

FACTS

Award of LMMIS Contract to CNSI

8. In 2008, the Department of Health and Hospitals (“DHH”) for the State of Louisiana began developing a Solicitation for Proposals in connection with its replacement of its then-existing Medicaid Management and Information System (the “LMMIS Solicitation”).

9. DHH posted the Solicitation for Proposals on November 1, 2010. Potential bidders then had until November 15, 2010 to file a Mandatory Letter of Intent to Propose.

10. CNSI, along with eight (8) other interested bidders, filed a Letter of Intent to Propose with DHH, thereby expressing its intention to submit a proposal in connection with the LMMIS Solicitation.

11. During the month of December 2010, CNSI recruited and selected Smith to serve as the new President of CNSI’s health care business unit (“HHS Business Unit”), and presented Smith with an offer letter dated December 15, 2010, for that position.

12. Prior to accepting that offer, Smith met with the HHS team at CNSI’s Maryland offices. During this meeting, Smith’s performance was less than adequate for the leadership position of President of the HHS Business Unit. Accordingly, CNSI rescinded its December 15, 2010, offer letter and presented Smith with a different offer letter on December 27, 2010, for the position of Senior Vice President (“SVP”) of MMIS business development.

13. On December 30, 2010, Smith accepted the December 27, 2010 offer by CNSI to serve as SVP. On December 31, 2010, the parties entered into an At Will Employee Agreement, effective as of January 3, 2011. See Ex. A.

for Medicaid and Medicare Services (“CMS”) for review on October 5, 2011. CMS was to fund ninety (90) percent of the costs of developing the MMIS pursuant to the LMMIS Agreement.

21. Smith participated in CNSI’s communications with CMS’s regional representative, Jeoffrey Branch, during the period of CMS’s review of the LMMIS Agreement after October 5, 2011.

22. In early February 2012, CMS approved the LMMIS Agreement and sent it back to the State for execution.

23. On February 12, 2012, the LMMIS Agreement was fully executed by CNSI and Louisiana, and CNSI subsequently filed its \$6 million performance bond in accordance with the terms of the Agreement.

**Smith’s Breach of his Employment Contract and
Interference With the LMMIS Agreement Using the Alias “Kunego”**

24. In March 2011, Mr. Ahmed discovered that Smith’s compensation had not been adjusted after his position was changed from President of the HHS Business Unit to SVP during the pre-employment discussions. Accordingly, Mr. Ahmed processed the paperwork necessary to decrease Smith’s annual salary by twenty percent (20%) from \$250,000 per year to \$200,000 per year, effective in April 2011. Although Smith agreed to this change in his compensation, he was angered by it.

25. In August 2011, Smith started reporting directly to Arvinder Singh, Senior Vice President of the HHS Business Unit, instead of President Ahmed. Smith was angered by this change in supervisor.