum
14 and against Oracle in the amount of \$240,280,008 in damages and
15 \$480,560,017 in penalties;

16 3. On count 3, for a judgment in favor of Attorney General Rosenblum
17 and against Oracle in the amount of \$174,029,405 in damages and
18 \$348,058,811 in penalties;

19 4. On count 4, for a judgment in favor of Attorney General Rosenblum
20 and against Oracle in the amount of to be determined but not to exceed
21 \$174,029,405 in damages and \$348,058,811 in penalties;

22 D. On the fourth claim for relief, for a judgment in favor of Attorney General
23 Rosenblum and against Catz in the amount of \$87,879,134 in penalties and an
24 additional \$10,000 in penalties for each of Catz's violations of ORS
25 180.755(1)(b) in her April 2014 letter;

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- 1 E. On the fifth claim for relief, for a judgment in favor of Attorney General
2 Rosenblum and against Budnar in the amount of \$112,399,186.74 in penalties
3 and an additional \$10,000 in penalties for each of Budnar's violations of ORS
4 180.755(1)(b) during the November 14, 2013 Cover Oregon Board meeting;
- 5 F. On the sixth claim for relief, for a judgment in favor of Attorney General
6 Rosenblum and against Bartolo in the amount of \$10,000 in penalties for each
7 of Bartolo's violations of ORS 180.755(1)(b);
- 8 G. On the seventh claim for relief, for a judgment in favor of Attorney General
9 Rosenblum and against Kim in the amount of \$45,102,210.38 in penalties;
- 10 H. On the eighth claim for relief, for a judgment in favor of Attorney General
11 Rosenblum and against Puri in the amount of \$87,869,134 in penalties and an
12 additional \$10,000 in penalties for each of Puri's violations of ORS
13 180.755(1)(b) during the January 7, 2014 and February 11, 2014 meetings;
- 14 I. On the ninth claim for relief, for a judgment in favor of Attorney General
15 Rosenblum and against Curry in the amount of \$267,215,009.94 in penalties;
- 16 J. On the tenth claim for relief:
- 17 (a) On count 1, for a judgment in favor of DHS and OHA against Oracle
18 and Mythics in the amount of \$109,455,925;
- 19 (b) On count 2, for a judgment in favor of DHS and OHA against Oracle
20 and Mythics in an amount to be determined;
- 21 (c) On count 3, for a judgment in favor of DHS and OHA against Oracle
22 and Mythics in an amount to be determined;
- 23 K. On the eleventh claim for relief:
- 24 (a) On count 1, for a judgment in favor of DHS and OHA against Oracle
25 in the amount of \$182,611,307;

26 /// ///

(b) On count 2, for a judgment in favor of DHS and OHA against Oracle
in the amount of \$182,611,307;

(c) On count 3, for a judgment in favor of DHS and OHA against Oracle
in an amount to be determined;

(d) On count 4, for a judgment in favor of DHS and OHA against Oracle
in an amount to be determined;

L. On the twelfth claim for relief:

(a) On count 1, for a judgment in favor of Cover Oregon against Oracle in
the amount of \$207,915,439;

(b) On count 2, for a judgment in favor of Cover Oregon against Oracle in
the amount of \$207,915,439;

(c) On count 3, for a judgment in favor of Cover Oregon against Oracle in
the amount of \$77,197,987.33;

(d) On count 4, for a judgment in favor of Cover Oregon against Oracle in
the amount of \$77,197,987.33;

(e) On count 5, for a judgment in favor of Cover Oregon against Oracle in
the amount of \$207,915,439;

M. On the thirteenth claim for relief:

(a) On count 1, for a judgment in favor of DHS, OHA, and Cover Oregon
and against Oracle in the amount \$420,752,808, which shall be trebled
in accordance with ORS 166.725(7)(a);

(b) On count 2, for a judgment in favor of DHS, OHA, and Cover Oregon
and against Oracle in the amount \$420,752,808, which shall be trebled
in accordance with ORS 166.725(7)(a);

N. On the fourteenth claim for relief:

/// ///

(a) On count 1, for a judgment in favor of Attorney General Rosenblum and against Oracle:

1. Voiding the provisions of the Mythics-OHA Contracts, the Oracle-OHA Contracts, and the Oracle-Cover Oregon Contracts that limit DHS's, OHA's, and Cover Oregon's rights to recover indirect, incidental, special, punitive, and consequential damages;
2. Voiding the provisions of the Mythics-OHA Contracts, the Oracle-OHA Contracts, and the Oracle-Cover Oregon Contracts stating that actions arising out or related to those contracts may not be brought more than two years after the cause of action accrues;
3. Prohibiting Oracle from marketing to or entering into a contract with any public corporation or agency of the State of Oregon from the date of judgment forward.;
4. Awarding penalties in the amount of \$250,000 for each of Oracle's violation of ORS 166.720(2);

(b) On count 2, for a judgment in favor of Attorney General Rosenblum and against Oracle:

1. Voiding the provisions of the Mythics-OHA Contracts, the Oracle-OHA Contracts, and the Oracle-Cover Oregon Contracts that limit DHS's, OHA's, and Cover Oregon's rights to recover indirect, incidental, special, punitive, and consequential damages;
2. Voiding the provisions of the Mythics-OHA Contracts, the Oracle-OHA Contracts, and the Oracle-Cover

Oregon Contracts stating that actions arising out or related to those contracts may not be brought more than two years after the cause of action accrues;

3. Prohibiting Oracle from marketing to or entering into a contract with any public corporation of or agency of the State of Oregon from the date of judgment forward;

4. Awarding penalties in the amount of \$250,000 for each of Oracle's violation of ORS 166.720(3);

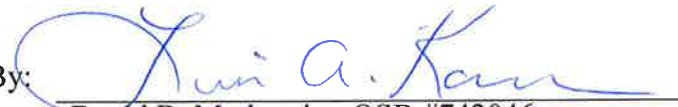
O. Prejudgment interest at the statutory rate of 9% per annum;

P. An award of reasonable attorney fees, pursuant to ORS 166.725(5) and (14) and an award of reasonable attorney fees and costs of investigation, preparation, and litigation incurred in connection this count pursuant to ORS 180.760(8); and

Q. Such other relief as the Court deems appropriate.

DATED this 22nd day of August, 2014.

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Plaintiffs

EXHIBIT 1

Invoices to OHA/DHS for Oracle Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
10/19/2011	XFF3RWRT9M	\$ 498,626.22	\$ 498,626.22	1/27/2012
1/4/2012	XFMJRMFN1	\$ 169,034.00	\$ 169,034.00	5/9/2012
3/13/2012	XFP69TNC9	\$ 194,849.00	\$ 194,849.00	9/5/2012
4/2/2012	XFPMR1R76	\$ 862,592.60	\$ 862,592.60	6/27/2012
4/2/2012	XFMR1XM5	\$ 59,856.00	\$ 59,856.00	6/27/2012
4/2/2012	XFPMR1WN7	\$ 137,749.20	\$ 137,749.20	6/27/2012
4/2/2012	XFPMR2293	\$ 241,632.16	\$ 241,632.16	6/27/2012
4/2/2012	XFPMR1XK9M	\$ 186,572.20	\$ 186,572.20	7/27/2012
4/20/2012	XFR3724X9	\$ 1,714,127.02	\$ 1,714,127.02	5/22/2012
4/20/2012	XFR3725T2	\$ 67,418.12	\$ 67,418.12	5/22/2012
4/20/2012	XFR372536	\$ 260,194.12	\$ 260,194.12	5/22/2012
4/20/2012	XFR3722K4	\$ 576,935.78	\$ 576,935.78	5/23/2012
4/20/2012	XFR3725N8	\$ 194,532.00	\$ 194,532.00	5/29/2012
4/20/2012	XFR3726J1M	\$ 689,523.43	\$ 689,523.43	9/5/2012
4/20/2012	XFW739PR9	\$ 90,576.08	\$ 90,576.08	9/5/2012
6/7/2012	XFT3K3PK1	\$ 263,253.00	\$ 263,253.00	7/24/2012
6/28/2012	XFTFTT5N1	\$ 235,433.00	\$ 235,433.00	7/24/2012
7/12/2012	XFTR8NKM2	\$ 16,764.00	\$ 16,764.00	7/24/2012
8/2/2012	XFW739KK2	\$ 986,688.74	\$ 986,688.74	8/23/2012
8/2/2012	XFW739M54	\$ 51,928.93	\$ 51,928.93	8/23/2012
8/2/2012	XFW73C3N9	\$ 131,309.10	\$ 131,309.10	8/23/2012
8/2/2012	XFW73C847	\$ 516,223.20	\$ 516,223.20	8/23/2012
8/2/2012	XFW73C9C1	\$ 1,086,582.78	\$ 1,086,582.78	9/5/2012
8/2/2012	XFW73C7N4	\$ 649,619.99	\$ 649,619.99	9/20/2012
8/20/2012	XFWKDDP79	\$ 45,061.00	\$ 45,061.00	9/5/2012
8/31/2012	XFWW4RDR4	\$ 89,862.48	\$ 89,862.48	9/20/2012
8/31/2012	XFX4FWP11	\$ 104,748.00	\$ 104,748.00	9/20/2012
8/31/2012	XFWW4RNX9	\$ 846,270.56	\$ 846,270.56	9/20/2012
8/31/2012	XFWW5PC31	\$ 674,488.73	\$ 674,488.73	9/20/2012
8/31/2012	XFWW5PR57	\$ 1,099,702.28	\$ 1,099,702.28	9/20/2012
9/13/2012	XFX4FWK85	\$ 444,835.49	\$ 444,835.49	9/20/2012
9/13/2012	XFX4JR673	\$ 86,132.48	\$ 86,132.48	9/20/2012
9/13/2012	XFWW5PJX7	\$ 61,726.50	\$ 61,726.50	9/20/2012
9/14/2012	XFX59T762	\$ (12.00)	\$ (12.00)	9/20/2012
9/17/2012	XFWW5PD38	\$ 752,151.55	\$ 752,151.55	9/20/2012
10/4/2012	XFX9XDT3	\$ 1,800.00	\$ 1,800.00	10/15/2012
10/4/2012	XFXD9F113	\$ 774,368.90	\$ 774,368.90	10/17/2012
10/4/2012	XFXD9F228	\$ 111,911.58	\$ 111,911.58	10/17/2012
10/4/2012	XFXCPP5K5	\$ 88,661.70	\$ 88,661.70	10/17/2012
10/4/2012	XFX4FWM45	\$ 545,939.44	\$ 545,939.44	10/17/2012
10/4/2012	XFXD9F1N1	\$ 880,215.44	\$ 880,215.44	10/17/2012
10/4/2012	XFW4MN712	\$ 822,971.40	\$ 822,971.40	10/17/2012

Invoices to OHA/DHS for Oracle Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
10/4/2012	XFXCTP1J2	\$ 164,527.84	\$ 164,527.84	10/17/2012
10/4/2012	XFXD9F1X9	\$ 1,011,893.96	\$ 1,011,893.96	10/17/2012
10/5/2012	XFXD9F1F6	\$ 979,965.18	\$ 979,965.18	10/17/2012
10/5/2012	XFX4FWNW4	\$ 639,871.21	\$ 639,871.21	10/17/2012
10/12/2012	XFXP59N52	\$ 77,438.70	\$ 77,438.70	11/8/2012
10/12/2012	XFXMWF1W7	\$ 773,220.24	\$ 773,220.24	11/28/2012
10/15/2012	XFXR5WR51	\$ 584,831.88	\$ 584,831.88	11/28/2012
10/22/2012	XFXP1PTM7	\$ 80,260.50	\$ 80,260.50	11/8/2012
10/26/2012	XFXR5WX68	\$ 105,207.72	\$ 105,207.72	11/8/2012
11/16/2012	XJ1969278	\$ 1,488,131.95	\$ 1,488,131.95	11/28/2012
11/16/2012	XJ17M4M95	\$ 29,618.00	\$ 29,618.00	11/28/2012
11/16/2012	XJ16XD2D4	\$ 134,509.66	\$ 134,509.66	11/29/2012
11/16/2012	XJ16XD1D8	\$ 793,111.01	\$ 793,111.01	11/29/2012
11/16/2012	XJ169MJR8	\$ 930,614.66	\$ 930,614.66	12/6/2012
11/27/2012	XJ19691R9	\$ 486,239.27	\$ 486,239.27	12/6/2012
11/27/2012	XJ1969219	\$ 690,455.12	\$ 690,455.12	12/6/2012
11/27/2012	XJ1969286	\$ 898,614.92	\$ 898,614.92	1/11/2013
11/28/2012	XJ1NR89R5	\$ 1,057,039.71	\$ 1,057,039.71	1/11/2013
12/11/2012	XJ2219T39	\$ 1,522,575.53	\$ 1,522,575.53	1/9/2013
12/11/2012	XJ2219T39M	\$ 4,106.24	\$ 4,106.24	2/7/2013
12/18/2012	XJ2219TX8	\$ 165,824.36	\$ 165,824.36	12/27/2012
12/18/2012	XJ2219TT5	\$ 1,149,493.77	\$ 1,149,493.77	1/23/2013
12/18/2012	XJ22N4CF2	\$ 517,636.60	\$ 517,636.60	1/24/2013
12/20/2012	XJ24WTTC4	\$ 368,548.08	\$ 368,548.08	1/9/2013
12/21/2012	XJ2218RD6	\$ 19,164.00	\$ 19,164.00	1/24/2013
1/10/2013	XJ2F8K525	\$ 67,374.41	\$ 67,374.41	1/30/2013
1/10/2013	XJ2F779X9	\$ 0.03	\$ 0.03	1/30/2013
1/10/2013	XJ2F8JXN3	\$ 1,153.72	\$ 1,153.72	1/30/2013
1/21/2013	XJRDTM26	\$ 1,839,591.56	\$ 1,839,591.56	2/11/2013
1/22/2013	XJ2F775P8	\$ 132,012.92	\$ 132,012.92	1/24/2013
1/30/2013	XJ2RDTJ51	\$ 1,312,242.57	\$ 1,312,242.57	2/11/2013
1/30/2013	XJRDR97	\$ 909,954.85	\$ 909,954.85	2/13/2013
2/6/2013	XJ2KK9XD2	\$ 313,058.00	\$ 313,058.00	2/11/2013
2/13/2013	XJ37M7X95	\$ 11,537.00	\$ 11,537.00	2/21/2013
2/22/2013	XJ3FC3X53	\$ 31.15	\$ 31.15	3/5/2013
2/22/2013	XJ3FC3XT3	\$ 1,350,224.96	\$ 1,350,224.96	3/5/2013
2/22/2013	XJ3FC41M7	\$ 102,054.71	\$ 102,054.71	4/4/2013
2/25/2013	XJ3FCJ7J6	\$ 1,981,377.23	\$ 1,981,377.23	3/5/2013
2/25/2013	XJ3FC3X45	\$ 1,049,075.90	\$ 1,049,075.90	3/5/2013
2/28/2013	XJ3KP45D2	\$ 128,962.39	\$ 128,962.39	3/14/2013
3/14/2013	XJ3WTPN96	\$ 168,171.91	\$ 168,171.91	3/25/2013
3/14/2013	XJ3WTPJT8	\$ 205,770.68	\$ 205,770.68	4/17/2013

Invoices to OHA/DHS for Oracle Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
3/15/2013	XJ3WXNFX9	\$ 148,574.44	\$ 148,574.44	3/25/2013
3/20/2013	XJ3X8RTN5	\$ 344,384.11	\$ 344,384.11	3/25/2013
3/20/2013	XJ41JN3D9	\$ 1,961,894.02	\$ 1,961,894.02	3/25/2013
3/20/2013	XJ3XCT963	\$ 963,276.43	\$ 963,276.43	3/25/2013
3/20/2013	XJ41X2FX2M	\$ 296,437.08	\$ 296,437.08	4/8/2013
3/20/2013	XJ41X2J12	\$ 331,504.60	\$ 331,504.60	4/8/2013
3/20/2013	XJ41X2FN5	\$ 331,504.60	\$ 331,504.60	4/8/2013
3/20/2013	XJ41X2J39	\$ 331,504.60	\$ 331,504.60	4/8/2013
3/22/2013	XJ42J4PF2	\$ 1,796,592.75	\$ 1,796,592.75	4/8/2013
4/23/2013	XJ4N9X5W6	\$ 234,999.20	\$ 234,999.20	5/28/2013
4/23/2013	XJ4NCX549	\$ 2,841,499.20	\$ 2,841,499.20	5/29/2013
4/24/2013	XJ4N9X615	\$ 3,521,428.10	\$ 3,521,428.10	5/8/2013
4/24/2013	XJ4N9X2F2	\$ 1,572,453.46	\$ 1,572,453.46	5/8/2013
5/10/2013	XJ52WKRT2	\$ 28,618.00	\$ 28,618.00	6/13/2013
5/10/2013	XJ52WKRT2M	\$ 1,000.00	\$ 1,000.00	7/17/2013
5/22/2013	XJ575TW82	\$ 1,173,998.03	\$ 1,173,998.03	5/28/2013
5/22/2013	XJ575TW58	\$ 143,158.92	\$ 143,158.92	6/6/2013
5/22/2013	XJ575TT91	\$ 1,117,656.15	\$ 1,117,656.15	6/13/2013
5/22/2013	XJ575TWD6	\$ 873,978.48	\$ 873,978.48	6/21/2013
5/23/2013	XJ575TD96	\$ 4,346,436.59	\$ 4,346,436.59	5/28/2013
6/25/2013	XJ5TNDRR4	\$ 7,713.09	\$ 7,713.09	6/28/2013
6/25/2013	XJ5TMN8X9	\$ 183,646.13	\$ 183,646.13	7/1/2013
6/26/2013	XJ5W22RM2	\$ 143,177.52	\$ 143,177.52	6/27/2013
6/26/2013	XJ5W229N1	\$ 1,255,423.45	\$ 1,255,423.45	7/1/2013
6/26/2013	XJ5W22RD3	\$ 1,387,103.04	\$ 1,387,103.04	7/1/2013
7/16/2013	XJ66K11W7	\$ 225,899.67	\$ 225,899.67	7/17/2013
7/16/2013	XJ66K11R6	\$ 590,940.01	\$ 590,940.01	7/17/2013
7/16/2013	XJ66K15F8	\$ 1,511,444.86	\$ 1,511,444.86	7/17/2013
7/16/2013	XJ66K15T8	\$ 7,427.42	\$ 7,427.42	9/30/2013
7/16/2013	XJ72CFC19	\$ 27,552.00	\$ 27,552.00	10/10/2013
7/23/2013	XJ699F744	\$ 24,213.72	\$ 24,213.72	8/29/2013
8/27/2013	XJ72CFD23	\$ 951,556.37	\$ 951,556.37	9/5/2013
8/27/2013	XJ72CF9F1	\$ 92,585.68	\$ 92,585.68	9/11/2013
8/27/2013	XJ72CFCP9	\$ 846,127.39	\$ 846,127.39	9/11/2013
8/27/2013	XJ72CF9X4	\$ 188,795.15	\$ 188,795.15	9/23/2013
8/27/2013	XJ72CFC86	\$ 3,713.71	\$ 3,713.71	11/6/2013
9/17/2013	XJ7CCP1K9	\$ 217,063.74	\$ 217,063.74	9/23/2013
9/17/2013	XJ7CCN329	\$ 98,543.20	\$ 98,543.20	9/23/2013
9/17/2013	XJ7CCMPX6	\$ 1,097,065.84	\$ 1,097,065.84	9/23/2013
9/17/2013	XJ7CCMXM1	\$ 1,315,876.89	\$ 1,315,876.89	9/23/2013
9/17/2013	XJ7CCM2F2	\$ 48,672.32	\$ 48,672.32	10/10/2013
9/17/2013	XJ7CCM826	\$ 9,712.78	\$ 9,712.78	11/6/2013

Invoices to OHA/DHS for Oracle Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
10/18/2013	XJ857P241	\$ 16,283.19	\$ 16,283.19	1/29/2014
10/24/2013	XJ83W8RD1	\$ 3,550.00	\$ 3,550.00	10/31/2013
10/24/2013	XJ84239K5	\$ 25,593.75	\$ 25,593.75	10/31/2013
10/24/2013	XJ84232M7	\$ 2,403.65	\$ 2,403.65	2/20/2014
10/28/2013	XJ857N2C2	\$ 230,710.12	\$ 230,710.12	12/18/2013
10/28/2013	XJ857NDK4	\$ 74,149.02	\$ 74,149.02	12/18/2013
10/28/2013	XJ857NXR8	\$ 321,633.56	\$ 321,633.56	12/26/2013
10/28/2013	XJ857N674	\$ 161,341.28	\$ 161,341.28	1/24/2014
10/28/2013	XJ857P3X9	\$ 1,104,227.39	\$ 1,104,227.39	1/24/2014
10/28/2013	XJ857NTW3	\$ 422,873.40	\$ 422,873.40	1/28/2014
10/29/2013	XJ85JFJ94	\$ 1,632,671.66	\$ 1,632,671.66	12/18/2013
12/3/2013	XJ8RM8WC8	\$ 13,776.00	\$ 13,776.00	1/29/2014
12/18/2013	XJ2219WP1	\$ 1,177,160.06	\$ 1,177,160.06	1/24/2013
12/26/2013	XJ97MMJ93	\$ 261,639.97	\$ 261,639.97	1/29/2014
12/26/2013	XJ97MMX94	\$ 5,713.40	\$ 5,713.40	1/29/2014
12/26/2013	XJ97MN7C6	\$ 22,201.20	\$ 22,201.20	1/31/2014
12/26/2013	XJ97MN7J9	\$ 88,043.86	\$ 88,043.86	3/3/2014
12/27/2013	XJ97MMW63	\$ 190,199.22	\$ 190,199.22	3/12/2014
12/27/2013	XJ97MMTJ9	\$ 13,284.65	\$ 13,284.65	3/13/2014
12/27/2013	XJ97MMTD4	\$ 135,186.88	\$ 135,186.88	3/13/2014
12/27/2013	XJ97MMWD3	\$ 1,855,984.59	\$ 1,855,984.59	3/13/2014
12/27/2013	XJ97MN676	\$ 712,519.11	\$ 712,519.11	3/13/2014
1/16/2014	XJ9KK4T49	\$ 199,701.61	\$ 199,701.61	2/20/2014
1/16/2014	XJ9KK5124	\$ 84,459.68	\$ 84,459.68	2/20/2014
1/16/2014	XJ9KK4PW6	\$ 92,996.00	\$ 92,996.00	2/20/2014
1/16/2014	XJ9KK5132	\$ 50,277.92	\$ 50,277.92	2/20/2014
1/16/2014	XJ9KK4T57	\$ 501,229.39	\$ 501,229.39	2/20/2014
1/16/2014	XJ9KK59N5	\$ 747,385.79	\$ 747,385.79	2/20/2014
1/16/2014	XJ9KK52R9	\$ 106,497.20	\$ 106,497.20	2/20/2014
1/16/2014	XJ9KK4XK3	\$ 123,307.94	\$ 123,307.94	3/6/2014
1/16/2014	XJ9KK4XJ5	\$ 127,460.79	\$ 127,460.79	3/6/2014
1/16/2014	XJ9KK5183	\$ 14,283.50	\$ 14,283.50	3/6/2014
1/16/2014	XJ9KK4P51	\$ 42,155.36	\$ 42,155.36	3/6/2014
1/16/2014	XJ9KK5466	\$ 139,185.93	\$ 139,185.93	3/6/2014
1/16/2014	XJ9KK51M6	\$ 56,323.04	\$ 56,323.04	3/6/2014
1/16/2014	XJ9KK57W1	\$ 1,951,055.78	\$ 1,951,055.78	3/12/2014
1/16/2014	XJ9KK4NP4	\$ 1,310,862.17	\$ 1,310,862.17	3/24/2014
1/16/2014	XJ9KK4N49	\$ 155,928.02	\$ 155,928.02	3/24/2014
3/18/2014	XJCNK2F5	\$ 18,855.00	\$ 18,855.00	4/17/2014
3/18/2014	XJCNNDDN1	\$ 3,550.00	\$ 3,550.00	5/1/2014
3/19/2014	XJCPT4PT8	\$ 47,095.14	\$ 47,095.14	3/26/2014
3/19/2014	XJCPT4F28	\$ 152,649.12	\$ 152,649.12	3/26/2014

Invoices to OHA/DHS for Oracle Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
3/19/2014	XJCNNKDD4	\$ 14,550.00	\$ 14,550.00	4/21/2014
3/19/2014	XJCNNFJX6	\$ 26,700.00	\$ 26,700.00	4/21/2014
3/19/2014	XJCNNK212	\$ 35,040.00	\$ 35,040.00	4/21/2014
3/19/2014	XJCNNMC83	\$ 10,837.50	\$ 10,837.50	4/21/2014
3/19/2014	XJCNNF359	\$ 25,593.75	\$ 25,593.75	5/1/2014
3/21/2014	XJCPT4N88	\$ 24,151.70	\$ 24,151.70	3/26/2014
3/21/2014	XJCPT37X7	\$ 17,464.80	\$ 17,464.80	3/26/2014
3/21/2014	XJCPT46K3	\$ 994,969.61	\$ 994,969.61	3/26/2014
3/21/2014	XJCPT49C1	\$ 1,399,089.78	\$ 1,399,089.78	3/26/2014
4/24/2014	XJD9P5226	\$ 5,713.40	\$ 5,713.40	4/24/2014
4/24/2014	XJD9P51K5	\$ 49,098.20	\$ 49,098.20	4/24/2014
4/24/2014	XJD9P52J3	\$ 28,641.50	\$ 28,641.50	4/24/2014
4/24/2014	XJD9P521W9	\$ 138,611.48	\$ 138,611.48	4/24/2014
4/24/2014	XJD9P5293	\$ 128,330.80	\$ 128,330.80	4/24/2014
4/24/2014	XJDCN8585	\$ 355,687.39	\$ 355,687.39	4/24/2014
4/24/2014	XJD9P5D19	\$ 733,234.31	\$ 733,234.31	4/24/2014
4/24/2014	XJD9P53K8	\$ 230,724.20	\$ 230,724.20	4/24/2014
4/24/2014	XJD9P5496	\$ 84,474.56	\$ 84,474.56	4/24/2014
4/24/2014	XJD9P53C7	\$ 1,081,771.75	\$ 1,081,771.75	4/24/2014
4/24/2014	XJD9P5D78	\$ 469,380.24	\$ 469,380.24	4/24/2014
6/5/2014	XJF3N6653	\$ 75,304.26	\$ 75,304.26	6/11/2014
6/5/2014	XJF3N63X7	\$ 523,519.18	\$ 523,519.18	6/11/2014
7/31/2014	XJFT8DDR7	\$ 1,289,421.19	\$ 1,289,421.19	8/8/2014
8/14/2014	XJFT8D9W1M	\$ 539,200.67	\$ 539,200.67	8/14/2014
		\$ 96,831,418.65	\$ 96,831,418.65	

Invoices to OHA/DHS for Oracle Products and Non-Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
7/12/2011	XFD679N39M-A	\$ 6,922,433.55	\$ 6,922,433.55	8/30/2011
7/12/2011	XFD679N39M	\$ 245,317.25	\$ 245,317.25	5/4/2012
3/13/2012	XFP68TJX6	\$ 158,317.25	\$ 158,317.25	5/9/2012
4/9/2012	FPRR53W9	\$ 158,317.25	\$ 158,317.25	5/4/2012
5/31/2012	XFRXF73F6	\$ 1,708,273.48	\$ 1,708,273.48	8/23/2012
6/11/2012	XFT4X6465	\$ 2,192,099.99	\$ 2,192,099.99	7/11/2012
6/20/2012	XFT9886657	\$ 1,464,708.33	\$ 1,464,708.33	7/11/2012
6/29/2012	XFTJC7TF6	\$ 1,157,797.78	\$ 1,157,797.78	7/24/2012
7/2/2012	XFTK2X7J4	\$ 43,320.00	\$ 43,320.00	7/6/2012
7/18/2012	XFTWW1NN9	\$ 158,317.25	\$ 158,317.25	7/27/2012
8/31/2012	XFWXXM836	\$ 33,760.94	\$ 33,760.94	9/21/2012
9/5/2012	XFWXR3757	\$ 294,646.40	\$ 294,646.40	9/7/2012
10/4/2012	XFX93MJP8	\$ 2,192,099.99	\$ 2,192,099.99	10/15/2012
10/4/2012	XFXJWM354	\$ 1,464,708.33	\$ 1,464,708.33	10/15/2012
12/21/2012	XJ23F75N5	\$ 1,464,708.33	\$ 1,464,708.33	12/27/2012
12/27/2012	XJ1R75DC6	\$ 33,760.94	\$ 33,760.94	1/14/2013
1/2/2013	XJ27KT6R2	\$ 2,192,099.99	\$ 2,192,099.99	1/11/2013
1/7/2013	XJ2F62184	\$ 58,219.32	\$ 58,219.32	1/14/2013
2/3/2013	XJ314WTX2	\$ 122,597.90	\$ 122,597.90	2/8/2013
3/1/2013	XJ3M8RK51	\$ 33,760.94	\$ 33,760.94	4/4/2013
3/7/2013	XJ3PT8C36	\$ 2,192,099.99	\$ 2,192,099.99	3/14/2013
3/7/2013	XJ3PT78T1	\$ 1,464,708.33	\$ 1,464,708.33	3/14/2013
4/8/2013	XJ49T8R94	\$ 58,219.32	\$ 58,219.32	5/29/2013
5/21/2013	XJ56D8RD1	\$ 1,577,683.47	\$ 1,577,683.47	6/10/2013
6/3/2013	XJ5D37D52	\$ 33,760.94	\$ 33,760.94	6/13/2013
6/3/2013	XJ5D5T3X1	\$ 23,265.80	\$ 23,265.80	6/14/2013
6/6/2013	JX5FWN2N3	\$ 132,979.68	\$ 132,979.68	7/24/2013
6/14/2013	XJ5J62MP9	\$ 4,689.00	\$ 4,689.00	6/21/2013
7/1/2013	XJ5X4NK82	\$ 483,576.00	\$ 483,576.00	7/5/2013
7/8/2013	XJ62M1PM9	\$ 61,627.45	\$ 61,627.45	7/17/2013
8/26/2013	XJ71R7RM3	\$ 1,577,683.47	\$ 1,577,683.47	8/28/2013
	XJ6615N25	\$ 1,488,789.08	\$ 1,488,789.08	8/27/2013
9/4/2013	XJ75K68P3	\$ 132,979.68	\$ 132,979.68	10/10/2013
9/9/2013	XJ7765C25	\$ 76,250.77	\$ 76,250.77	10/10/2013
9/16/2013	XJ79W2X79	\$ 58,219.32	\$ 58,219.32	10/10/2013
10/8/2013	XJ7RF4477M	\$ 61,027.45	\$ 61,027.45	3/26/2014
11/25/2013	XJ8KW92K4	\$ 1,577,683.47	\$ 1,577,683.47	12/26/2013
12/2/2013	XJ8R37X56	\$ 132,979.68	\$ 132,979.68	12/26/2013
12/2/2013	XJ8R3D5D8	\$ 58,219.32	\$ 58,219.32	1/31/2014
12/9/2013	XJ8XK6X71	\$ 76,250.77	\$ 76,250.77	12/26/2013
1/8/2014	XJ9DX5WT5	\$ 61,627.45	\$ 61,627.45	2/20/2014
2/28/2014	XJCCT1WM6	\$ 1,577,683.47	\$ 1,577,683.47	4/14/2014
3/3/2014	XJCJ7PXF9	\$ 76,250.77	\$ 76,250.77	4/4/2014
3/4/2014	XJCDJ223	\$ 132,979.68	\$ 132,979.68	4/14/2014
4/9/2014	XJD49DDW7	\$ 61,627.45	\$ 61,627.45	5/28/2014
5/27/2014	XJDXMTRD9	\$ 1,493,959.30	\$ 1,493,959.30	5/30/2014
		\$ 36,776,086.32	\$ 36,776,086.32	

Oracle Invoices to Cover Oregon for Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
6/18/2013	6402899	\$ 5,304,515.04	\$ 5,039,289.29	8/6/2013
7/9/2013	6404975	\$ 116,322.88	\$ 116,322.88	8/6/2013
7/10/2013	6405051	\$ 5,400,491.21	\$ 5,130,466.65	8/6/2013
8/7/2013	6407310	\$ 379,959.17	\$ 379,959.17	9/9/2013
8/20/2013	6407704	\$ 5,531,452.64	\$ 5,254,880.01	9/9/2013
8/30/2013	6408817	\$ 5,382,966.77	\$ 5,126,633.16	9/24/2013
8/30/2013	6408818	\$ 1,183,512.24	\$ 1,111,521.89	9/24/2013
8/30/2013	6408797	\$ 371,500.94	\$ 371,500.94	9/24/2013
8/30/2013	6408845	\$ 20,531.20	\$ 20,531.20	9/24/2013
9/27/2013	6411309	\$ 49,274.88	\$ 49,274.88	3/3/2014
10/8/2013	6412133	\$ 475,864.01	\$ 475,864.01	3/3/2014
10/16/2013	6412658	\$ 9,504,412.91	\$ 9,029,192.26	3/3/2014
11/7/2013	6414419	\$ 8,121,784.77	\$ 7,715,695.54	3/3/2014
11/30/2013	6416135	\$ 12,190.40		
12/1/2013	6415764	\$ 50,301.44	\$ 50,301.44	3/3/2014
12/1/2013	6413290	\$ 43,115.52	\$ 43,115.52	3/3/2014
12/10/2013	6417571	\$ 6,912,478.97	\$ 6,566,855.02	3/3/2014
12/24/2013	6418020	\$ 50,044.80	\$ 50,044.80	3/3/2014
1/31/2014	6420632	\$ 4,949.01	\$ 4,949.01	3/3/2014
1/31/2014	6420633	\$ 49,274.88	\$ 49,274.88	3/3/2014
2/25/2014	6422495	\$ 62,910.46		
2/28/2014	7616052	\$ 19,900,000.00	\$ 19,900,000.00	3/5/2014
2/28/2014	6423715	\$ 48,248.32		
4/8/2014	6426714	\$ 3,248,182.61	\$ 3,248,182.61	4/21/2014
5/8/2014	6428823	\$ 3,195,707.79	\$ 3,195,707.79	5/27/2014
6/17/2014	6431855	\$ 2,909,883.63	\$ 2,909,883.63	6/25/2014
6/24/2014	6432013	\$ 1,358,540.75	\$ 1,358,540.75	6/25/2014
		\$ 79,688,417.24	\$ 77,197,987.33	

Oracle Invoices to Cover Oregon for Oracle Products and Non-Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
3/15/2013	2904700	\$ 3,516,160.00	\$ 3,516,160.00	5/28/2013
3/15/2013	2904715	\$ 2,086,080.00	\$ 2,086,080.00	5/28/2013
3/15/2013	2904715T	\$ 172,101.60	\$ 172,101.60	6/18/2013
3/15/2013	2904716-1	\$ 101,618.17	\$ 101,618.17	7/22/2013
3/15/2013	2904701-1	\$ 162,562.63	\$ 162,562.63	7/22/2013
3/19/2013	2905624	\$ 5,948,866.00	\$ 5,948,866.00	4/17/2013
3/19/2013	2905625-1	\$ 267,698.97	\$ 267,698.97	7/22/2013
3/31/2013	2910448	\$ 31,407.75	\$ 31,407.75	5/28/2013
3/31/2013	2910448T	\$ 2,591.14	\$ 2,591.14	6/18/2013
3/31/2013	2910449-1	\$ 1,019.97	\$ 1,019.97	7/29/2013
4/4/2013	2910679	\$ 2,156,250.00	\$ 2,156,250.00	5/28/2013
4/4/2013	2910698	\$ 1,689,579.75	\$ 1,689,579.75	5/28/2013
4/4/2013	2910679T	\$ 177,890.64	\$ 177,890.64	6/18/2013
4/4/2013	2910697-1	\$ 50,687.39	\$ 50,687.39	8/12/2013
4/4/2013	2910678-1	\$ 64,687.50	\$ 64,687.50	8/12/2013
4/5/2013	2911367	\$ 1,312,500.00	\$ 1,312,500.00	5/28/2013
4/5/2013	2911398	\$ 1,288,417.00	\$ 1,288,417.00	7/29/2013
4/5/2013	2911369-1	\$ 39,375.00	\$ 39,375.00	8/12/2013
4/5/2013	2910678-1	\$ 5,336.72	\$ 5,336.72	9/24/2013
5/7/2013	2927959	\$ 1,529,308.00	\$ 1,529,308.00	5/23/2013
5/7/2013	2927960-2	\$ 68,818.86	\$ 68,818.86	5/29/2014
7/12/2013	2957586	\$ 110,392.37	\$ 110,392.37	11/25/2013
8/14/2013	2969166	\$ 17,136.59	\$ 17,136.59	11/25/2013
9/4/2013	2927960-1	\$ 68,818.86	\$ 68,818.86	8/26/2012
9/10/2013	2975902	\$ 229,618.02	\$ 229,618.02	11/25/2013
9/30/2013	42325132	\$ 1,288,417.00	\$ 1,288,417.00	11/25/2013
11/14/2013	3005618	\$ 58,782.97	\$ 58,782.97	2/19/2014
12/1/2013	2905625-2	\$ 267,698.97	\$ 267,698.97	12/30/2013
12/1/2013	2905625-3	\$ 267,698.97	\$ 267,698.97	12/30/2013
12/1/2013	2904701-3	\$ 158,227.20	\$ 158,227.20	12/30/2013
12/1/2013	2904716-3	\$ 101,618.17	\$ 101,618.17	12/30/2013
12/1/2013	2904701-2	\$ 158,227.20	\$ 158,227.20	12/30/2013
12/1/2013	2904716-2	\$ 101,618.17	\$ 101,618.17	12/30/2013
12/1/2013	2910678-2	\$ 70,024.22	\$ 70,024.22	12/30/2013
12/1/2013	2911369-2	\$ 39,375.00	\$ 39,375.00	12/30/2013
12/1/2013	2910697-2	\$ 50,687.39	\$ 50,687.39	12/30/2013
12/29/2013	2910678-3	\$ 70,024.22	\$ 70,024.22	1/15/2014
12/31/2013	42426726	\$ 1,288,417.00	\$ 1,288,417.00	1/15/2014
12/31/2013	2910449-2	\$ 1,019.97	\$ 1,019.97	1/15/2014
12/31/2013	2910697-3	\$ 50,687.39	\$ 50,687.39	2/19/2014
12/31/2013	2911369-3	\$ 39,375.00	\$ 39,375.00	2/19/2014
1/6/2014	2910449-3	\$ 1,019.97	\$ 1,019.97	1/15/2014

Oracle Invoices to Cover Oregon for Oracle Products and Non-Consulting Services

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
1/7/2014	42421939	\$ 110,392.37		
1/31/2014	42452780	\$ 17,136.59	\$ 17,136.59	3/11/2014
2/1/2014	3005584	\$ 11,691.94	\$ 11,691.94	3/11/2014
2/2/2014	2927960-3	\$ 68,818.86	\$ 68,818.86	3/11/2014
2/5/2014	42487959	\$ 229,618.02	\$ 229,618.02	3/11/2014
		\$ (4,335.43)	\$ (4,335.43)	2/19/2014
2/28/2014	3044292	\$ 34,346.08	\$ 34,346.08	5/20/2014
2/28/2014	3044292C	\$ (34,346.08)	\$ (34,346.08)	5/20/2014
3/15/2014	2904716-4	\$ 101,618.18	\$ 101,618.18	5/5/2014
3/15/2014	2904701-4	\$ 158,227.20	\$ 158,227.20	5/5/2014
3/19/2014	2905625-4	\$ 267,698.97	\$ 267,698.97	5/5/2014
3/30/2014	3019318	\$ 73,095.35	\$ 73,095.35	5/20/2014
3/30/2014	42521402	\$ 58,782.98	\$ 58,782.98	5/30/2014
3/31/2014	2910449-4	\$ 1,019.96	\$ 1,019.96	5/5/2014
3/31/2014	42521733	\$ 1,013,648.33	\$ 1,013,648.33	5/5/2014
3/31/2014	42521374	\$ 7,794.63	\$ 7,794.63	5/30/2014
4/4/2014	2910697-4	\$ 50,687.40	\$ 50,687.40	5/5/2014
4/4/2014	2910678-4	\$ 70,024.23	\$ 70,024.23	5/5/2014
4/5/2014	2911369-4	\$ 39,375.00	\$ 39,375.00	5/5/2014
4/30/2014	42543998	\$ 17,136.59	\$ 17,136.59	5/30/2014
5/7/2014	42586050	\$ 229,618.02	\$ 229,618.02	5/30/2014
5/7/2014	2927960-4	\$ 68,818.86	\$ 68,818.86	5/29/2014
6/9/2014	42623048	\$ 58,782.98	\$ 58,782.98	8/11/2014
6/9/2014	42523256	\$ 11,708.95	\$ 11,708.95	8/18/2014
6/13/2014	42516261	\$ 267,698.97	\$ 267,698.97	7/2/2014
6/13/2014	42516203	\$ 158,227.20	\$ 158,227.20	7/2/2014
6/13/2014	42515385	\$ 93,873.60	\$ 93,873.60	7/2/2014
6/30/2014	42612557	\$ 1,063,119.75	\$ 1,063,119.75	7/22/2014
6/29/2014	42622740	\$ 73,095.35	\$ 73,095.35	7/22/2014
6/30/2014	42516220	\$ 942.23	\$ 942.23	7/22/2014
7/1/2014	42516226	\$ 1,187.39	\$ 1,187.39	8/11/2014
7/3/2014	42515484	\$ 64,687.50	\$ 64,687.50	8/11/2014
7/3/2014	42515474	\$ 49,500.00	\$ 49,500.00	8/11/2014
7/4/2014	42516224	\$ 39,375.00	\$ 39,375.00	8/11/2014
7/31/2014	42658066	\$ 17,136.59		
7/31/2014	42516232	\$ 68,818.87		
8/6/2014	42689004	\$ 229,618.02		
		\$ 29,900,482.19	\$ 29,474,516.34	

EXHIBIT 2

MLSA Invoices

INVOICE DATE	INVOICE #	INVOICE AMOUNT	AMOUNT PAID	DATE PAID
7/12/2011	XFD679N39M-A	\$ 6,922,433.55	\$ 6,922,433.55	8/30/2011
7/12/2011	XFD679N39M	\$ 245,317.25	\$ 245,317.25	5/4/2012
10/19/2011	XFF3RWRT9M	\$ 498,626.22	\$ 498,626.22	1/27/2012
1/4/2012	XFMJRMFN1	\$ 169,034.00	\$ 169,034.00	5/9/2012
3/13/2012	XFP68TJX6	\$ 158,317.25	\$ 158,317.25	5/9/2012
3/13/2012	XFP69TNC9	\$ 194,849.00	\$ 194,849.00	9/5/2012
4/9/2012	FPRR53W9	\$ 158,317.25	\$ 158,317.25	5/4/2012
5/31/2012	XFRXF73F6	\$ 1,708,273.48	\$ 1,708,273.48	8/23/2012
6/20/2012	XFT9886657	\$ 1,464,708.33	\$ 1,464,708.33	7/11/2012
6/28/2012	XFTFTT5N1	\$ 235,433.00	\$ 235,433.00	7/24/2012
6/29/2012	XFTJC7TF6	\$ 1,157,797.78	\$ 1,157,797.78	7/24/2012
7/2/2012	XFTK2X7J4	\$ 43,320.00	\$ 43,320.00	7/6/2012
7/18/2012	XFTWW1NN9	\$ 158,317.25	\$ 158,317.25	7/27/2012
8/31/2012	XFWWXM836	\$ 33,760.94	\$ 33,760.94	9/21/2012
9/5/2012	XFWXR3757	\$ 294,646.40	\$ 294,646.40	9/7/2012
10/4/2012	XFXJWM354	\$ 1,464,708.33	\$ 1,464,708.33	10/15/2012
12/21/2012	XJ23F75N5	\$ 1,464,708.33	\$ 1,464,708.33	12/27/2012
12/27/2012	XJ1R75DC6	\$ 33,760.94	\$ 33,760.94	1/14/2013
1/7/2013	XJ2F62184	\$ 58,219.32	\$ 58,219.32	1/14/2013
2/3/2013	XJ314WTX2	\$ 122,597.90	\$ 122,597.90	2/8/2013
2/6/2013	XJ2KK9XD2	\$ 313,058.00	\$ 313,058.00	2/11/2013
3/1/2013	XJ3M8RK51	\$ 33,760.94	\$ 33,760.94	4/4/2013
3/7/2013	XJ3PT78T1	\$ 1,464,708.33	\$ 1,464,708.33	3/14/2013
3/20/2013	XJ41X2FX2M	\$ 296,437.08	\$ 296,437.08	4/8/2013
3/20/2013	XJ41X2J12	\$ 331,504.60	\$ 331,504.60	4/8/2013
3/20/2013	XJ41X2FN5	\$ 331,504.60	\$ 331,504.60	4/8/2013
3/20/2013	XJ41X2J39	\$ 331,504.60	\$ 331,504.60	4/8/2013
4/8/2013	XJ49T8R94	\$ 58,219.32	\$ 58,219.32	5/29/2013
5/21/2013	XJ56D8RD1	\$ 1,577,683.47	\$ 1,577,683.47	6/10/2013
6/3/2013	XJ5D37D52	\$ 33,760.94	\$ 33,760.94	6/13/2013
6/3/2013	XJ5D5T3X1	\$ 23,265.80	\$ 23,265.80	6/14/2013
6/6/2013	JX5FWN2N3	\$ 132,979.68	\$ 132,979.68	7/24/2013
6/14/2013	XJ5J62MP9	\$ 4,689.00	\$ 4,689.00	6/21/2013
7/8/2013	XJ62M1PM9	\$ 61,627.45	\$ 61,627.45	7/17/2013
8/26/2013	XJ71R7RM3	\$ 1,577,683.47	\$ 1,577,683.47	8/28/2013
	XJ6615N25	\$ 1,488,789.08	\$ 1,488,789.08	8/27/2013
9/4/2013	XJ75K68P3	\$ 132,979.68	\$ 132,979.68	10/10/2013
9/9/2013	XJ7765C25	\$ 76,250.77	\$ 76,250.77	10/10/2013
9/16/2013	XJ79W2X79	\$ 58,219.32	\$ 58,219.32	10/10/2013
10/8/2013	XJ7RF4477M	\$ 61,027.45	\$ 61,027.45	3/26/2014
11/25/2013	XJ8KW92K4	\$ 1,577,683.47	\$ 1,577,683.47	12/26/2013
12/2/2013	XJ8R37X56	\$ 132,979.68	\$ 132,979.68	12/26/2013
12/2/2013	XJ8R3D5D8	\$ 58,219.32	\$ 58,219.32	1/31/2014
12/9/2013	XJ8XK6X71	\$ 76,250.77	\$ 76,250.77	12/26/2013
1/8/2014	XJ9DX5WT5	\$ 61,627.45	\$ 61,627.45	2/20/2014
2/28/2014	XJCCT1WM6	\$ 1,577,683.47	\$ 1,577,683.47	4/14/2014
3/3/2014	XJCJ7PXF9	\$ 76,250.77	\$ 76,250.77	4/4/2014
3/4/2014	XJCDCJ223	\$ 132,979.68	\$ 132,979.68	4/14/2014
4/9/2014	XJD49DDW7	\$ 61,627.45	\$ 61,627.45	5/28/2014
5/27/2014	XJDXMTRD9	\$ 1,493,959.30	\$ 1,493,959.30	5/30/2014
		\$ 30,226,061.46	\$ 30,226,061.46	