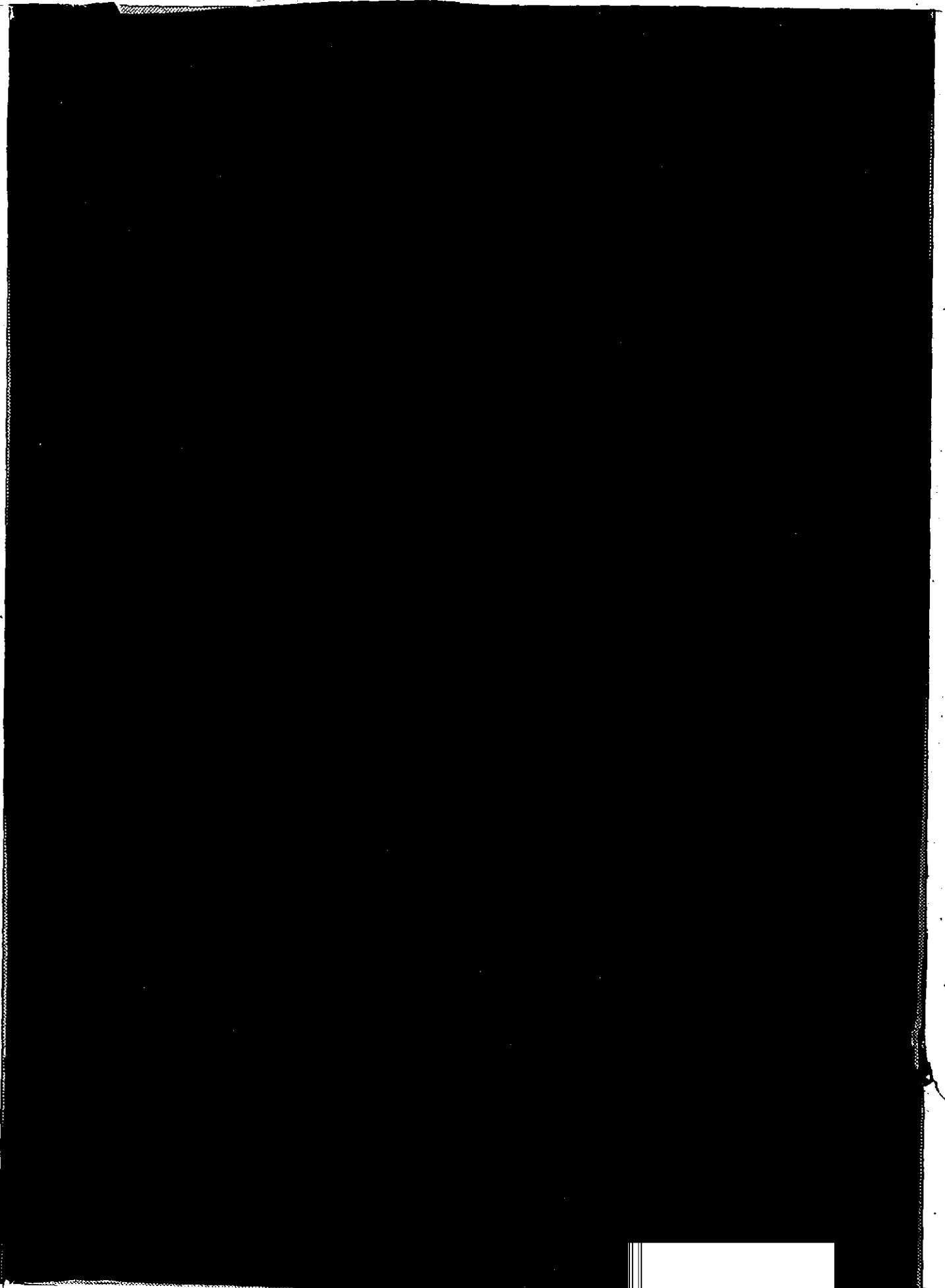
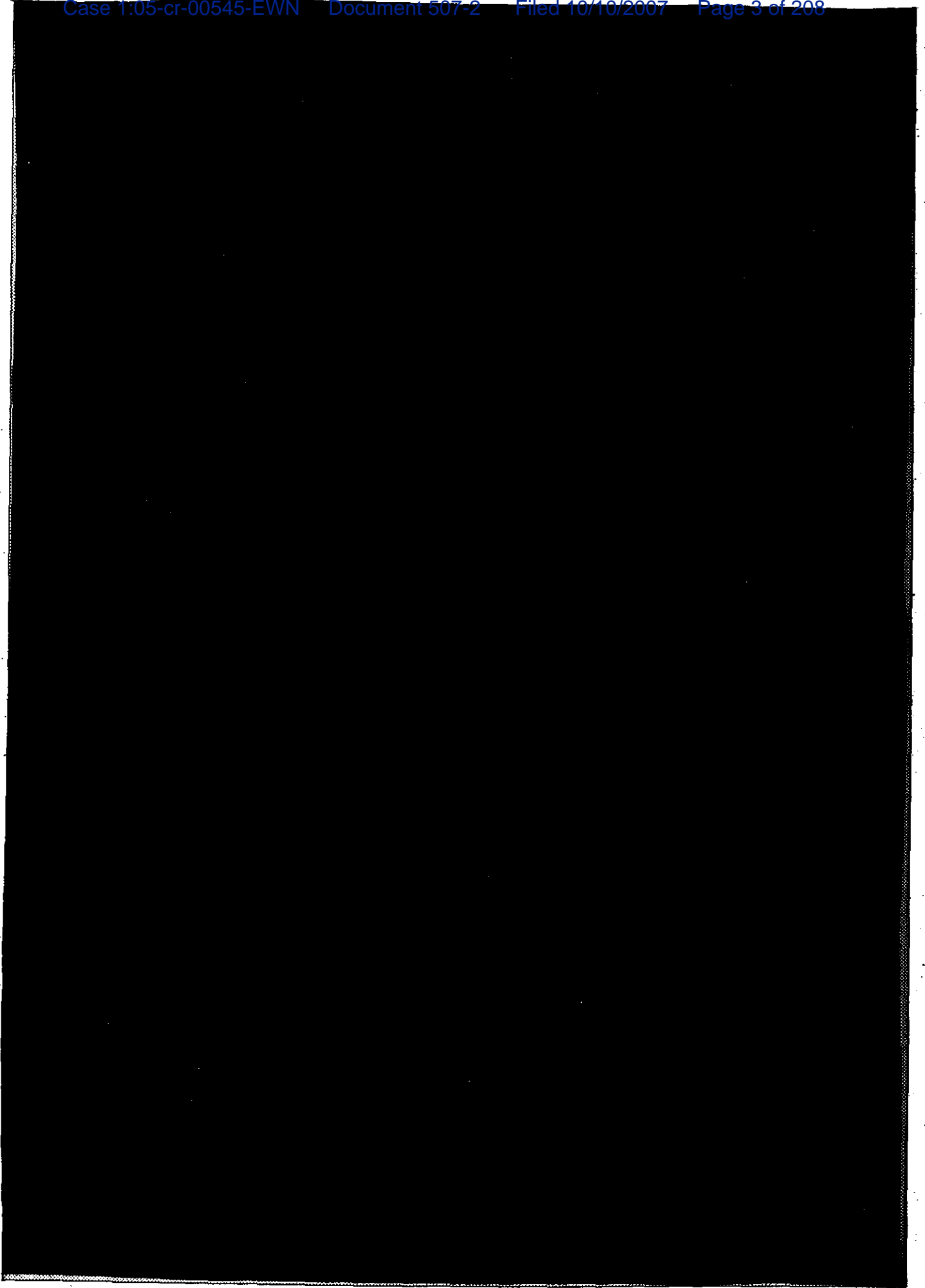
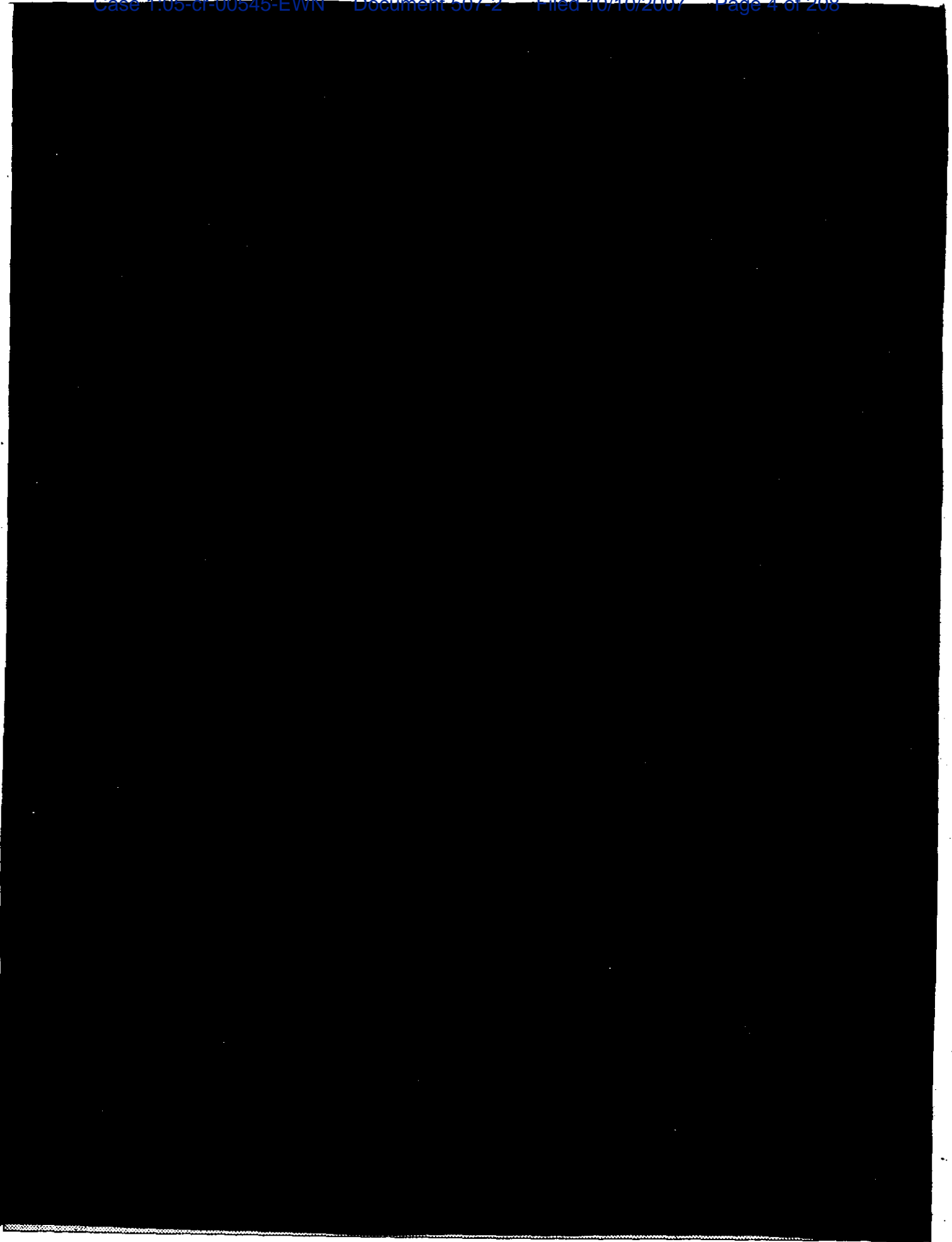
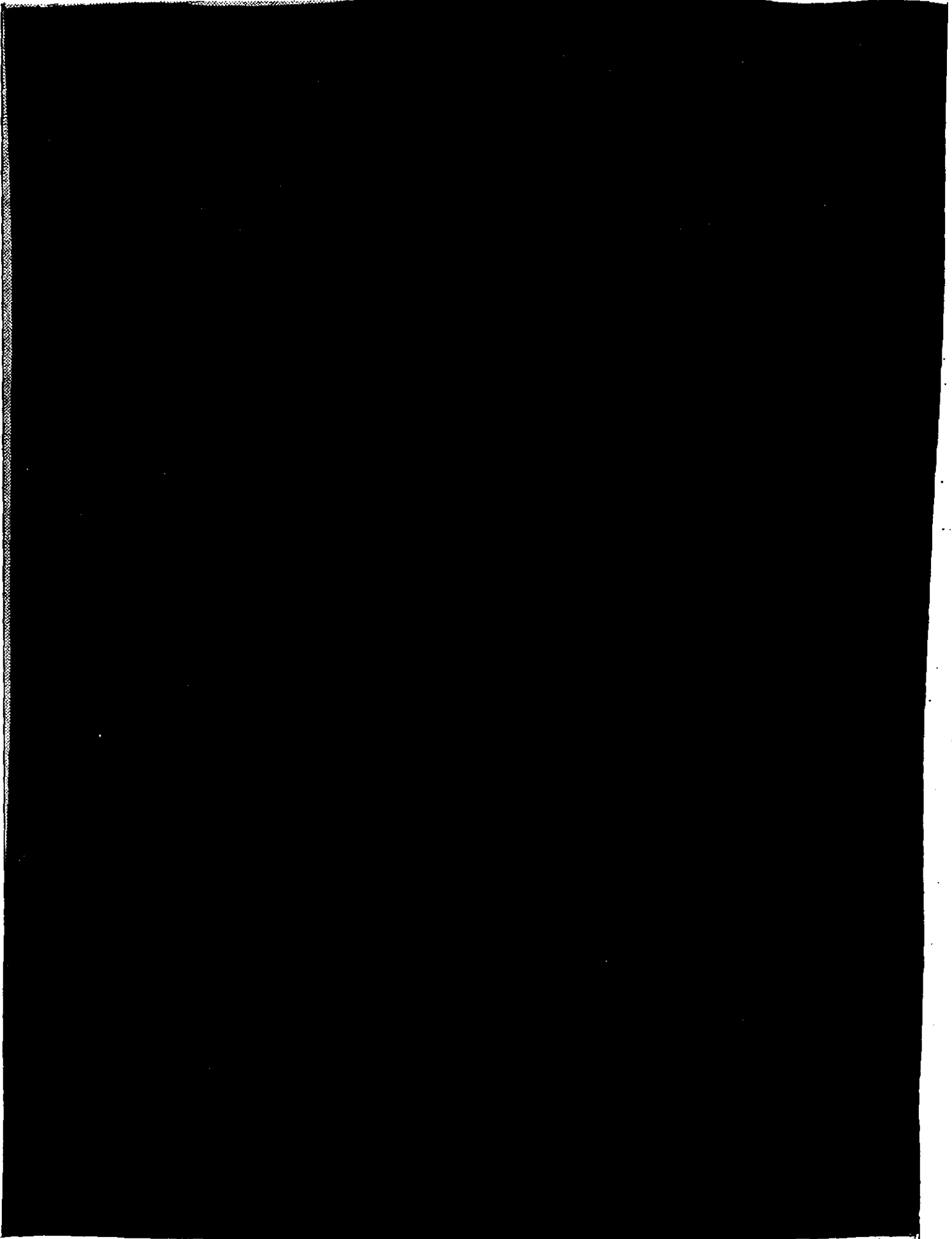


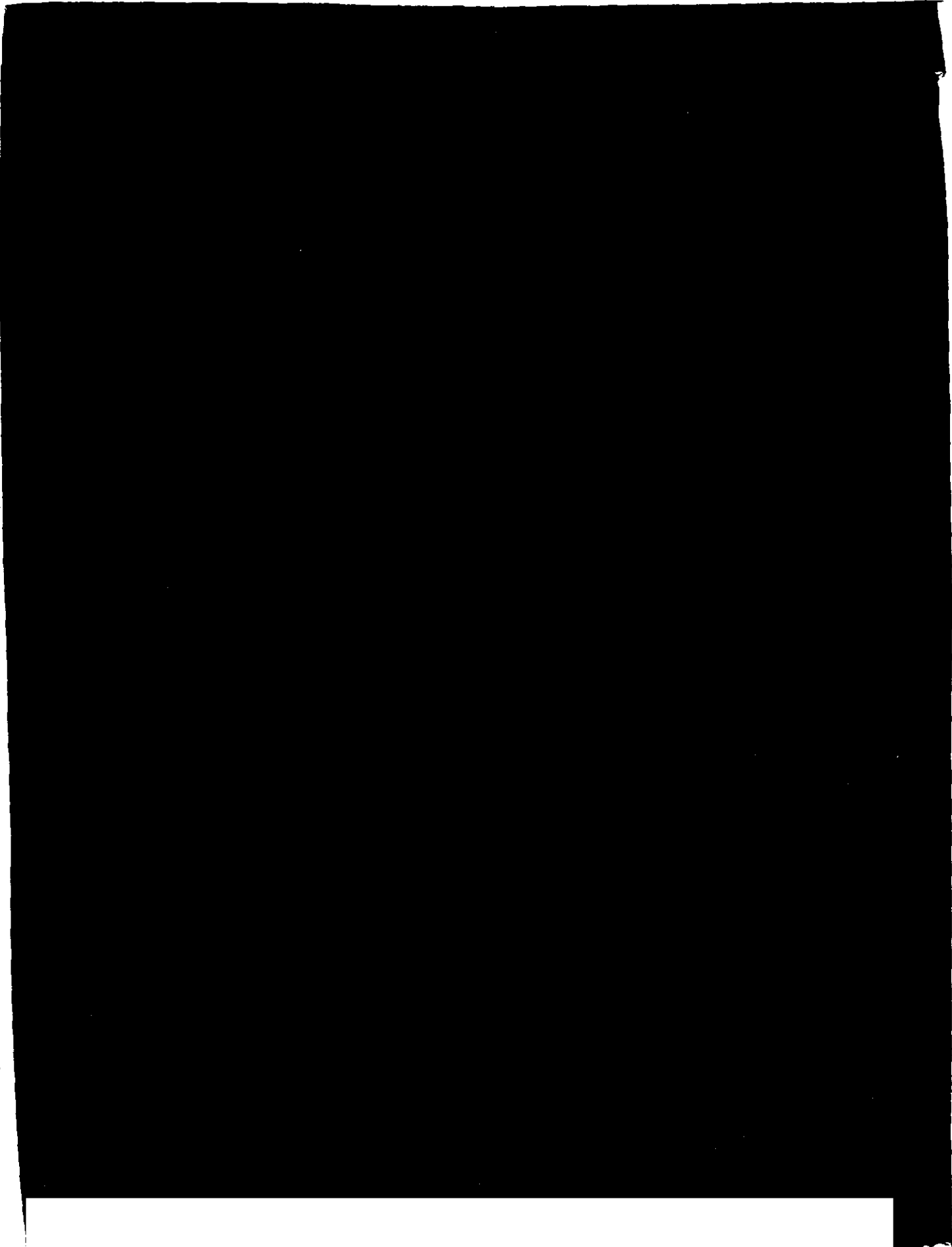
**EXHIBIT A TO MR. NACCHIO'S  
FOURTH SECTION 5 SUBMISSION**

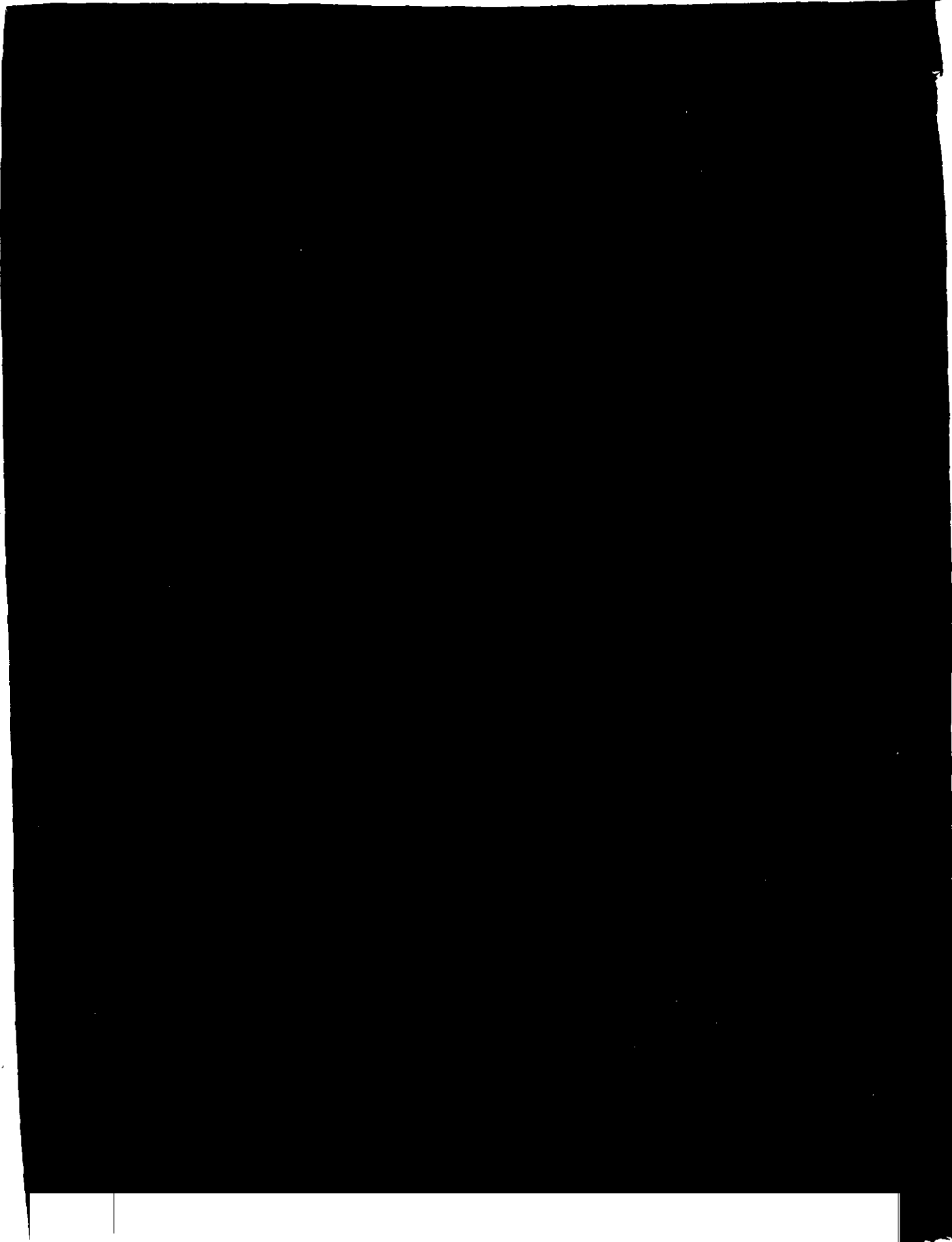


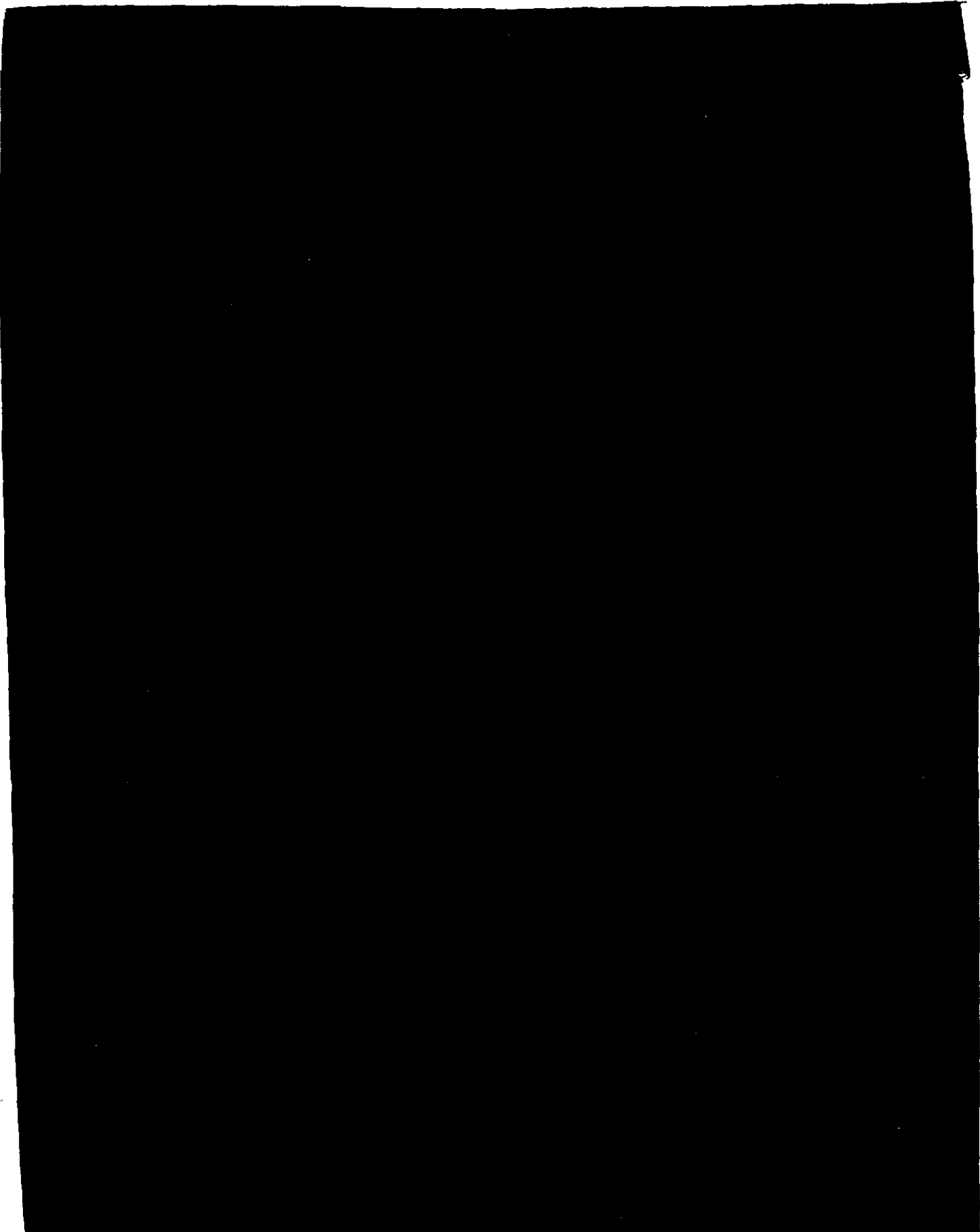




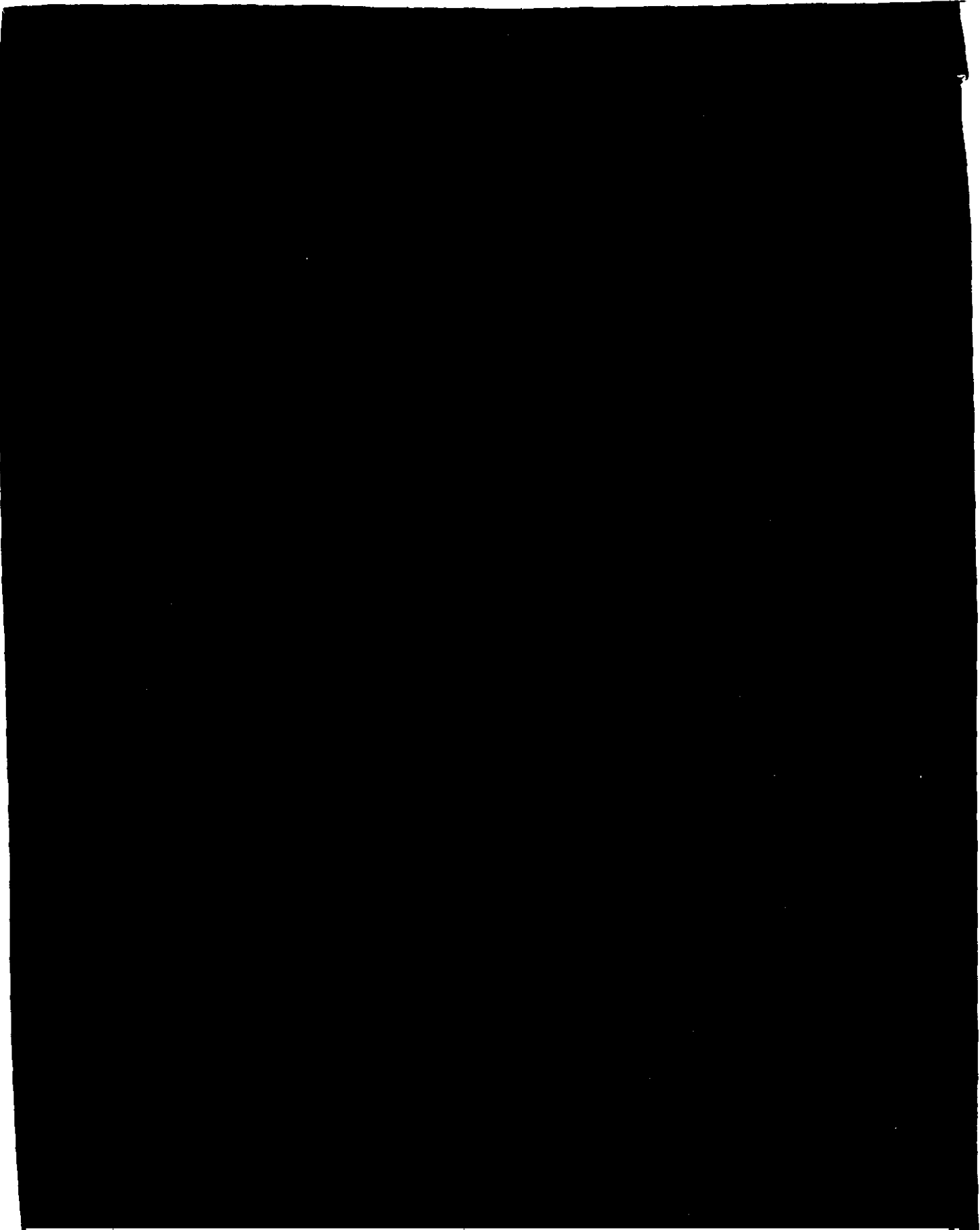


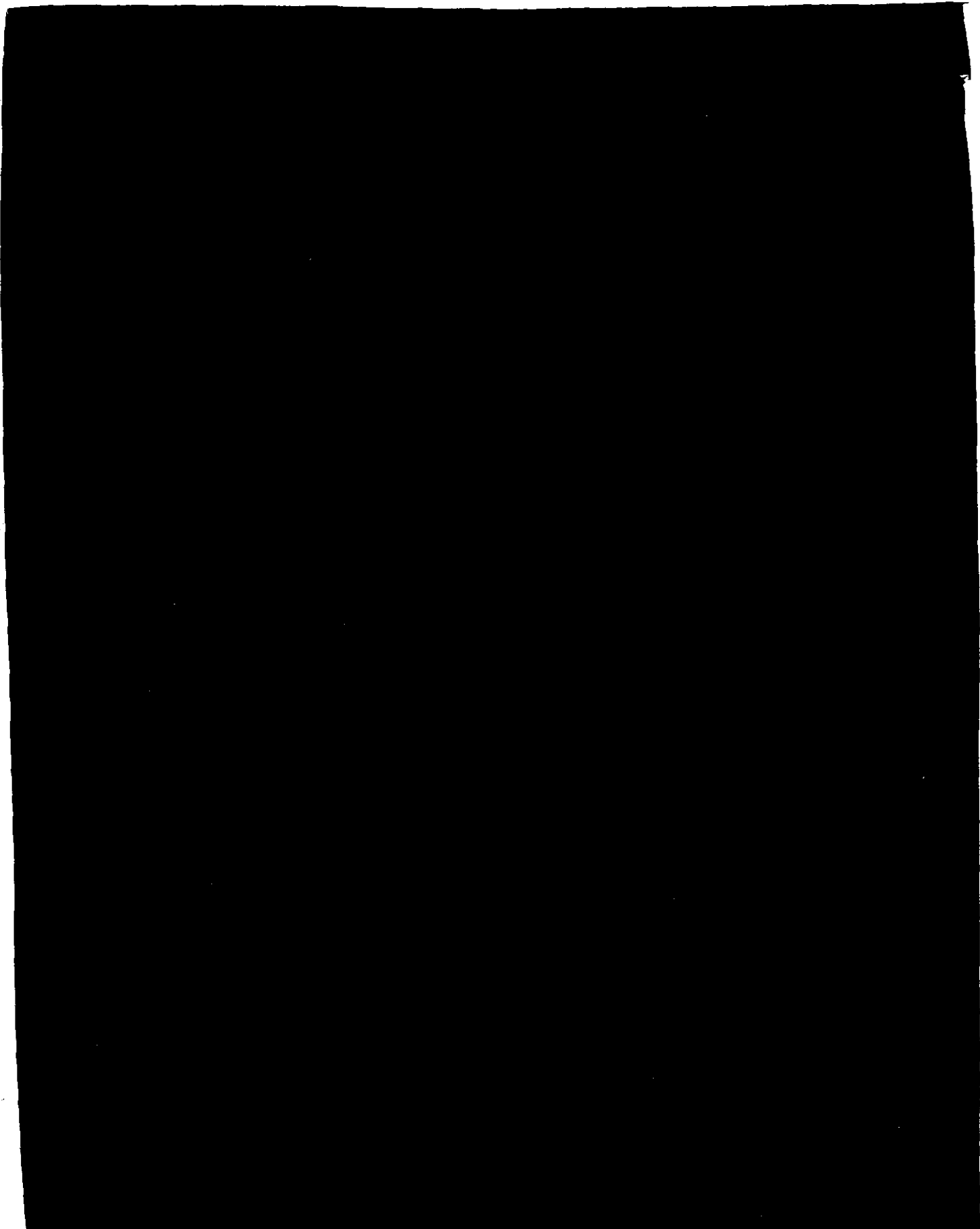


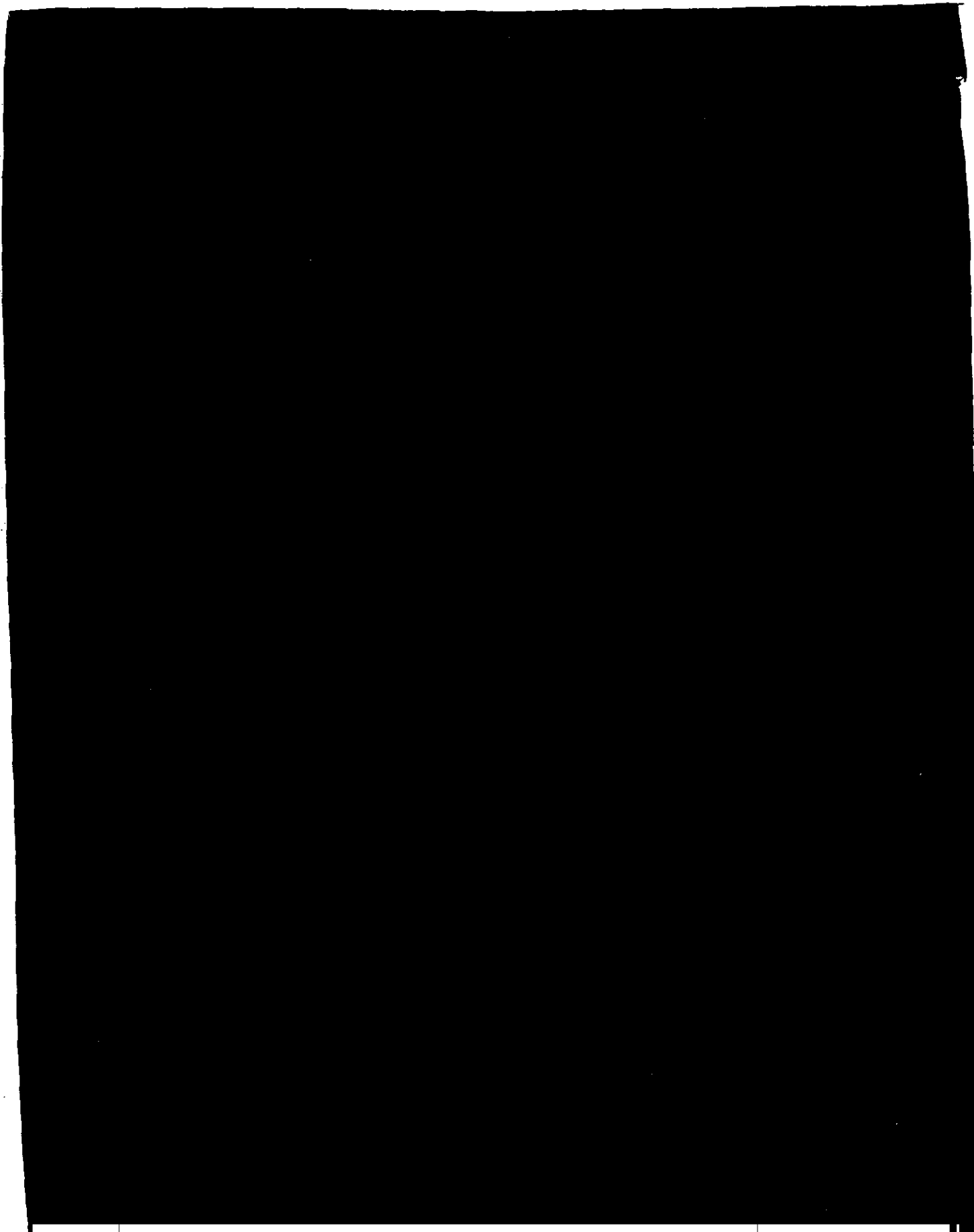


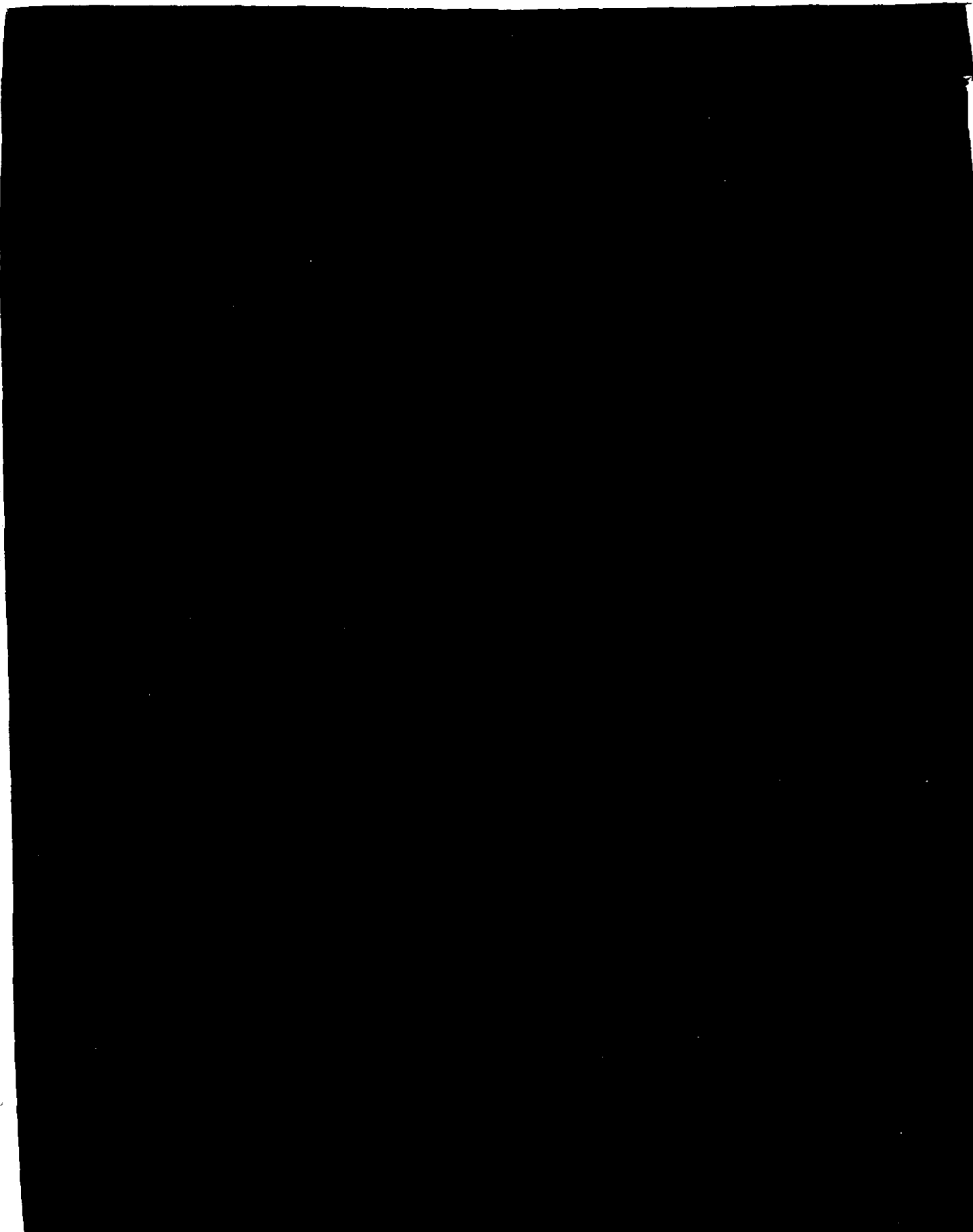


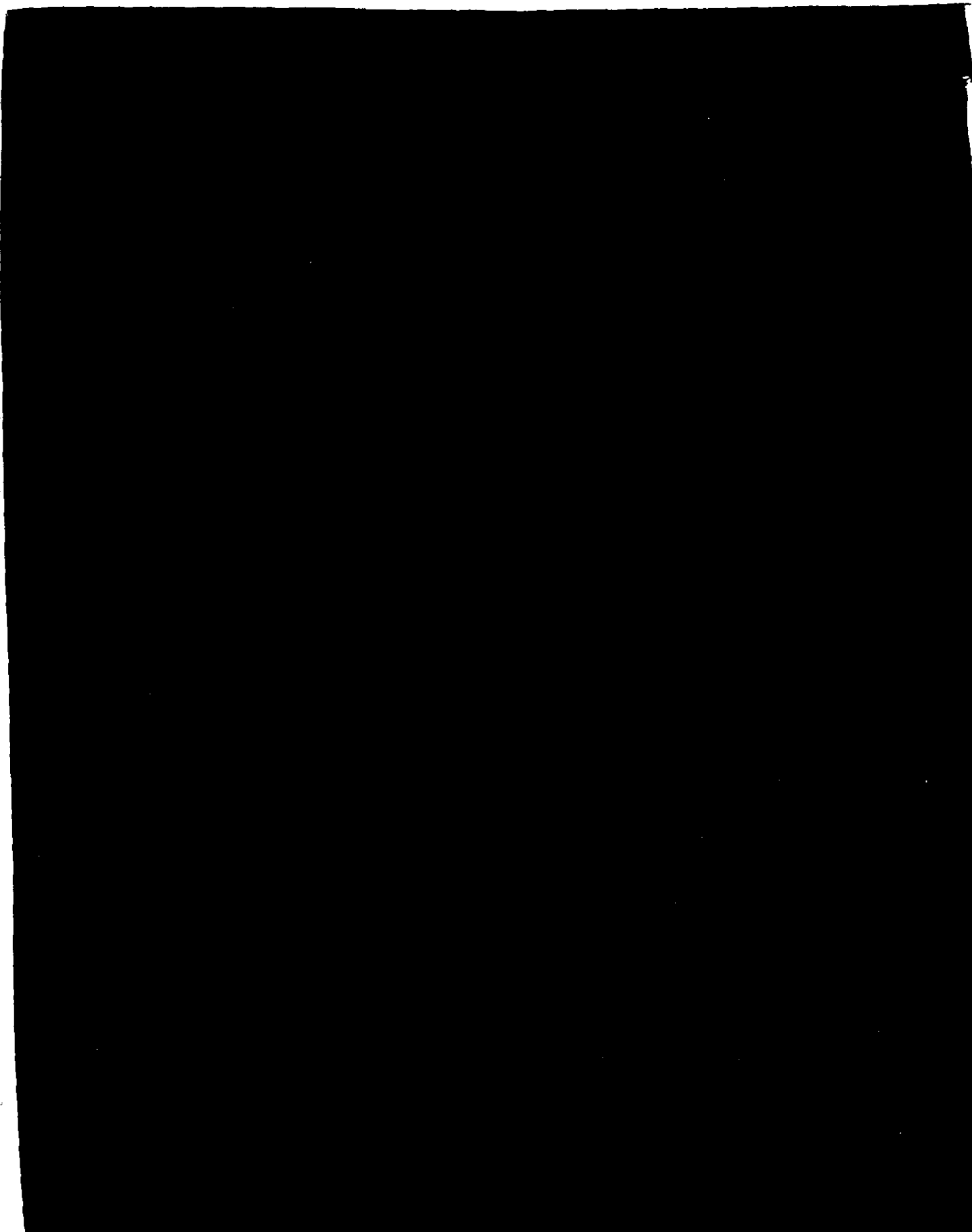


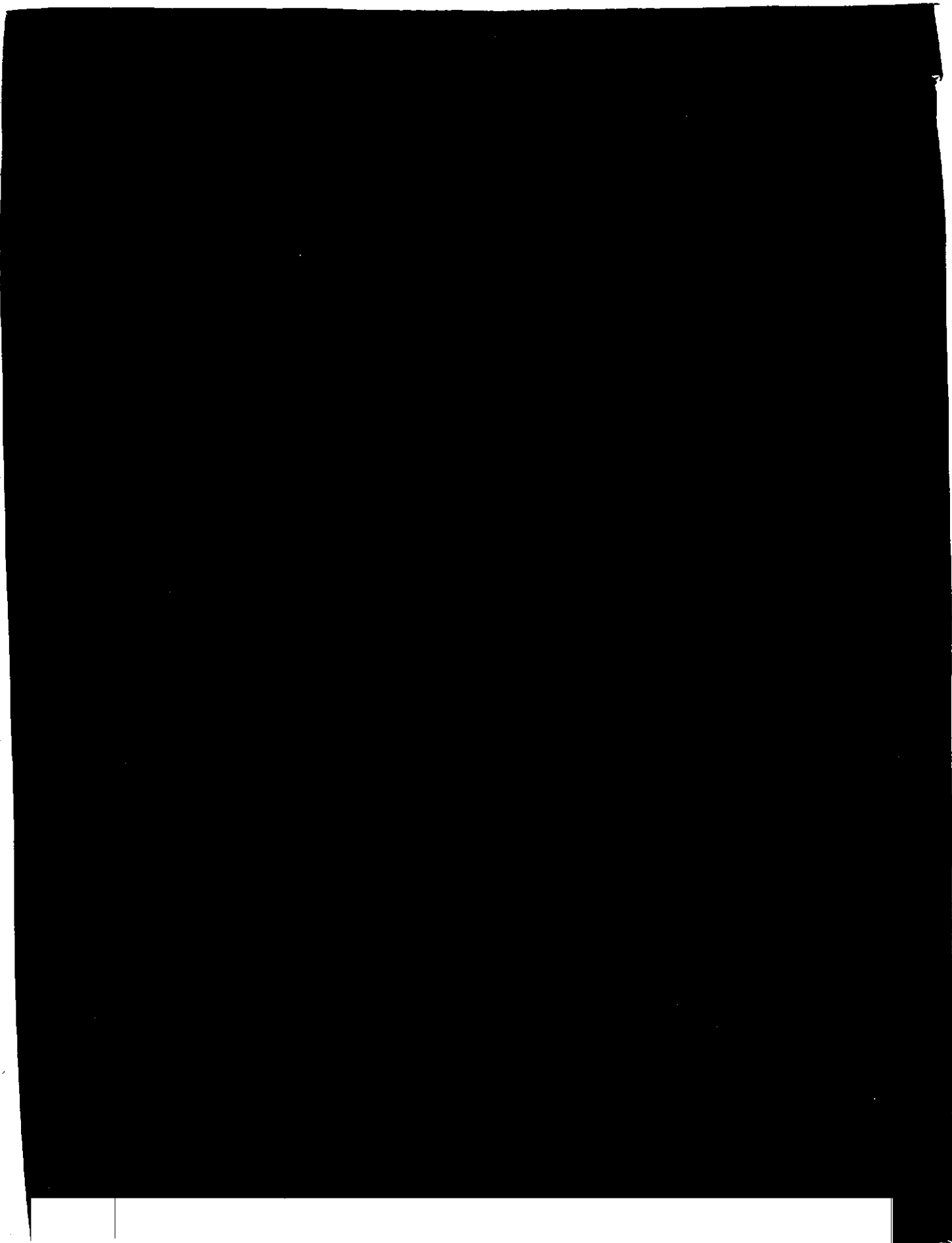


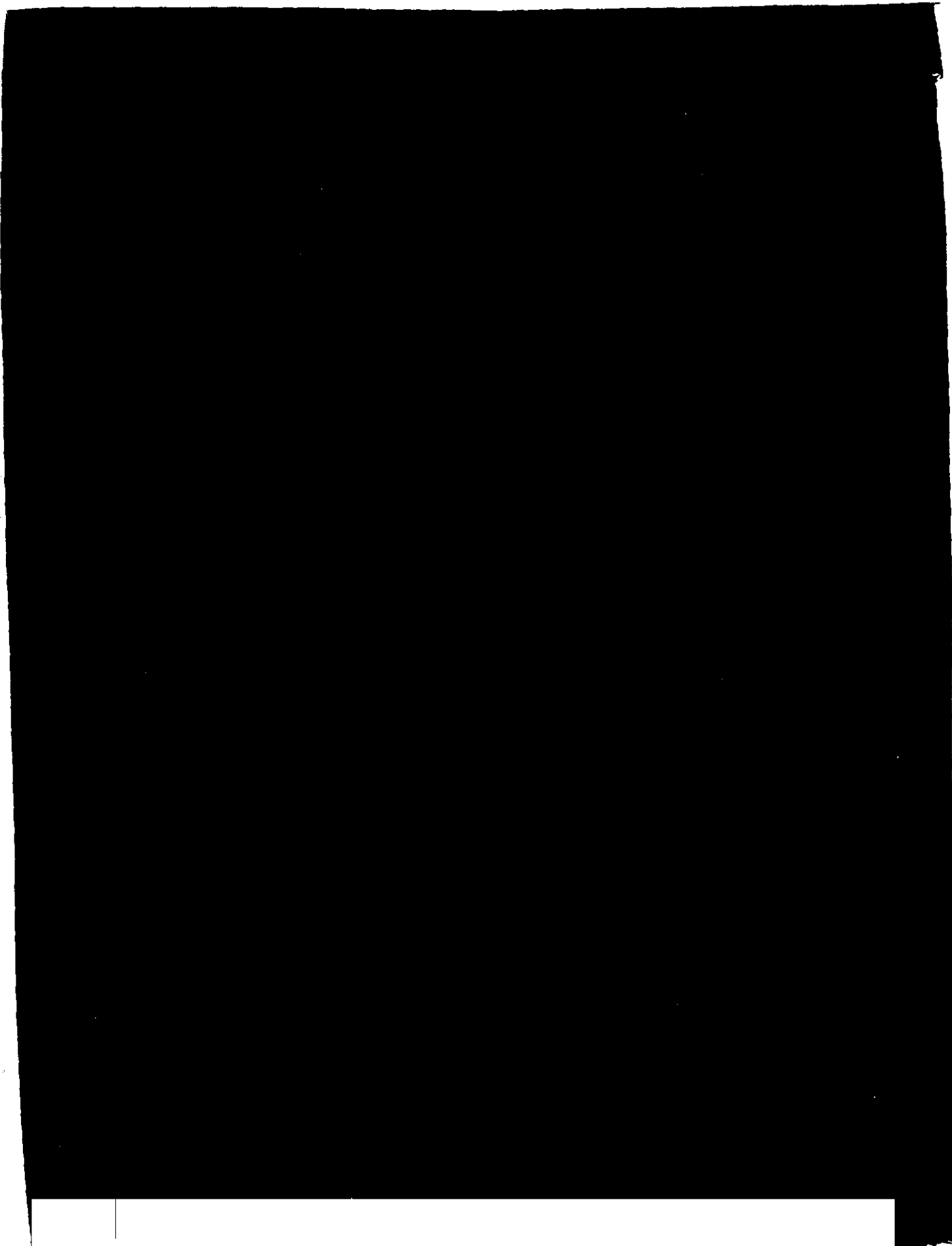


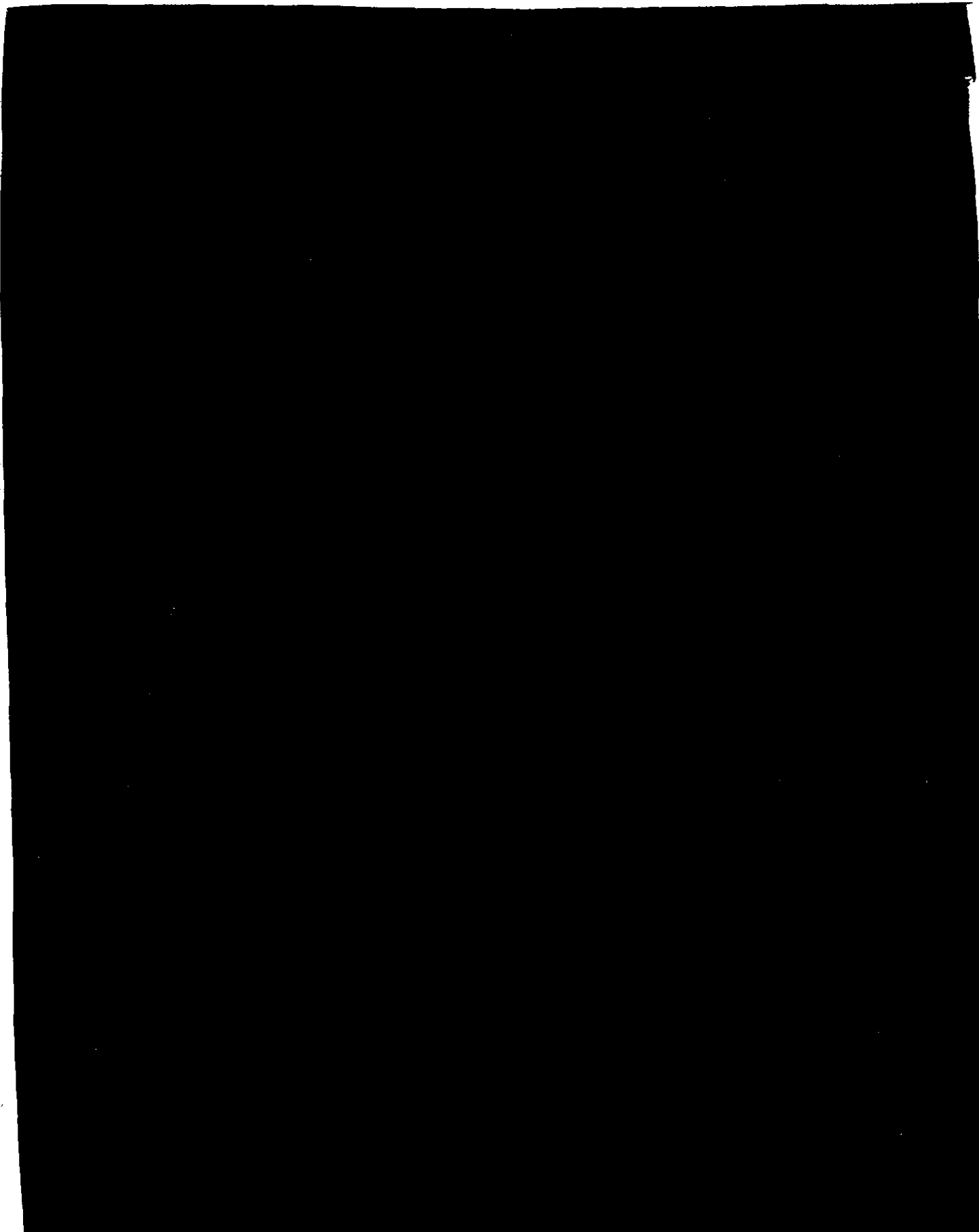




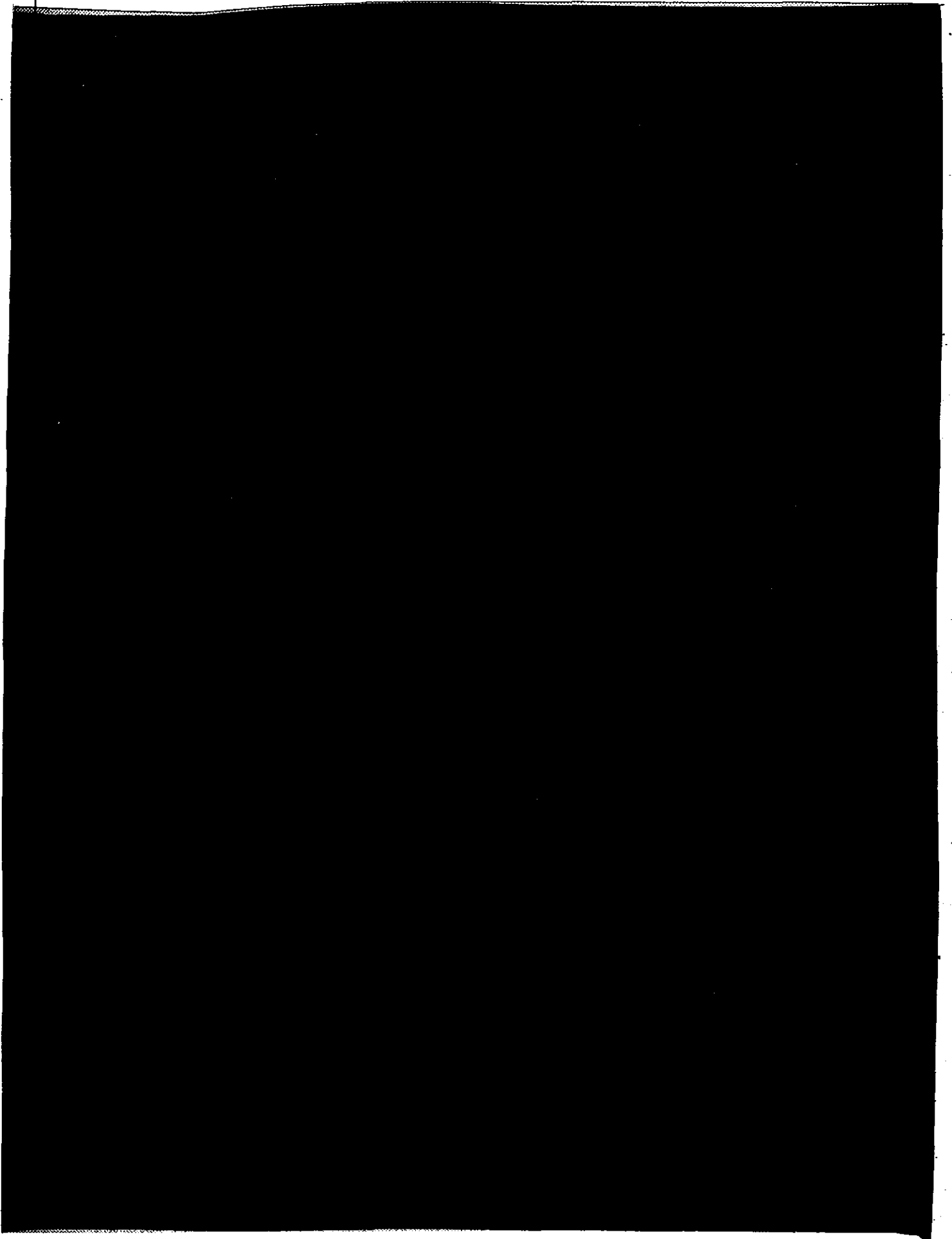


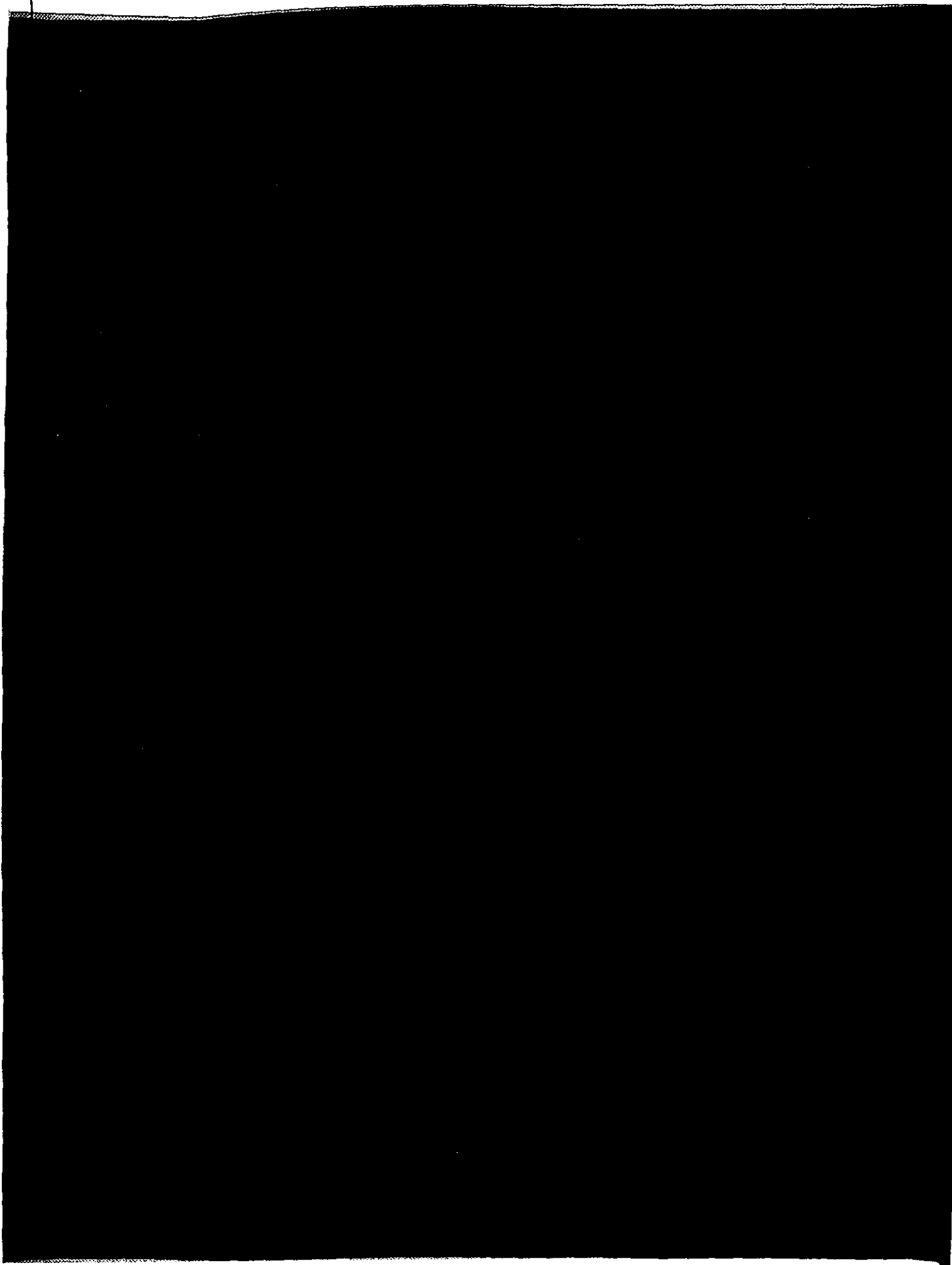


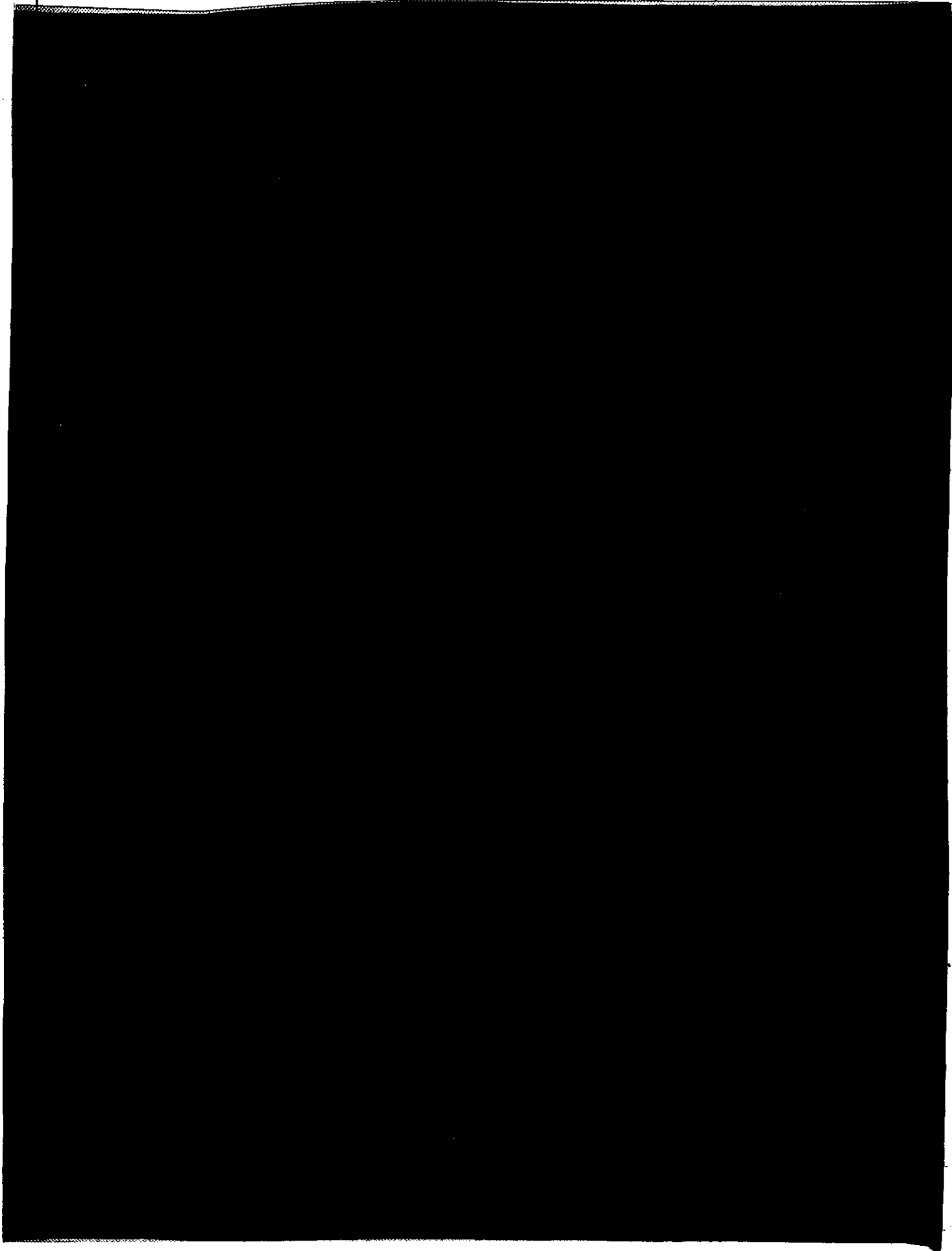


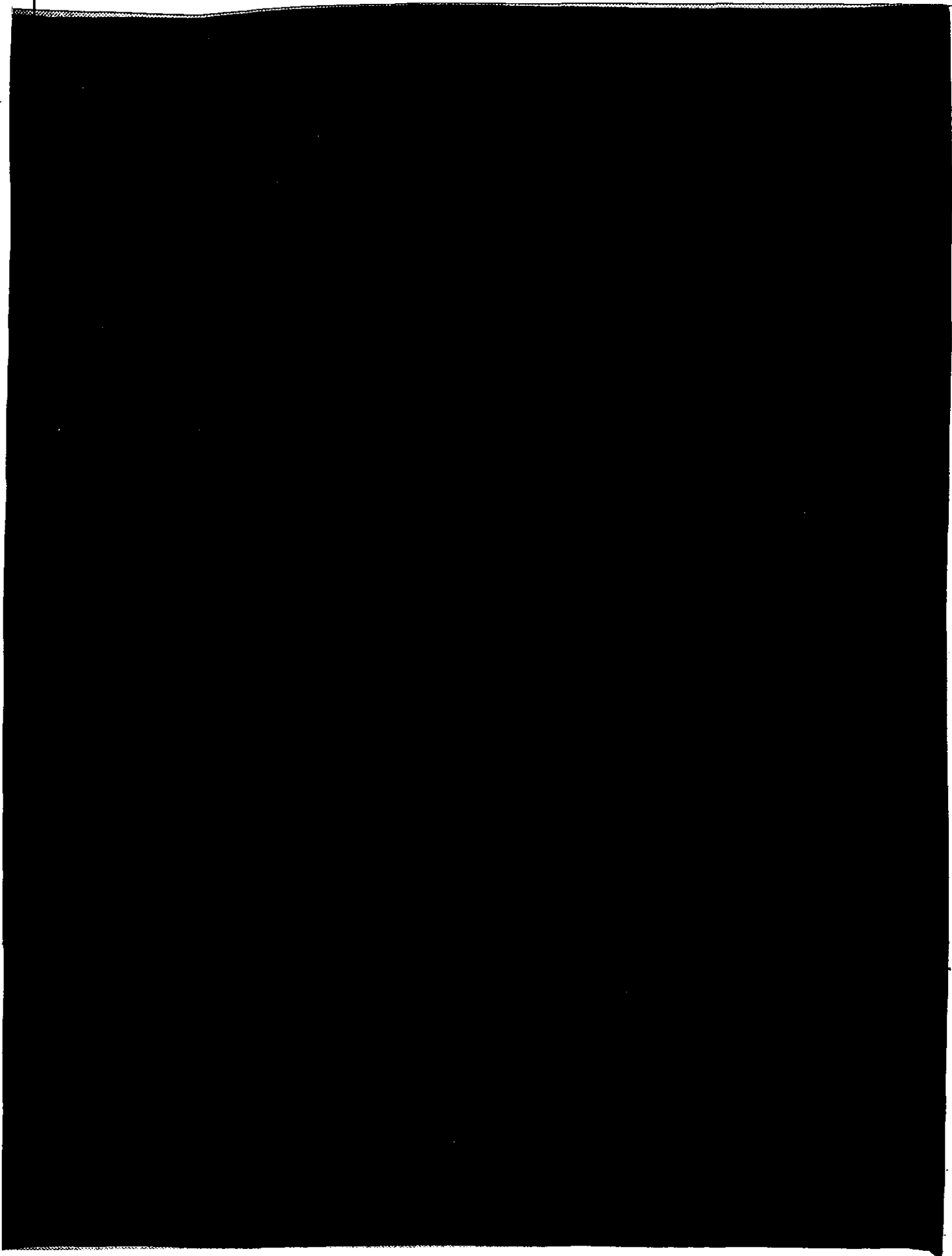


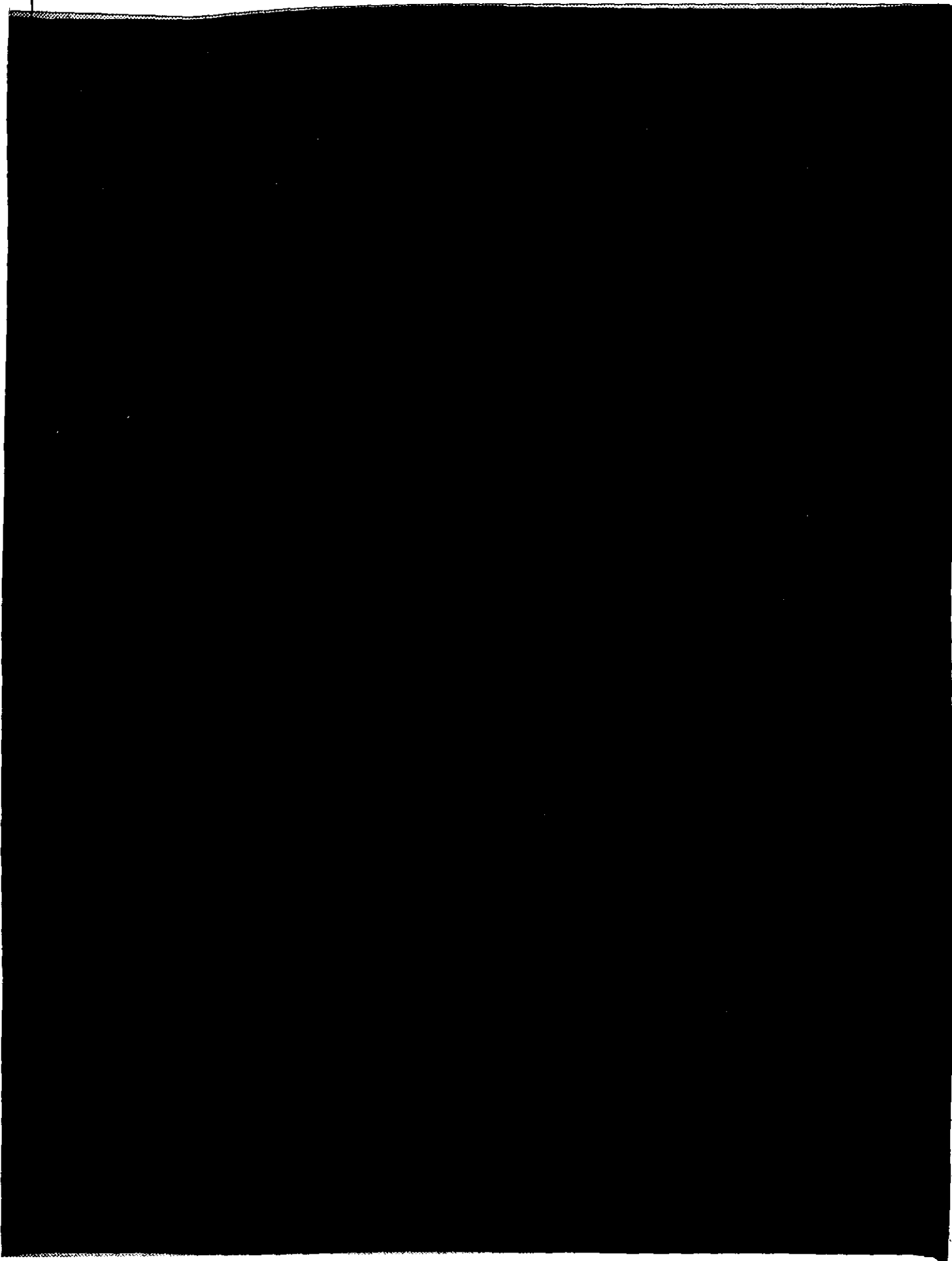


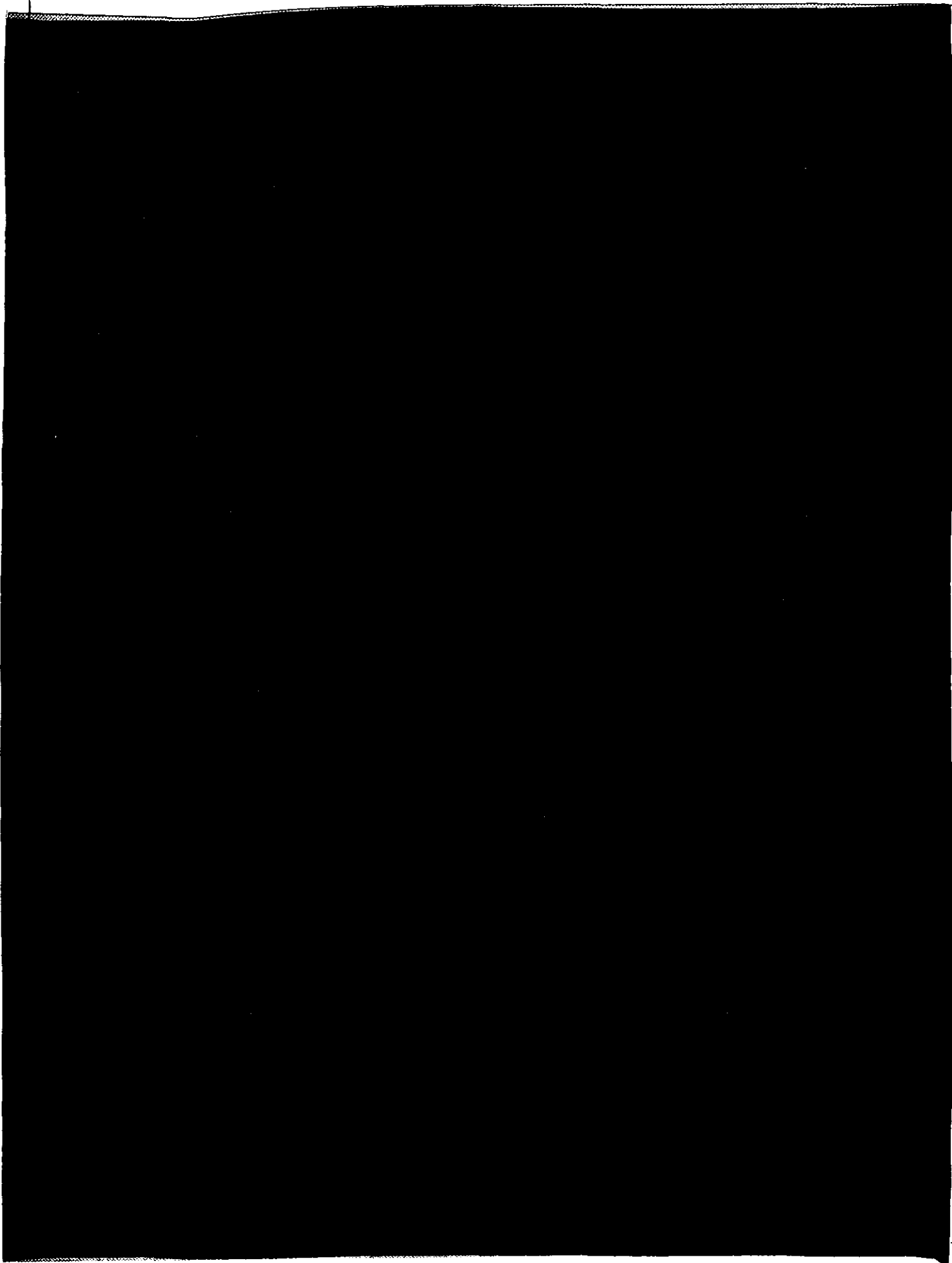


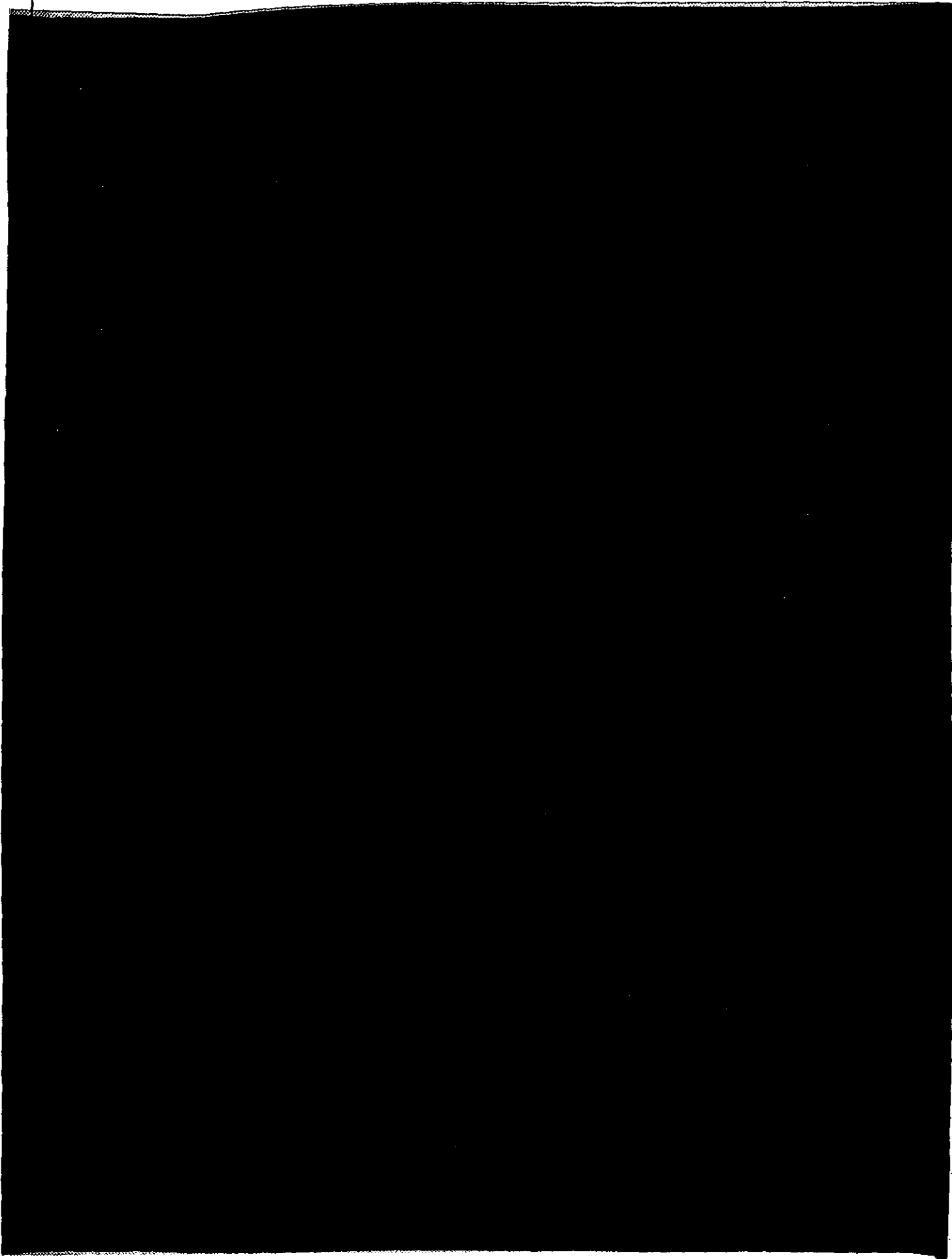


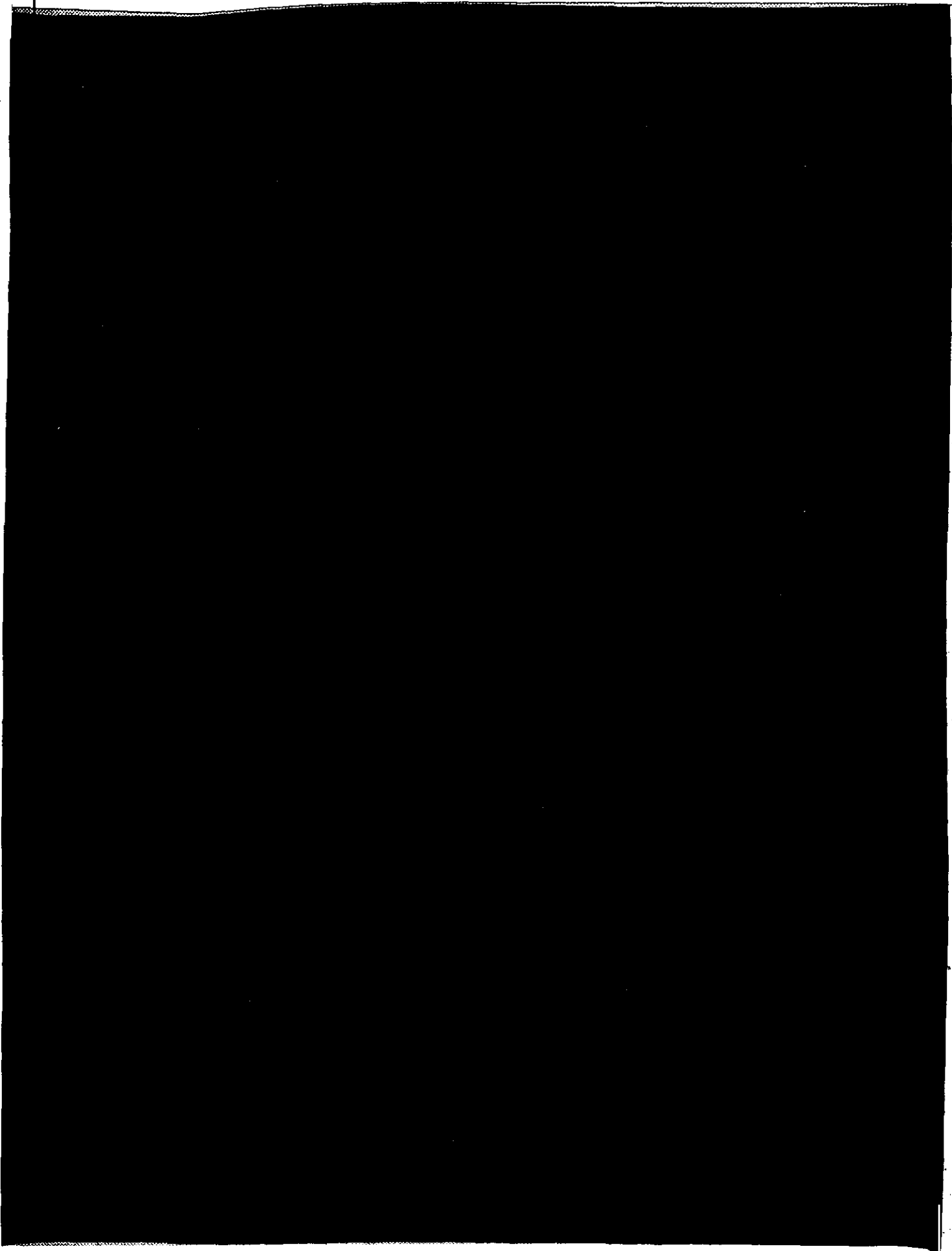




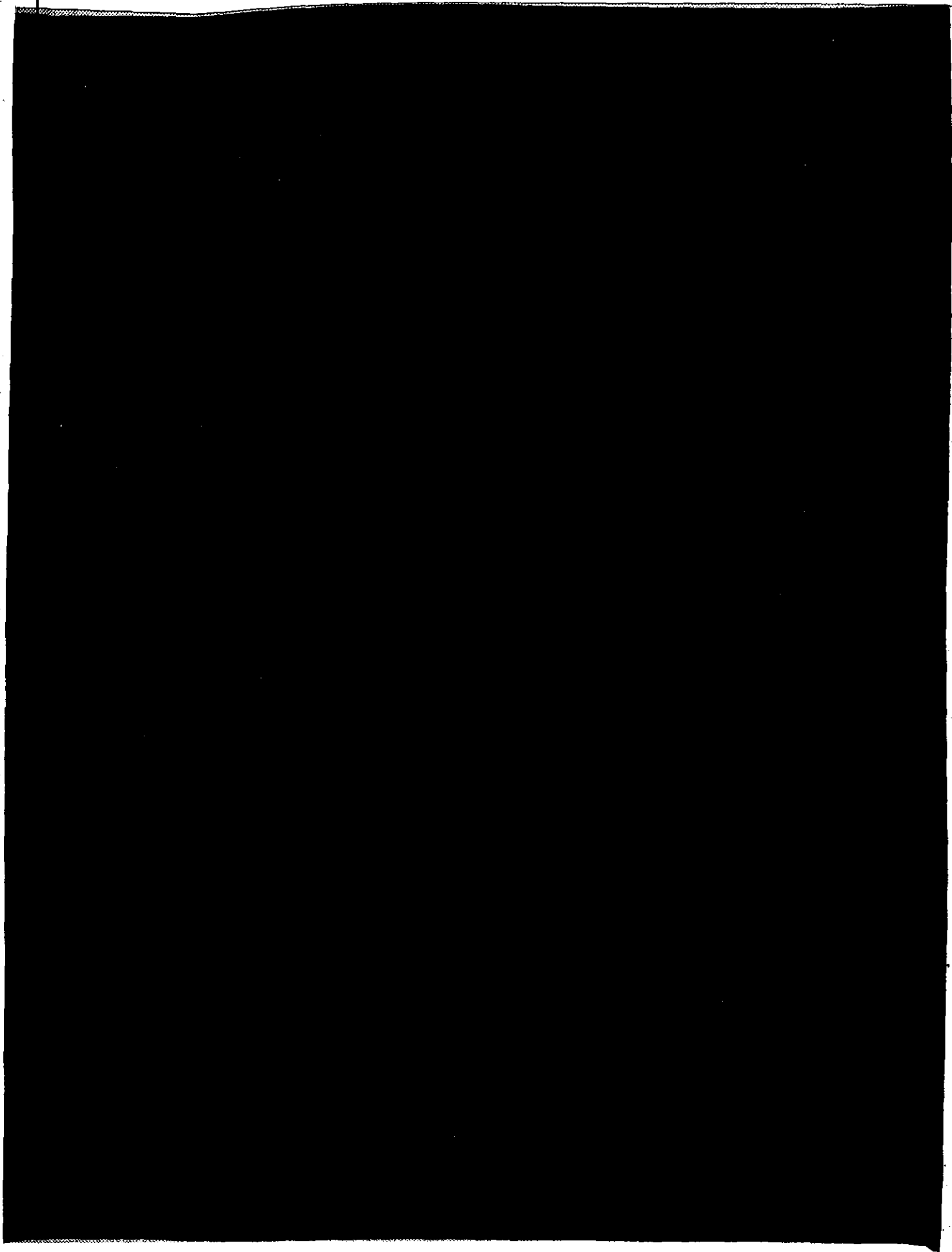


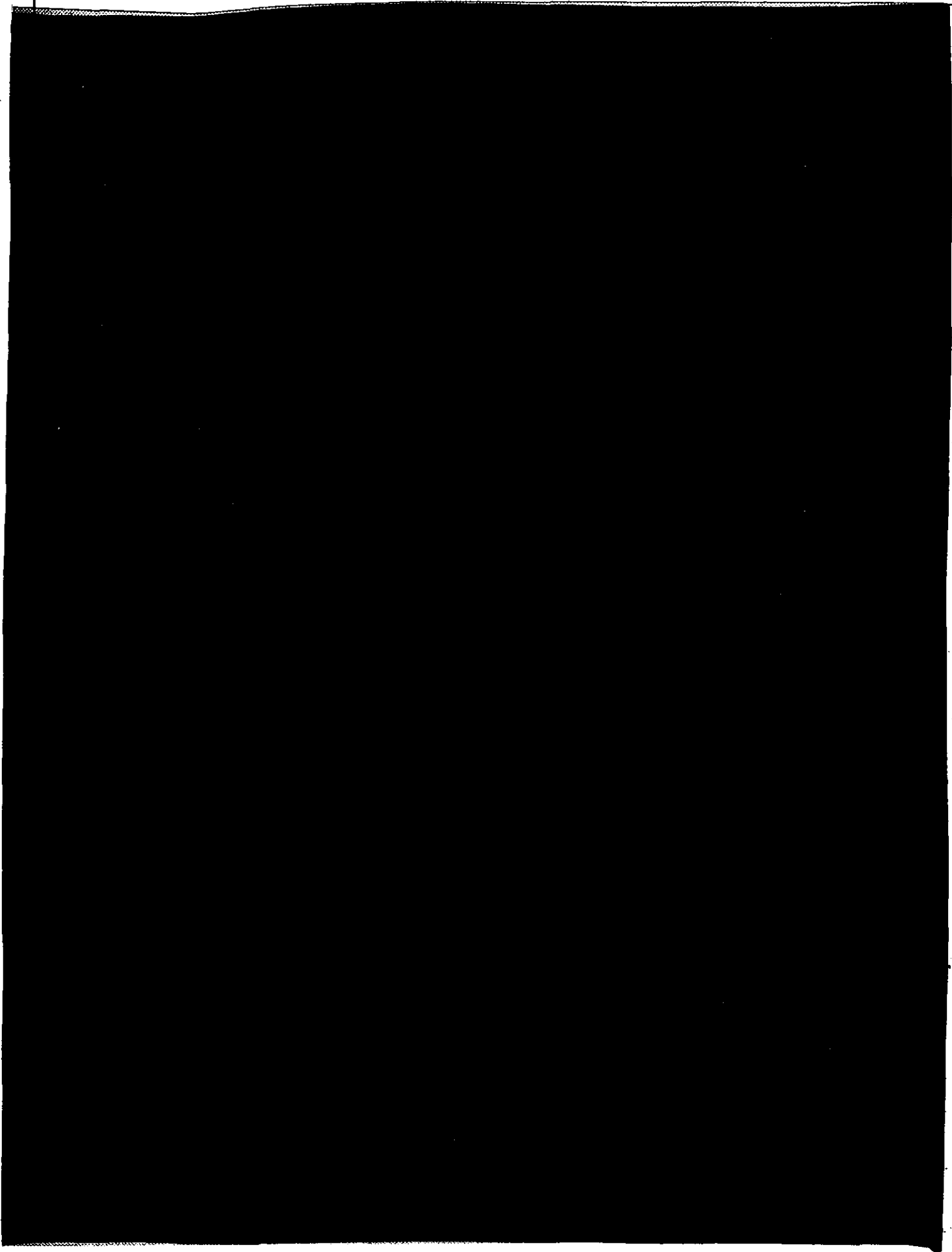


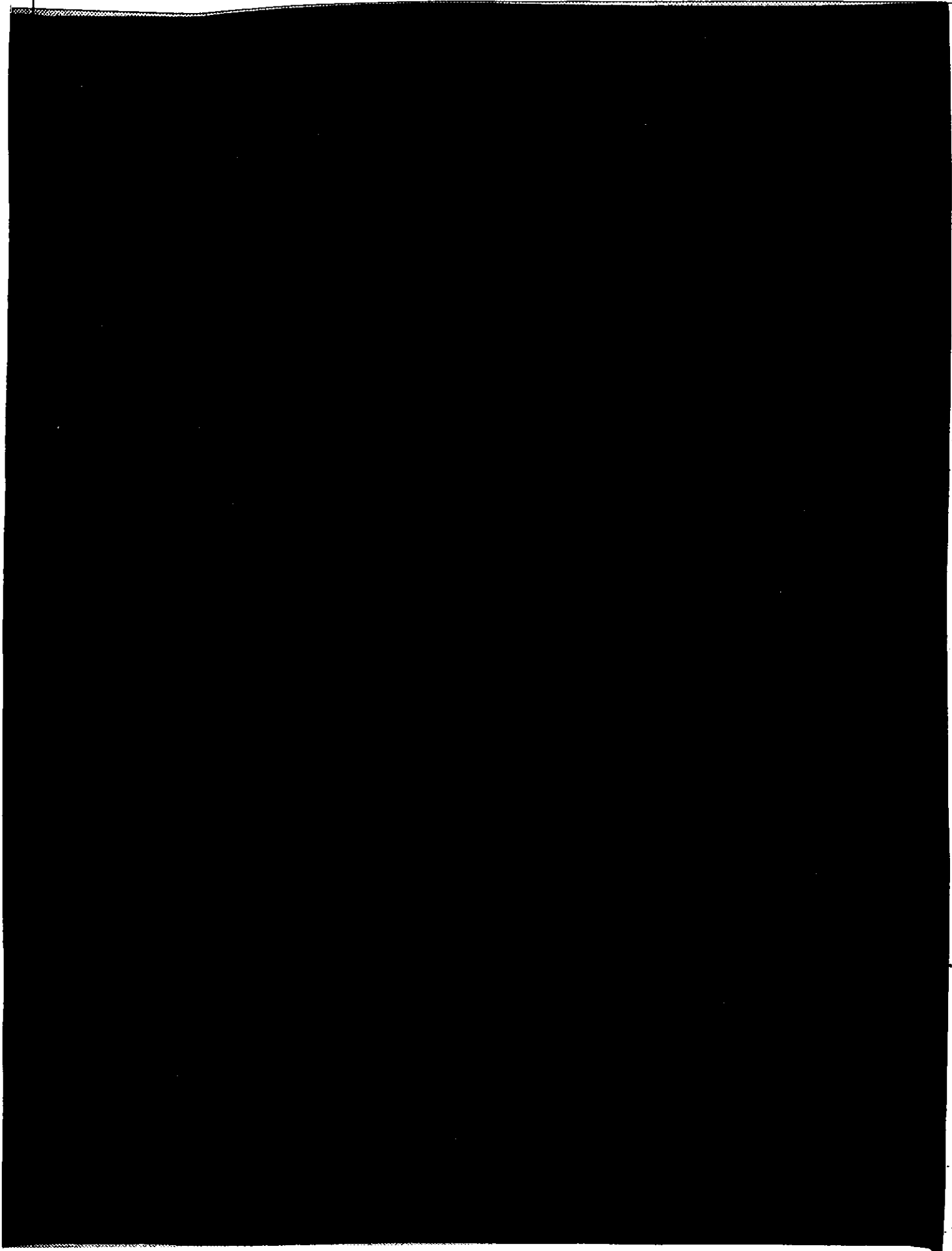


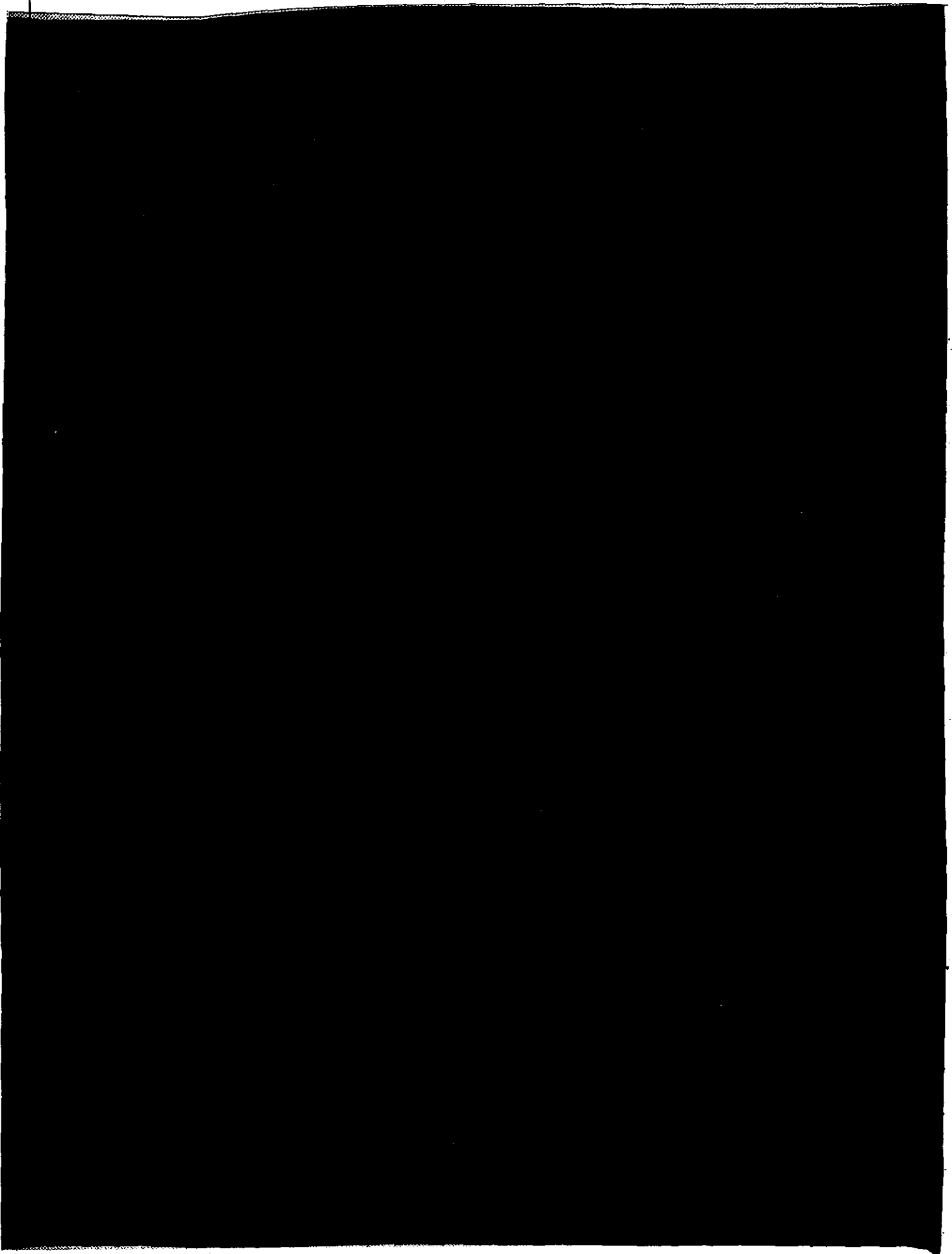


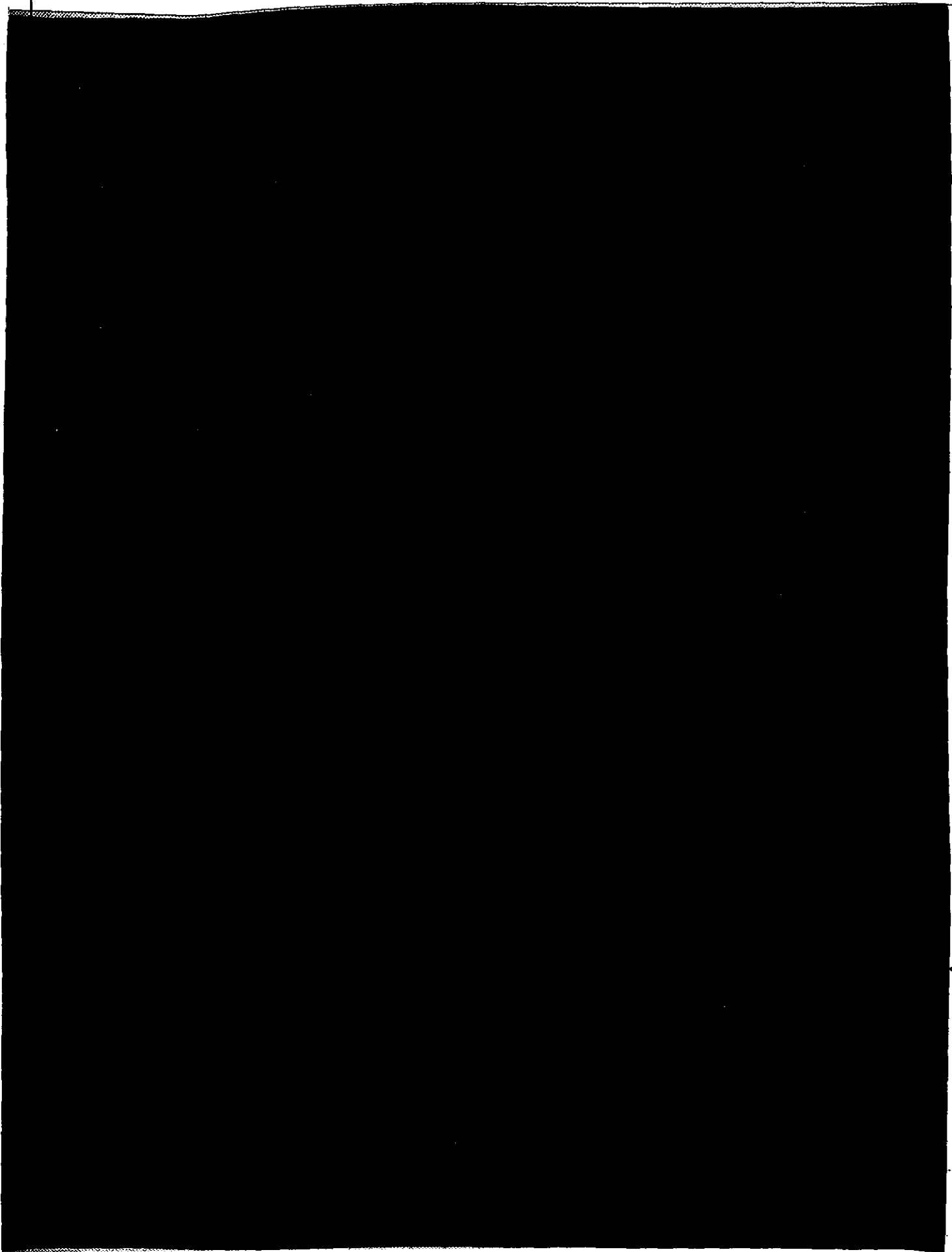


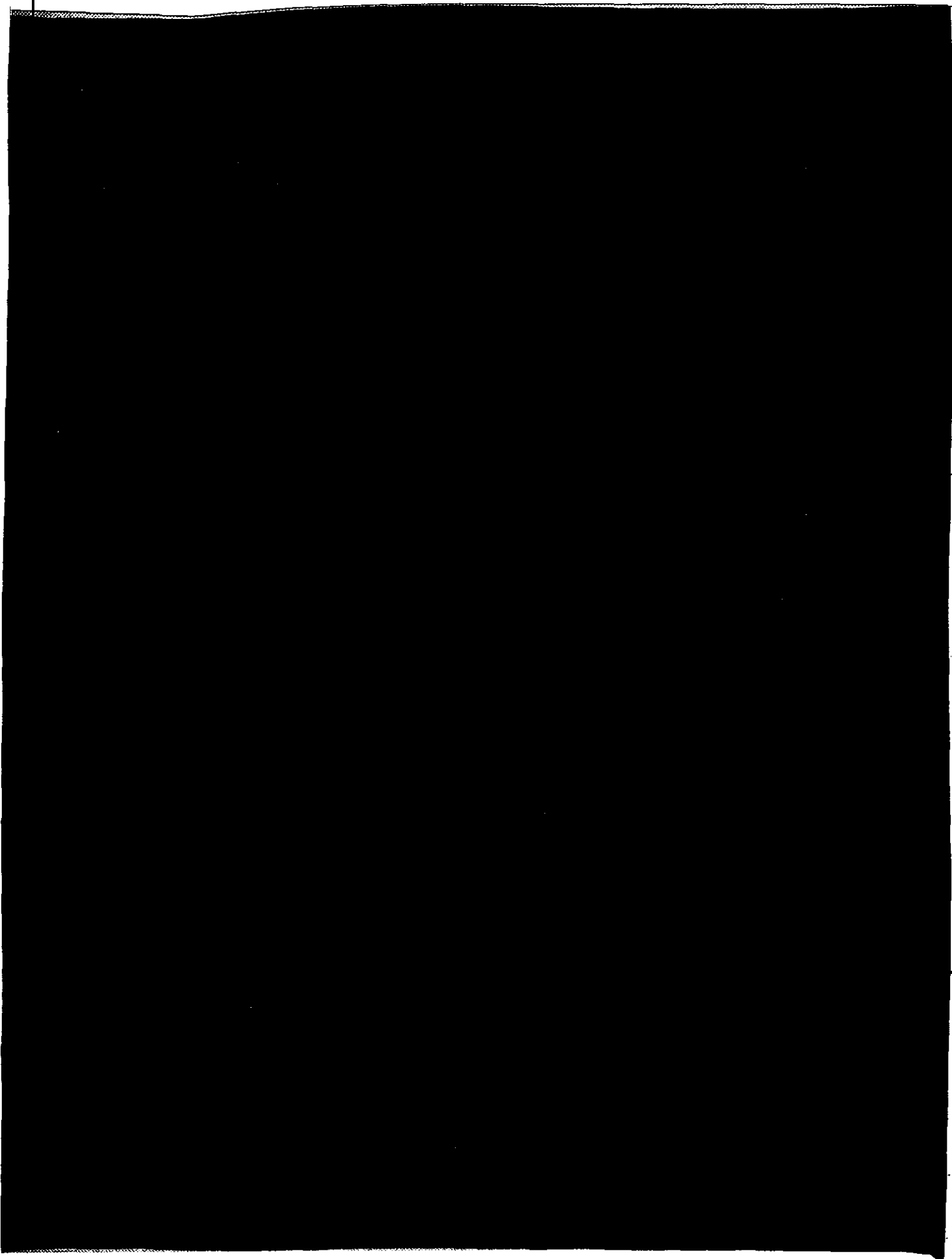


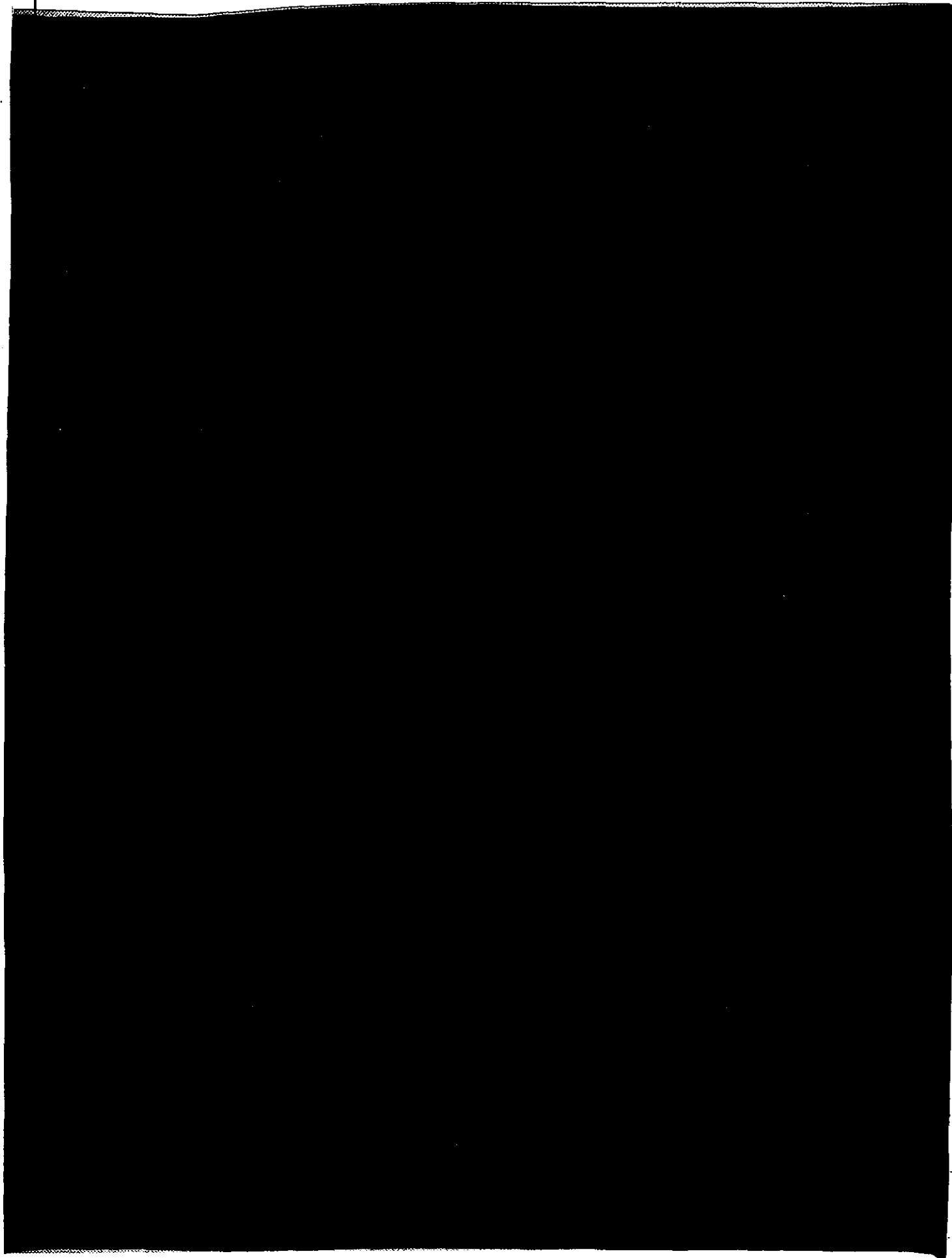


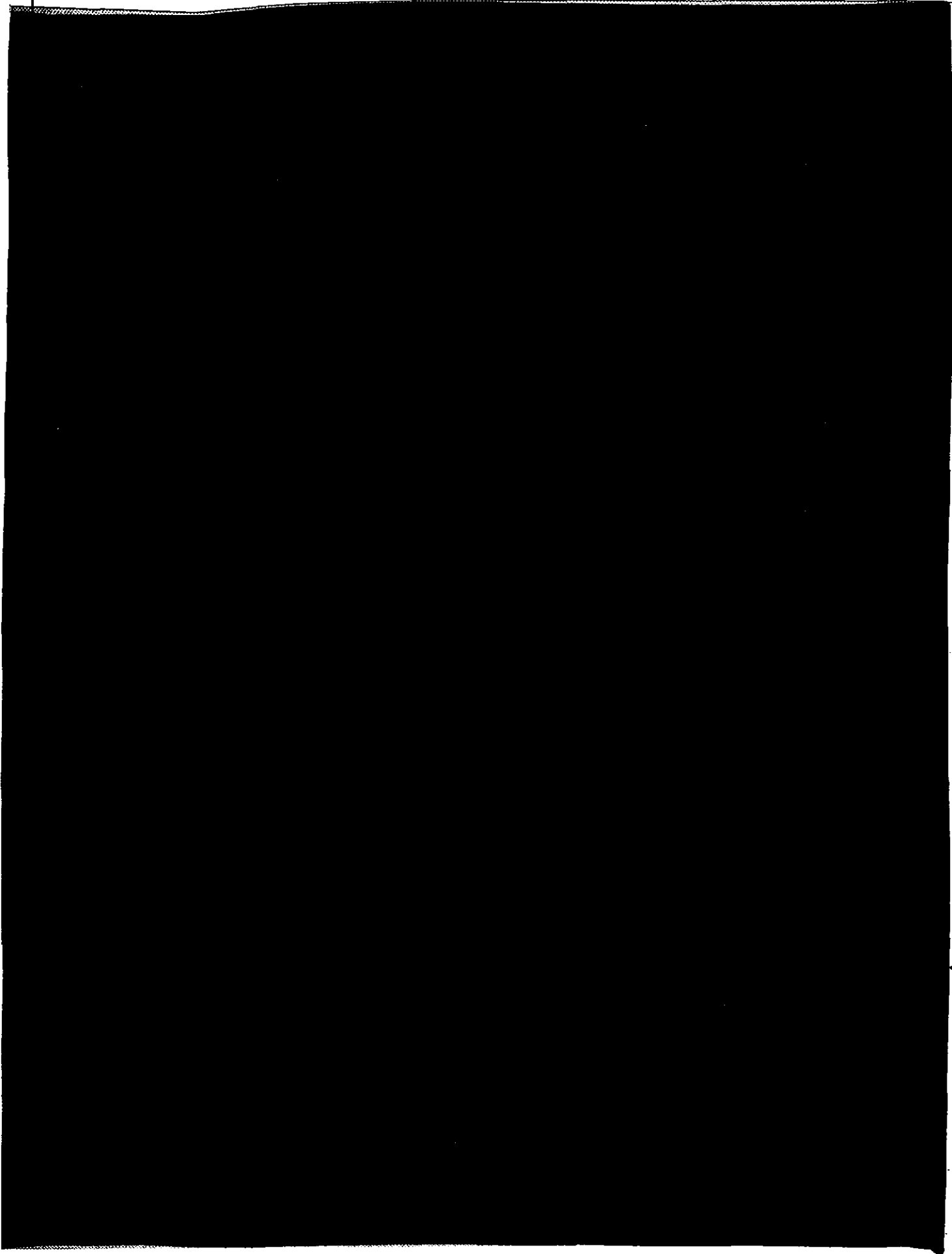




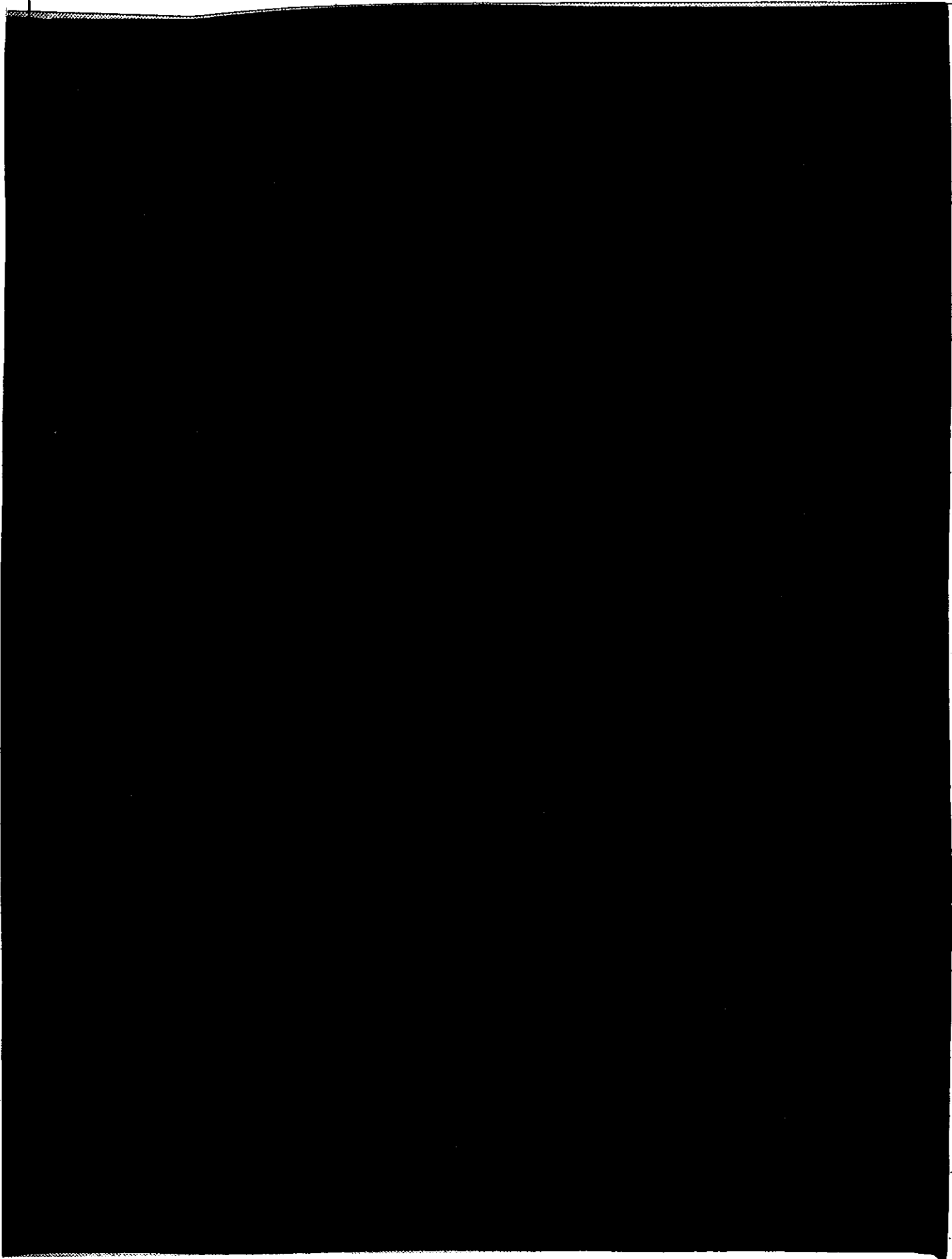


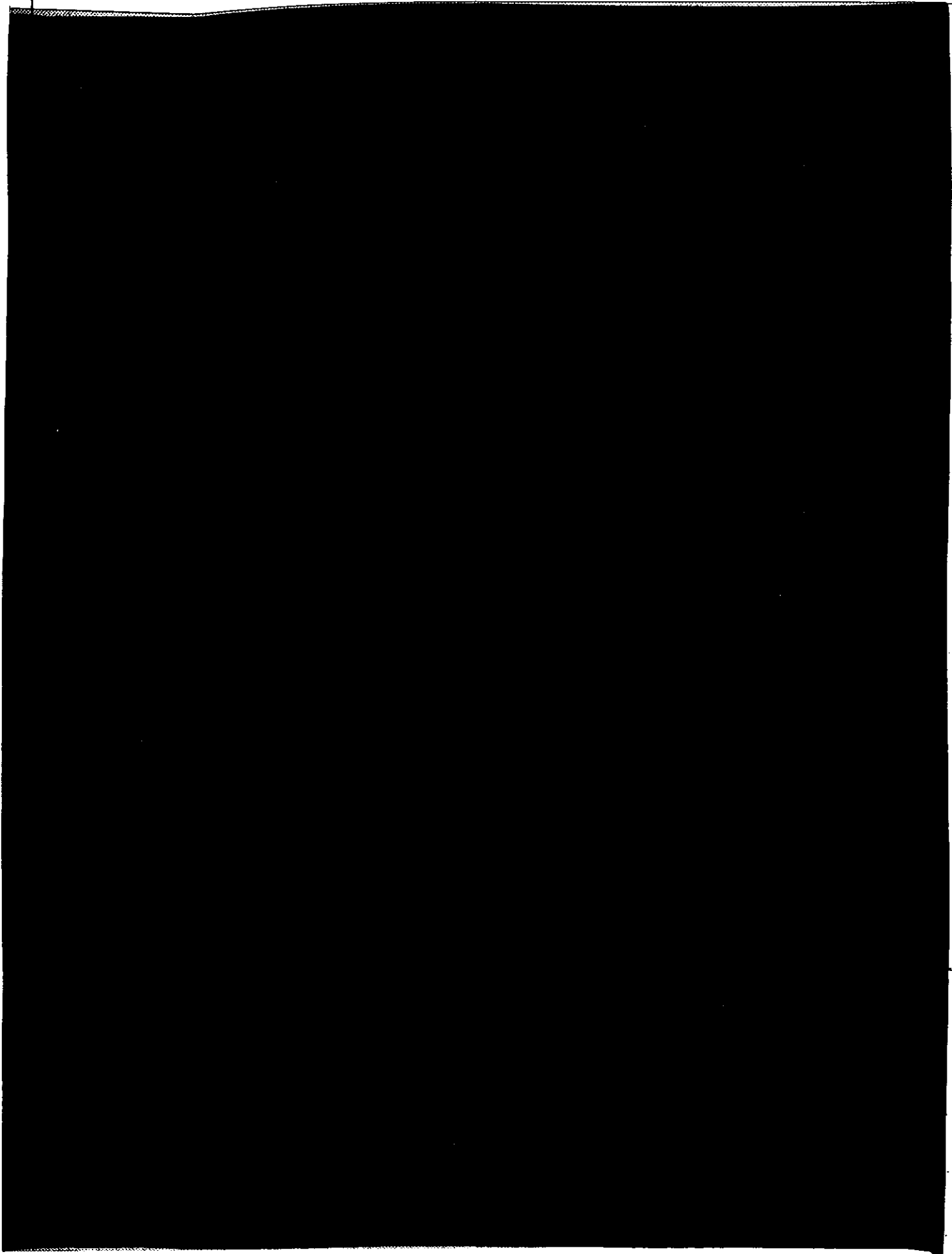


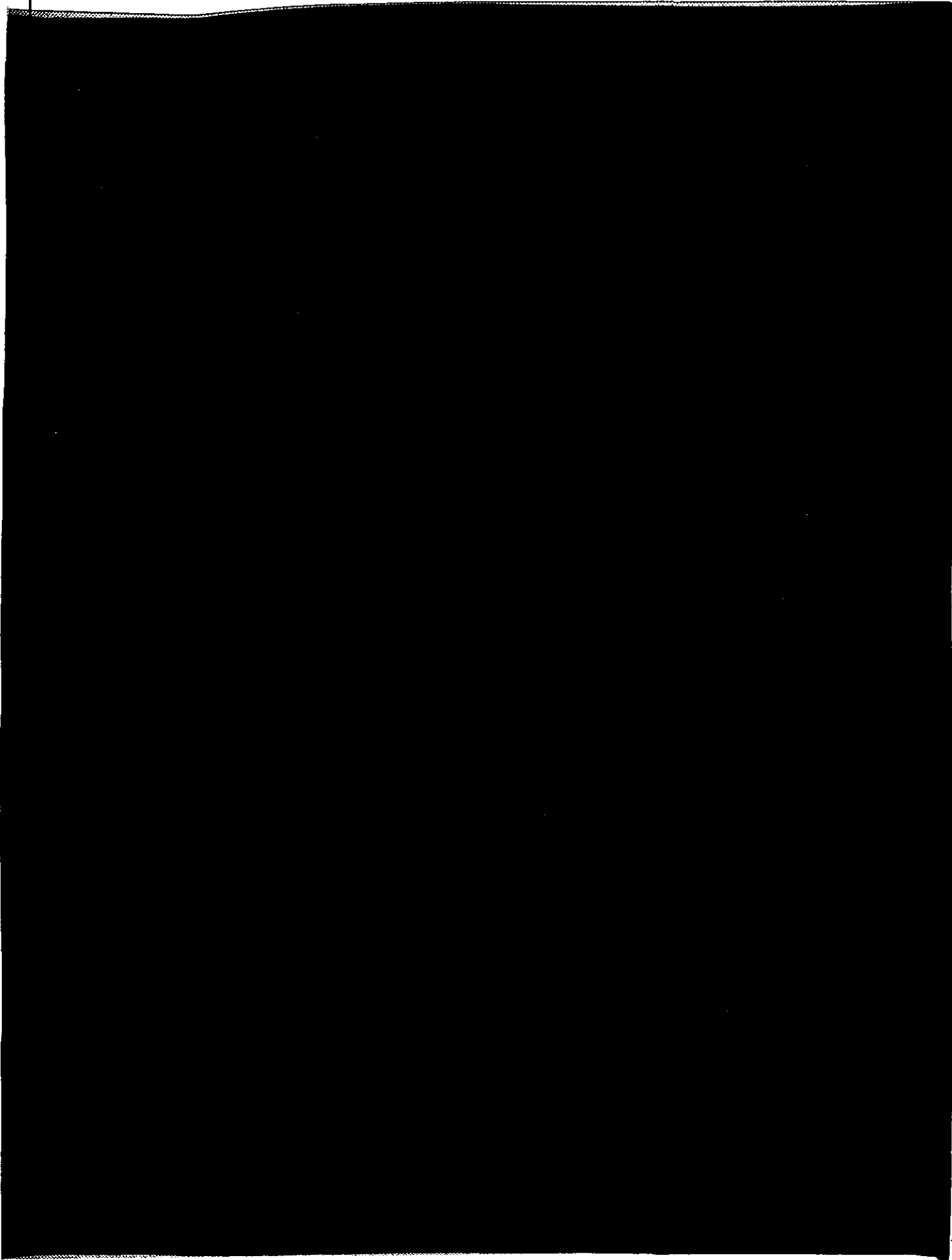


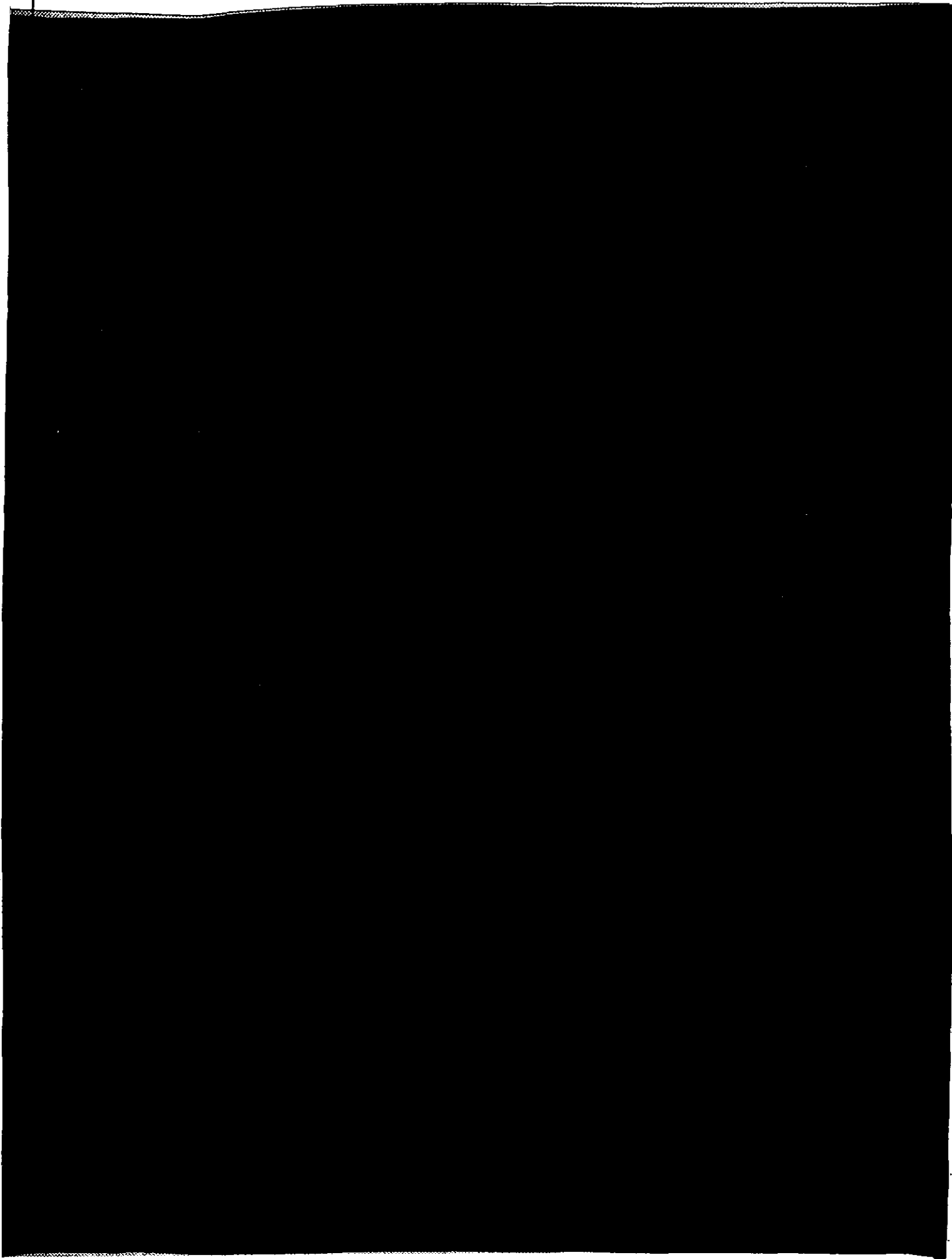


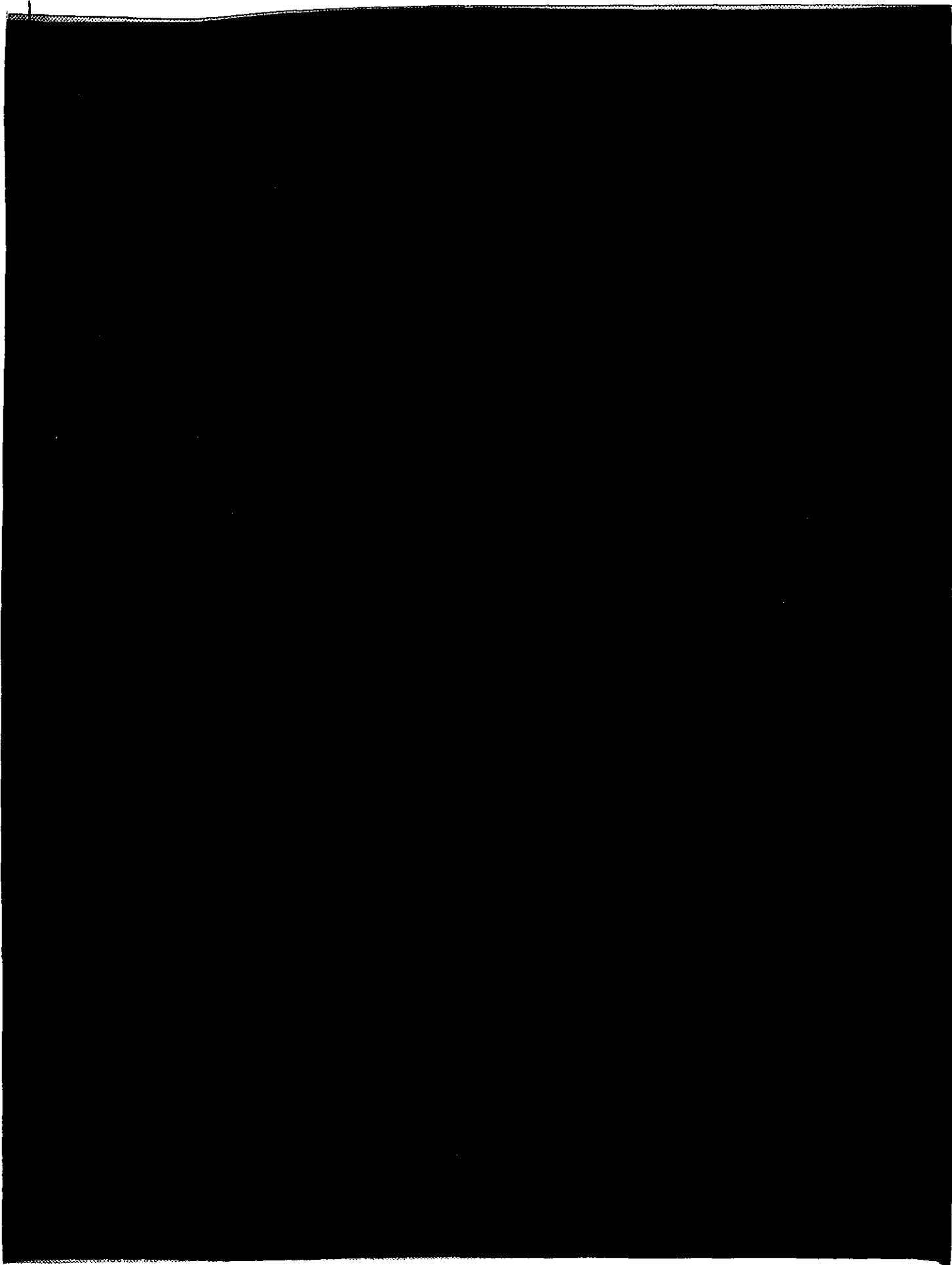


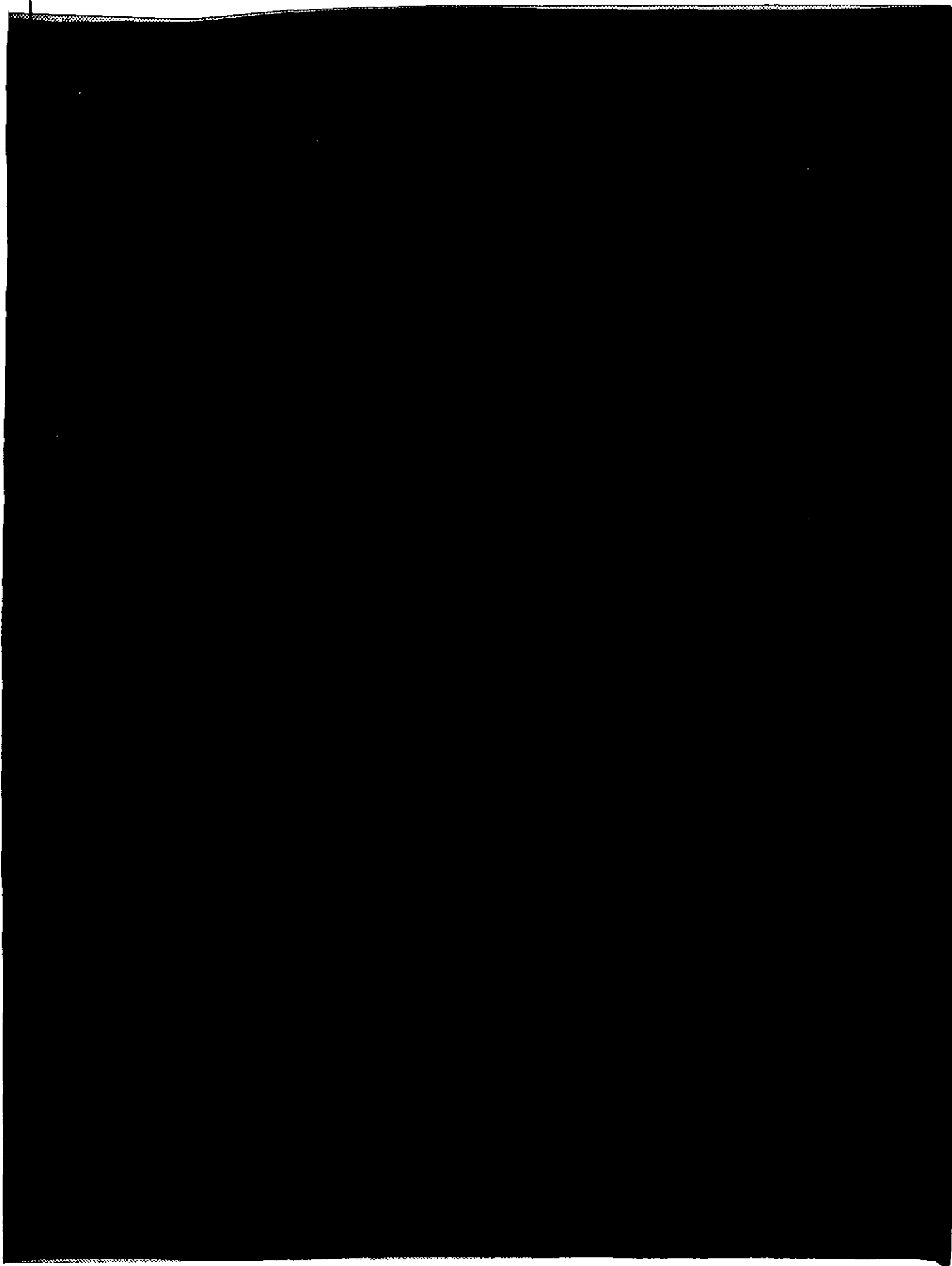


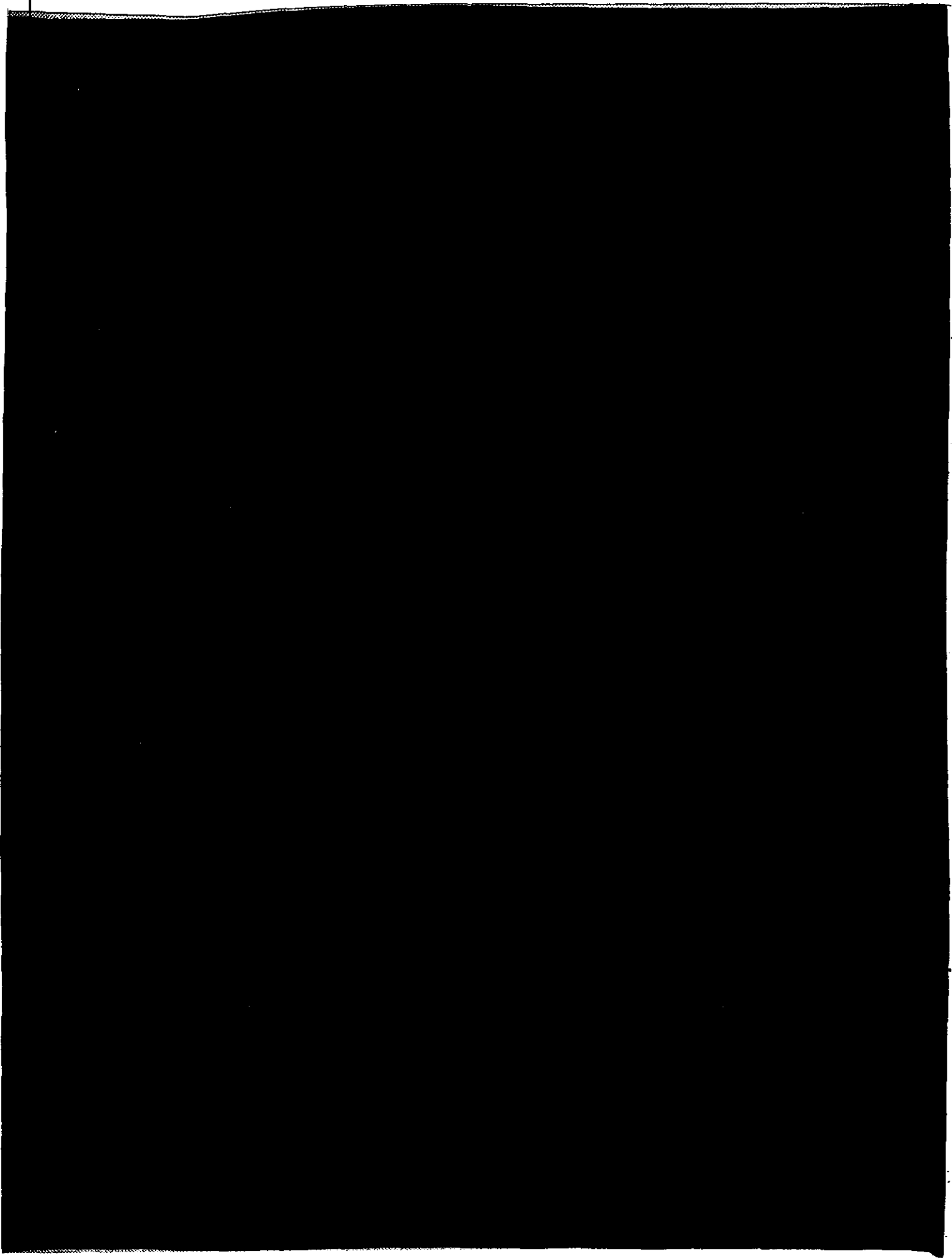


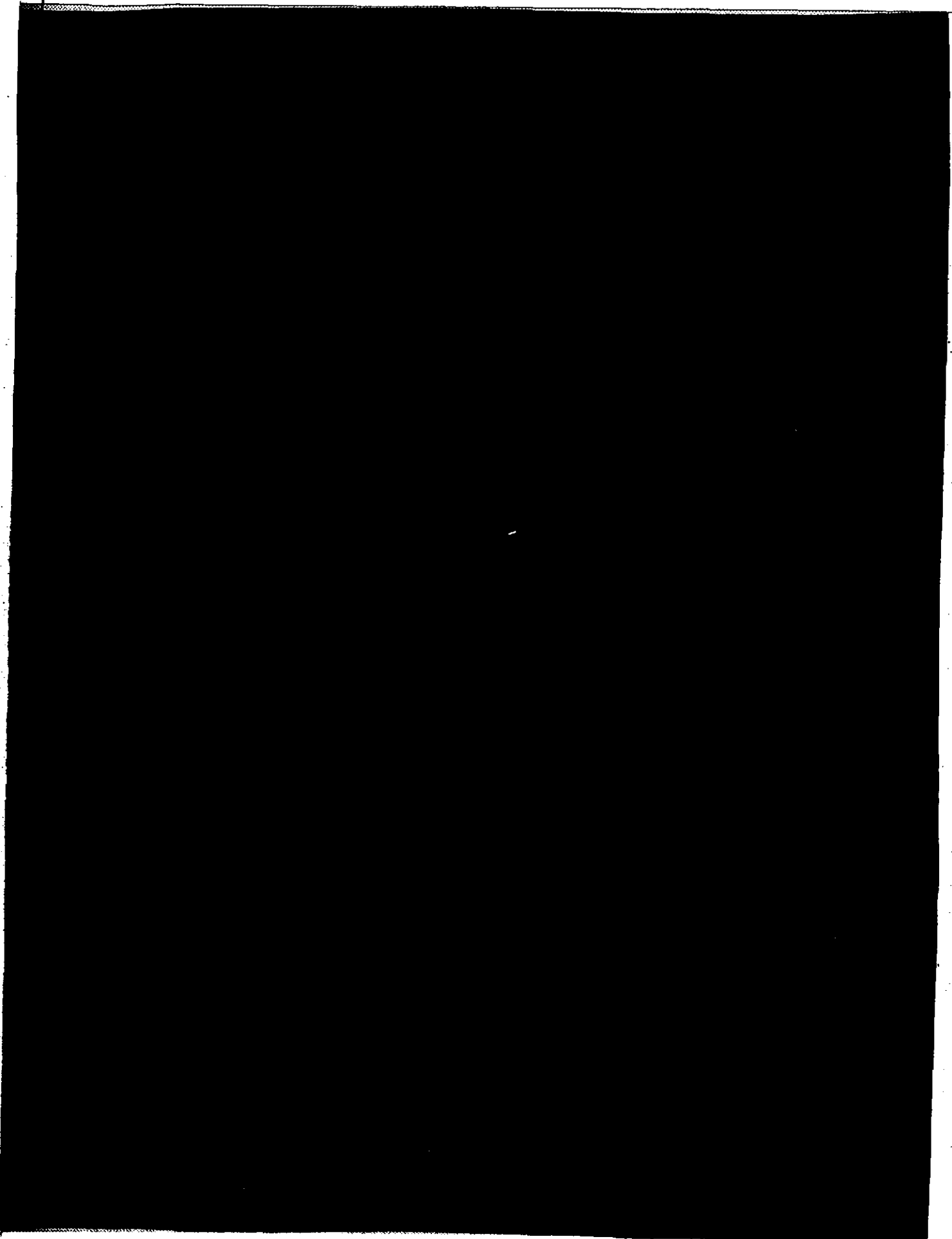




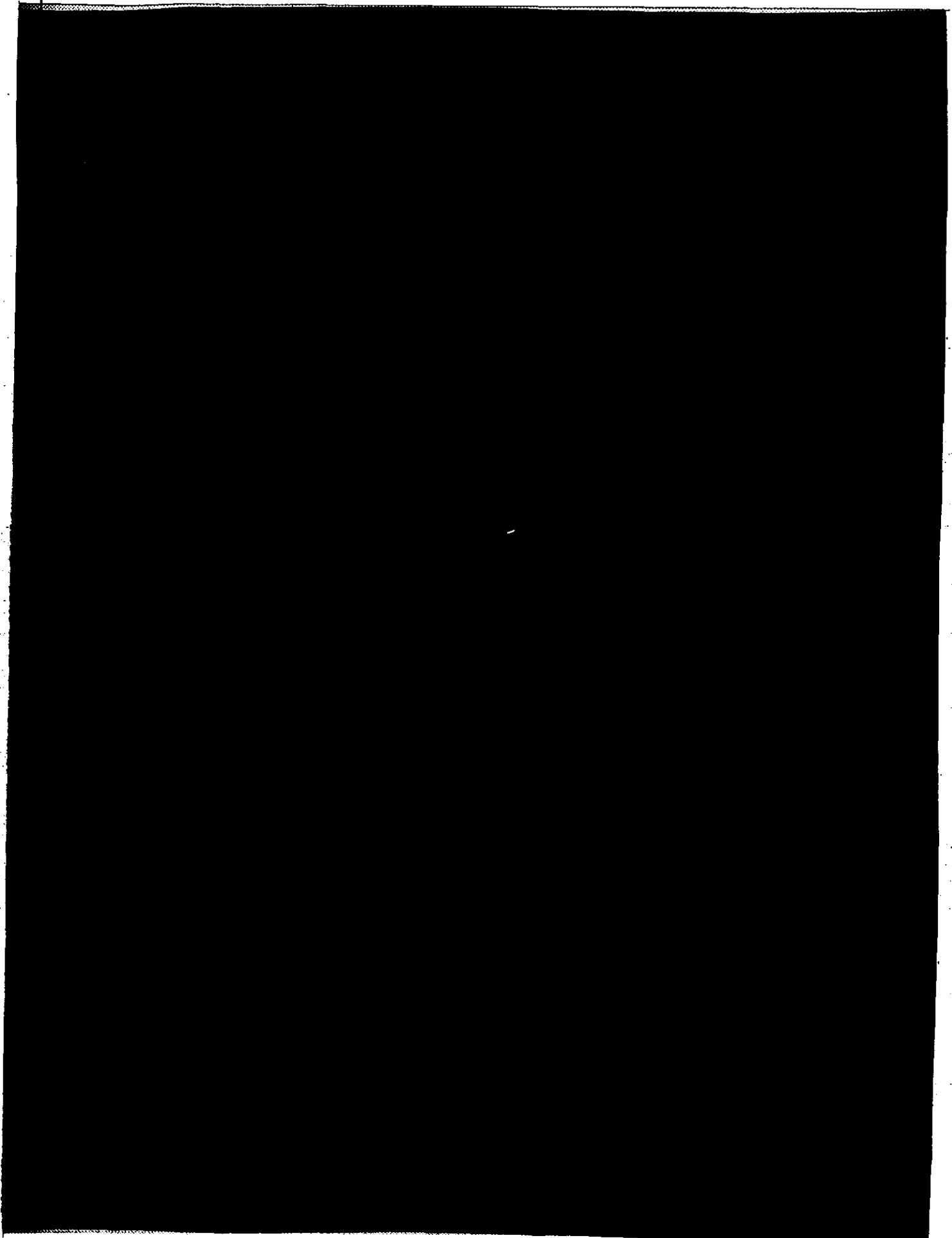


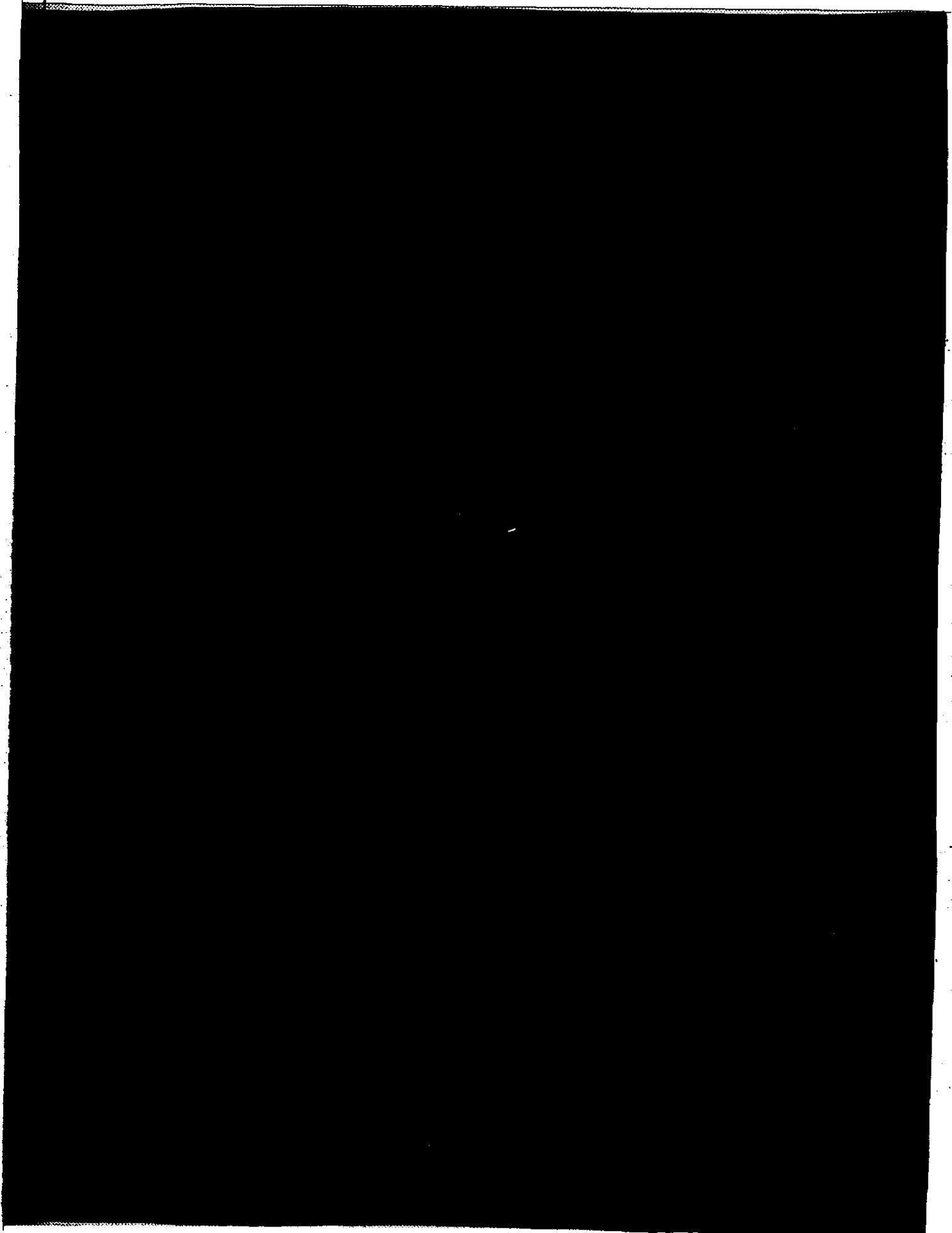


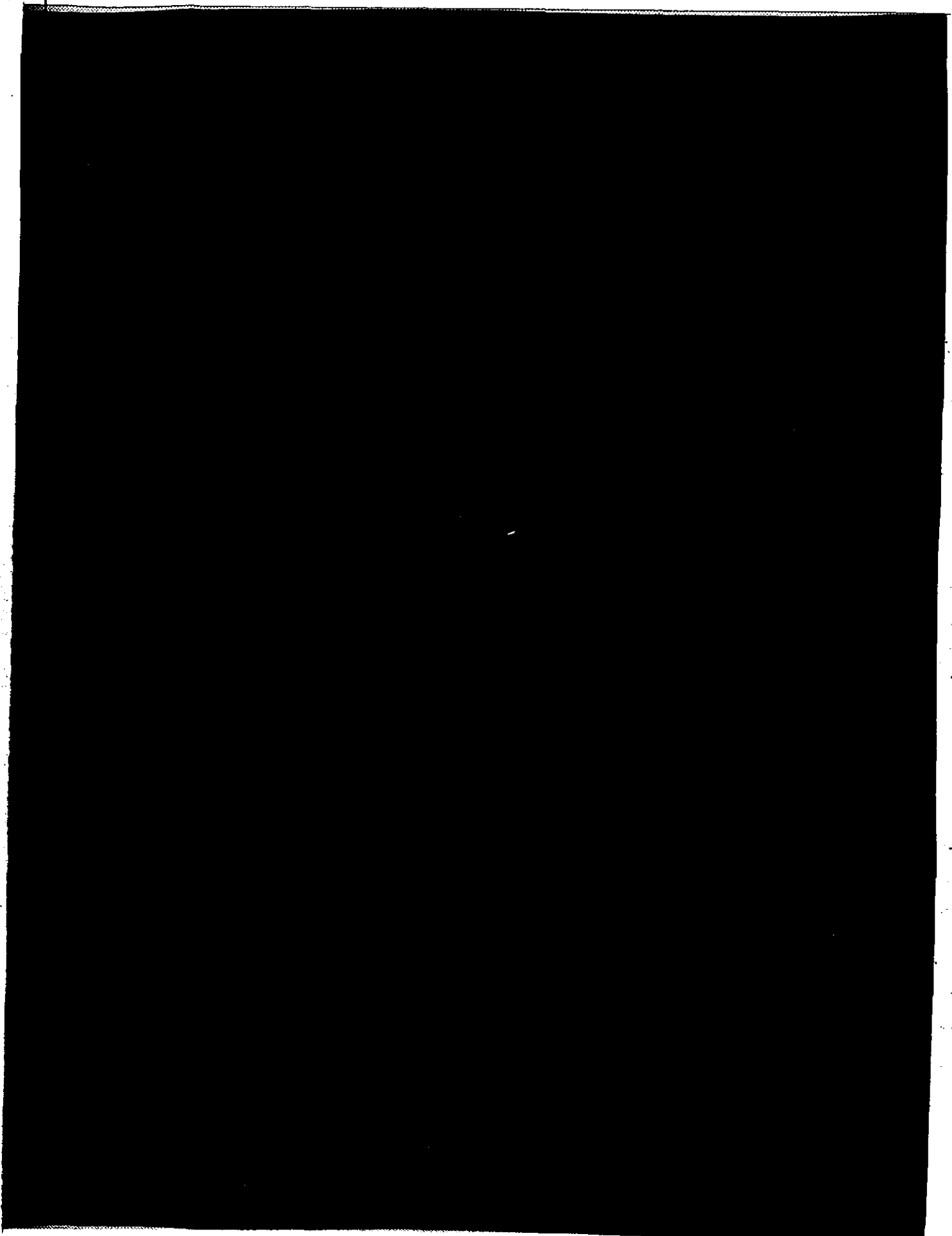


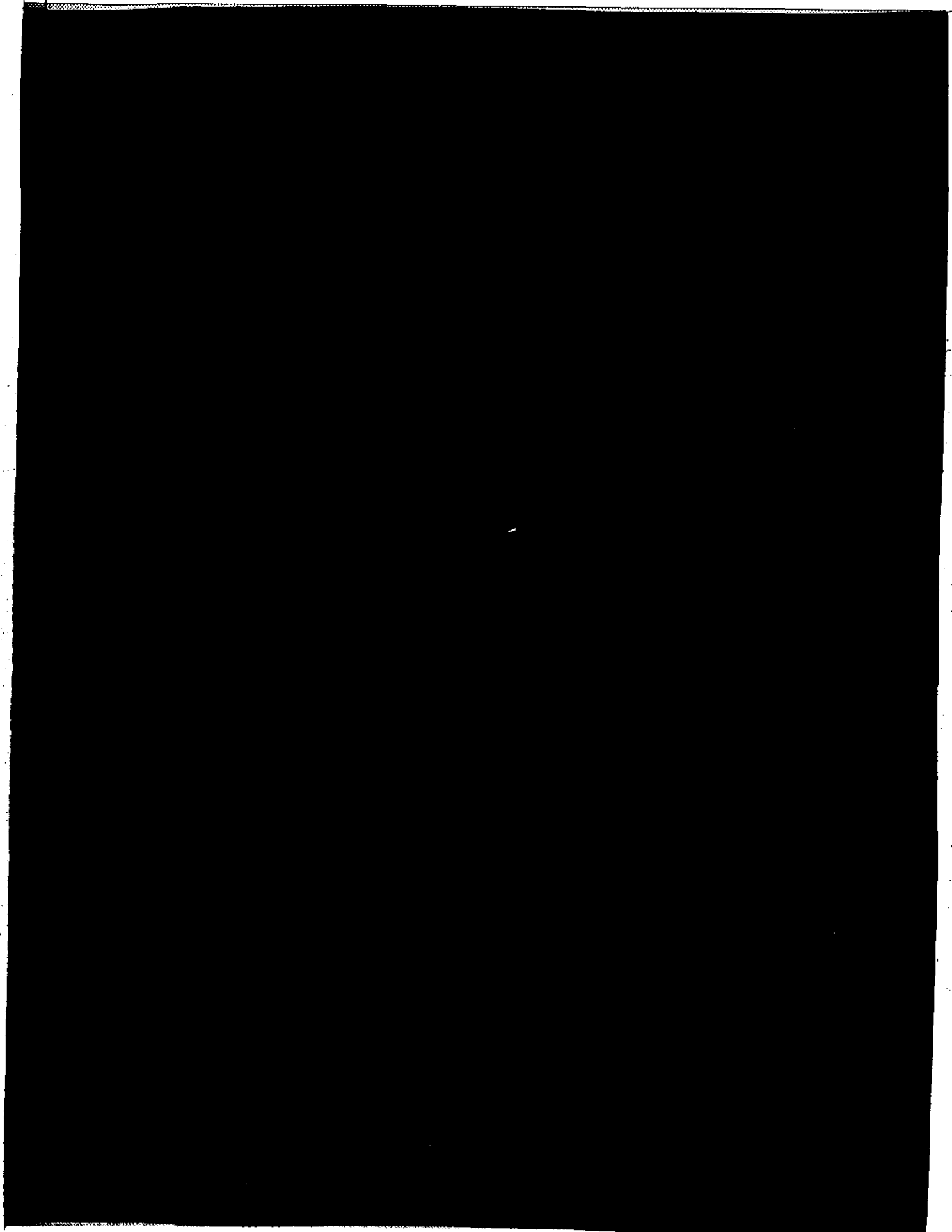


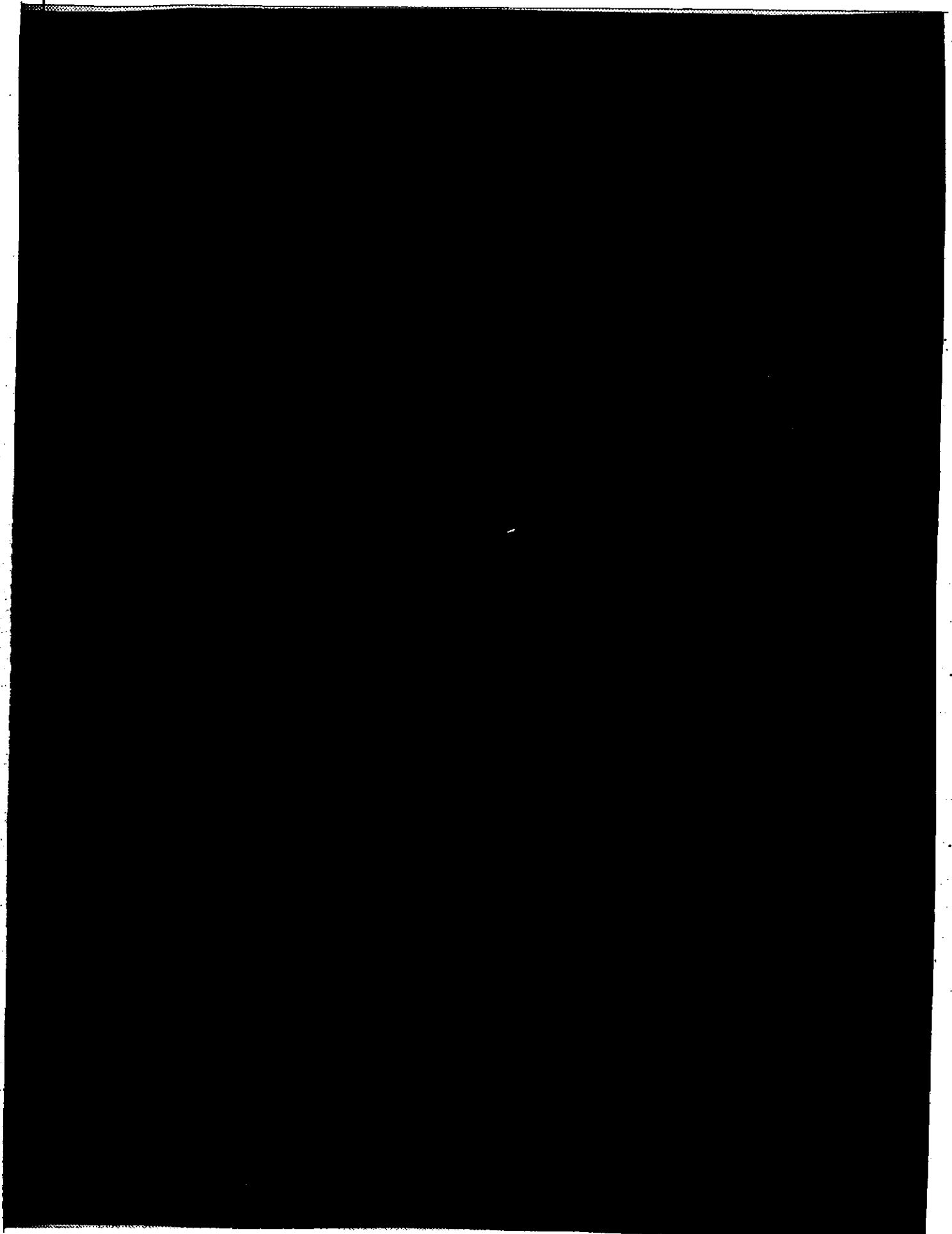


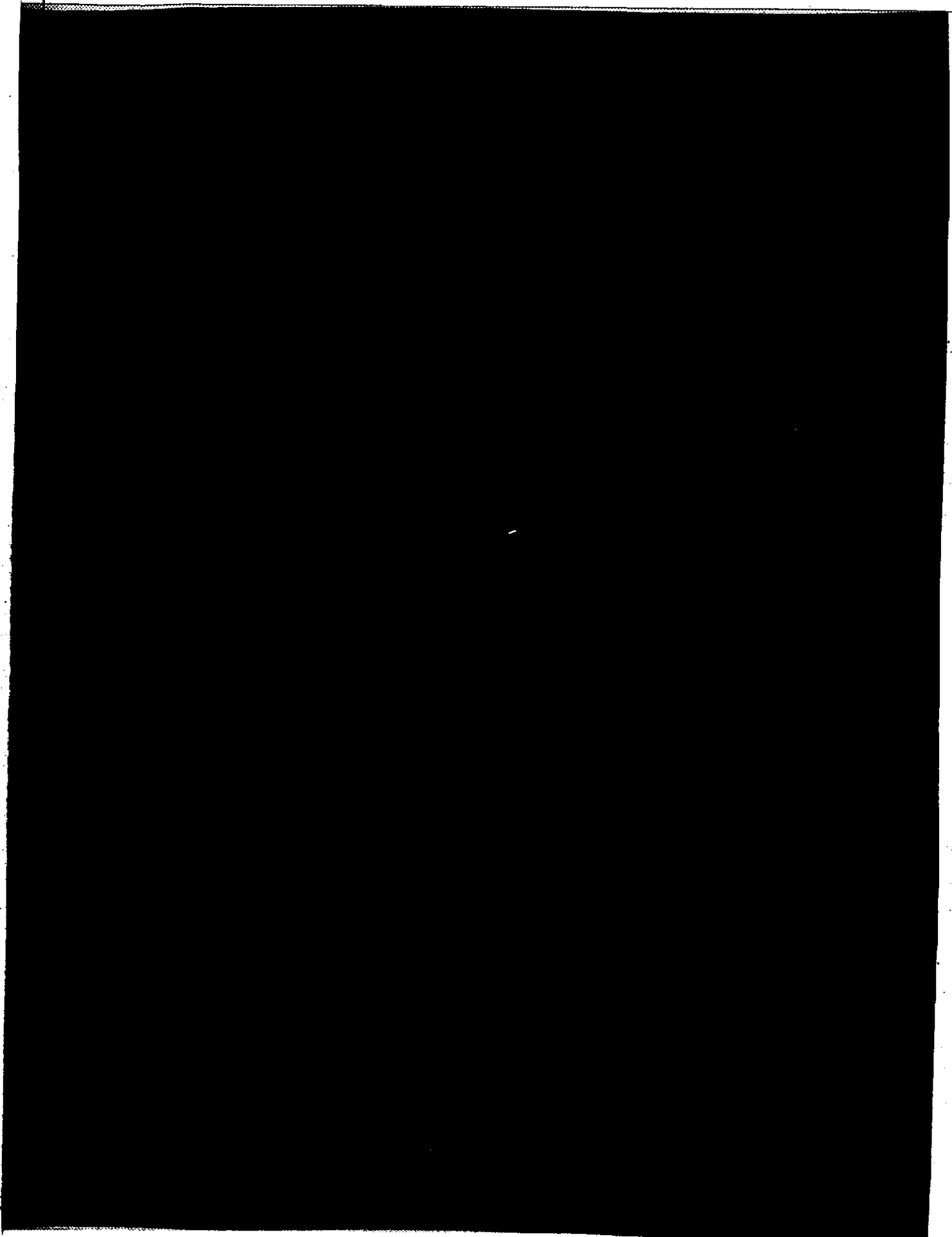


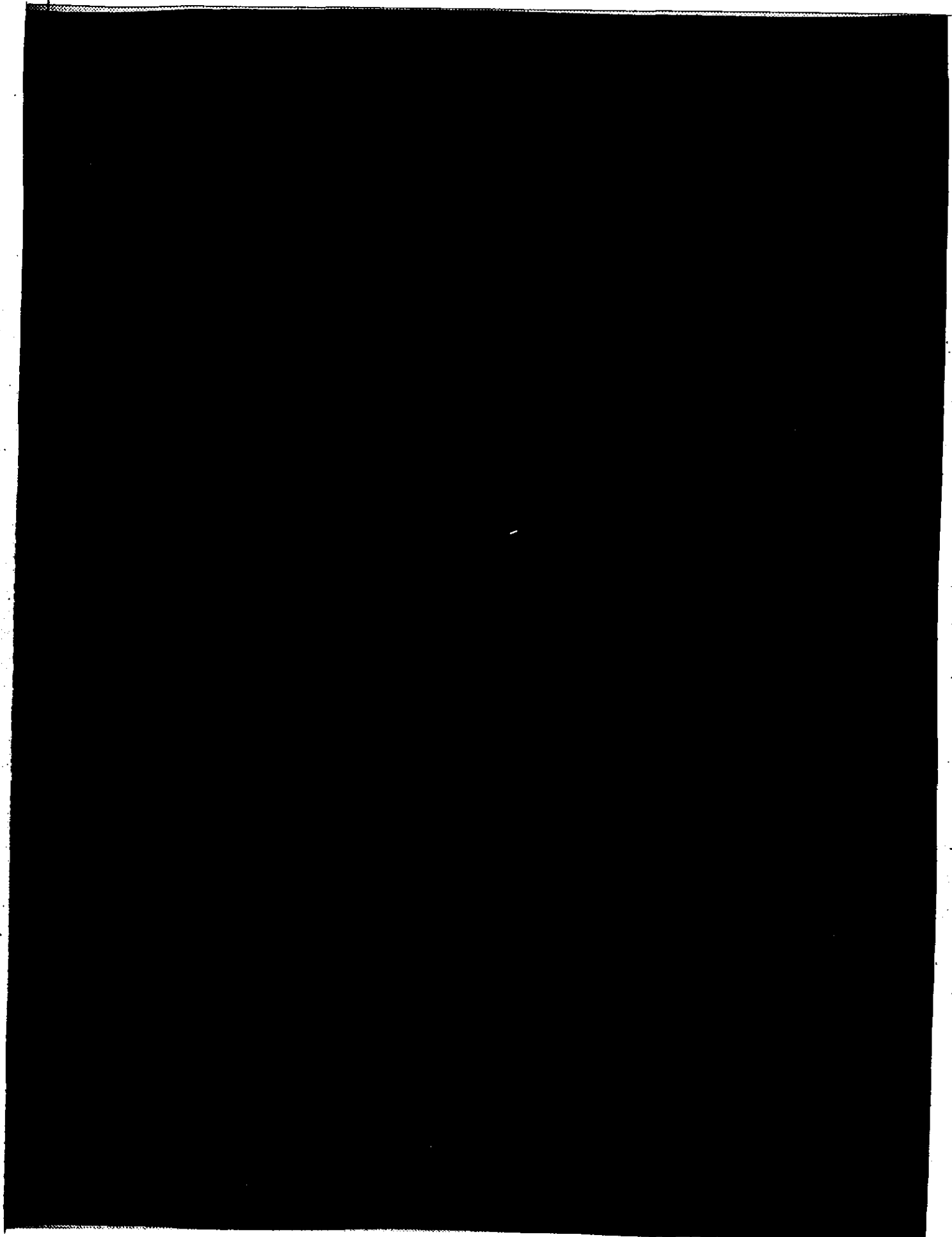








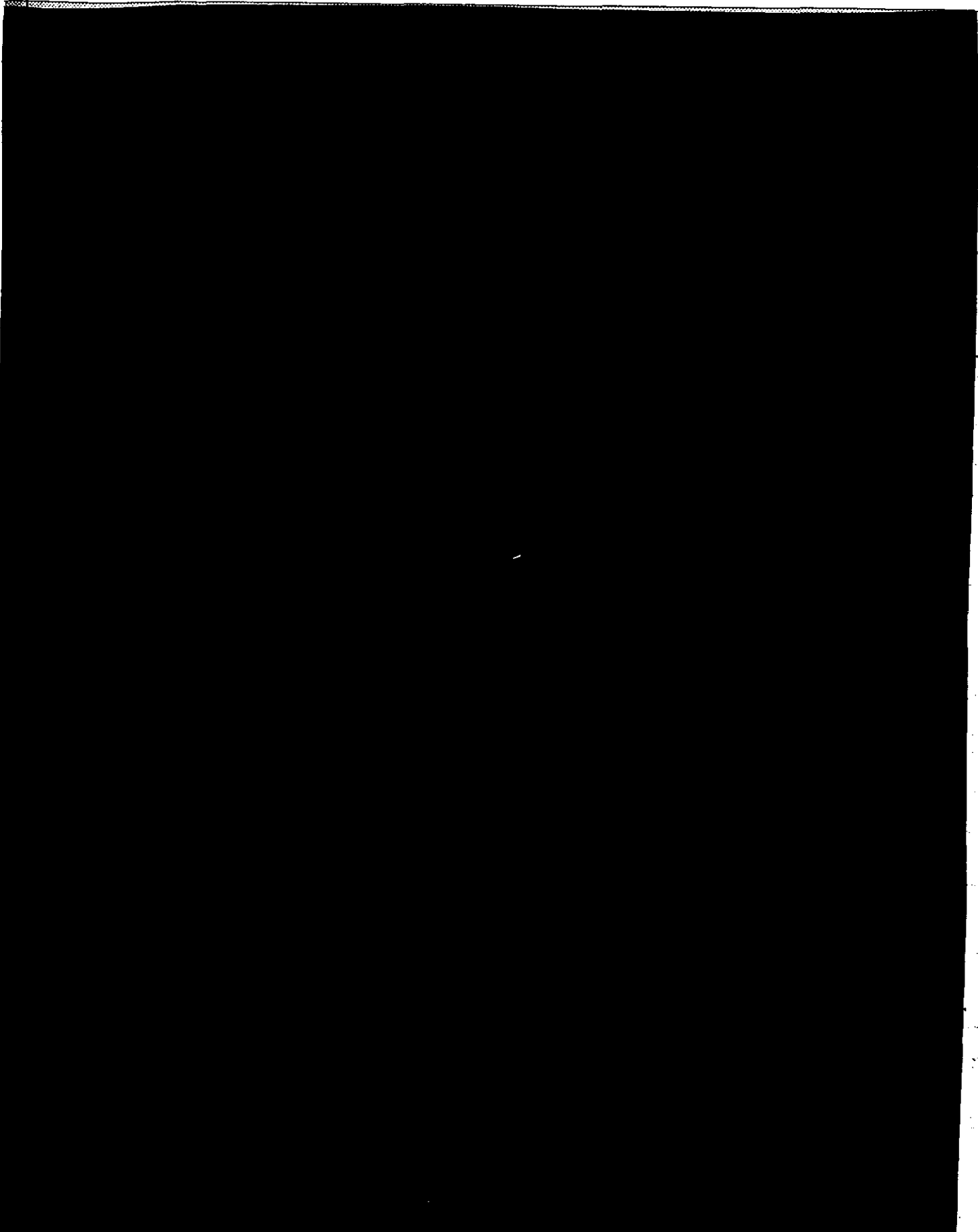


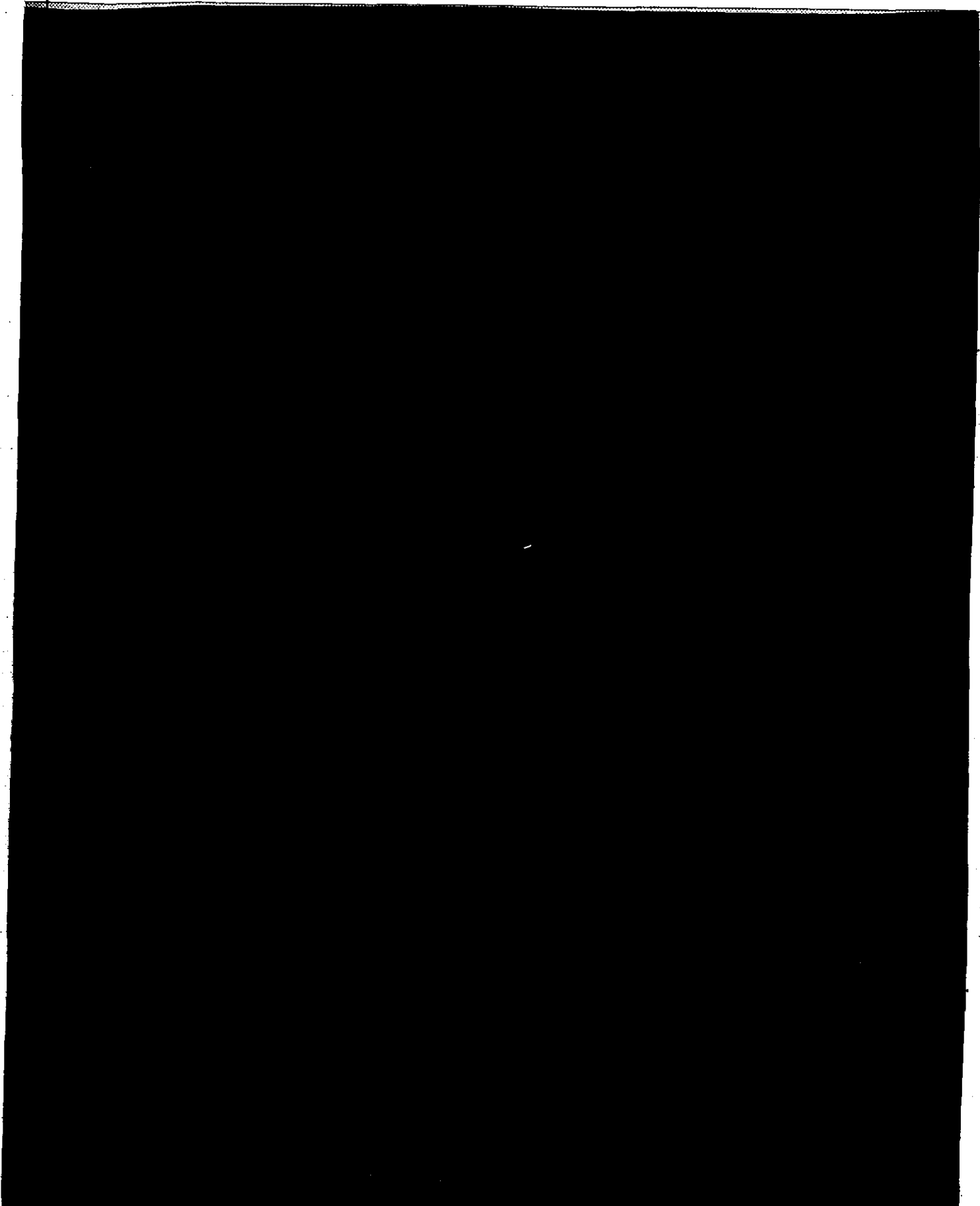


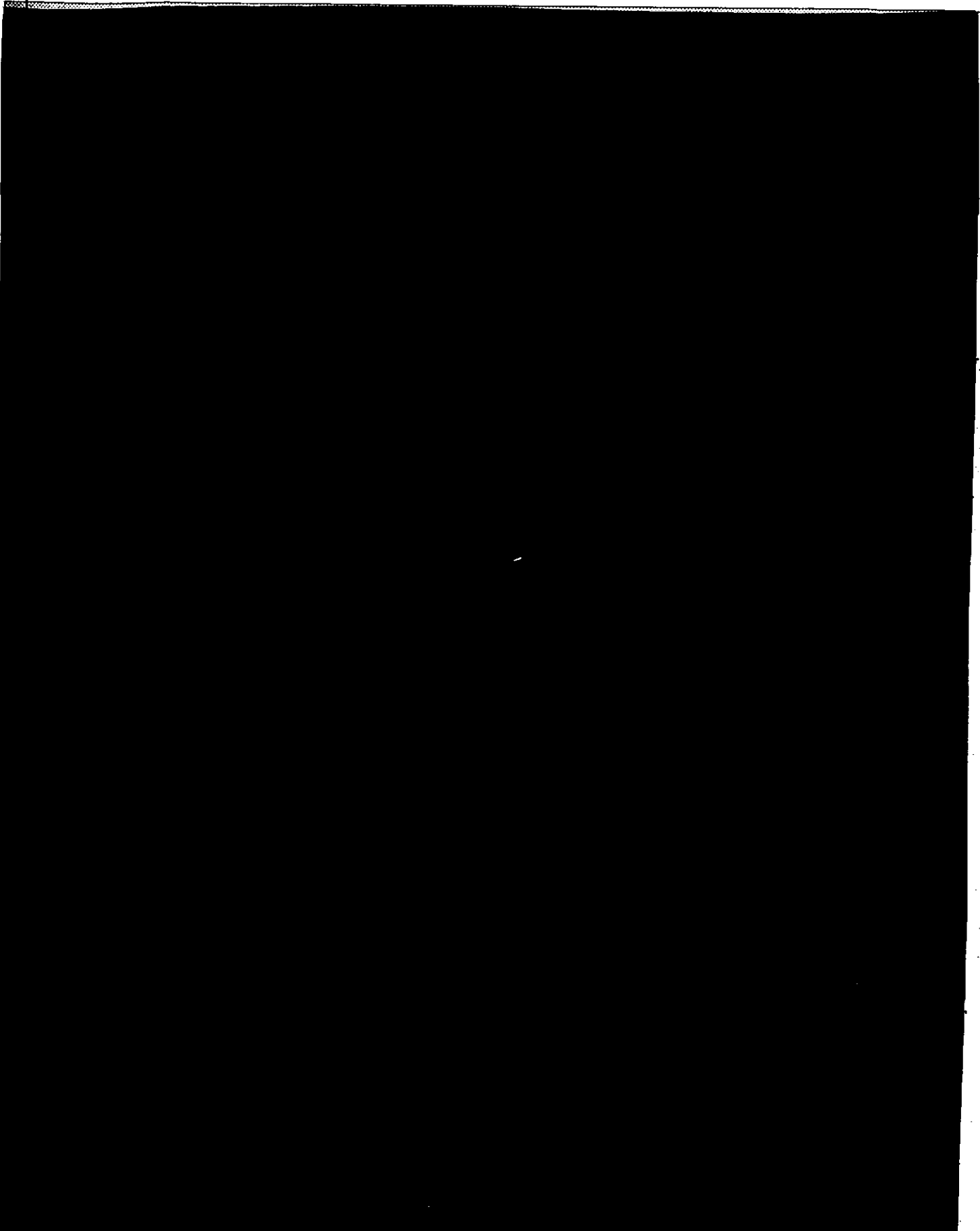
**EXHIBIT B TO MR. NACCHIO'S  
FOURTH SECTION 5 SUBMISSION**

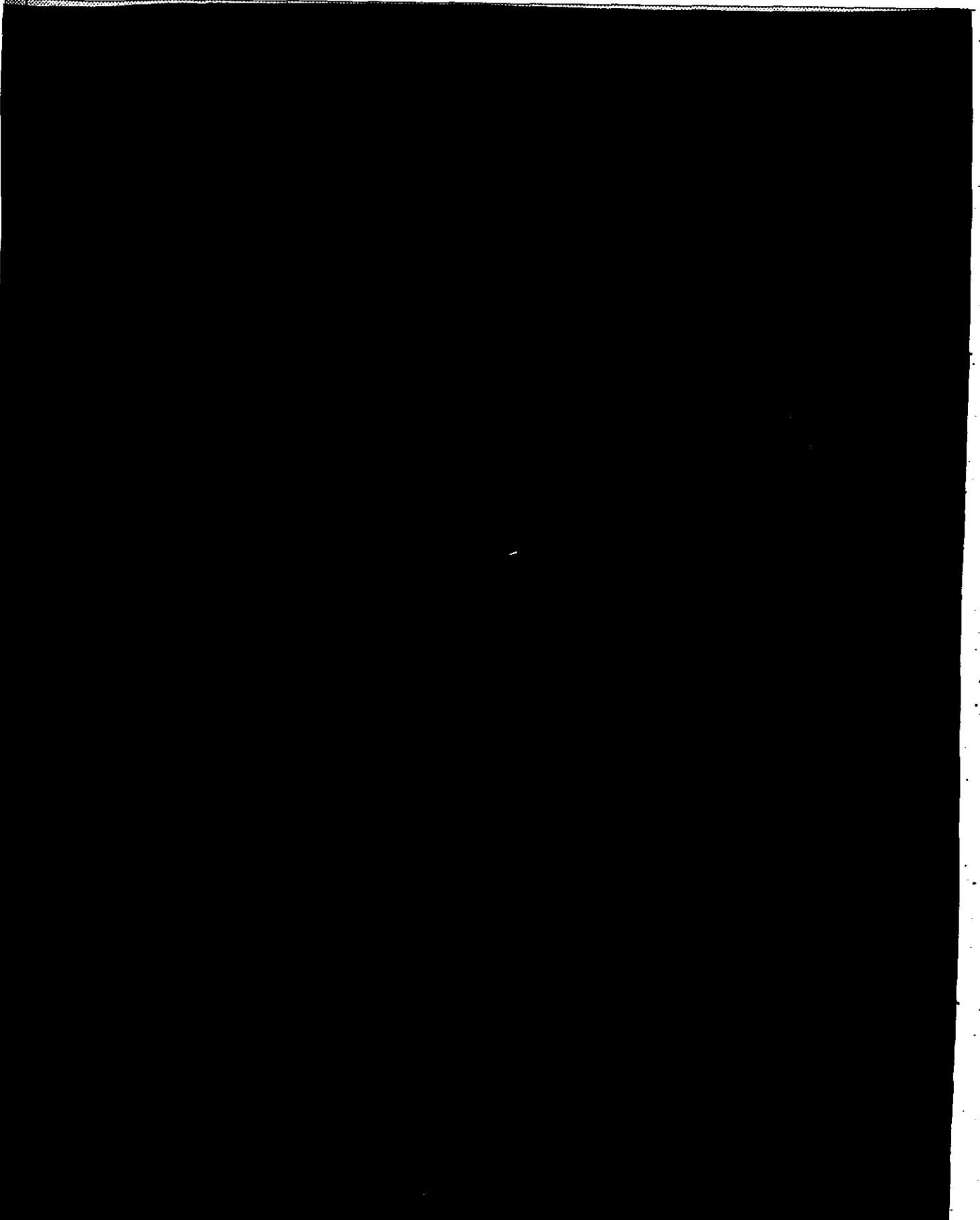


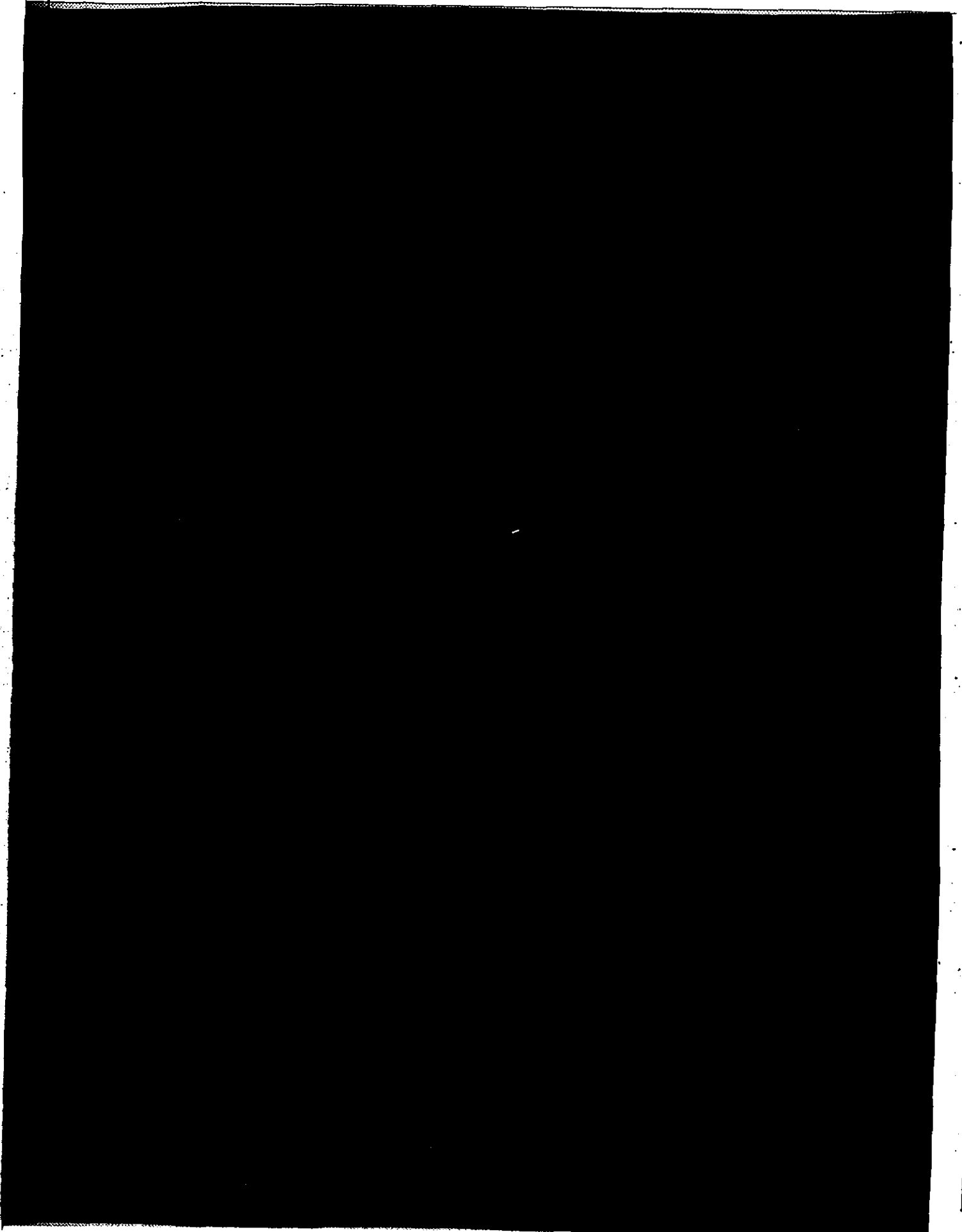


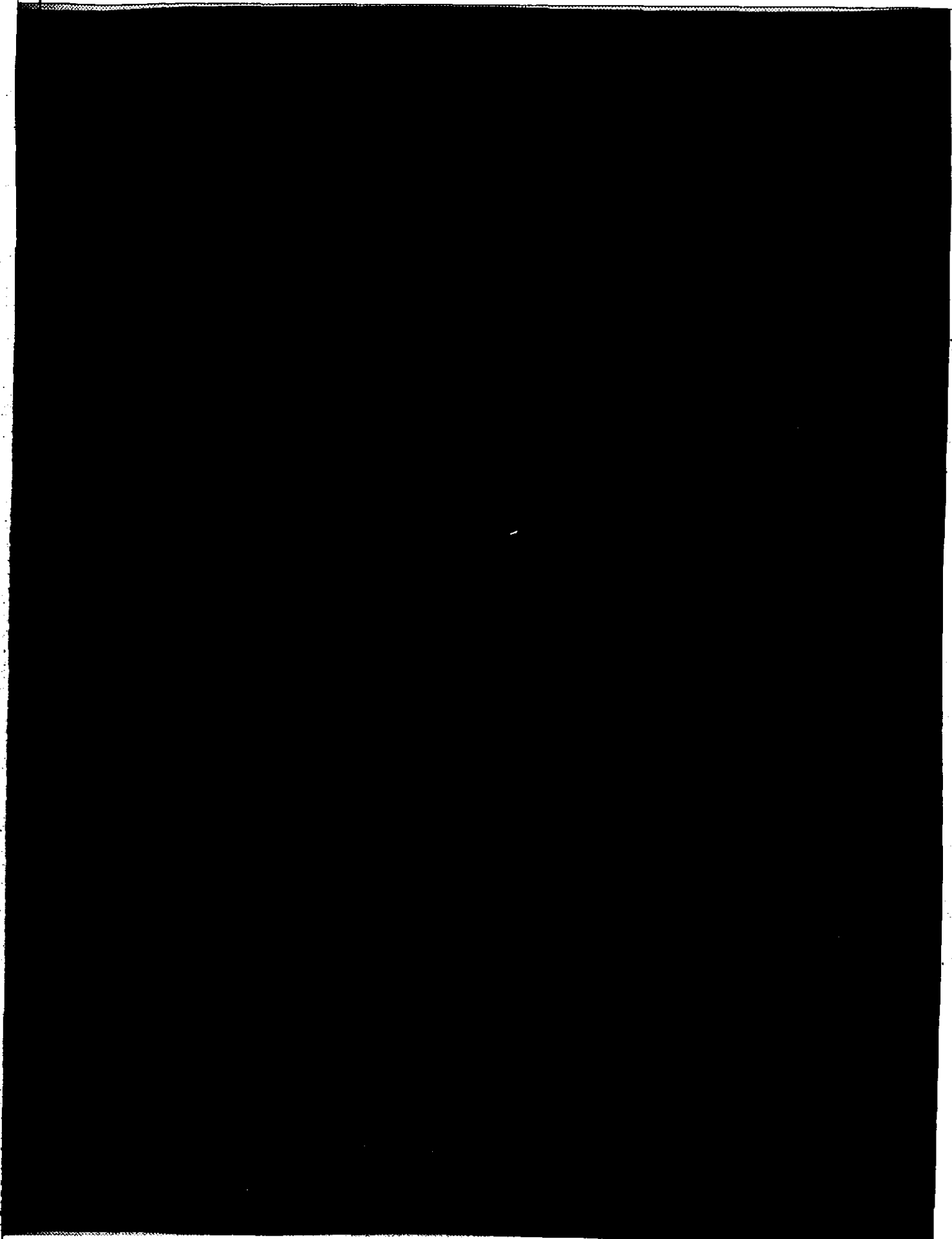


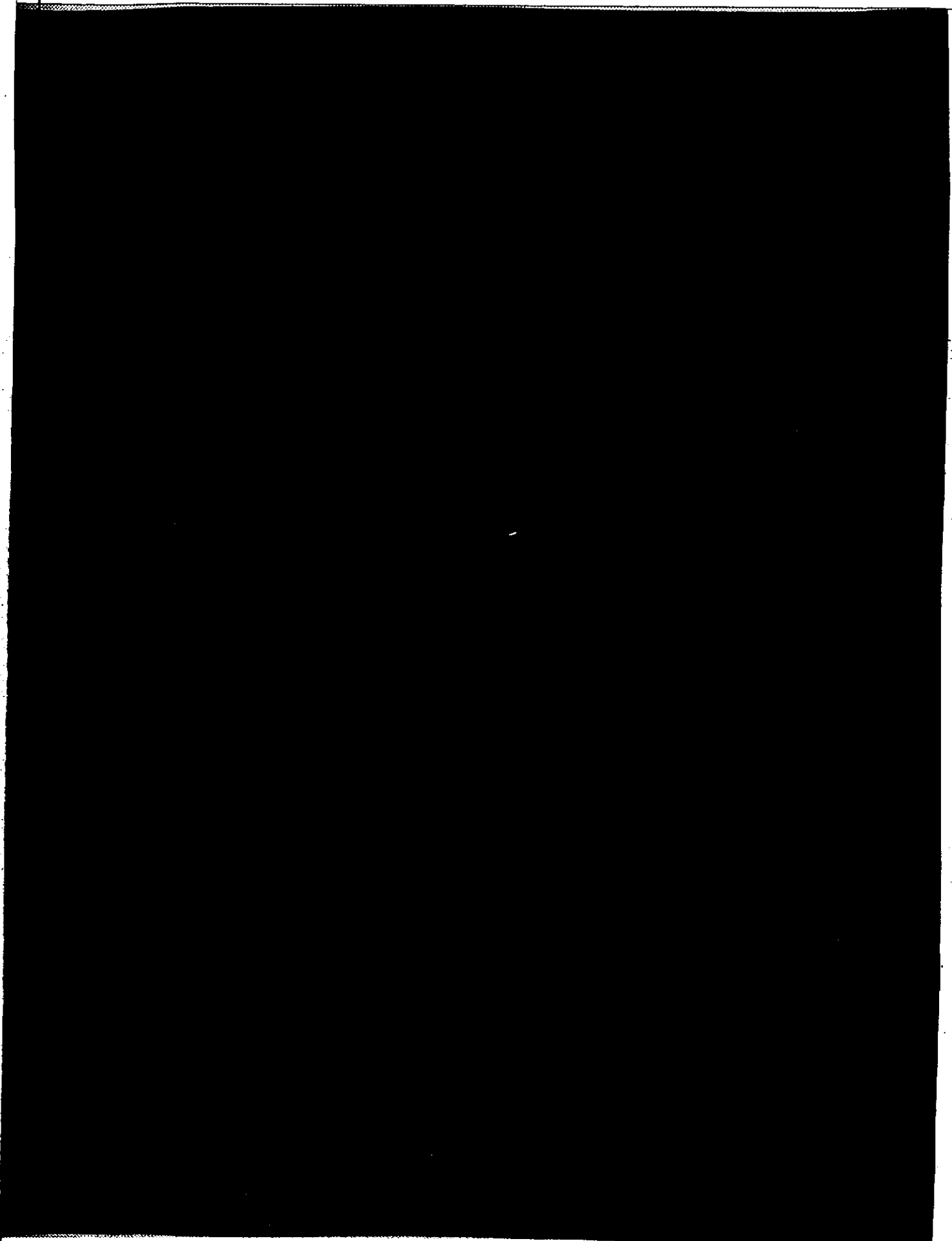




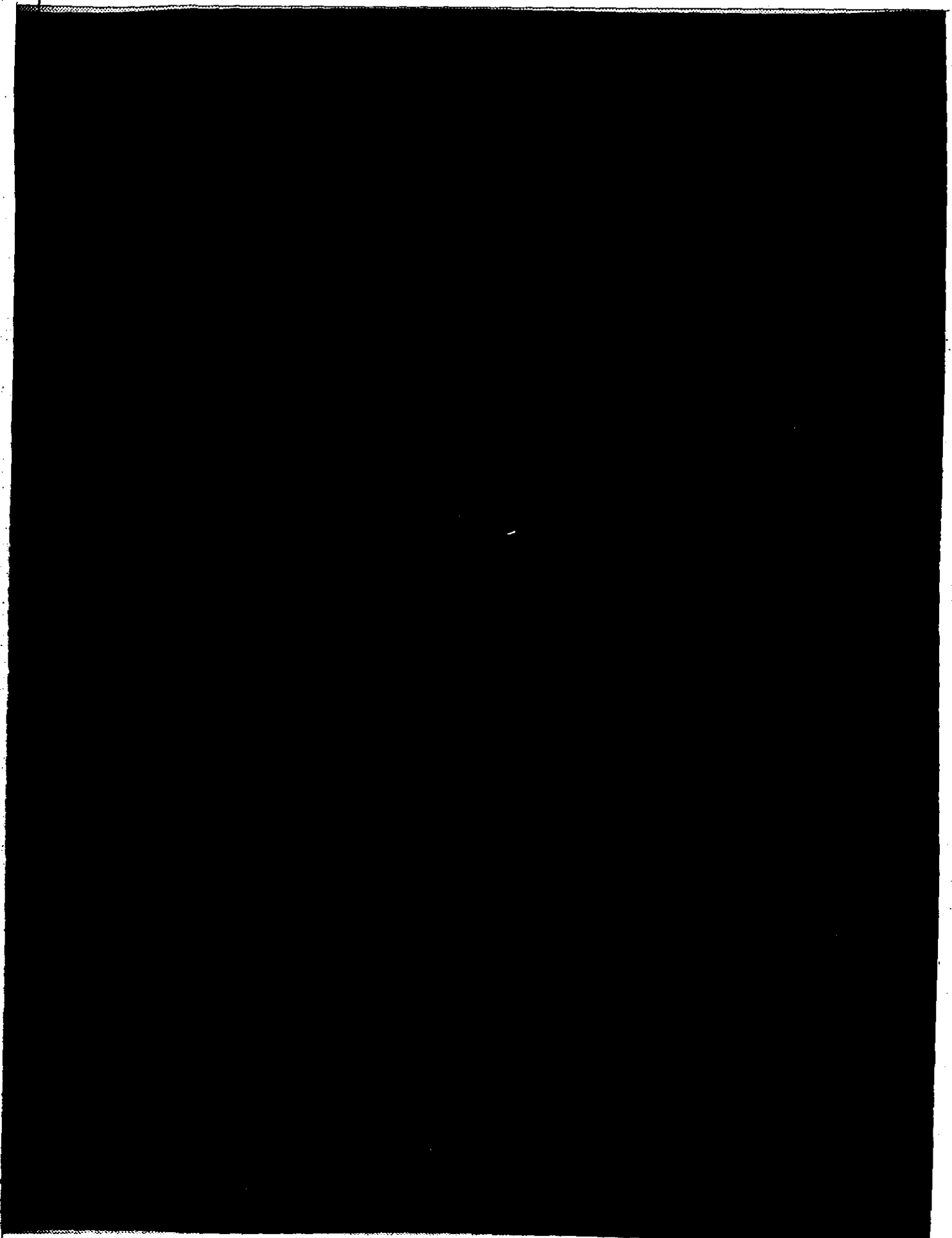


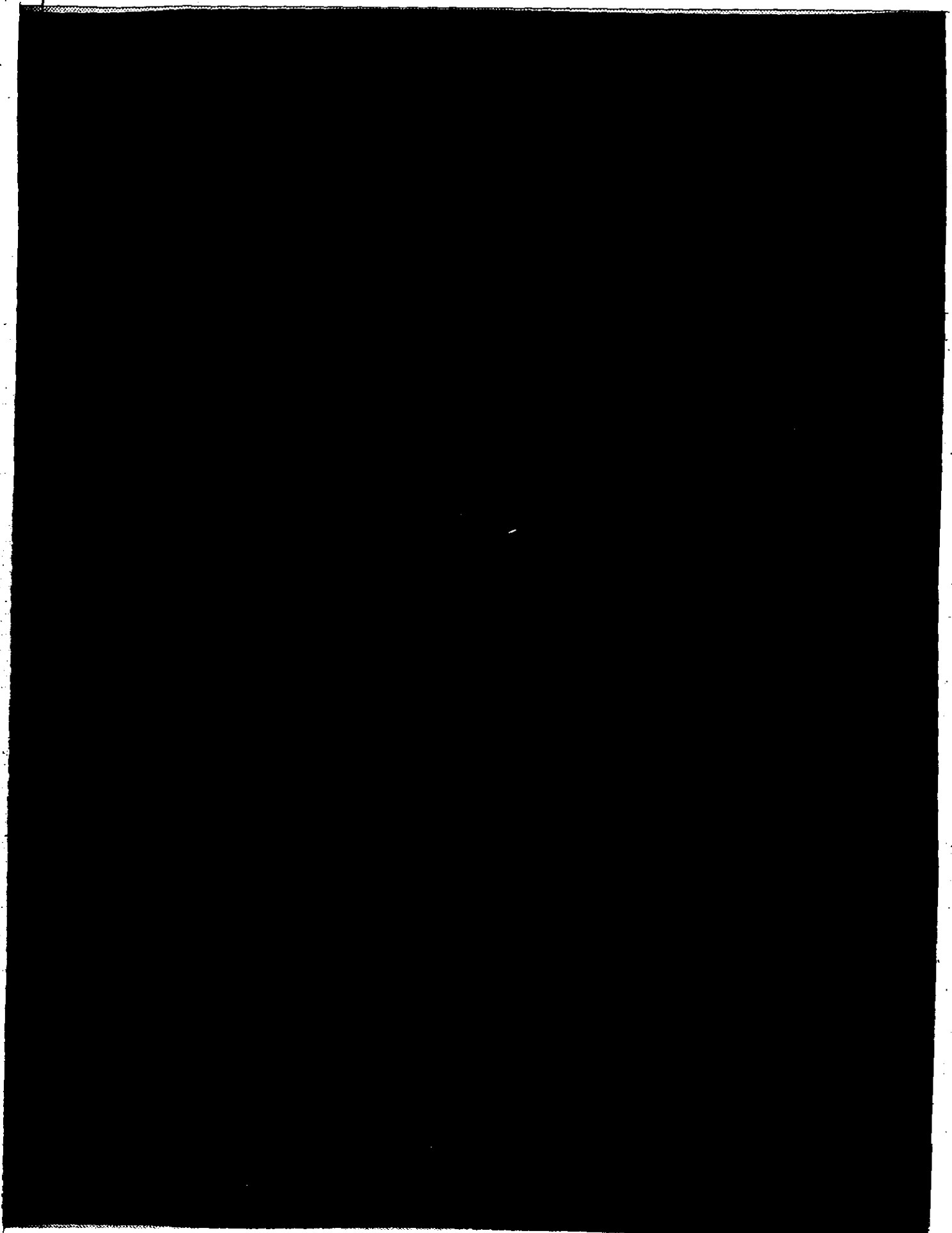


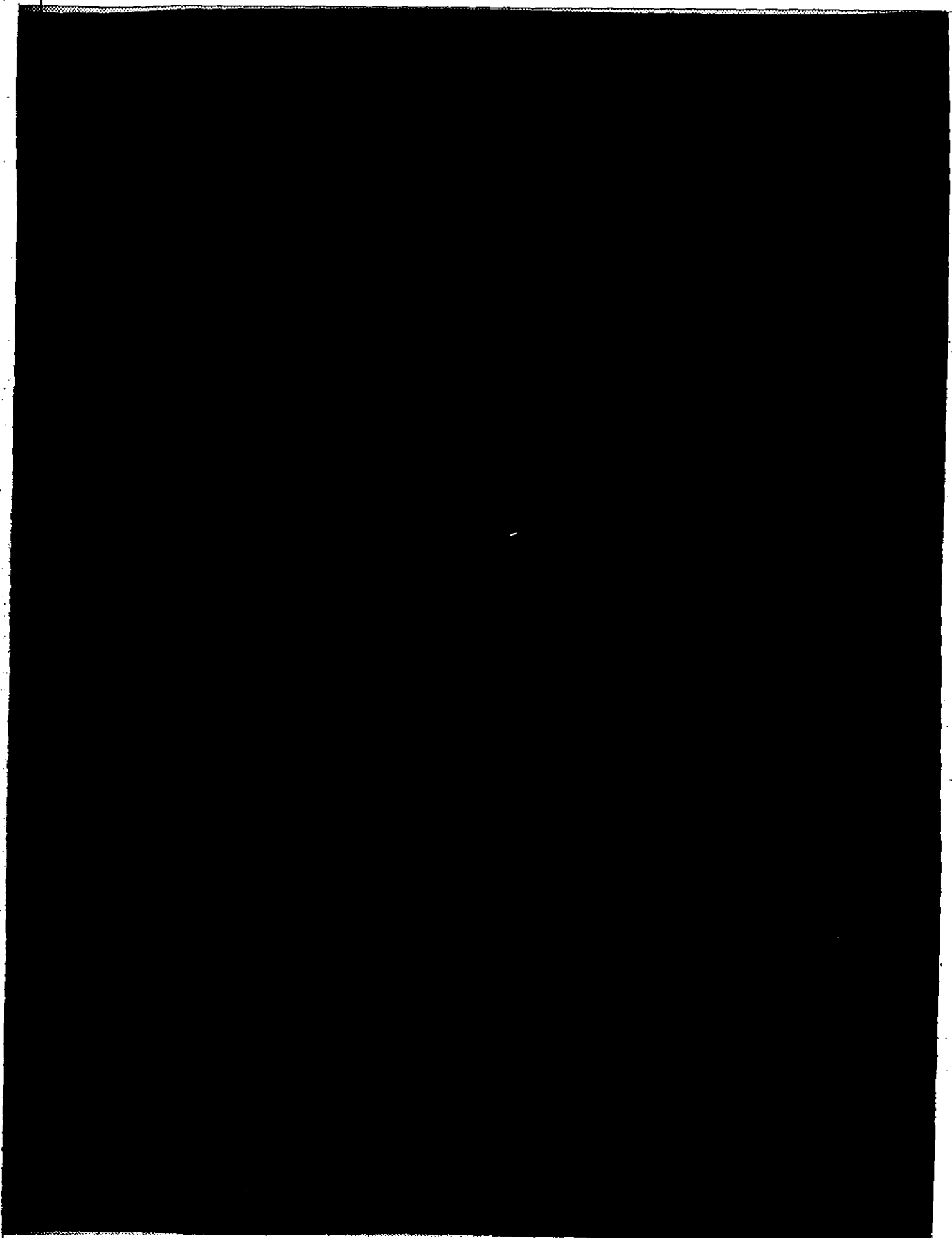


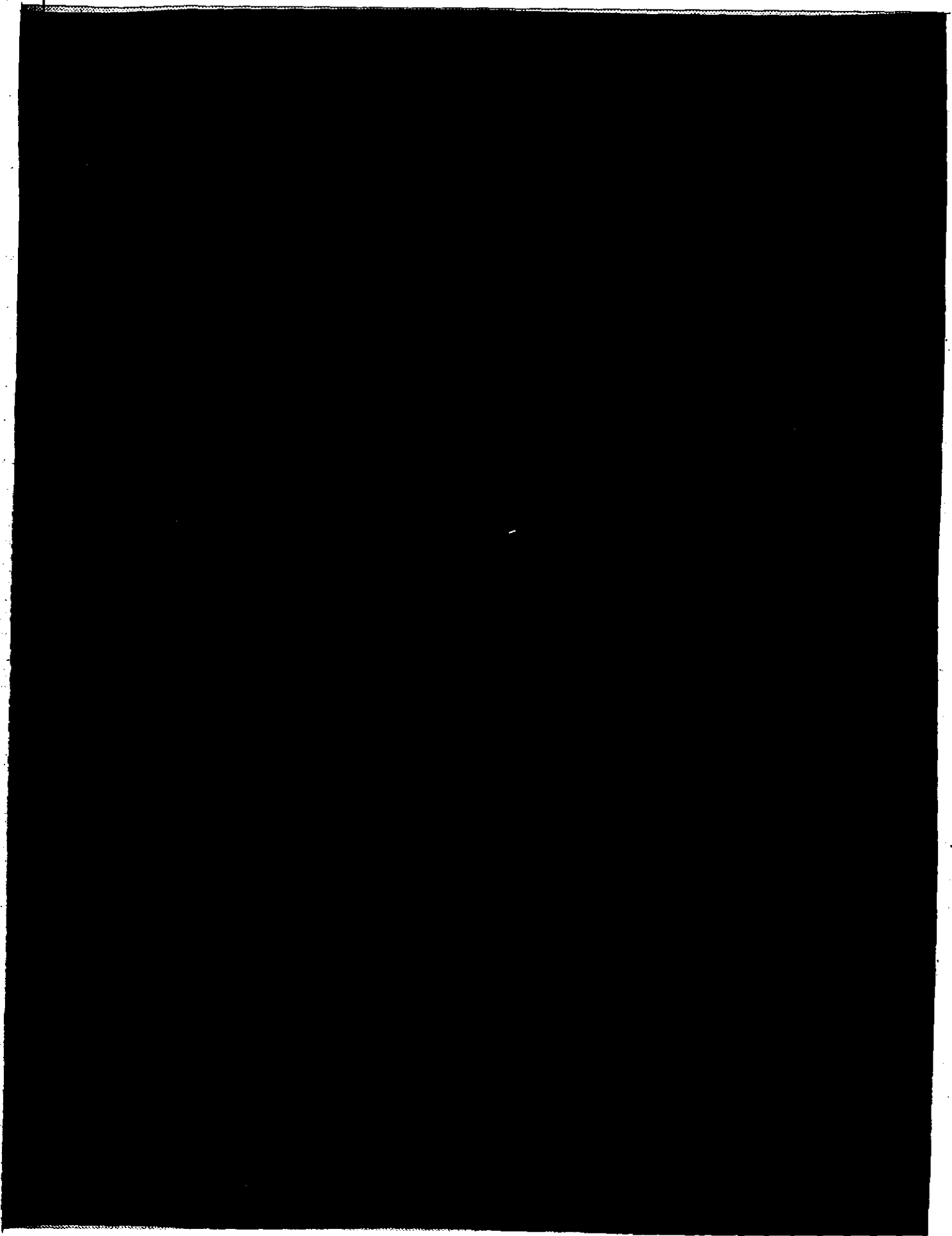


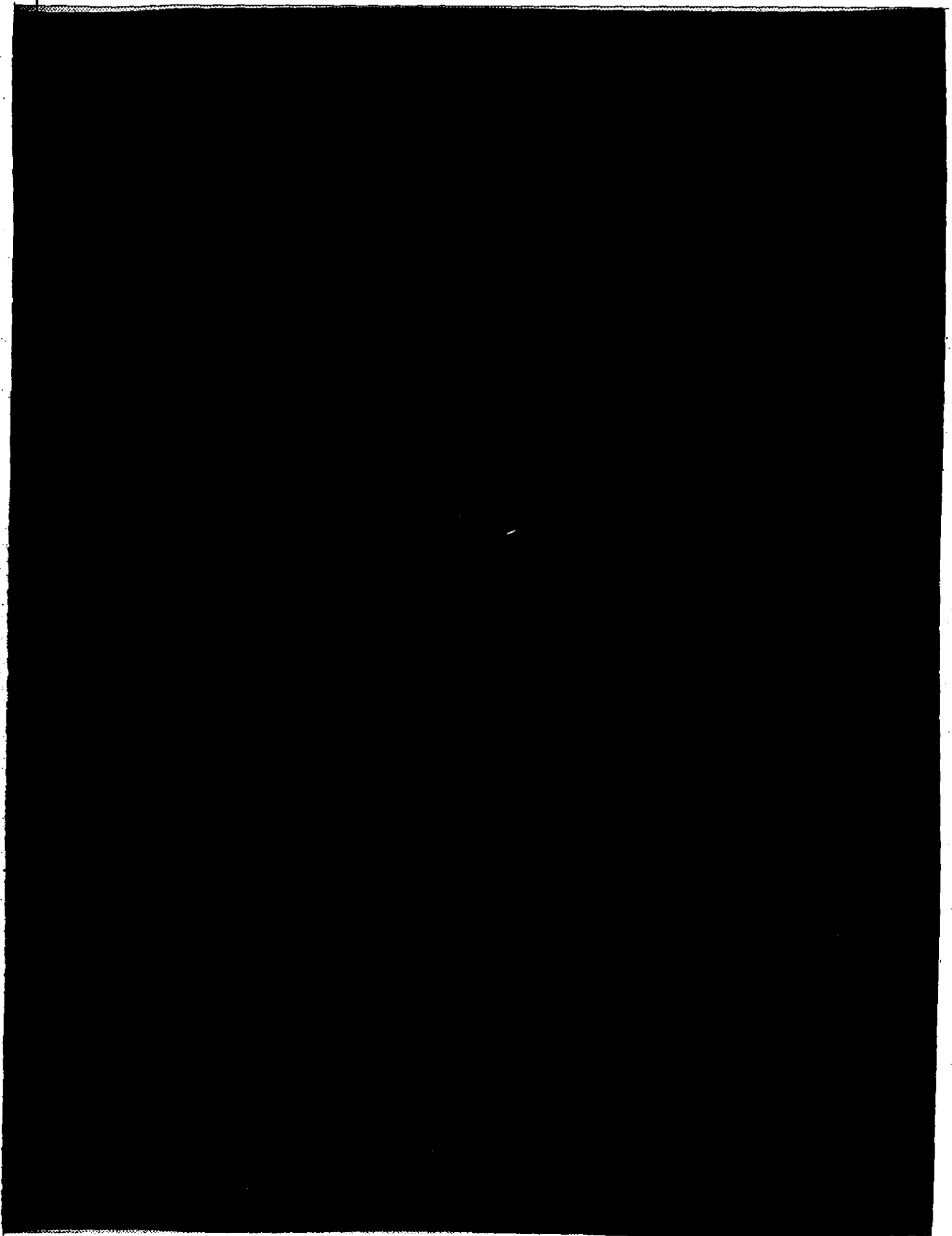


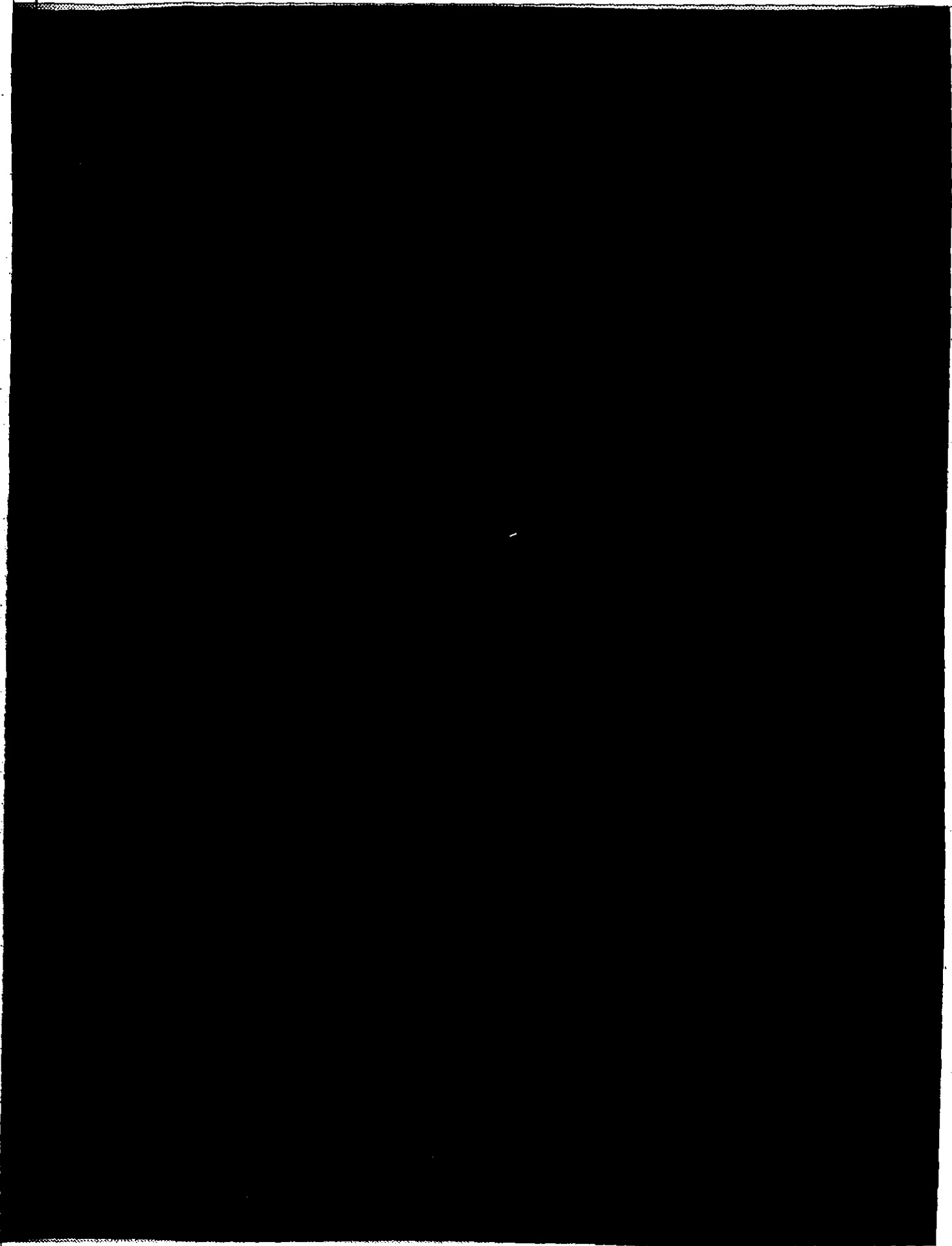


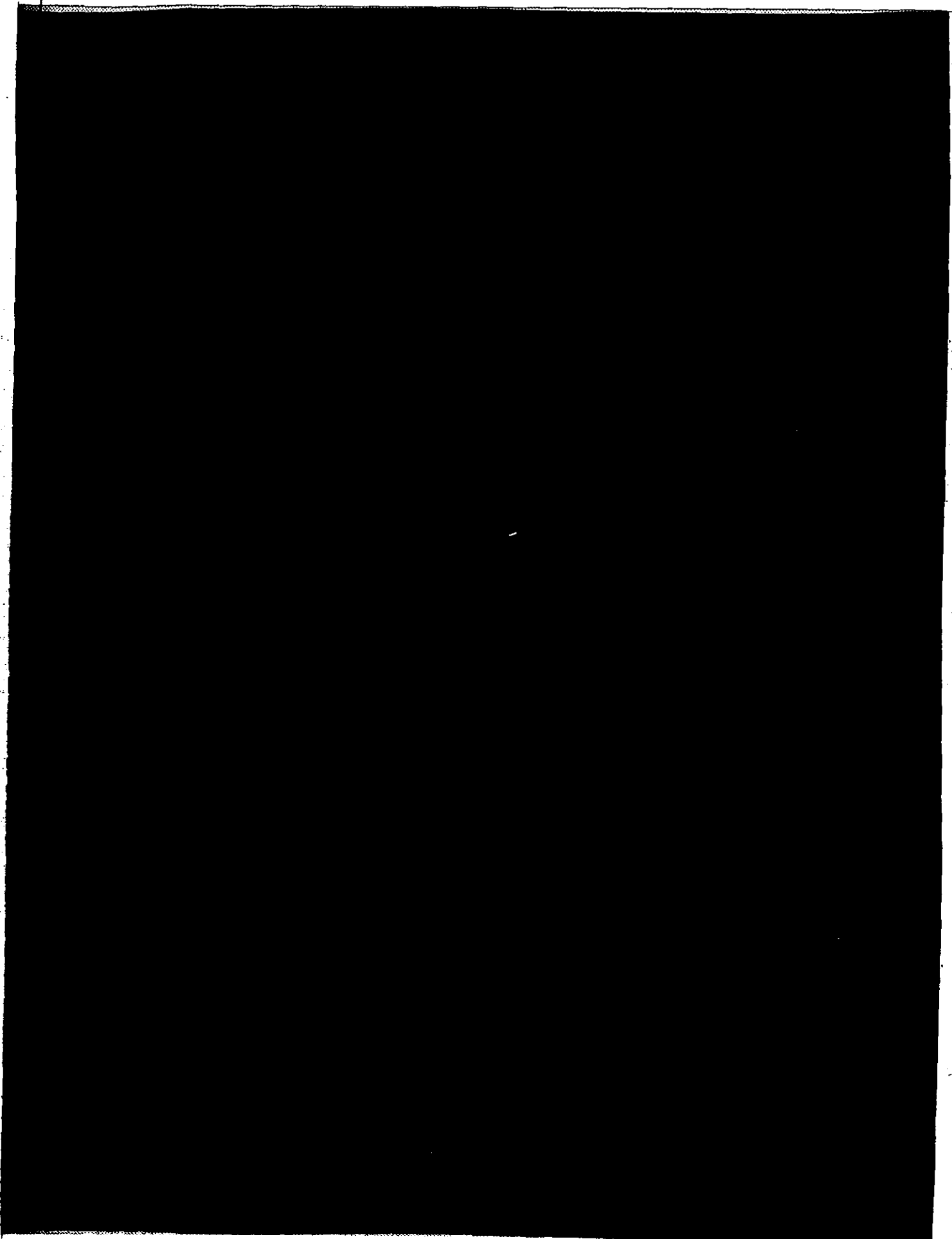


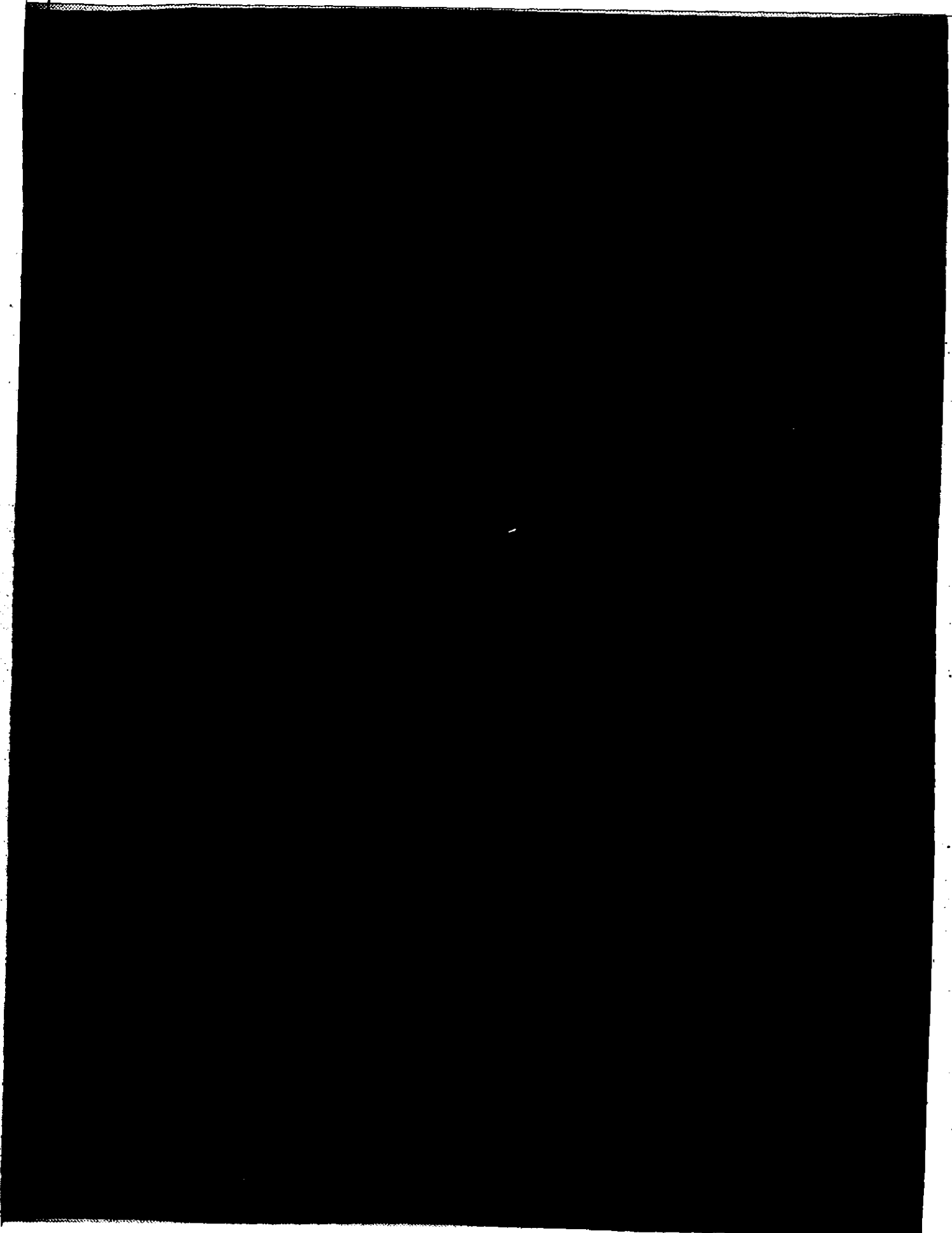




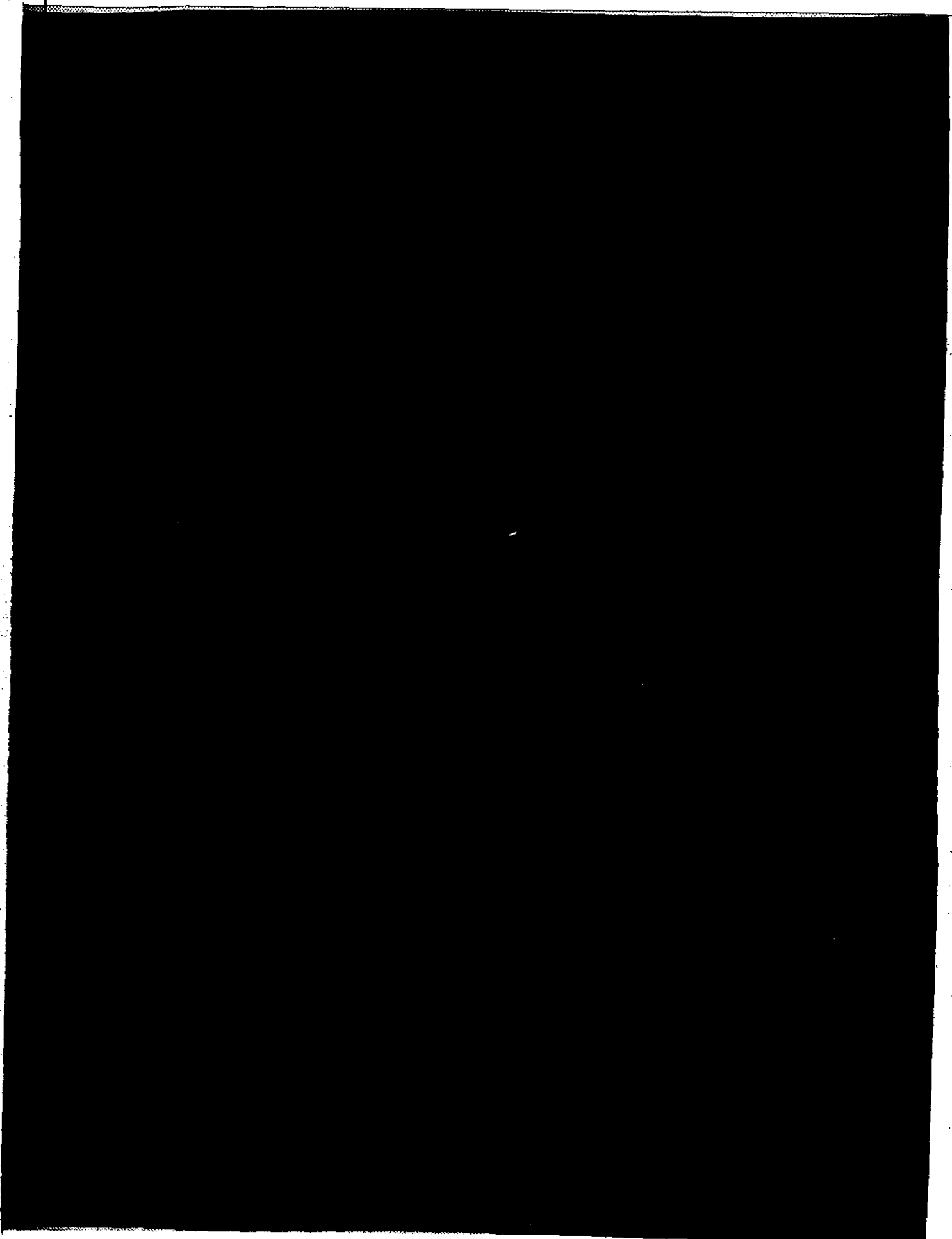


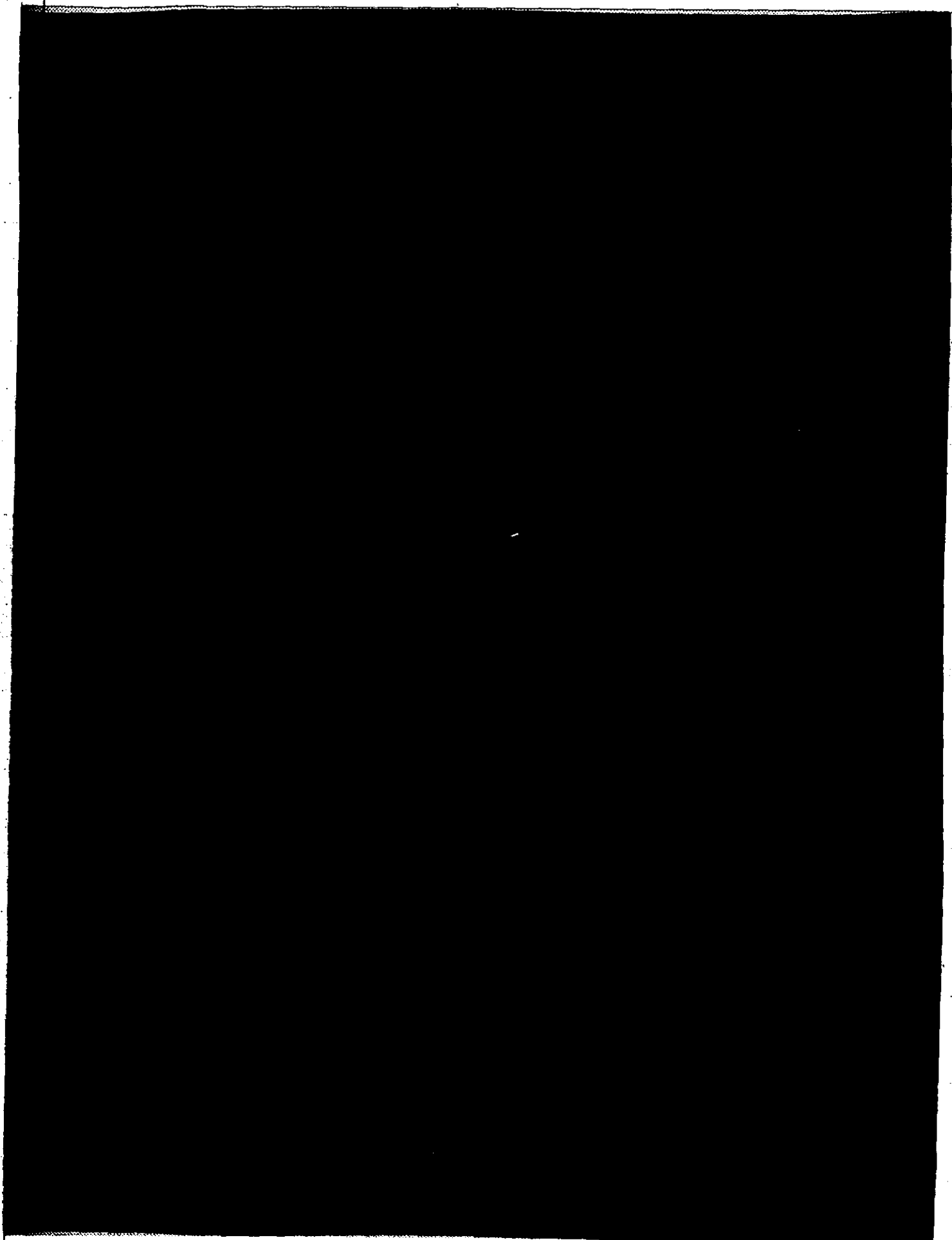


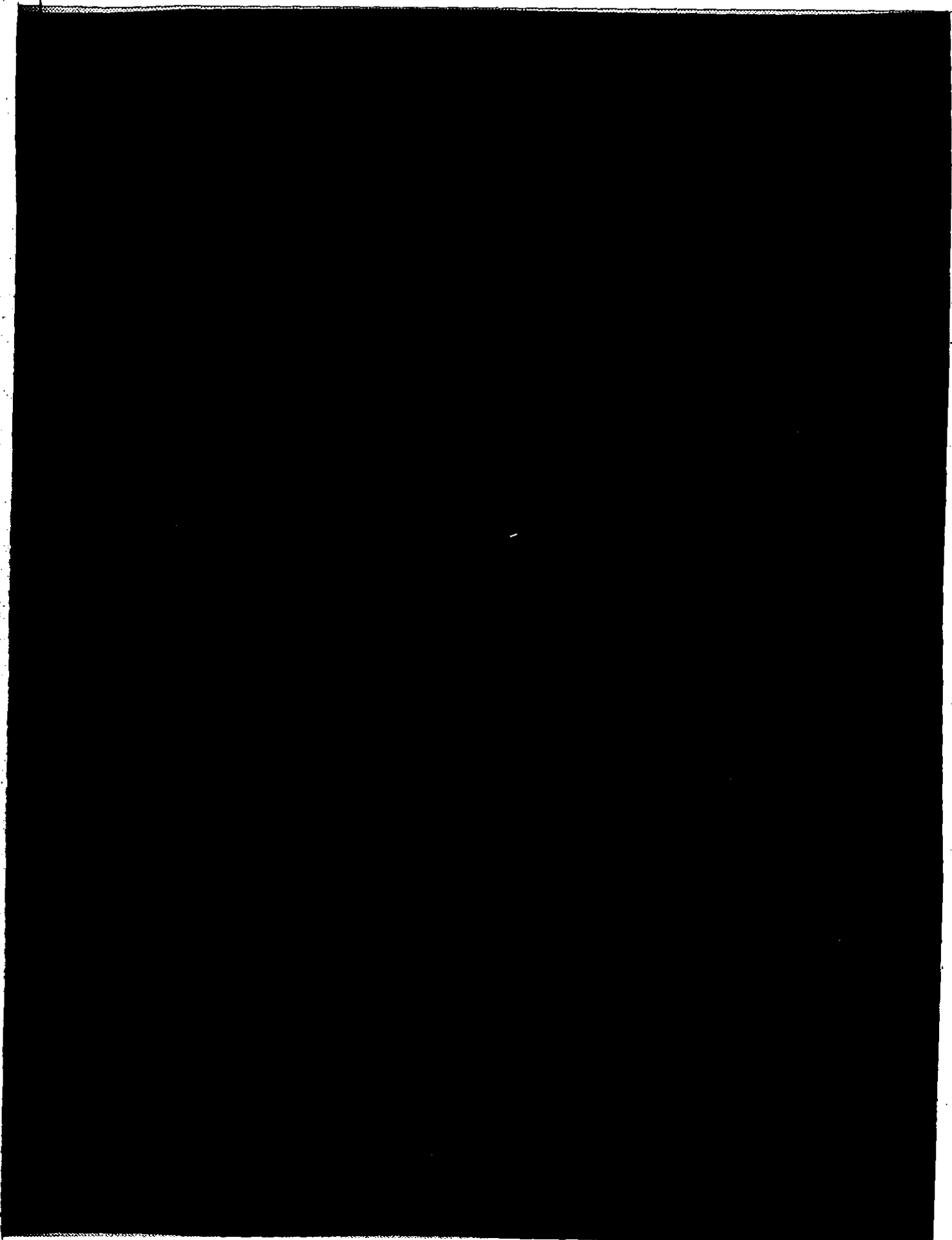


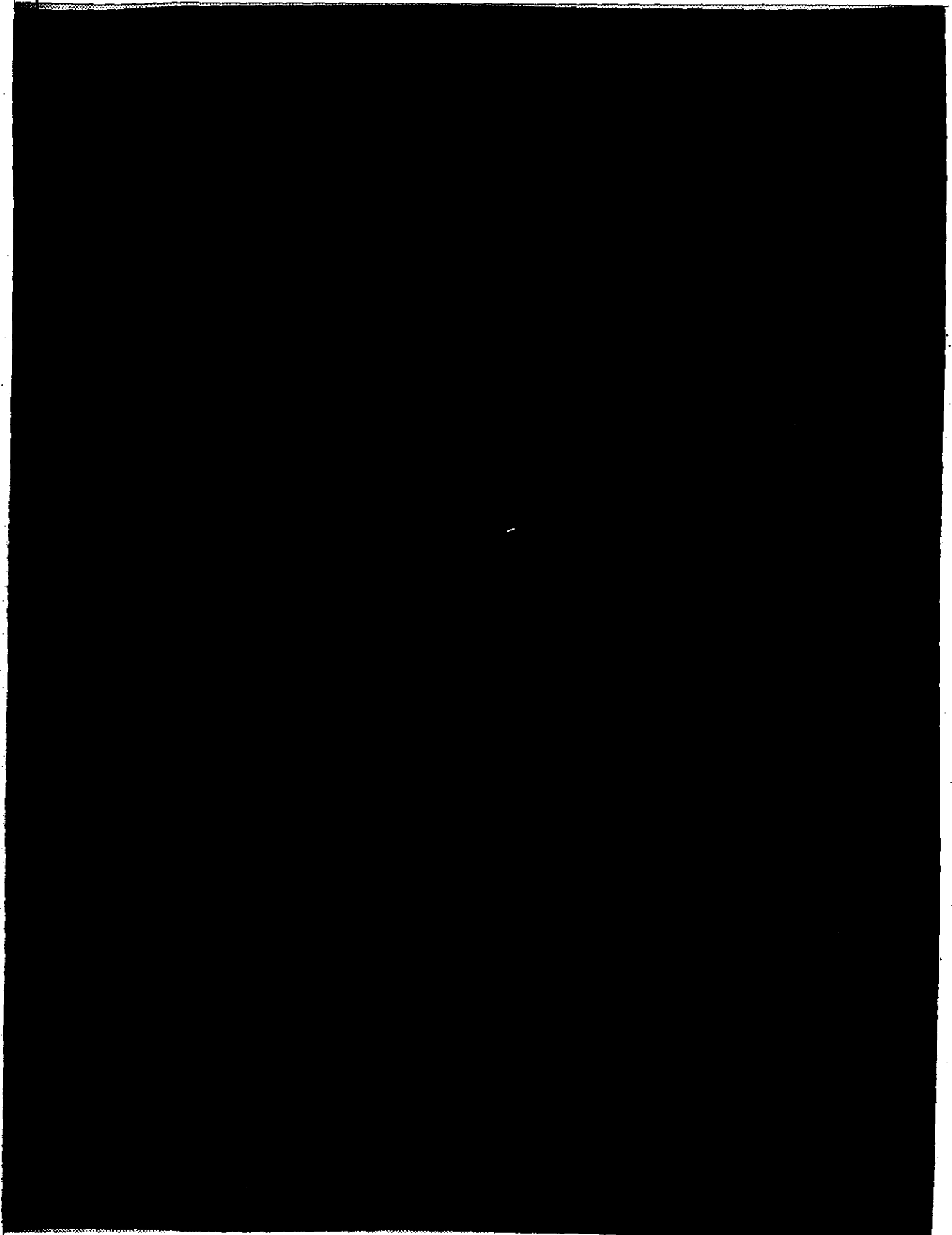


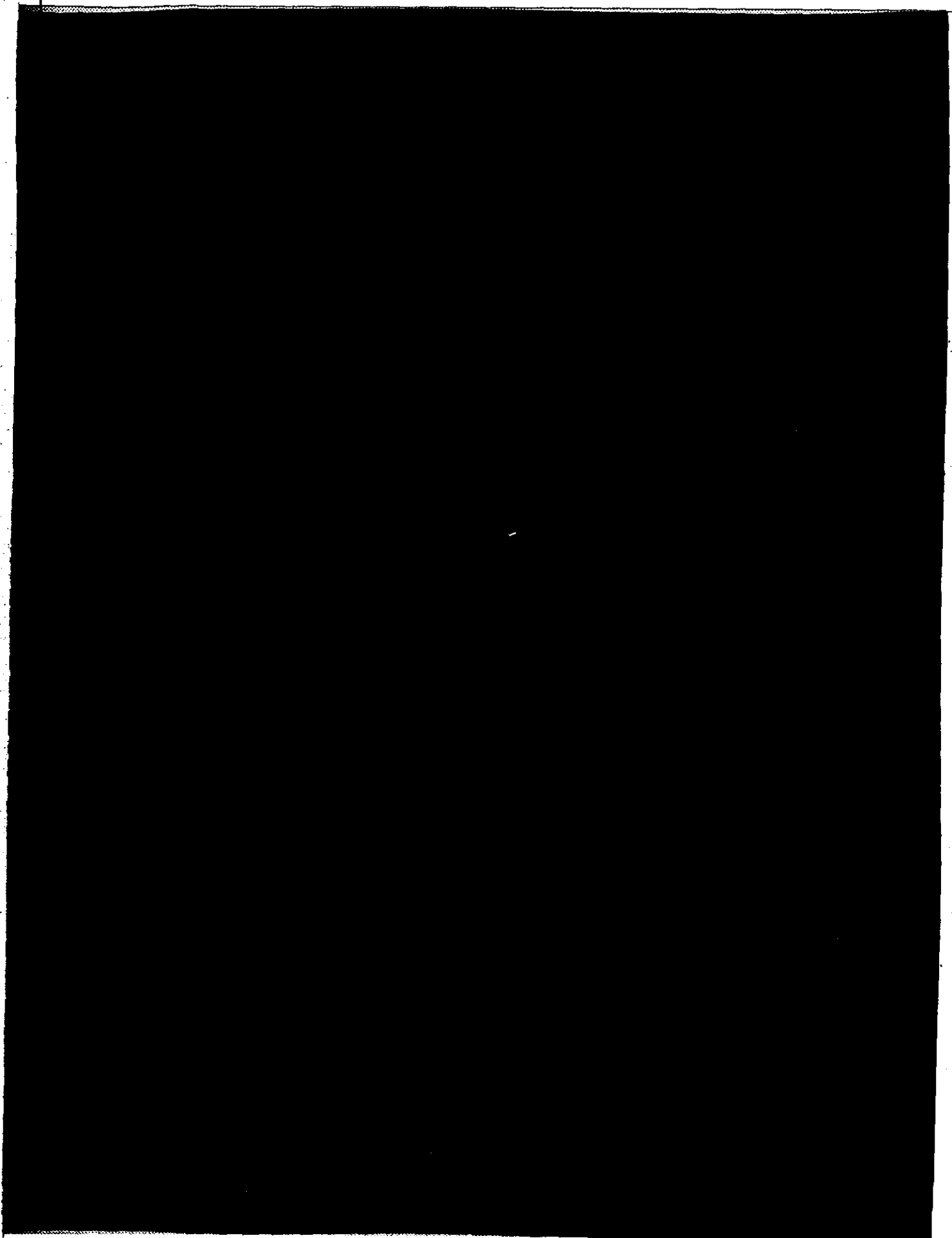


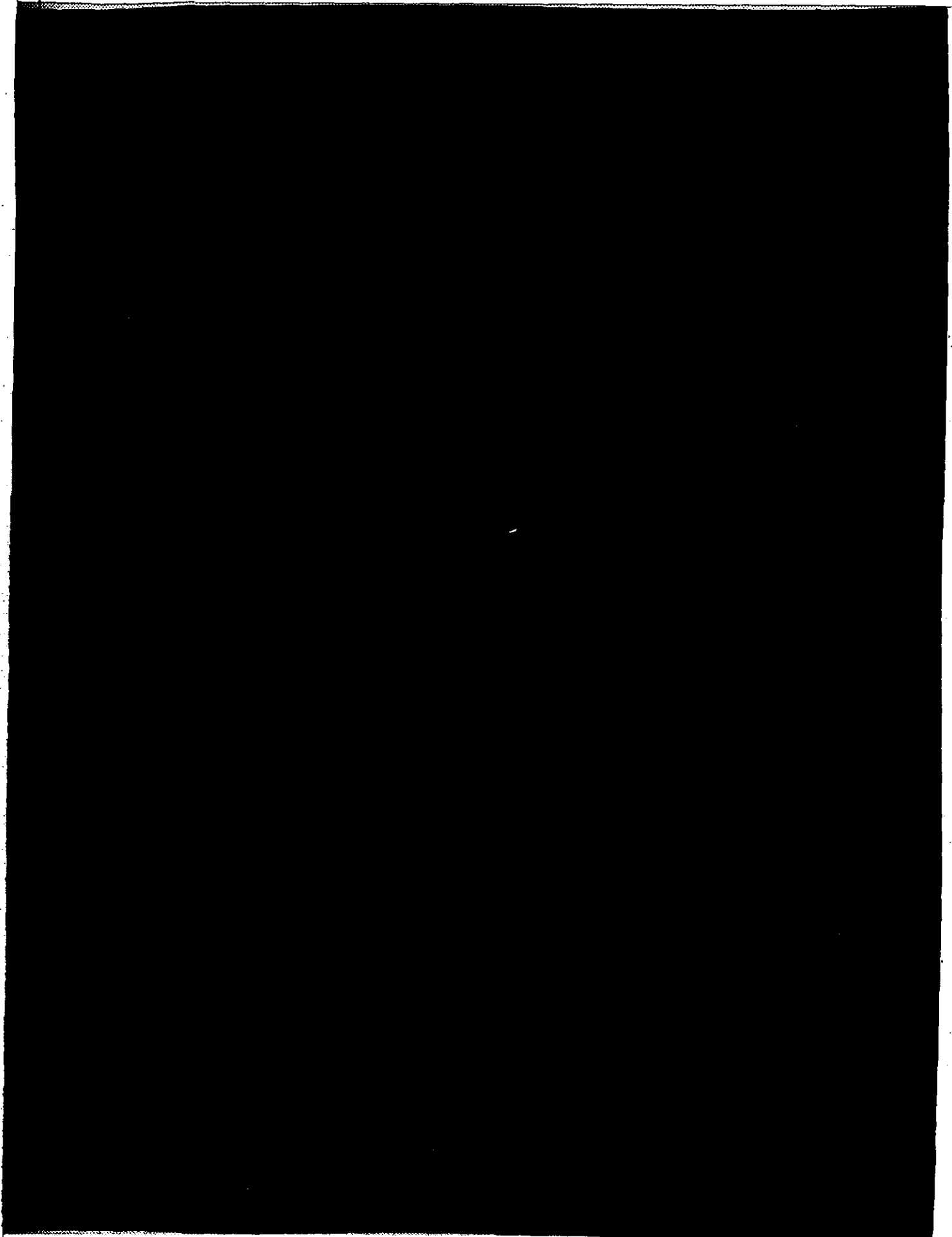


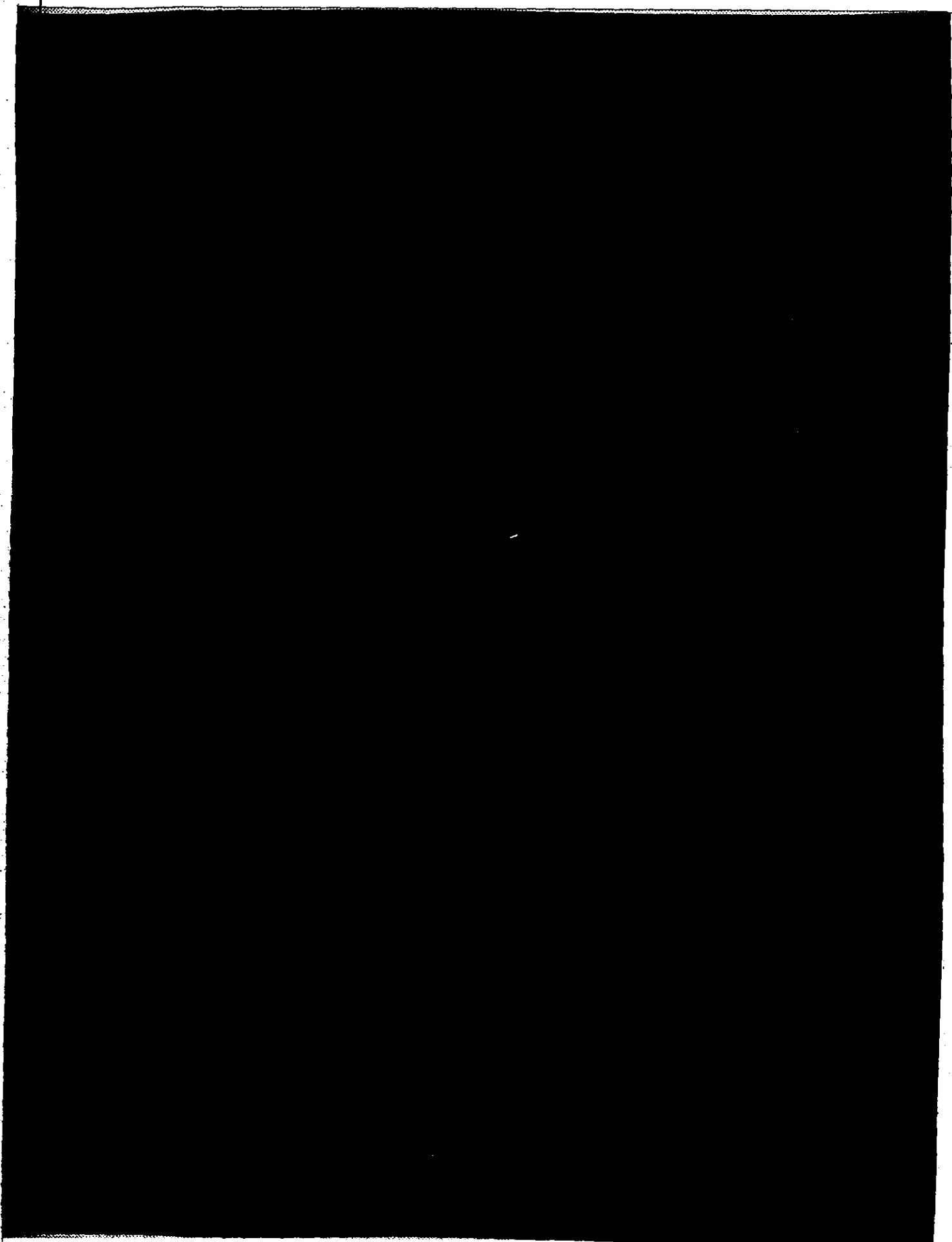


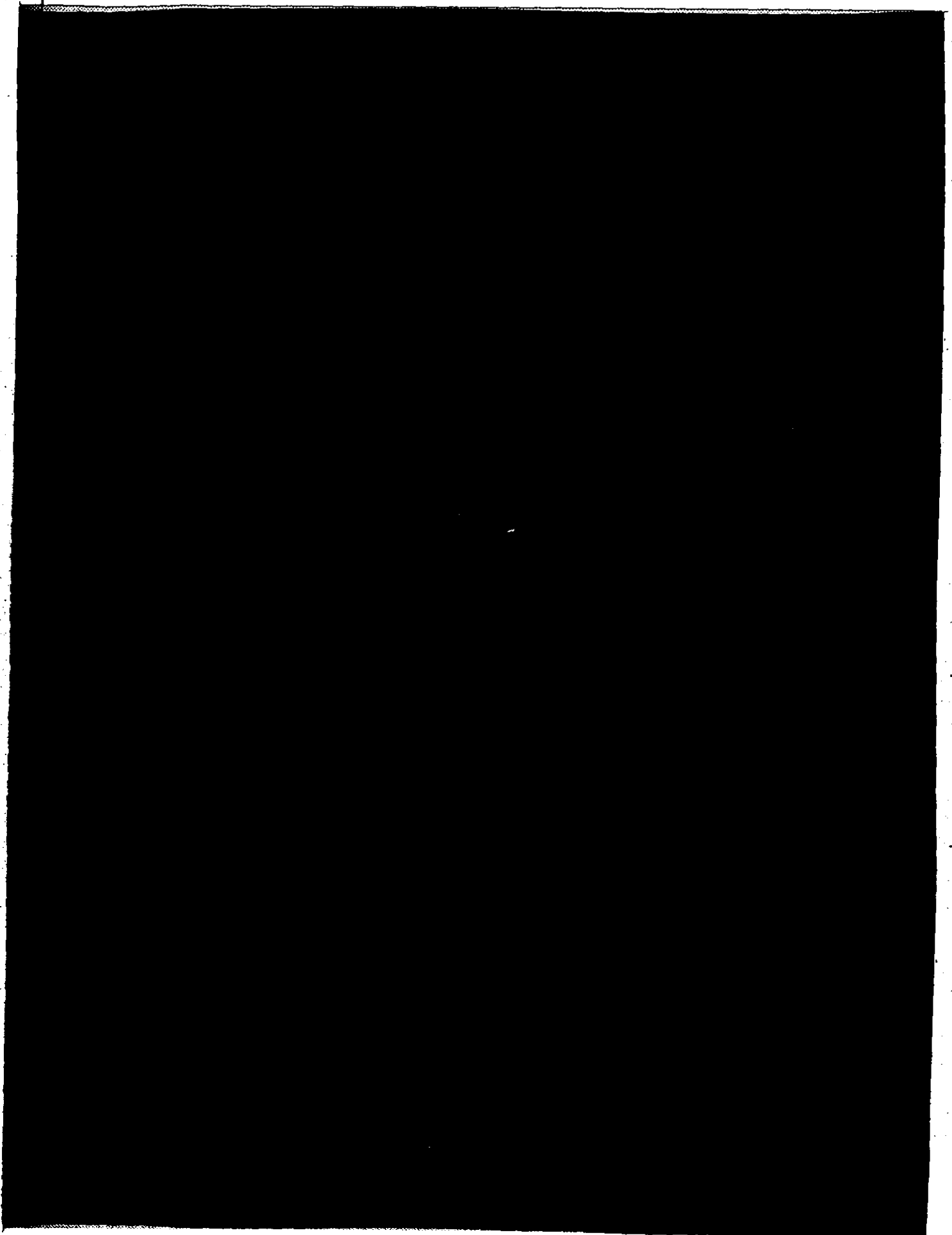




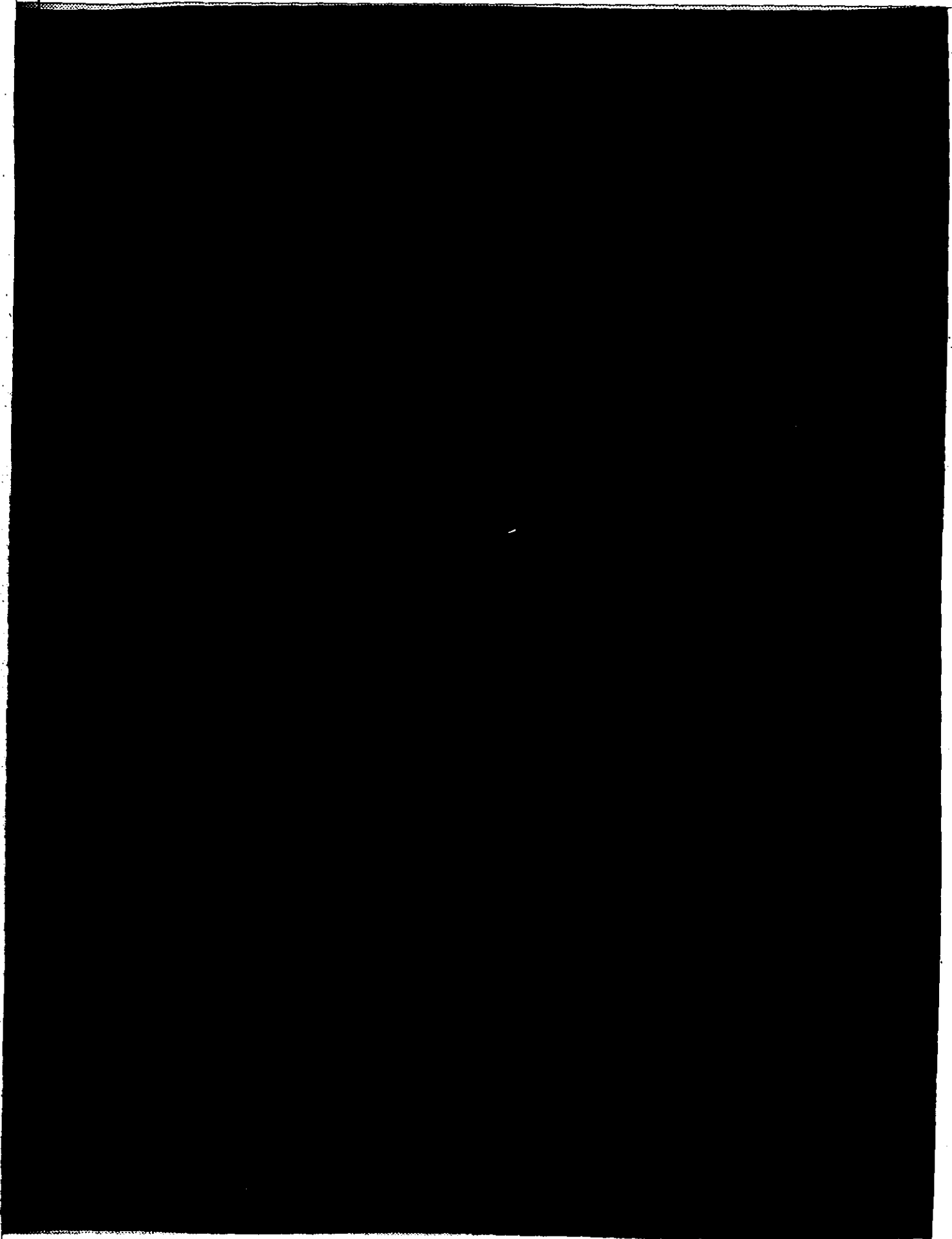


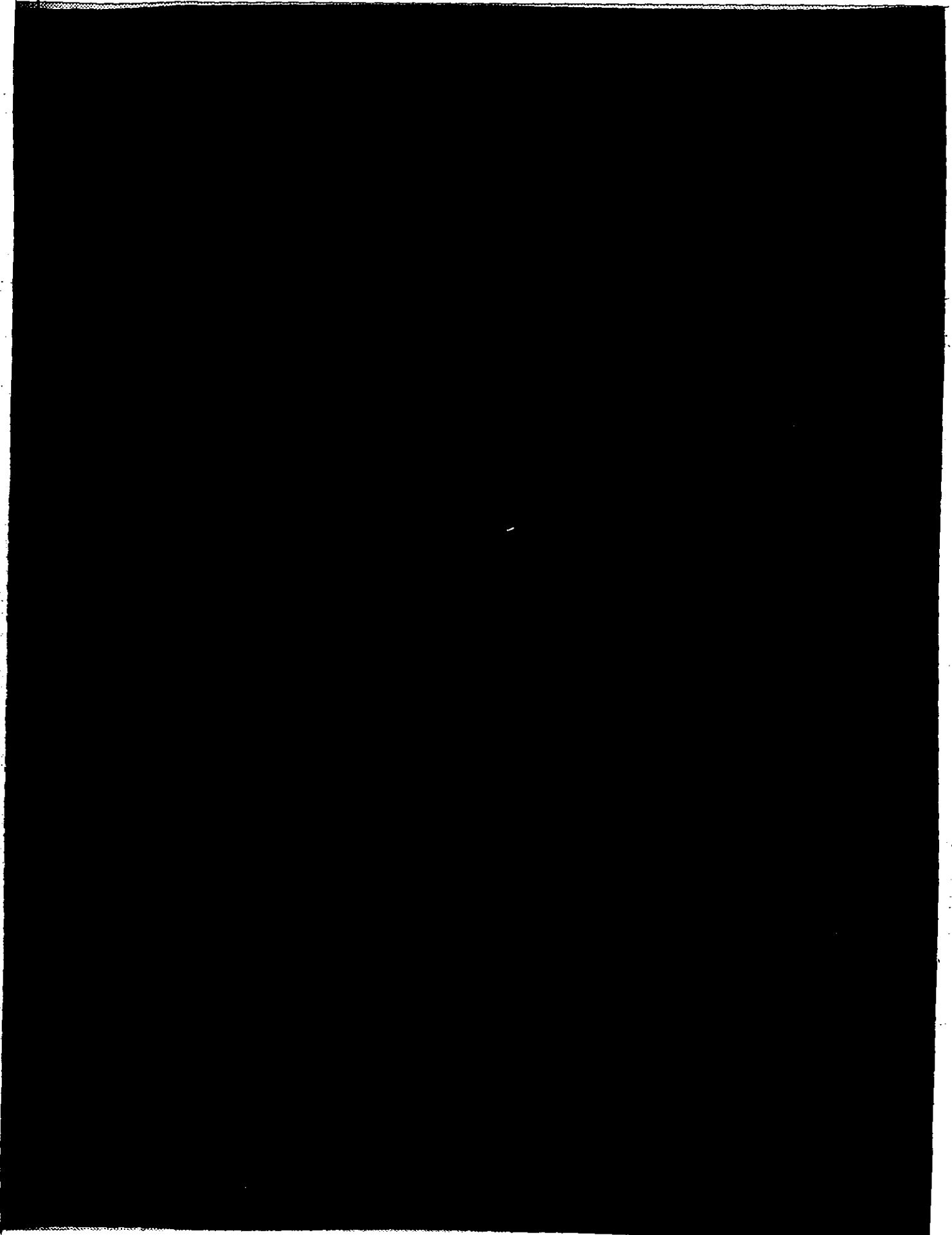


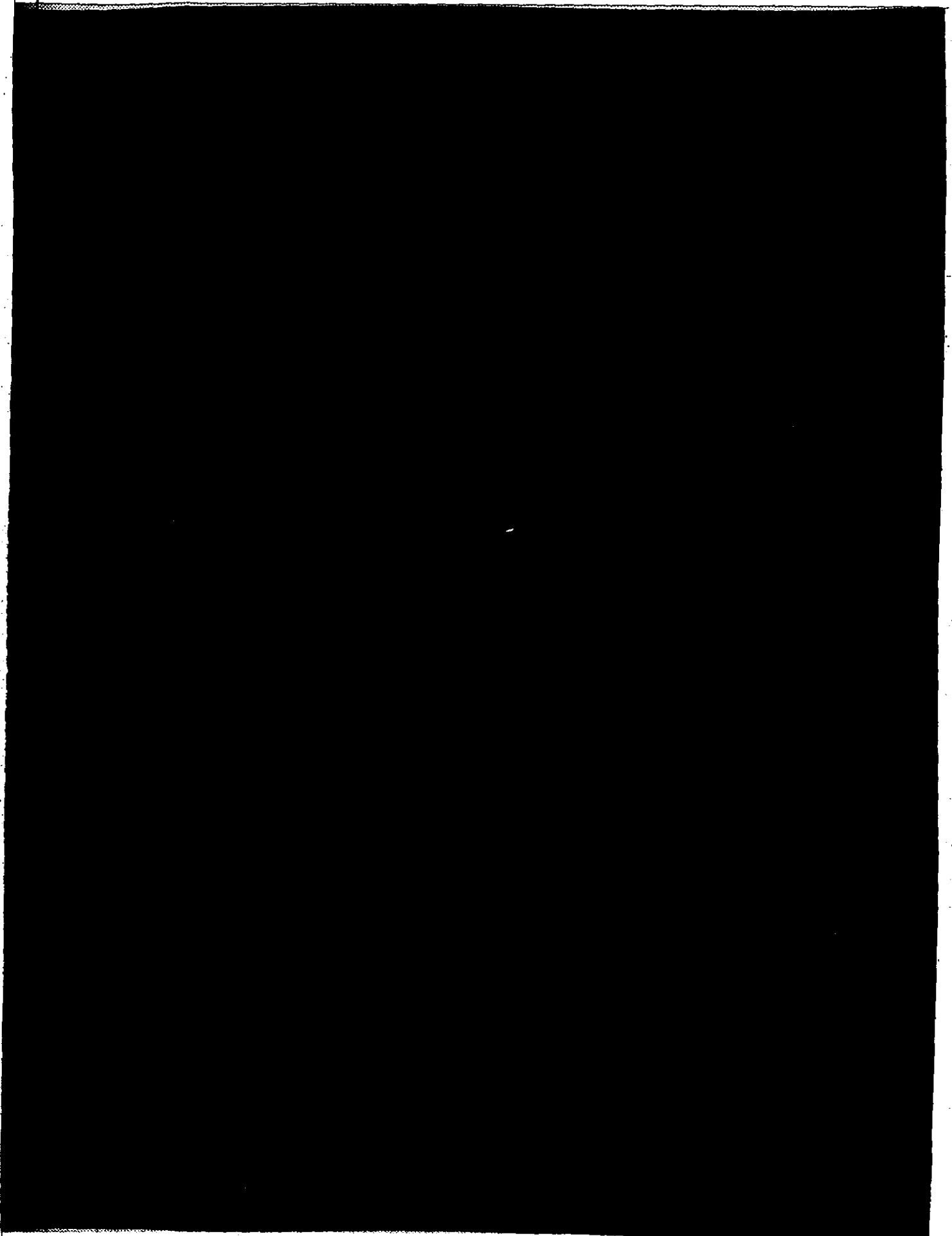


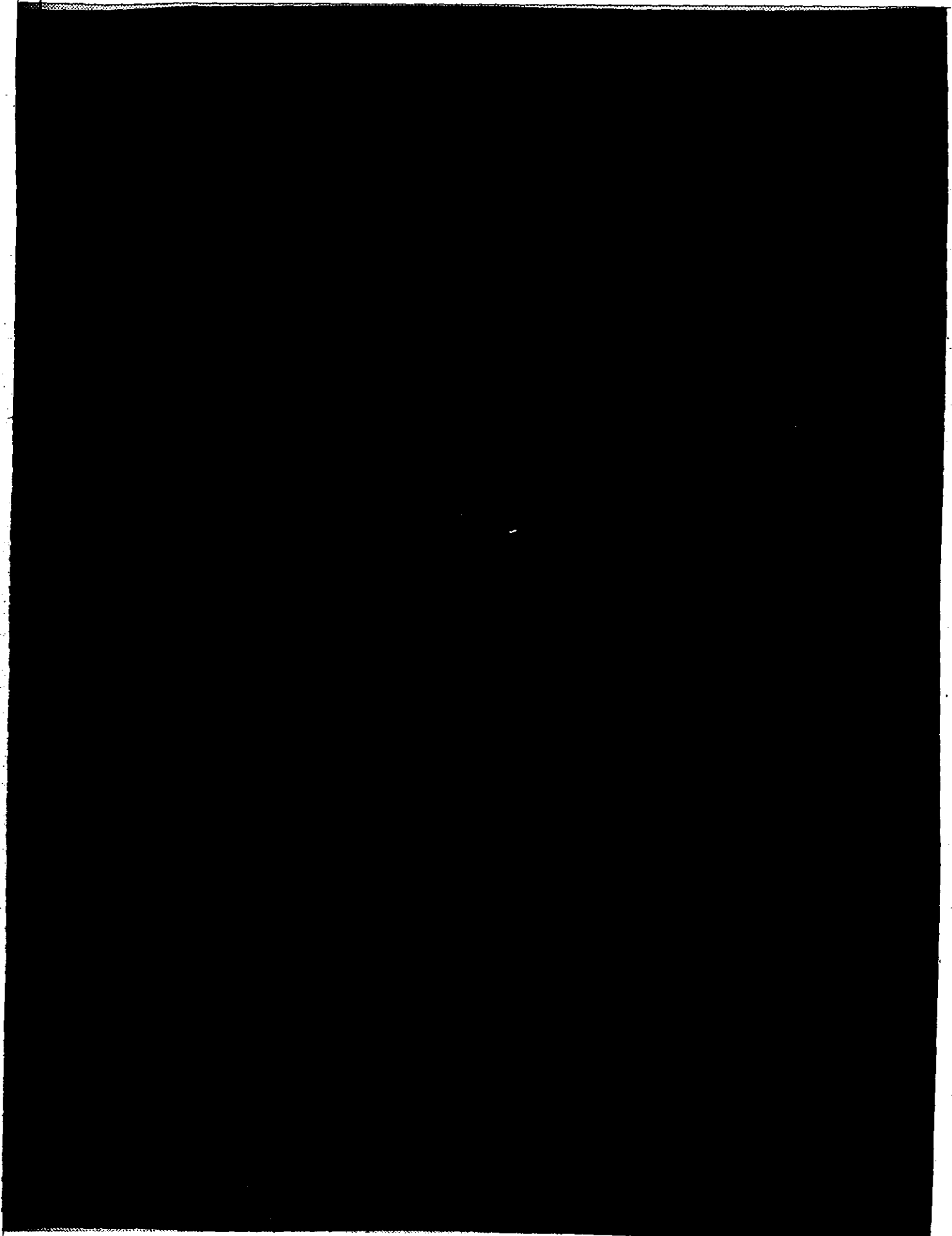


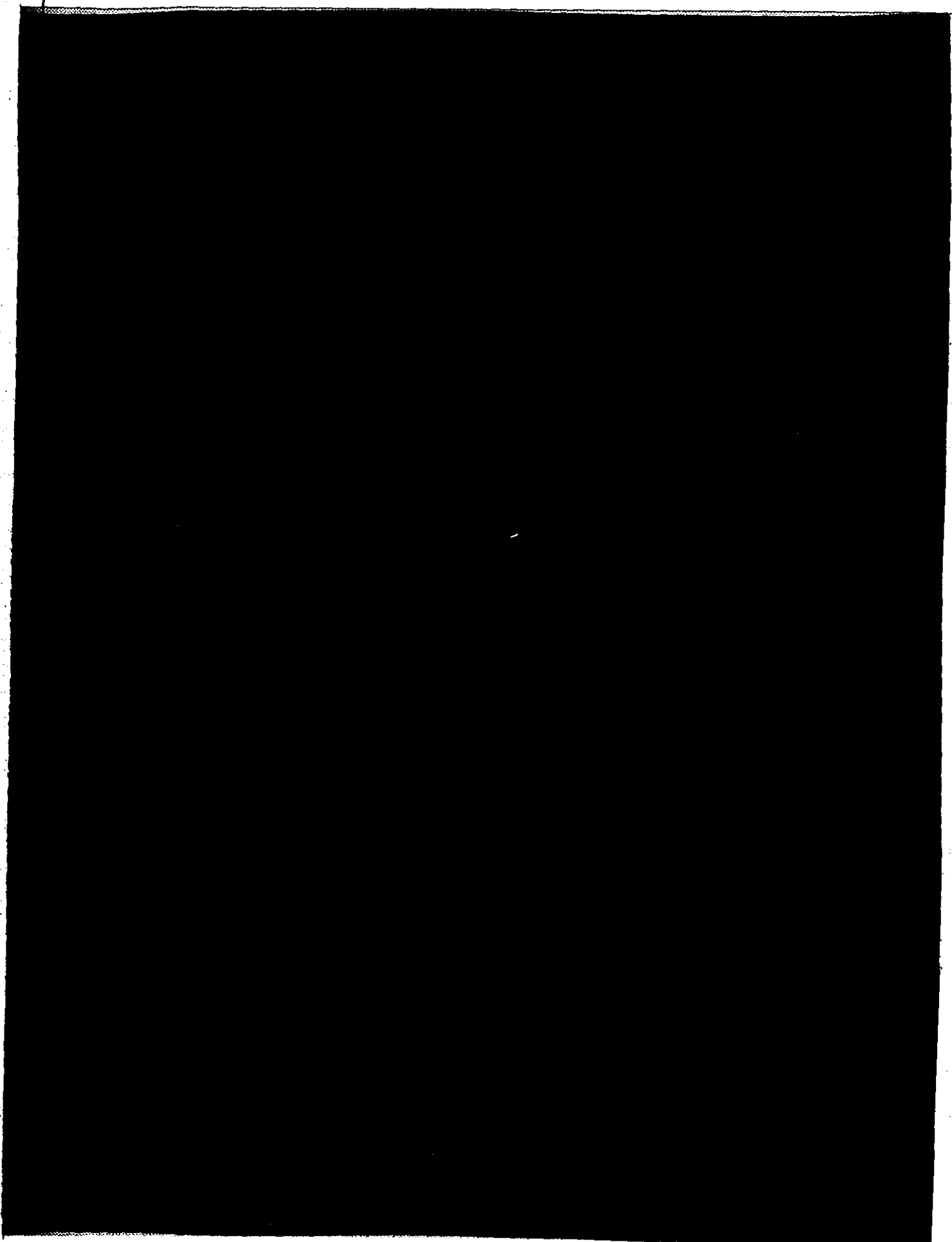


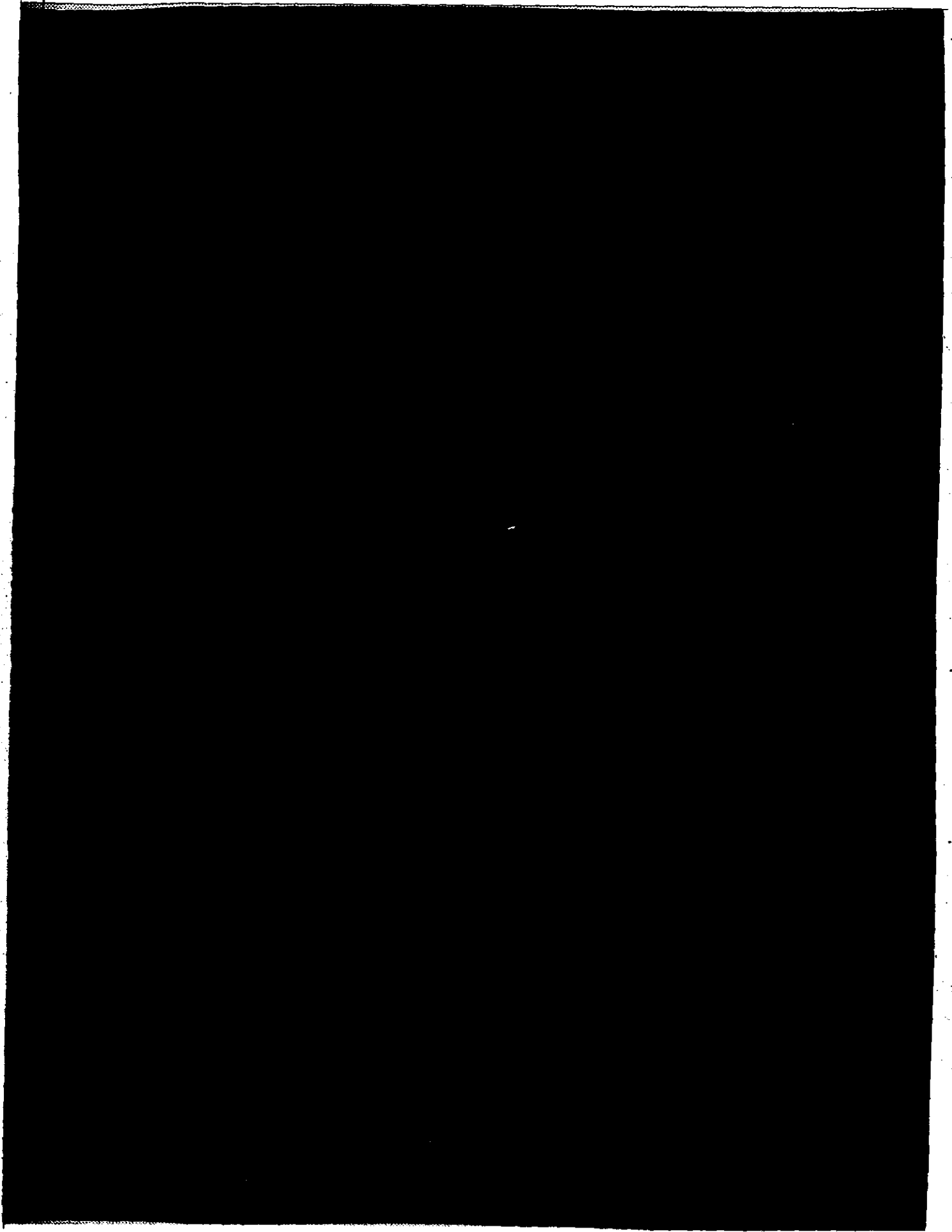


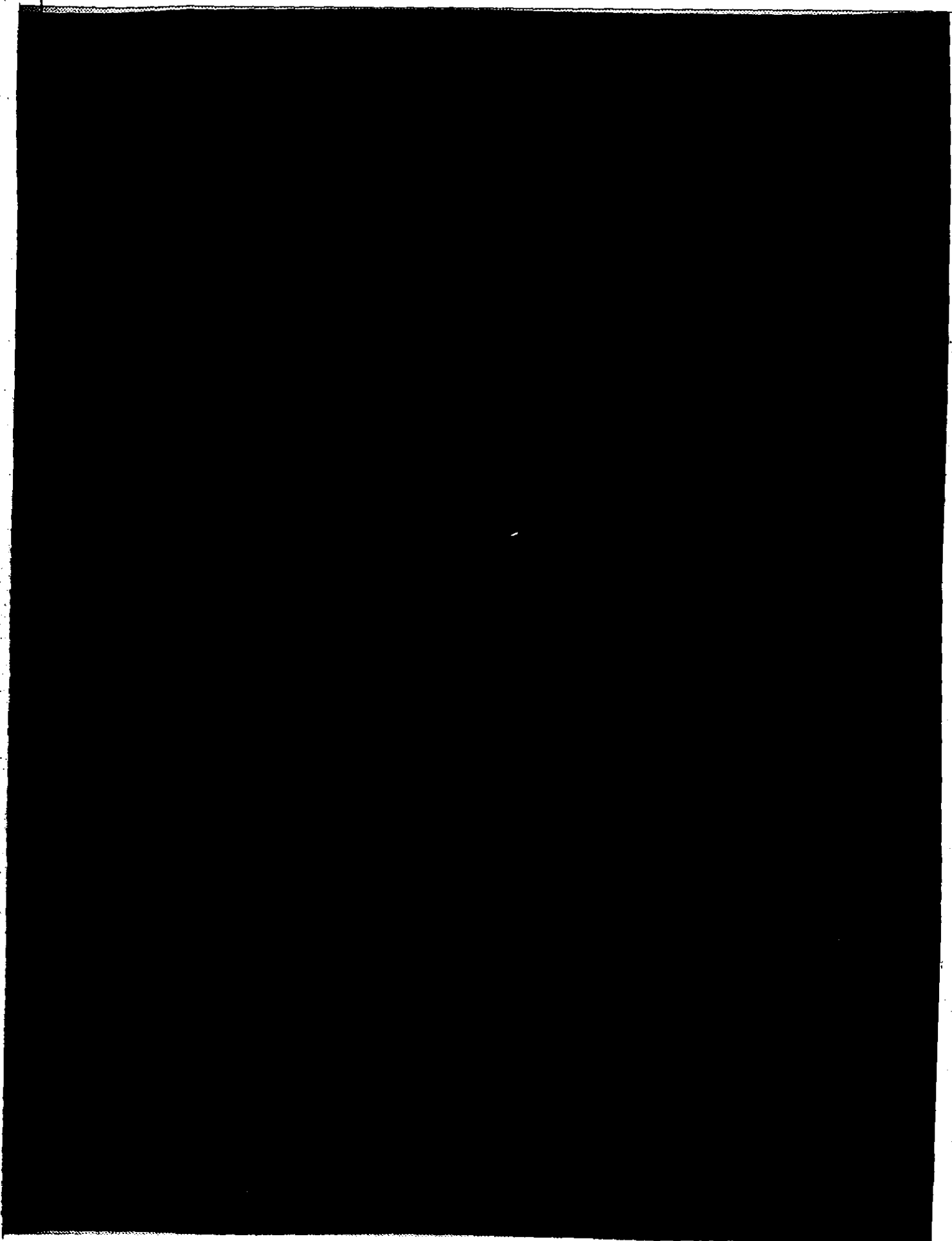


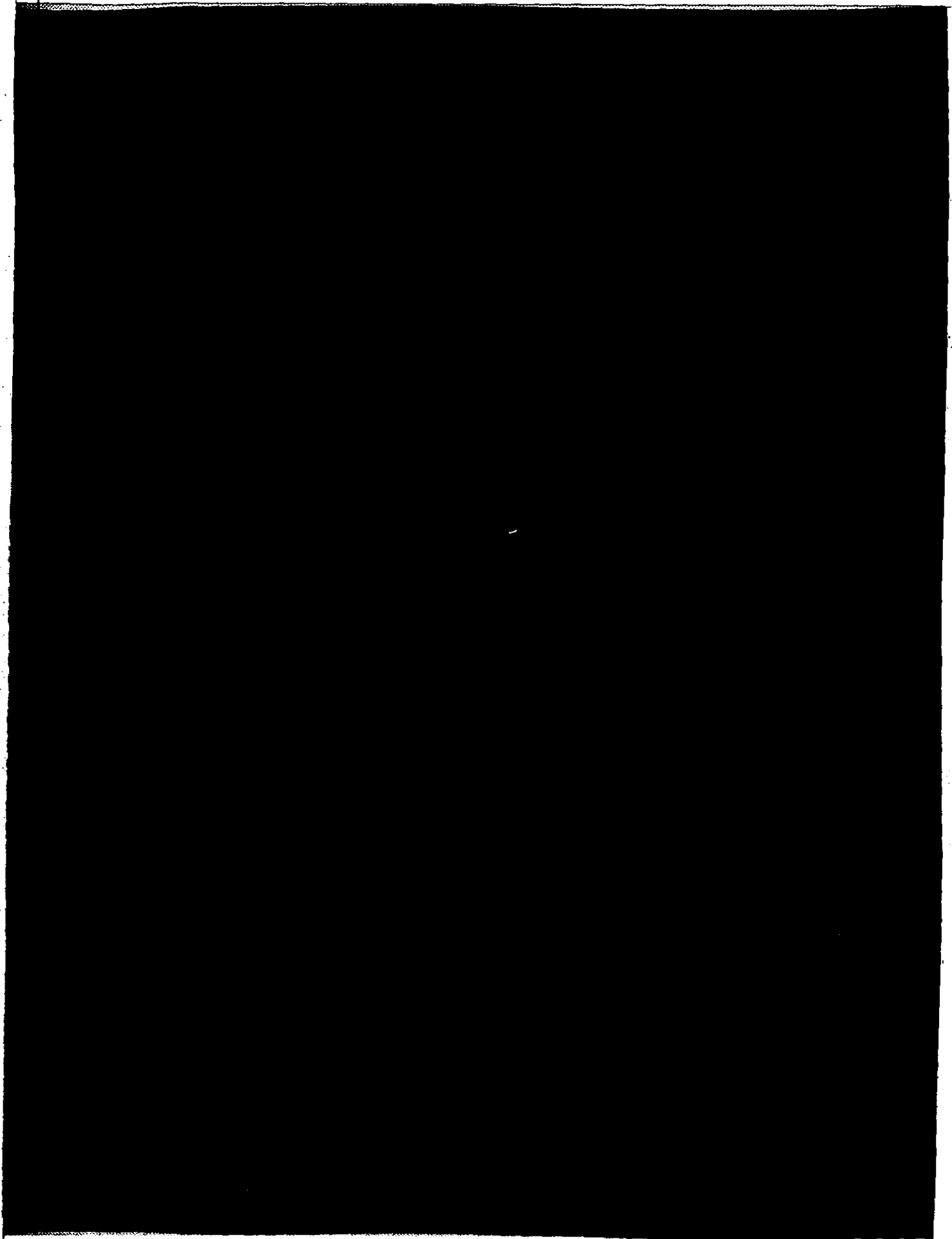






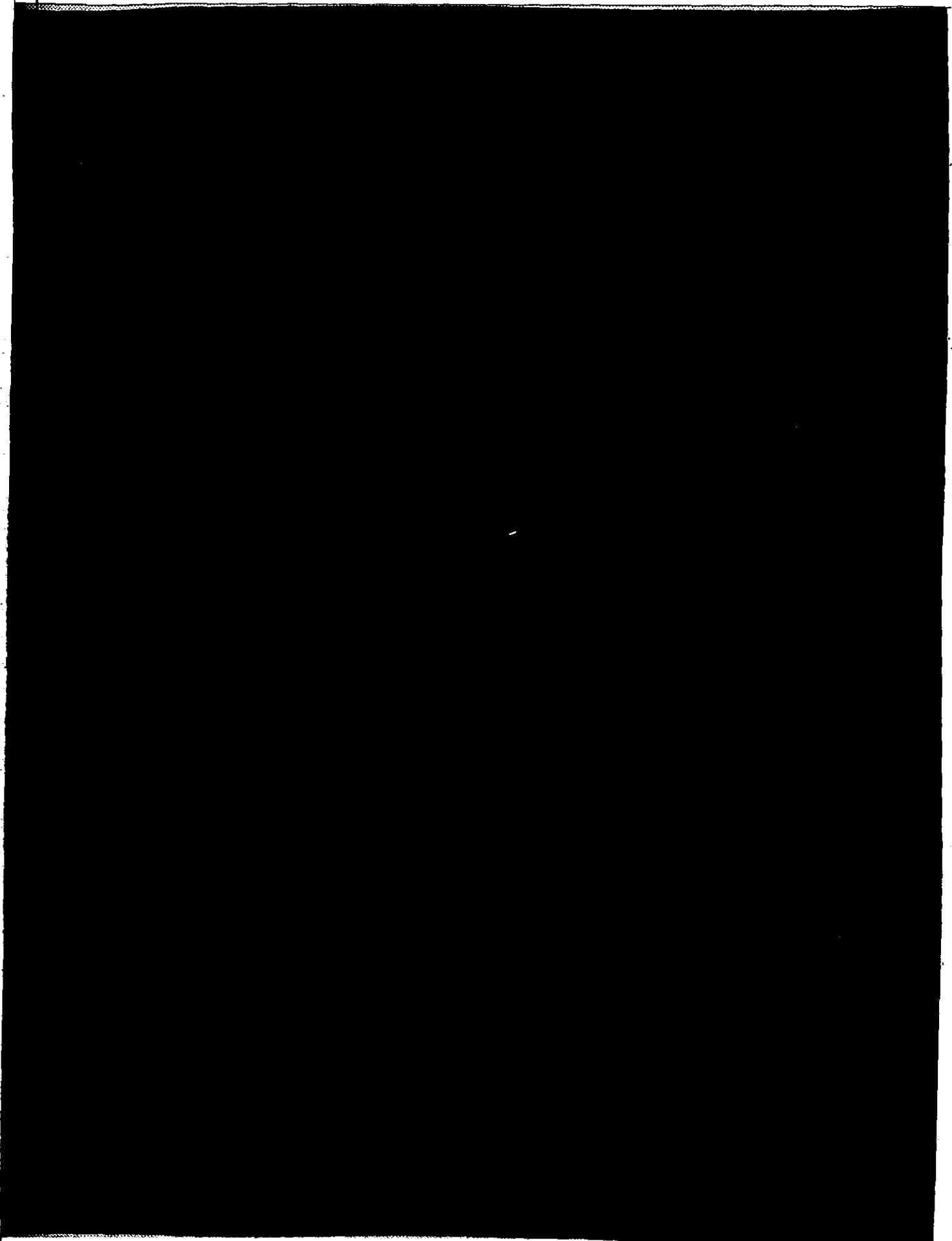


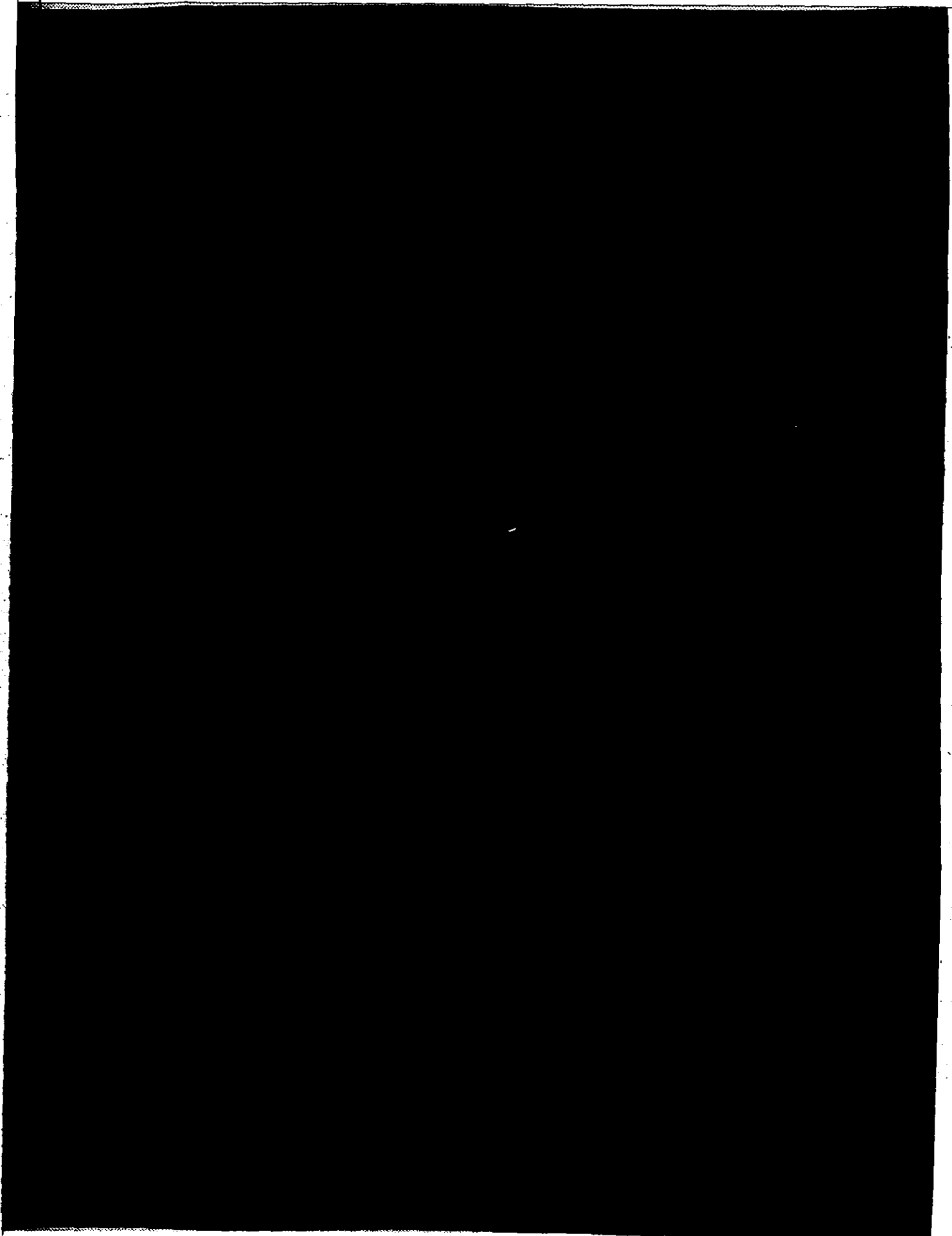


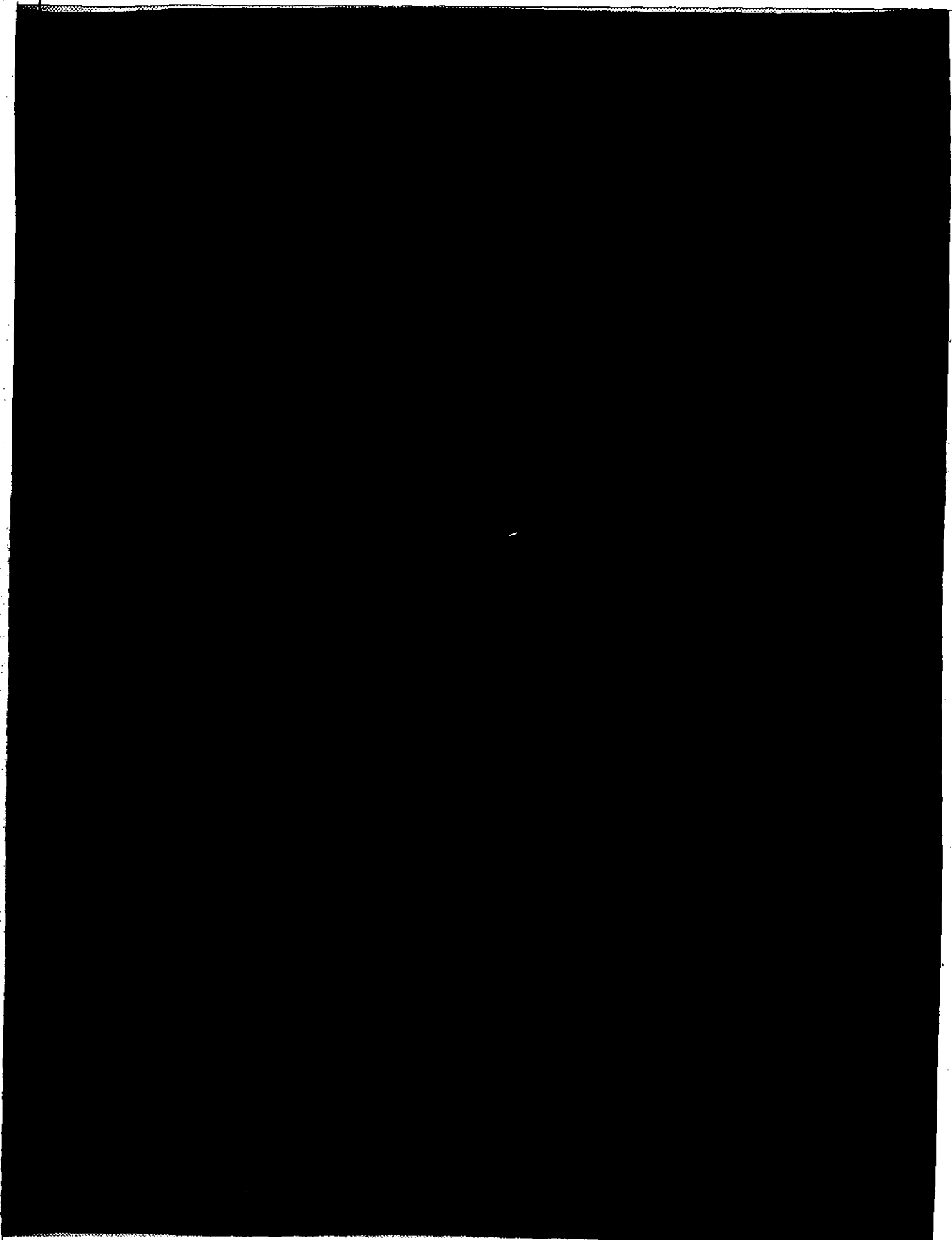


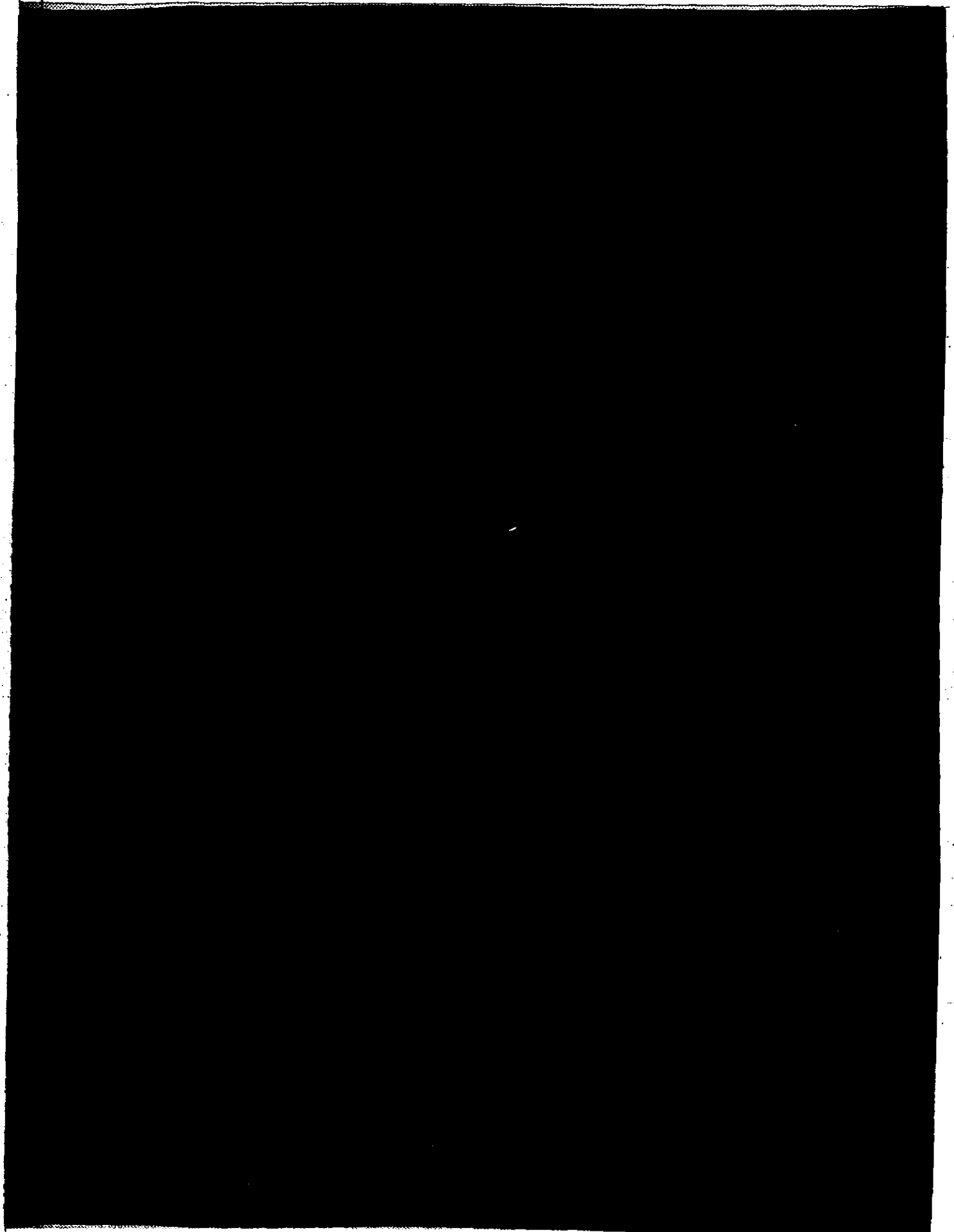


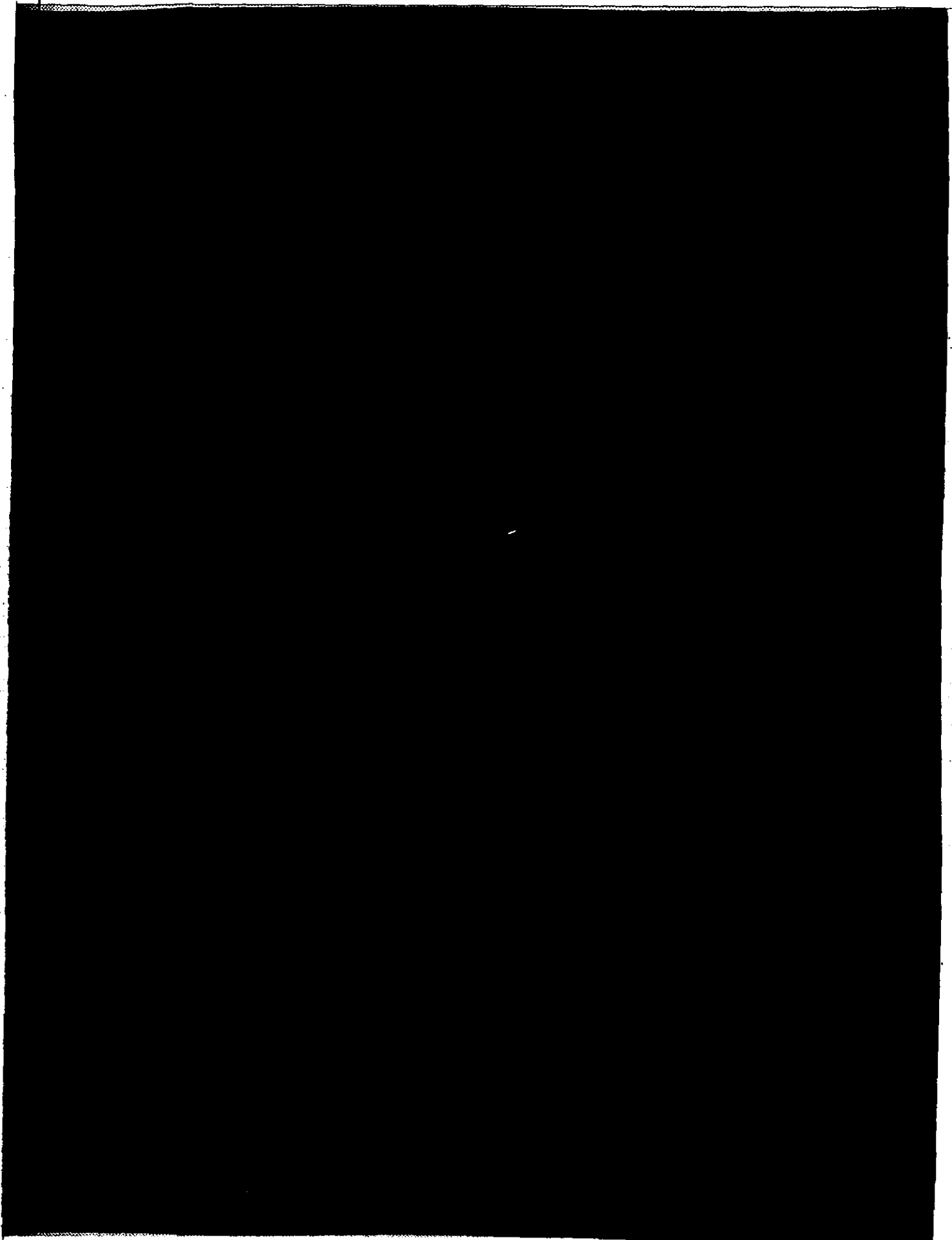


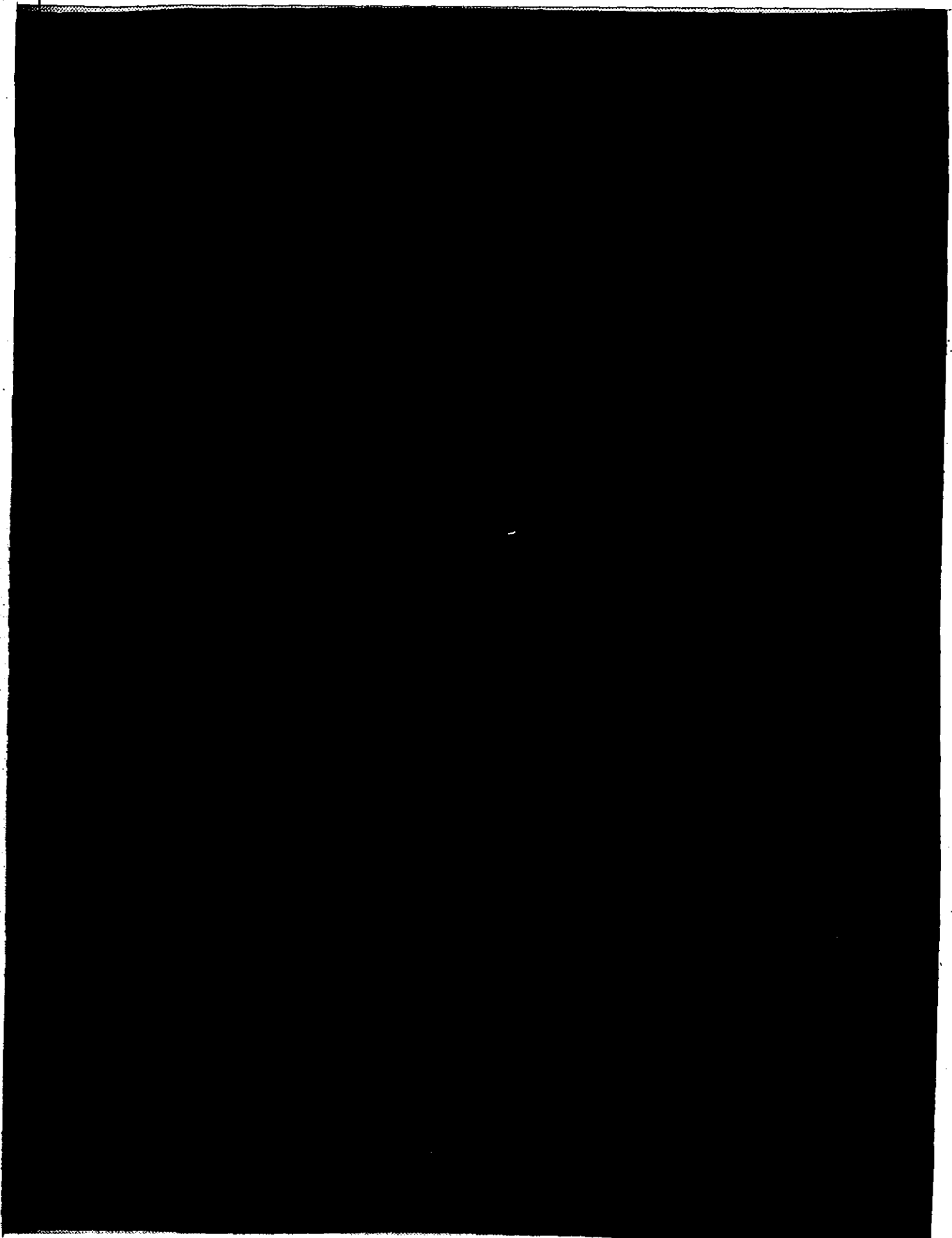


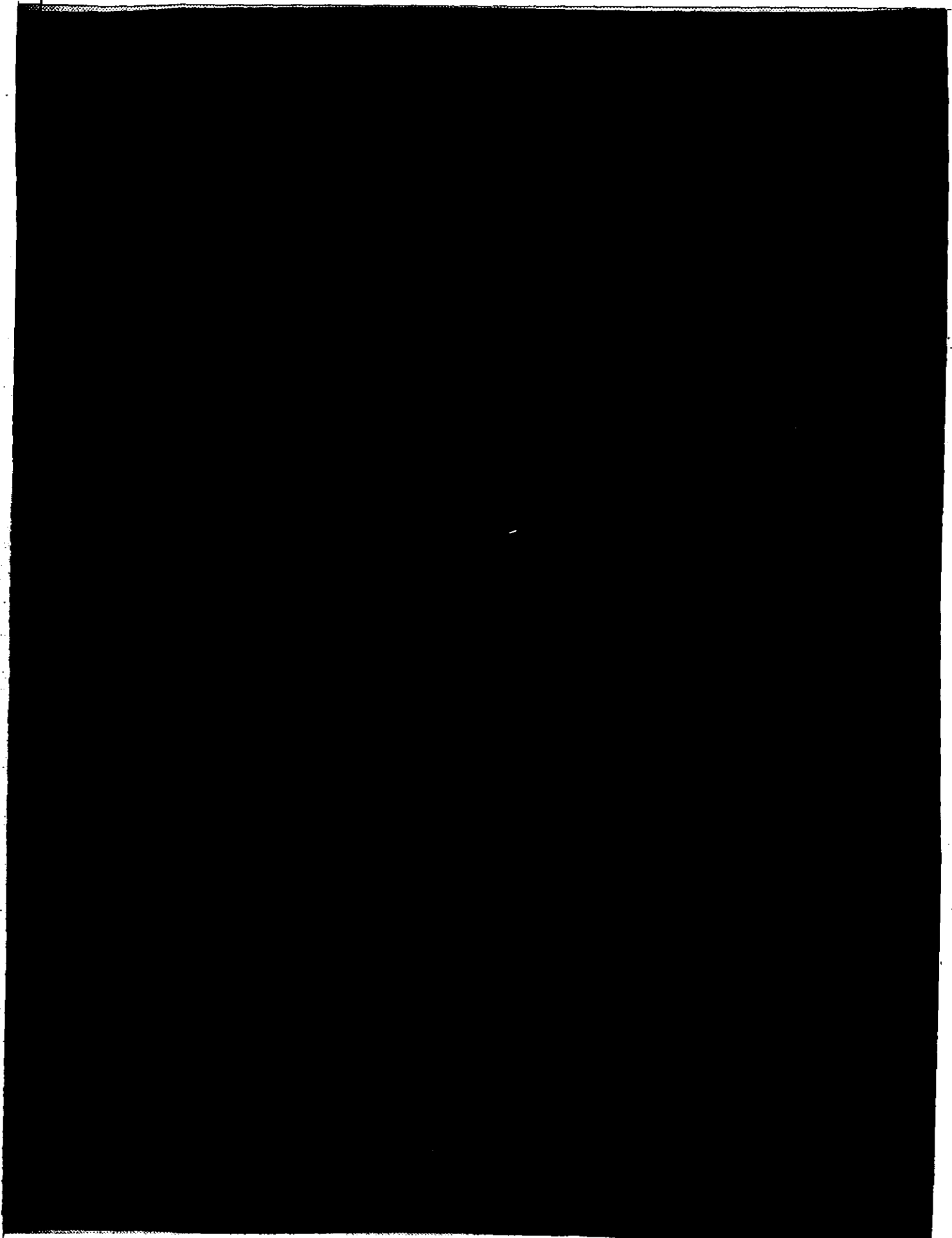




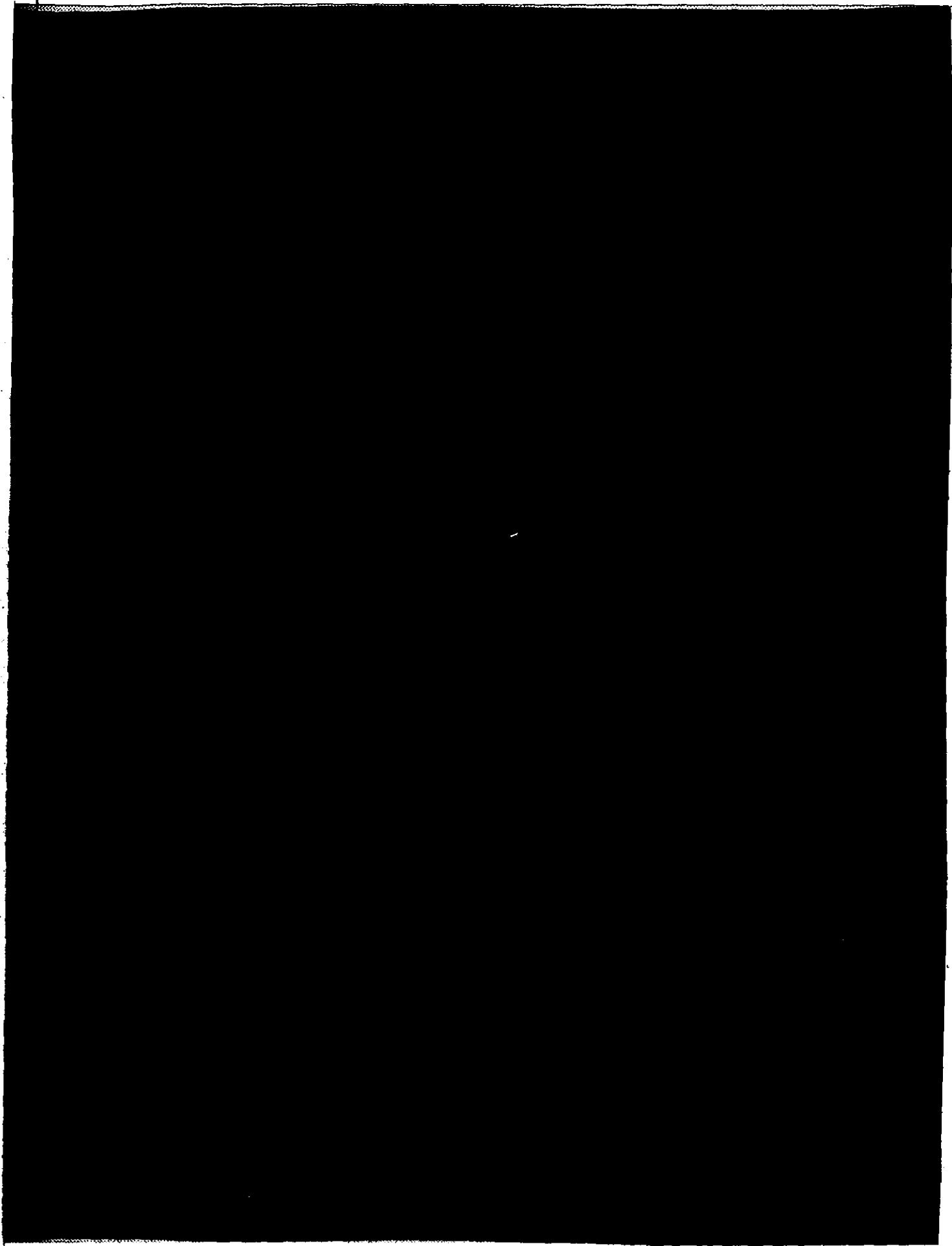


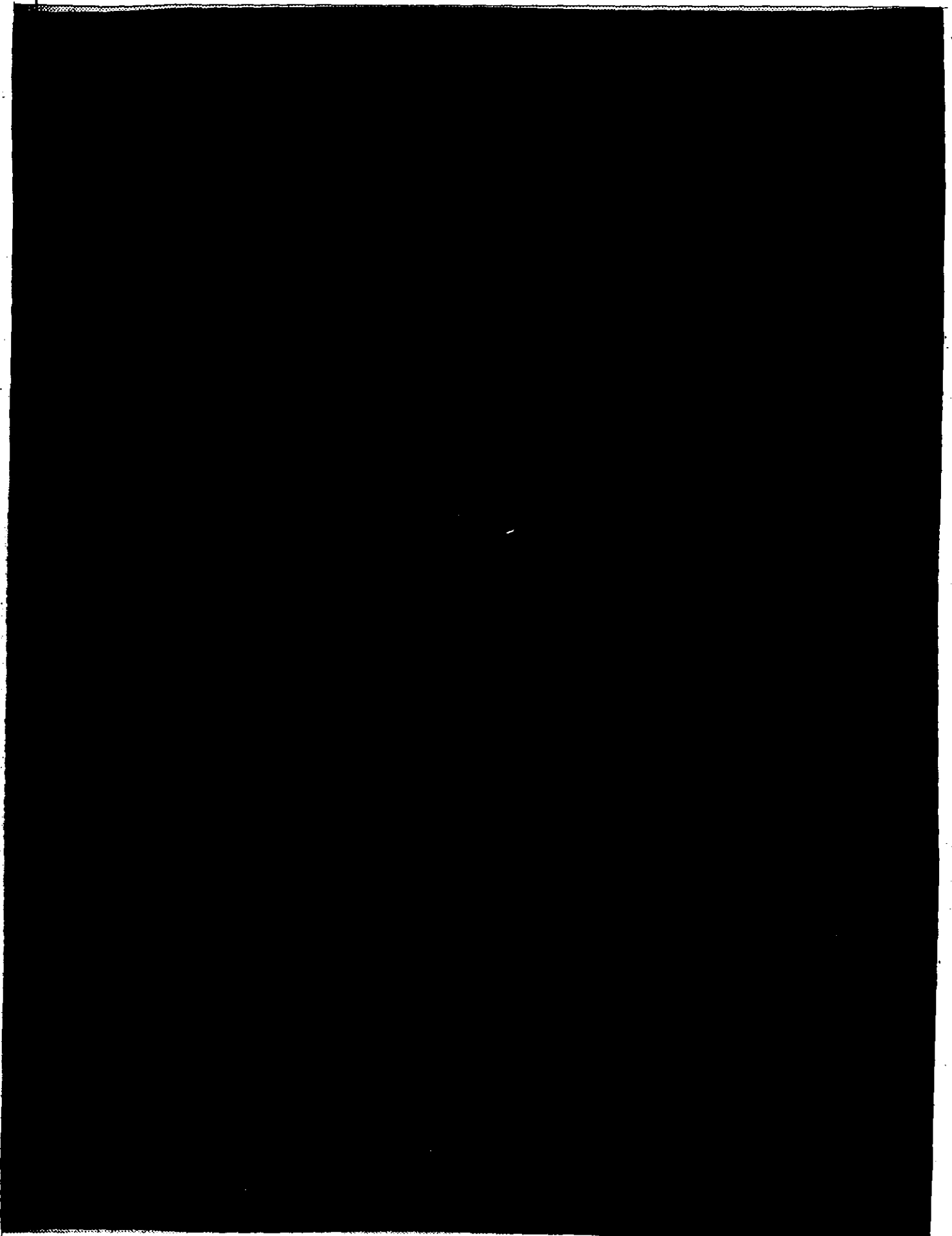


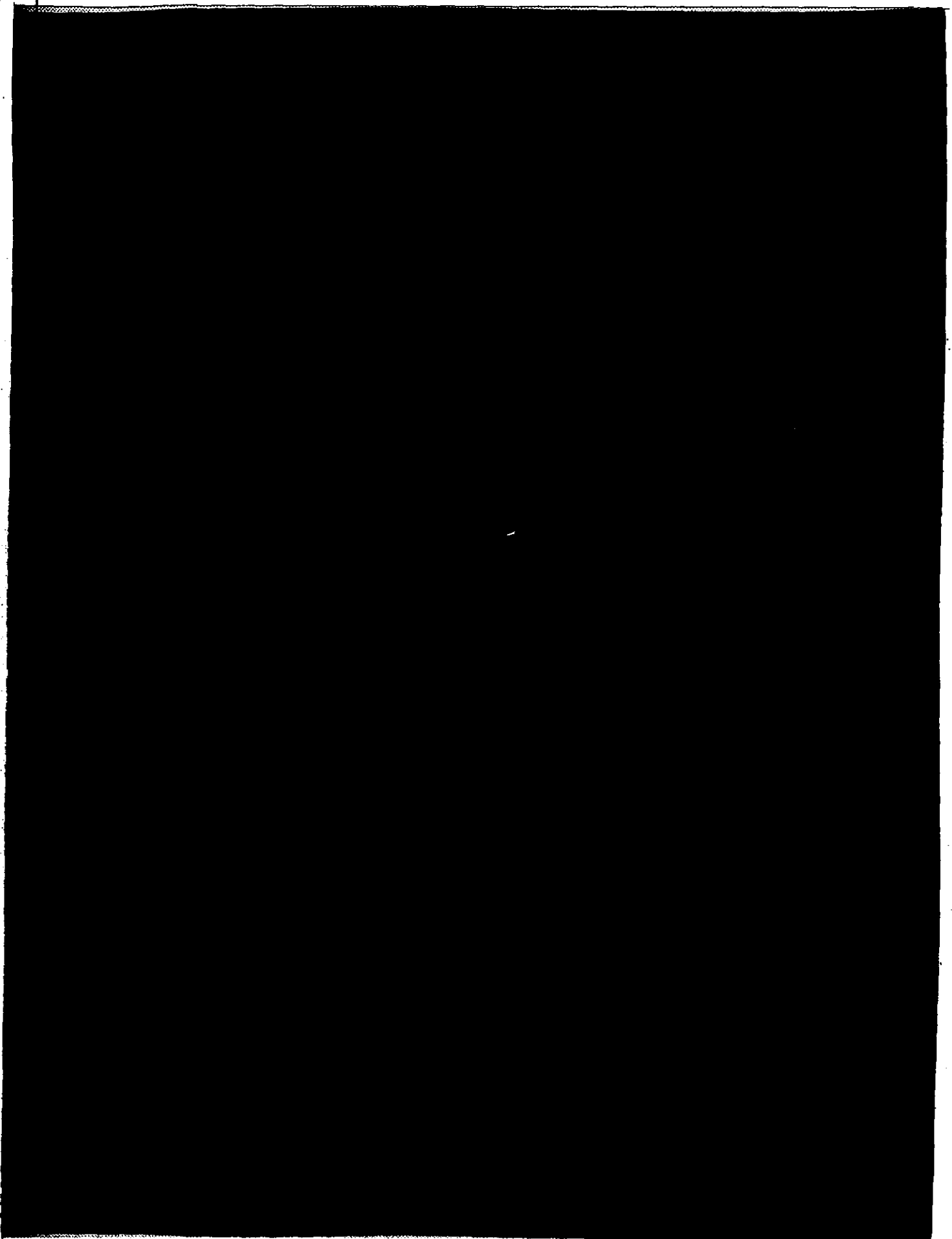


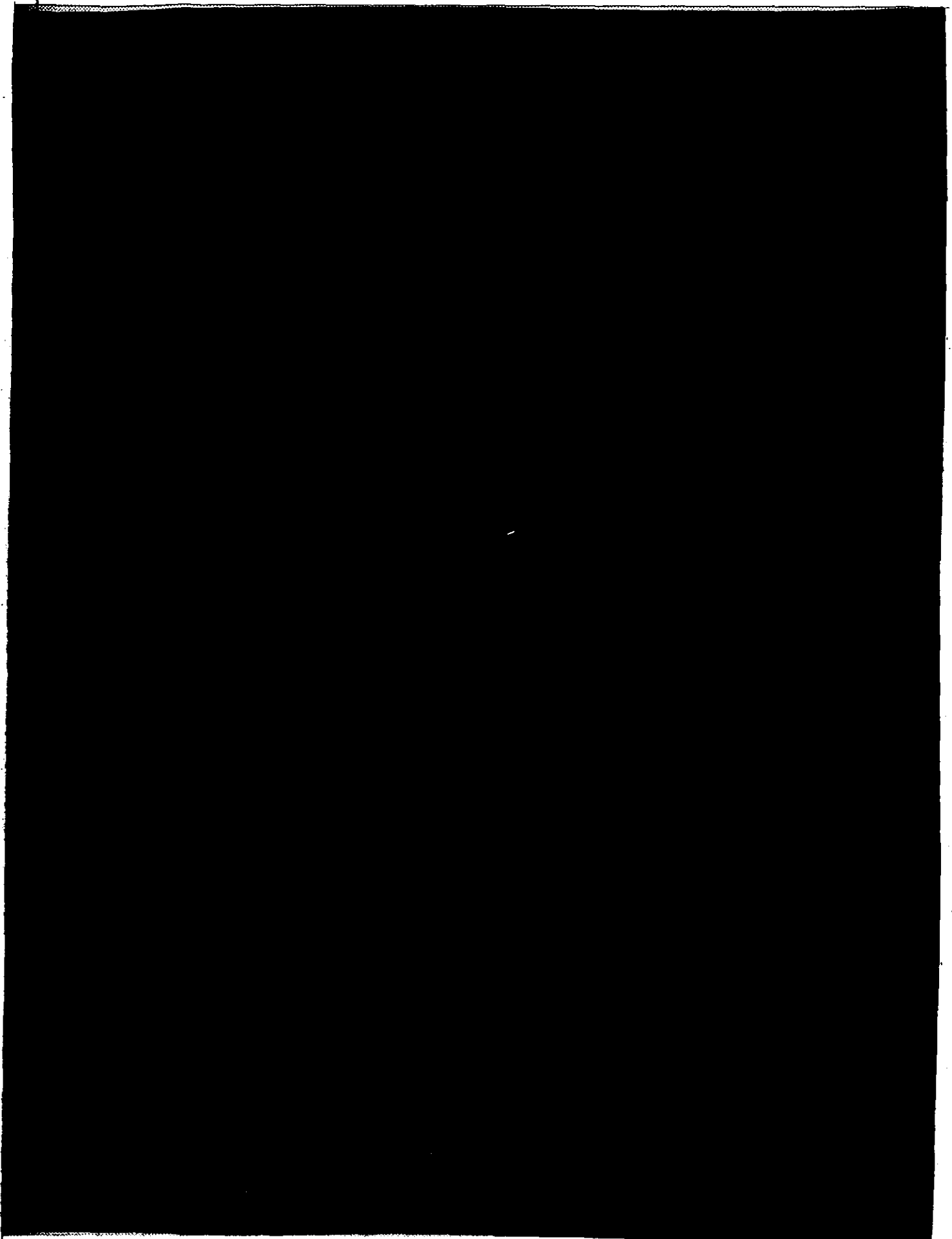


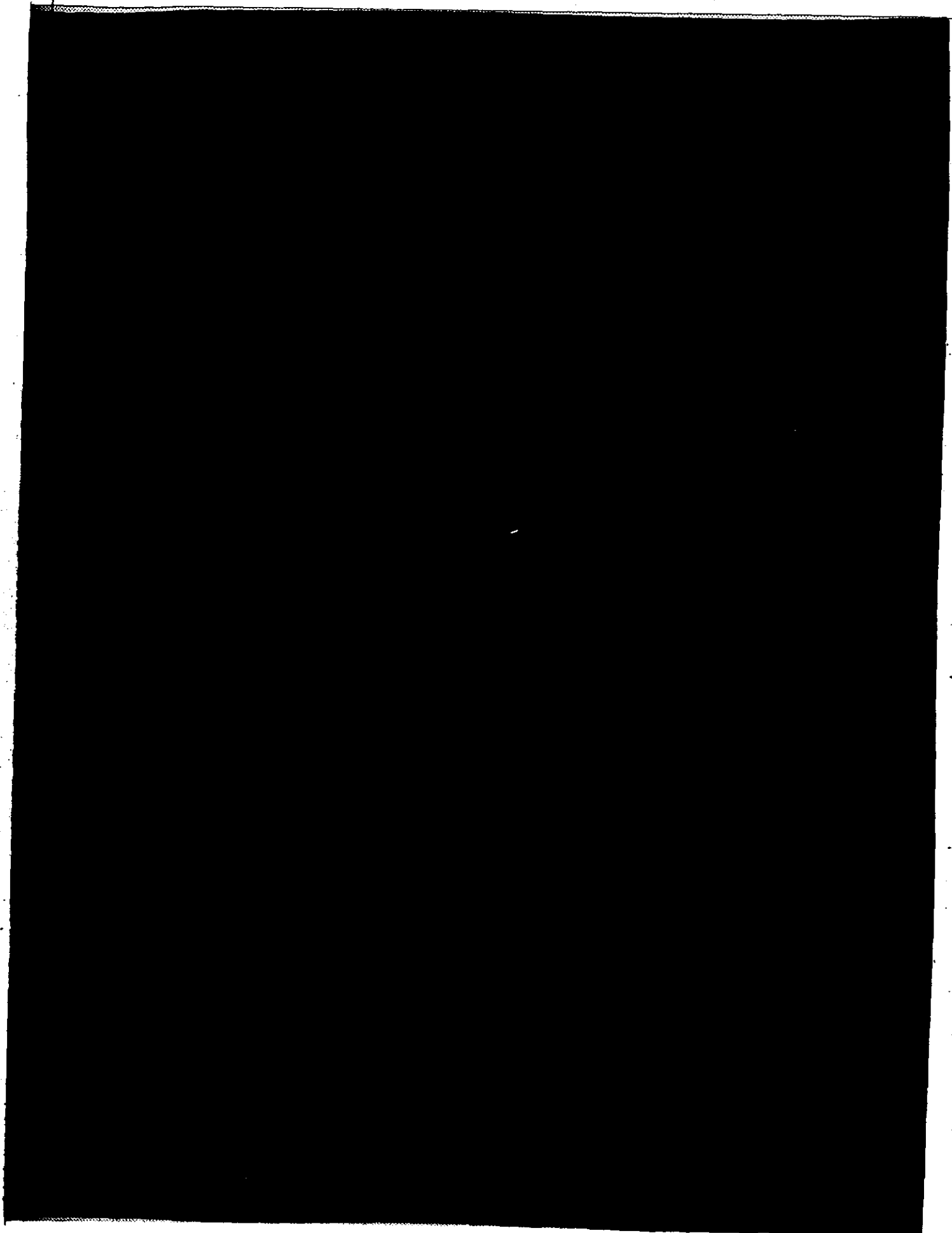


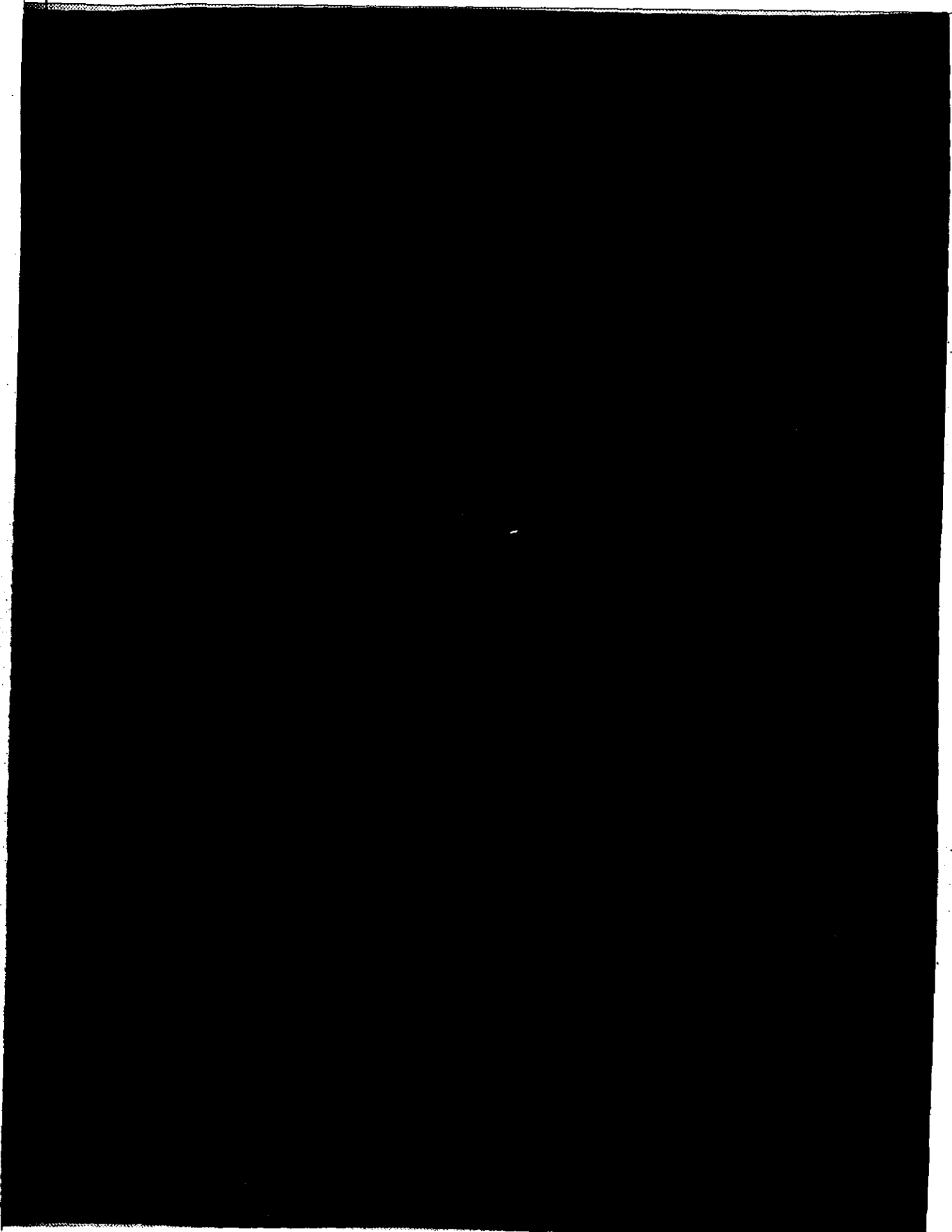


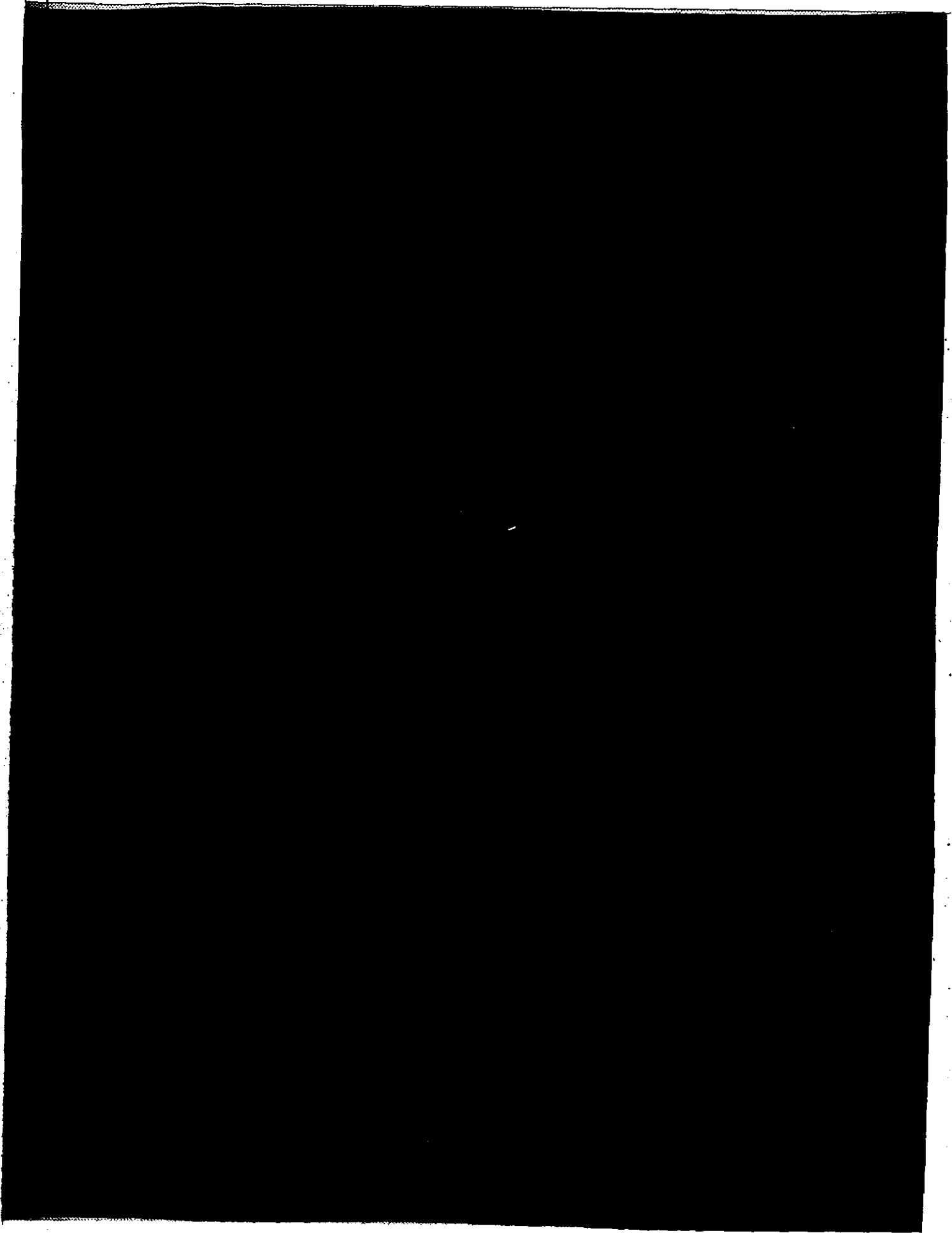


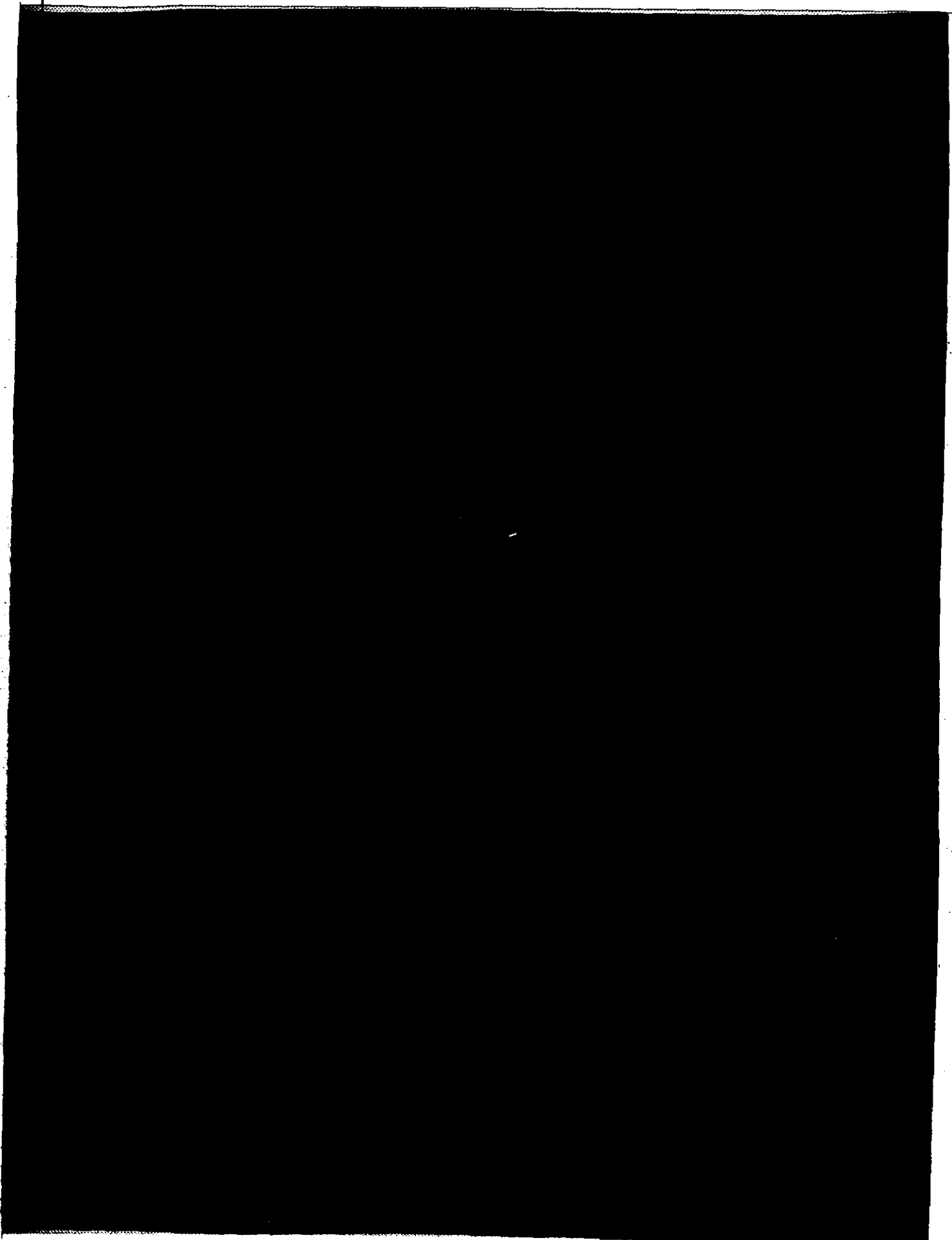




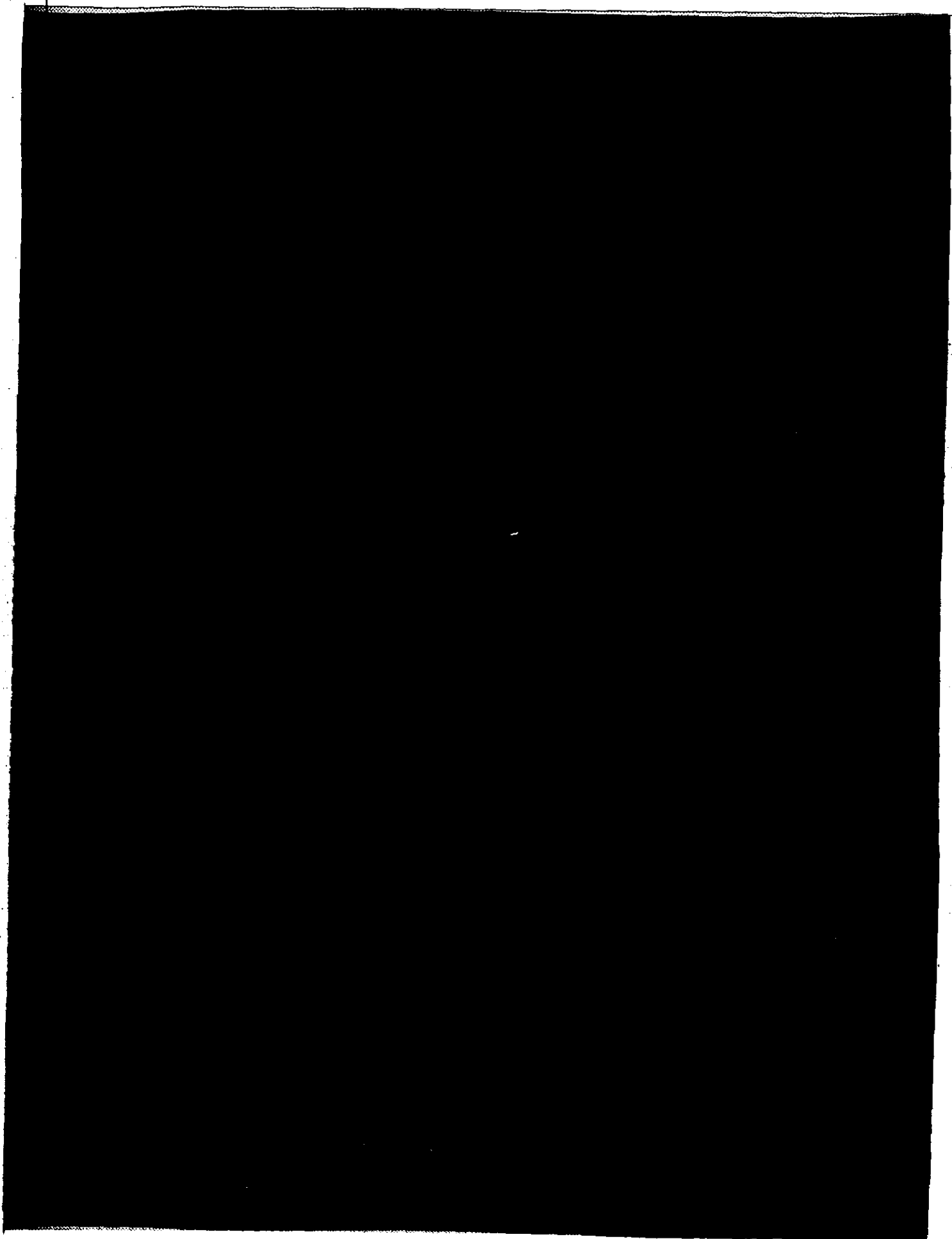


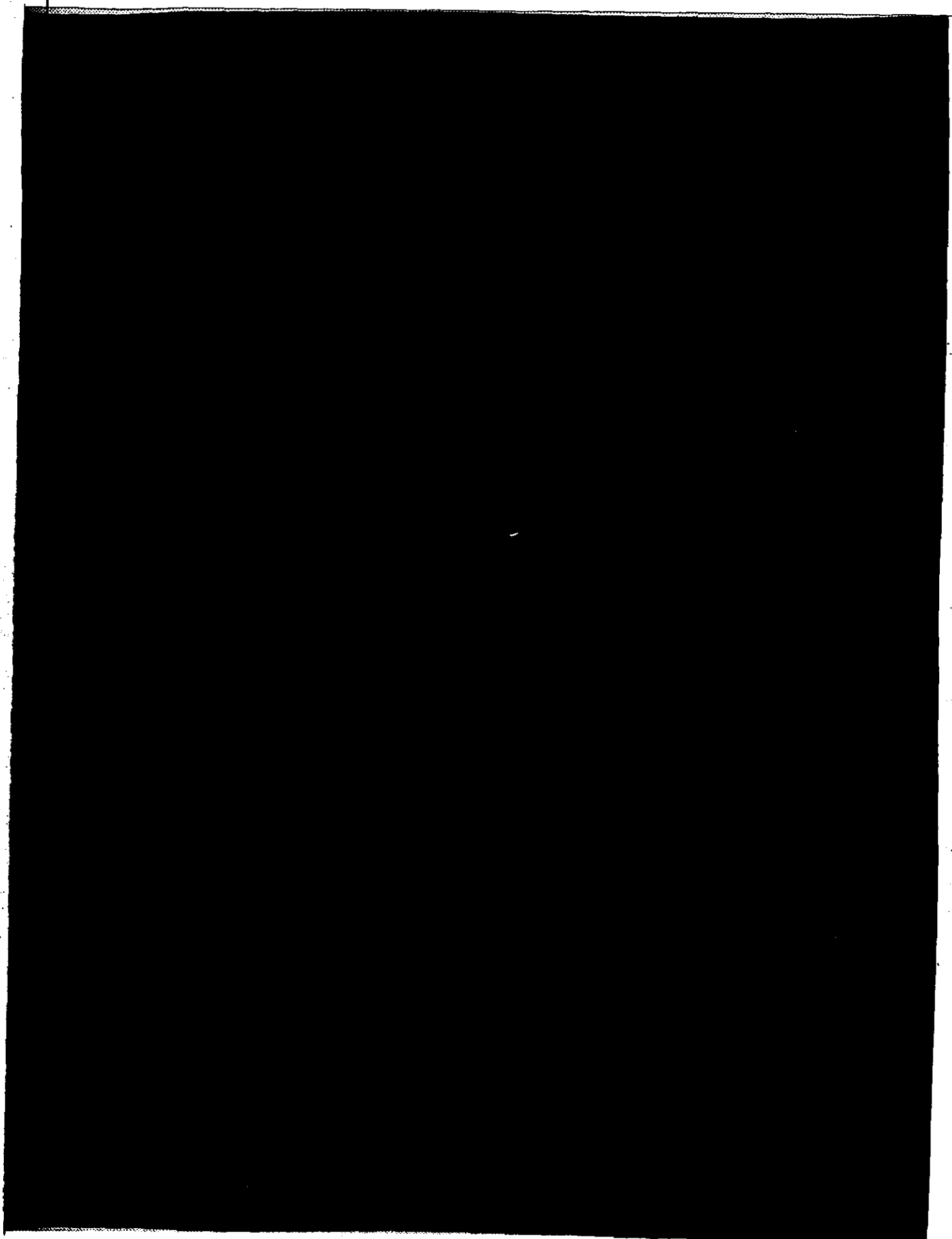


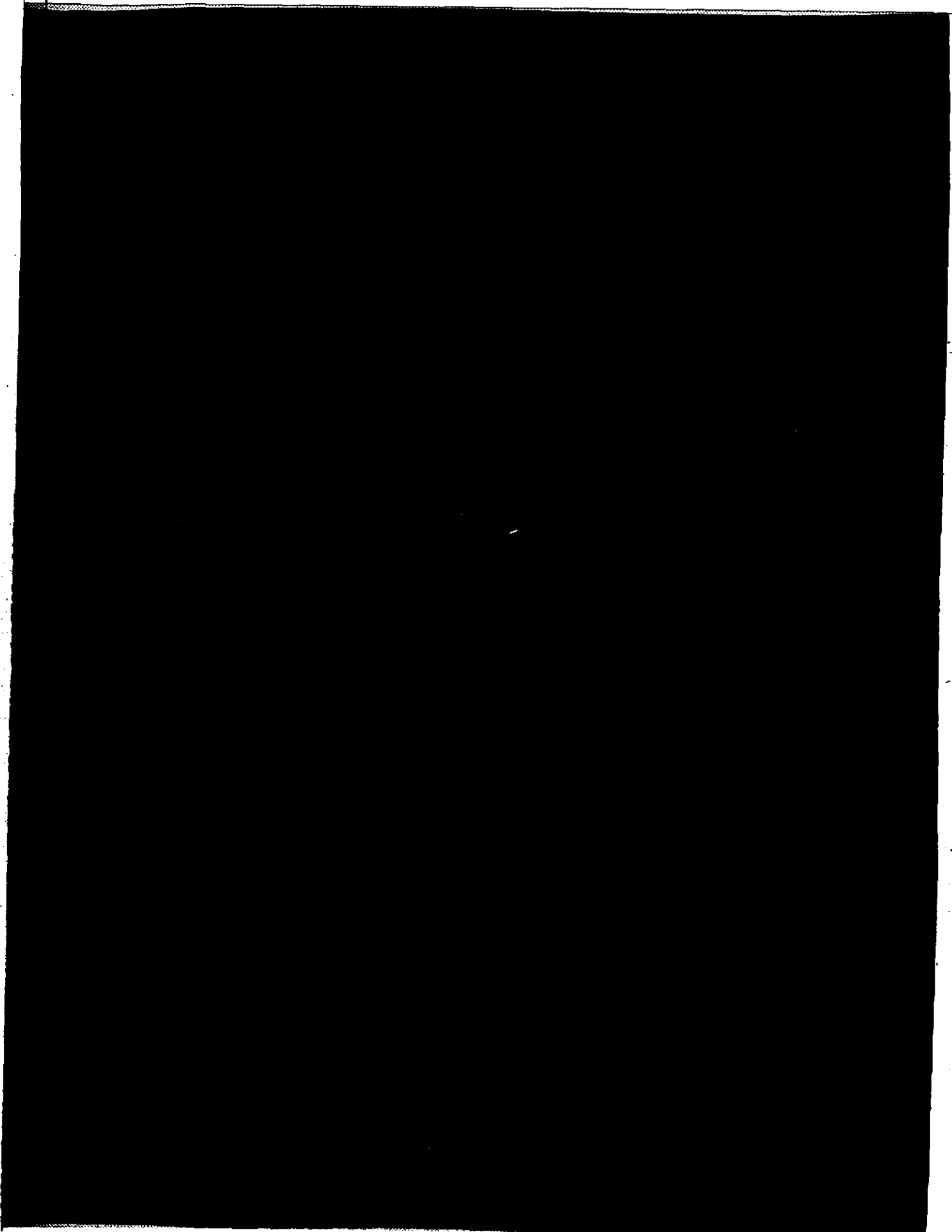


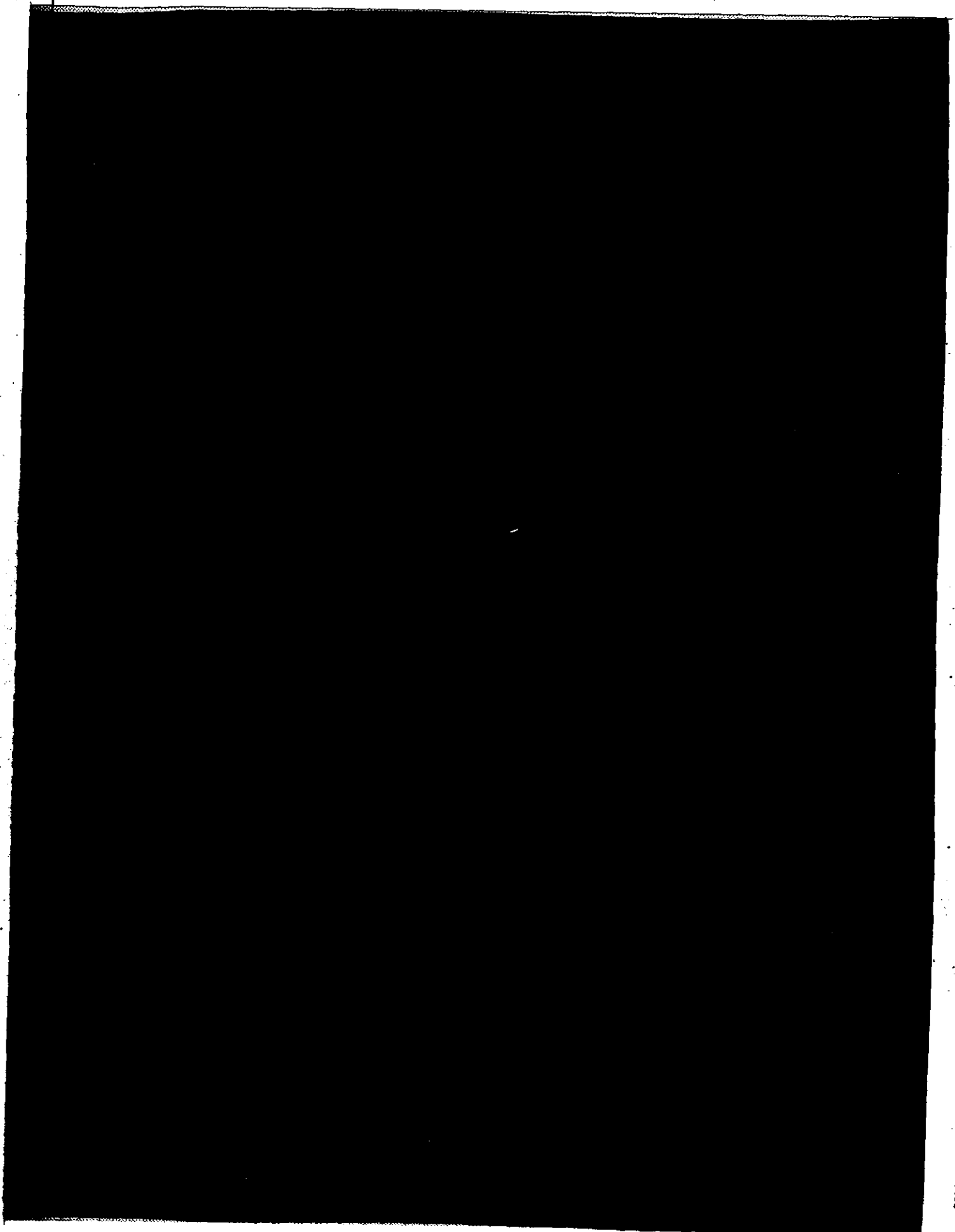


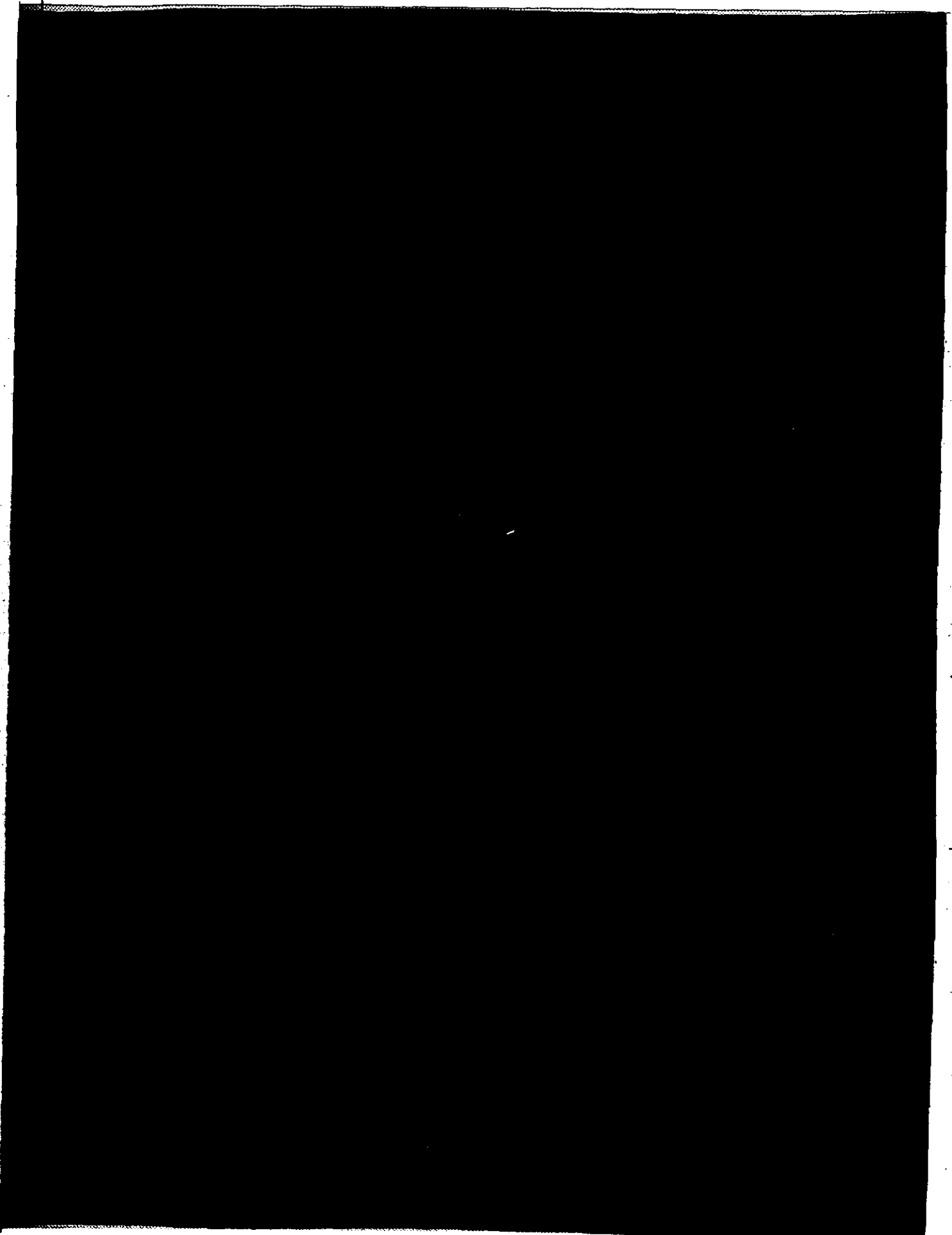


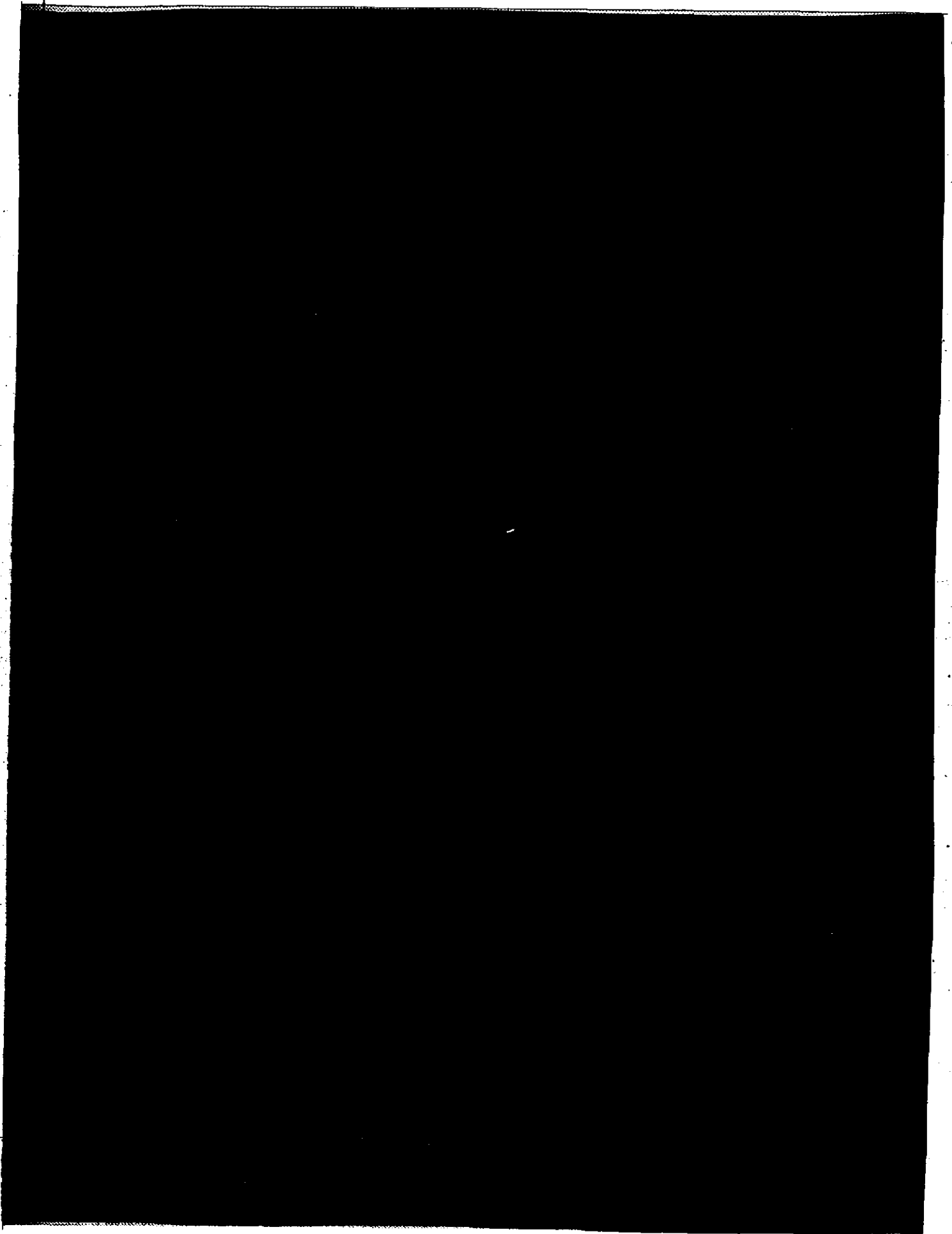


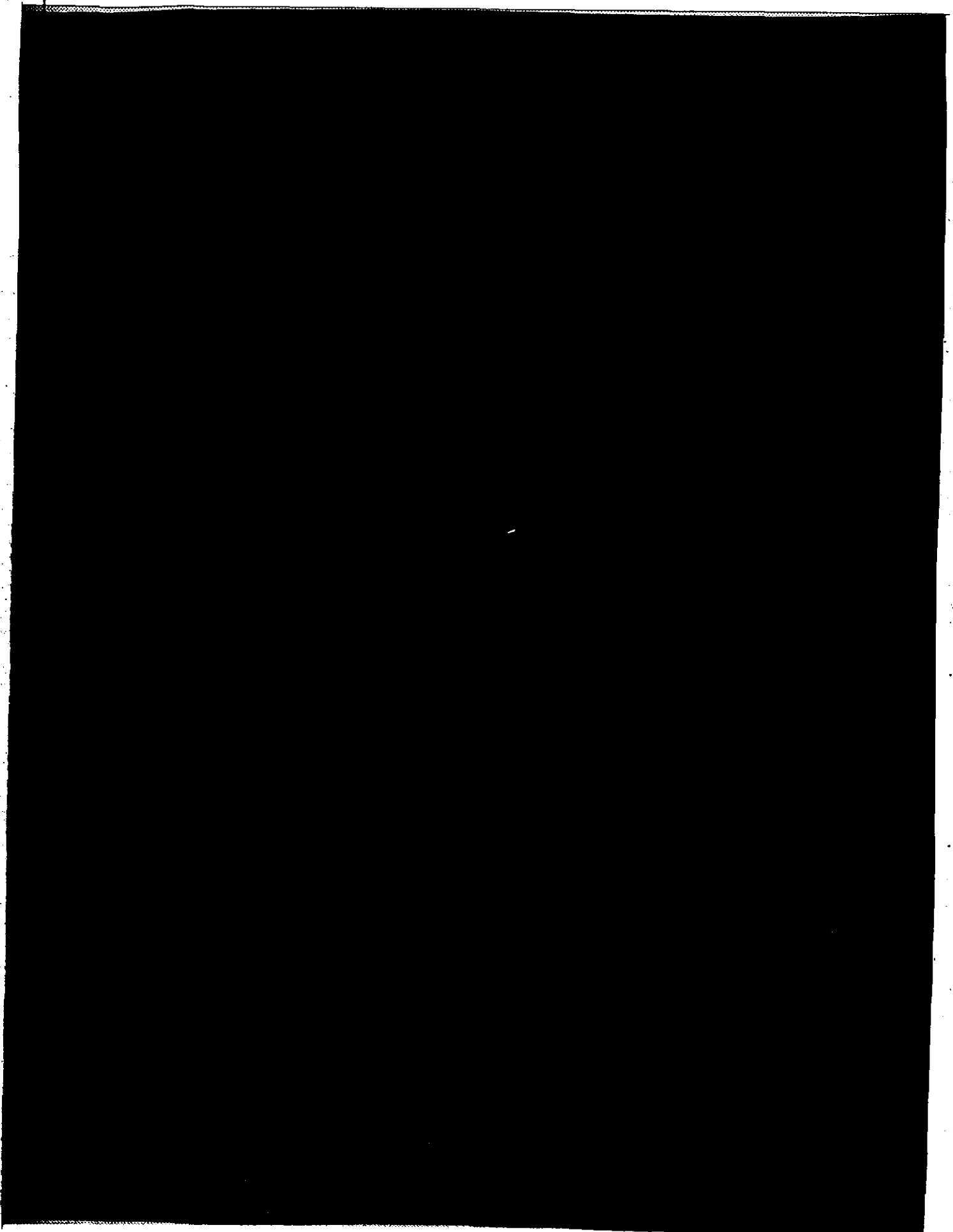


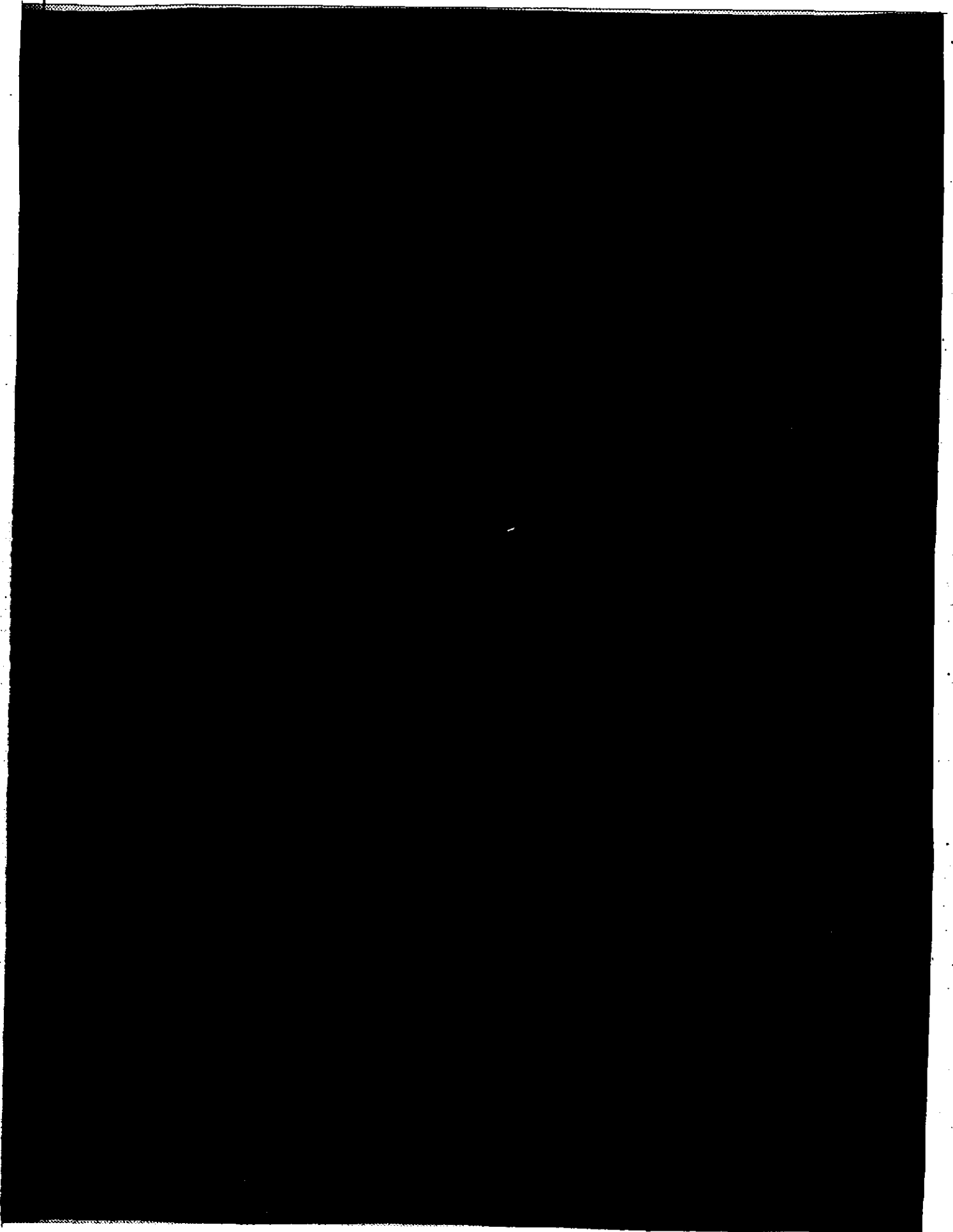




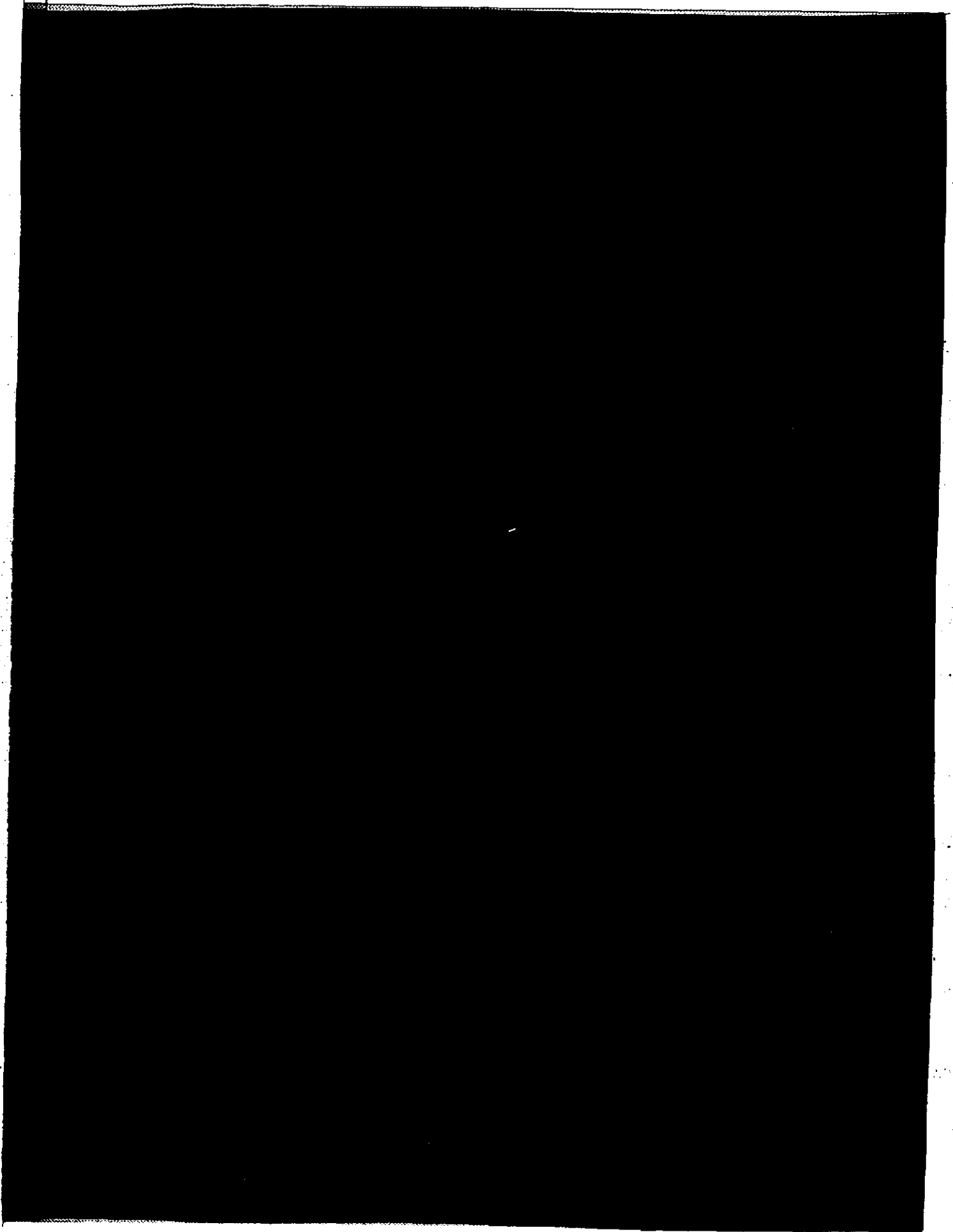


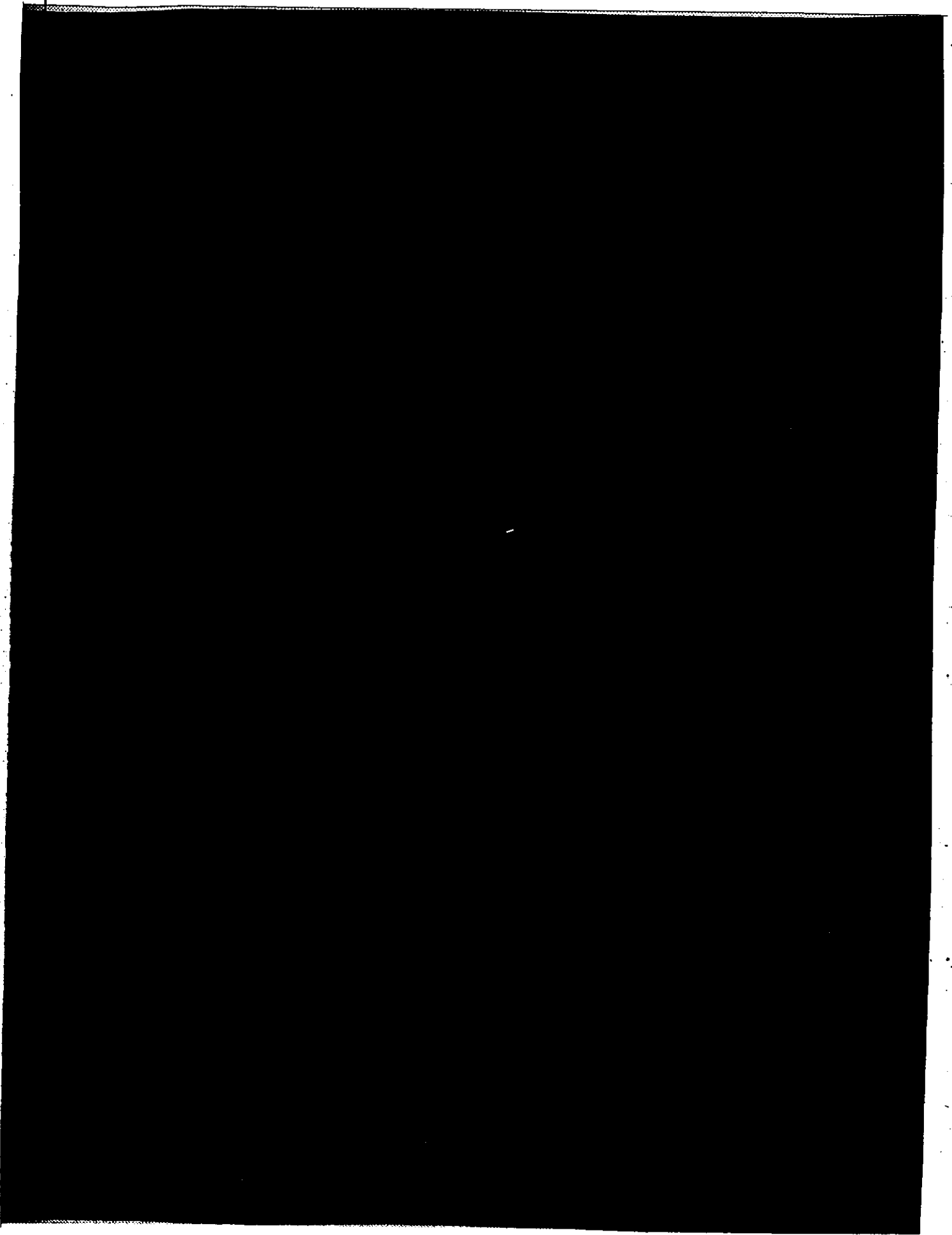


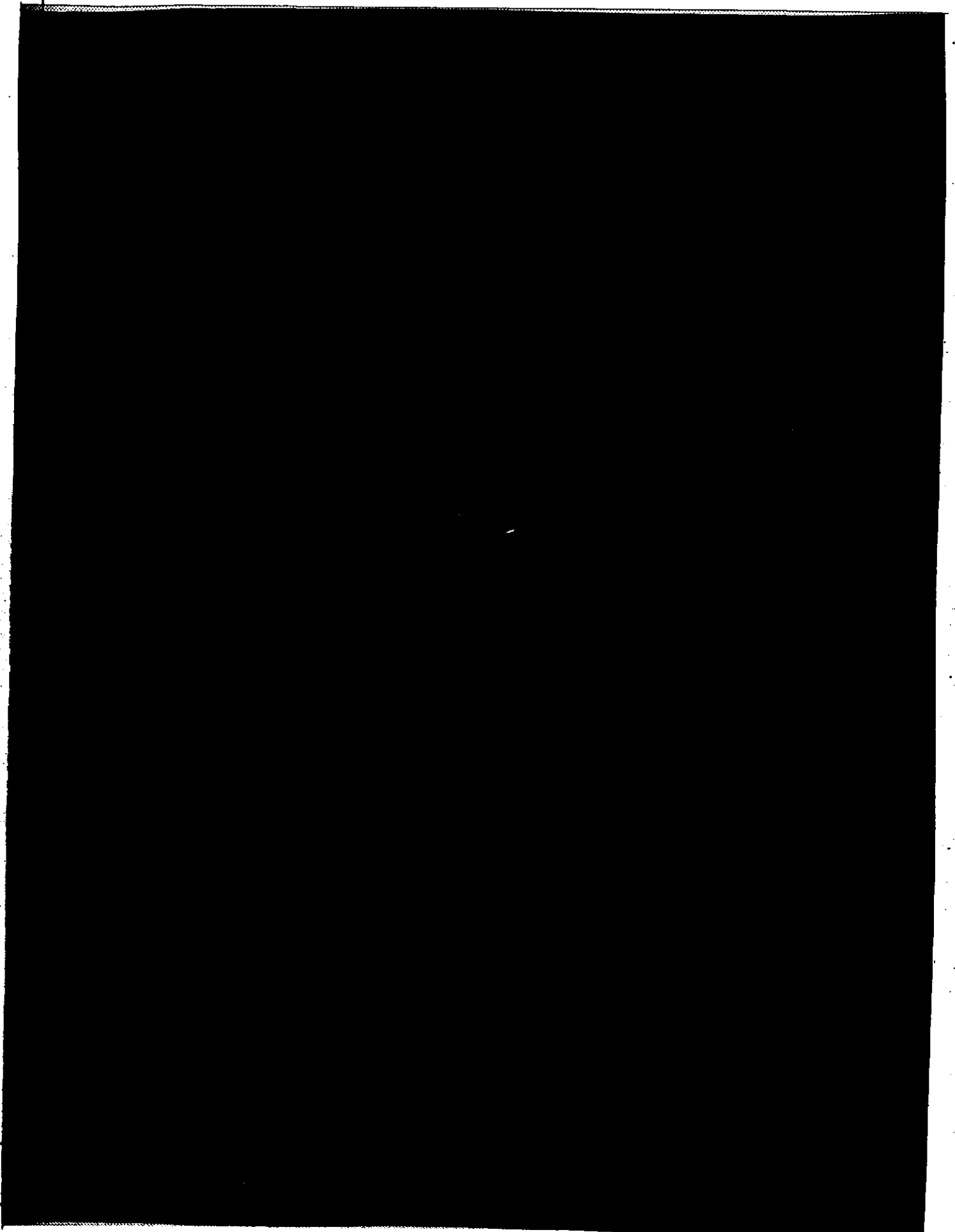


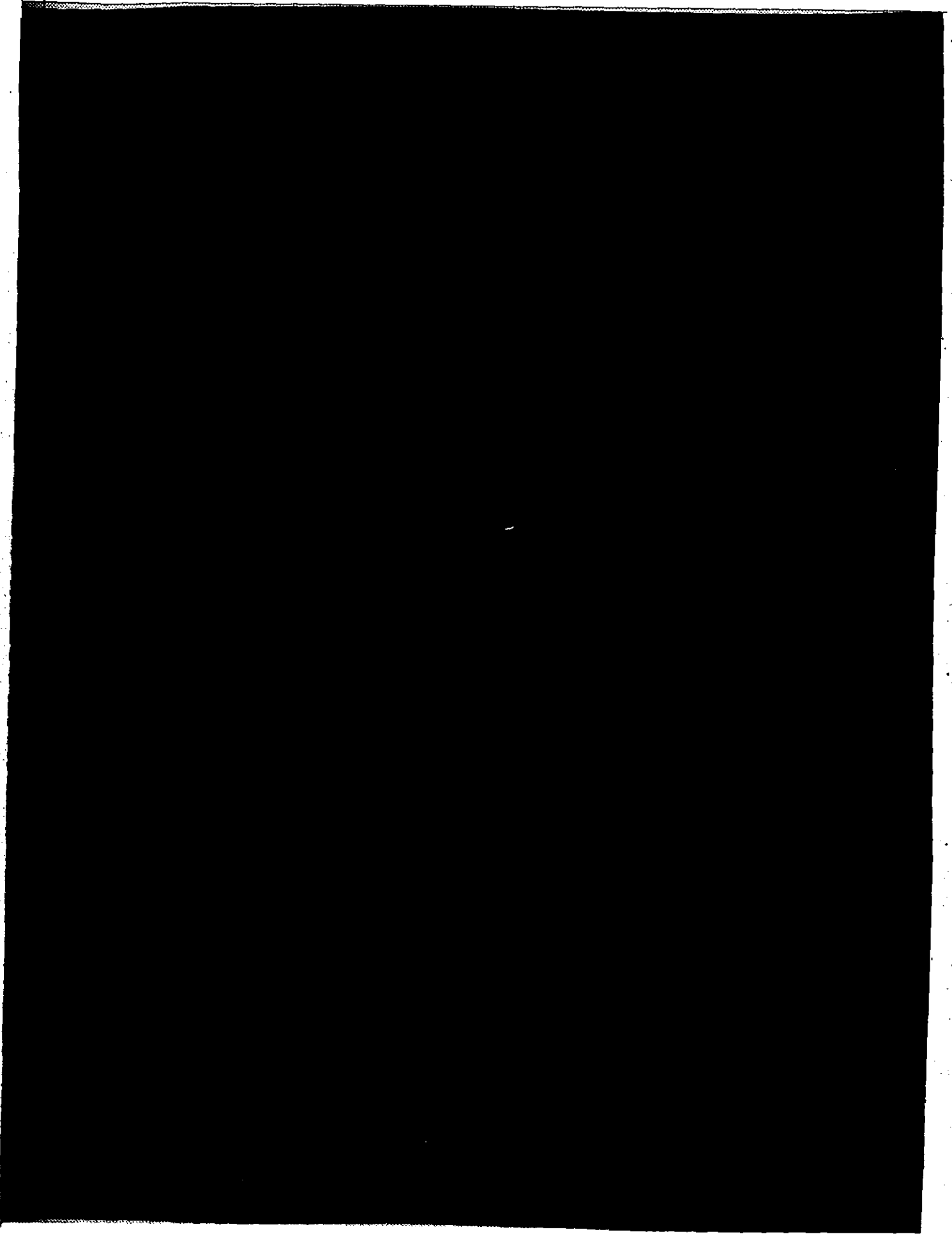


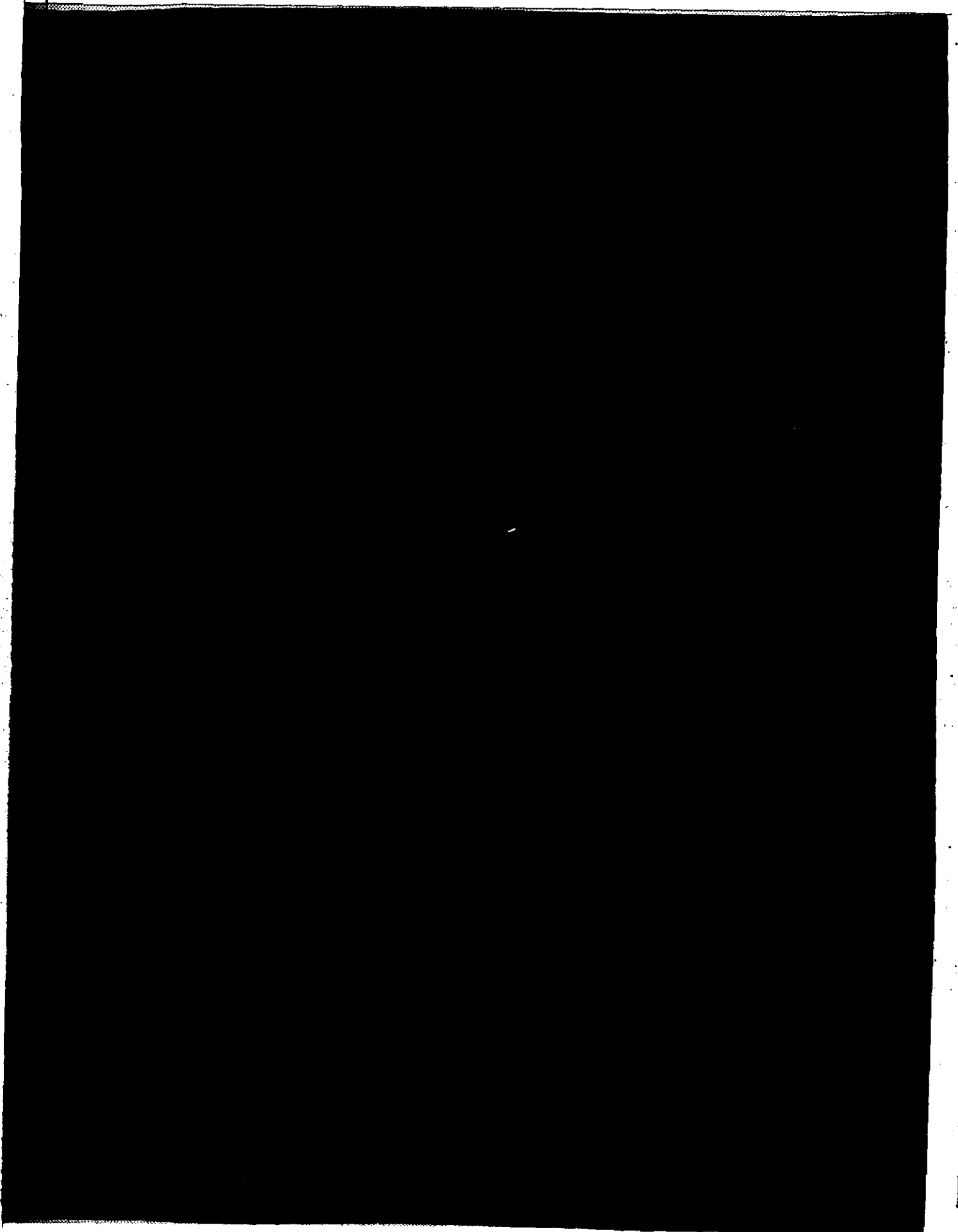


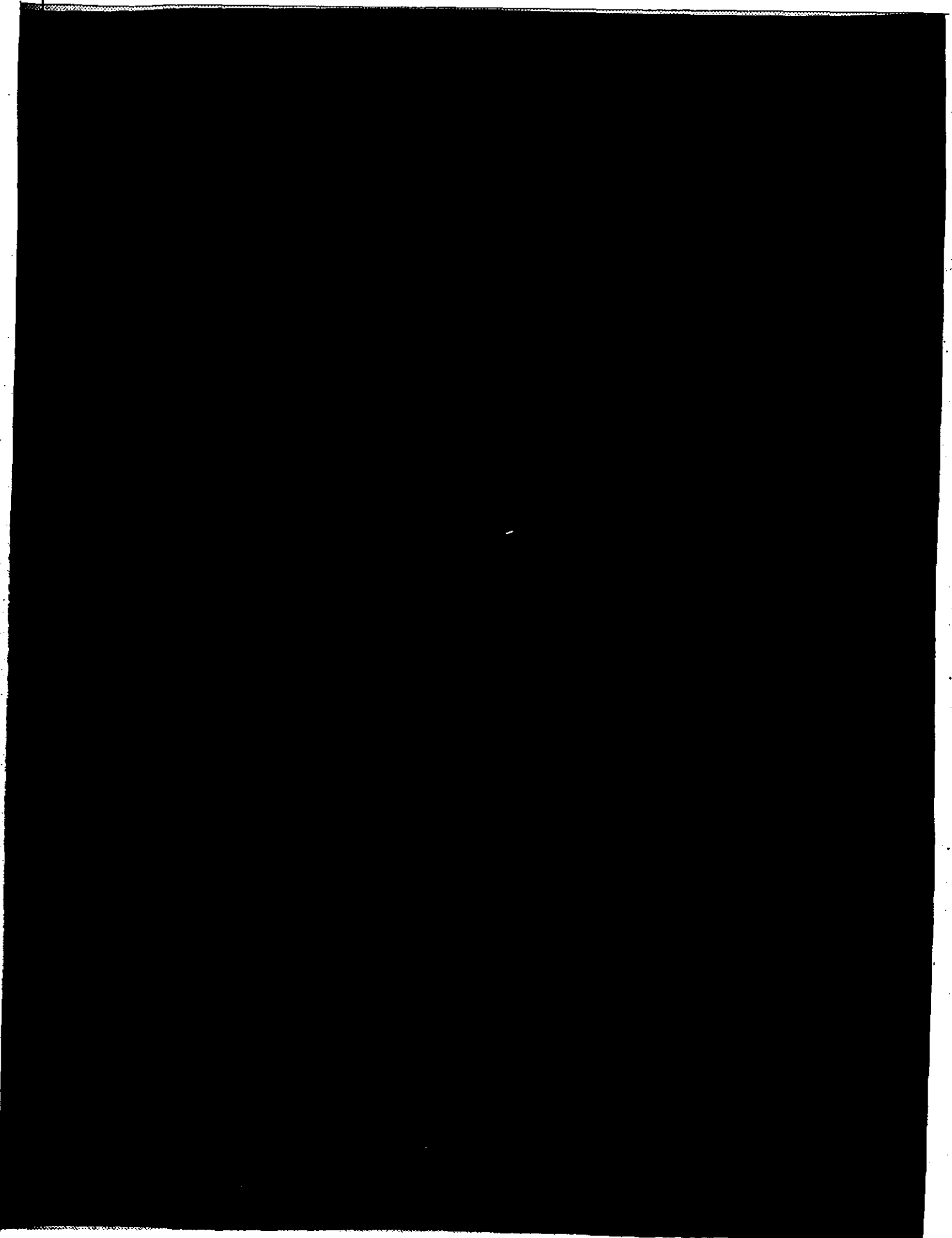


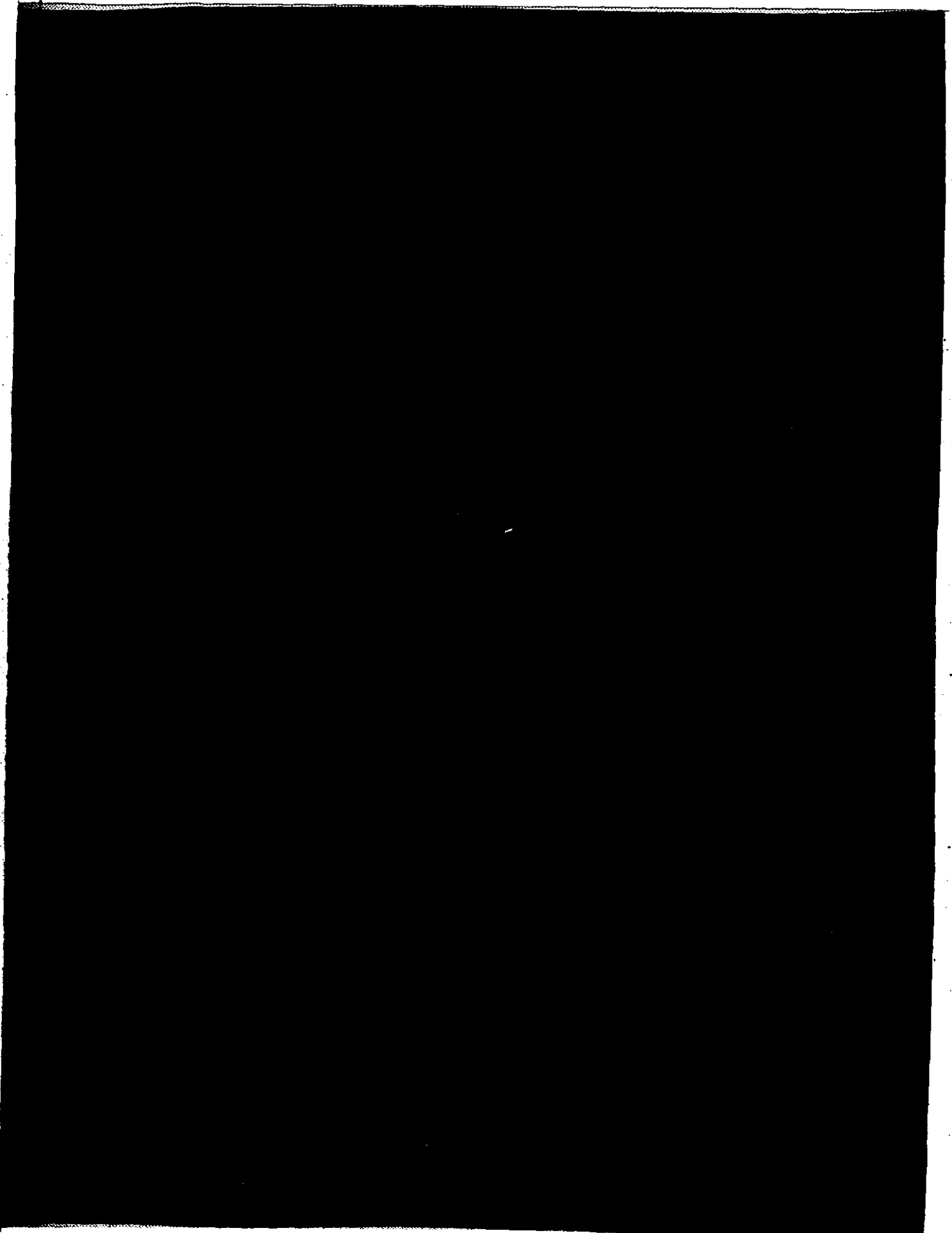


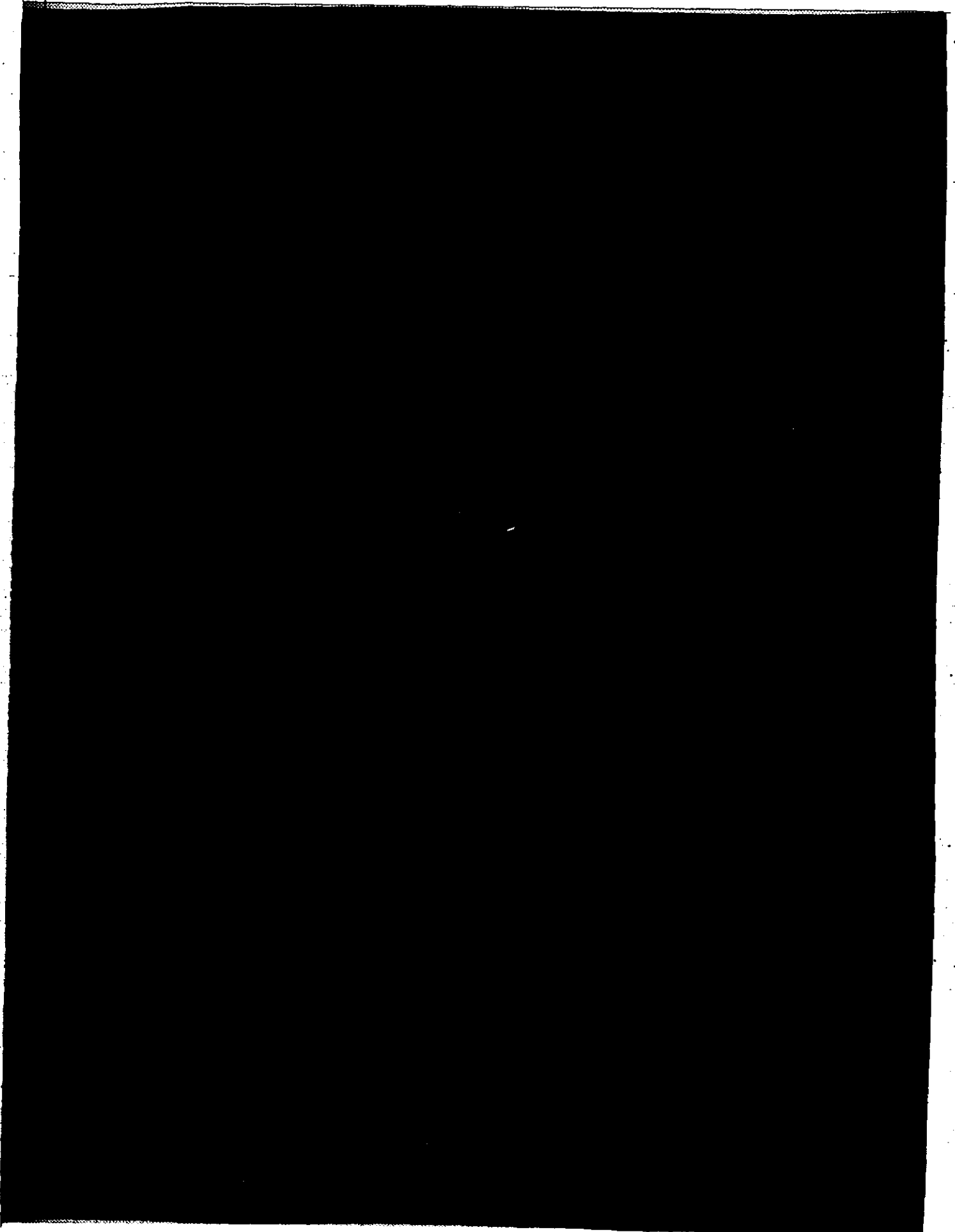




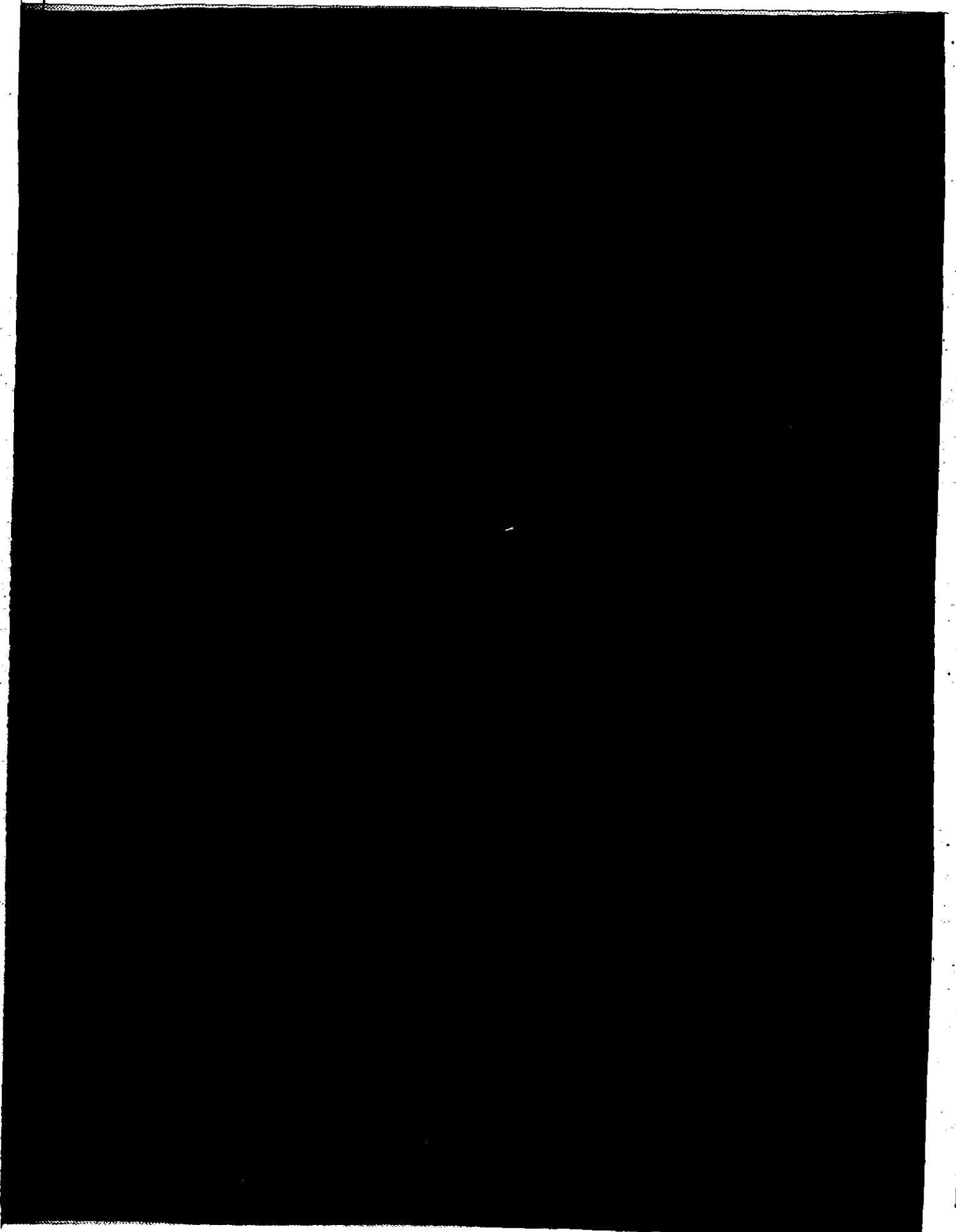


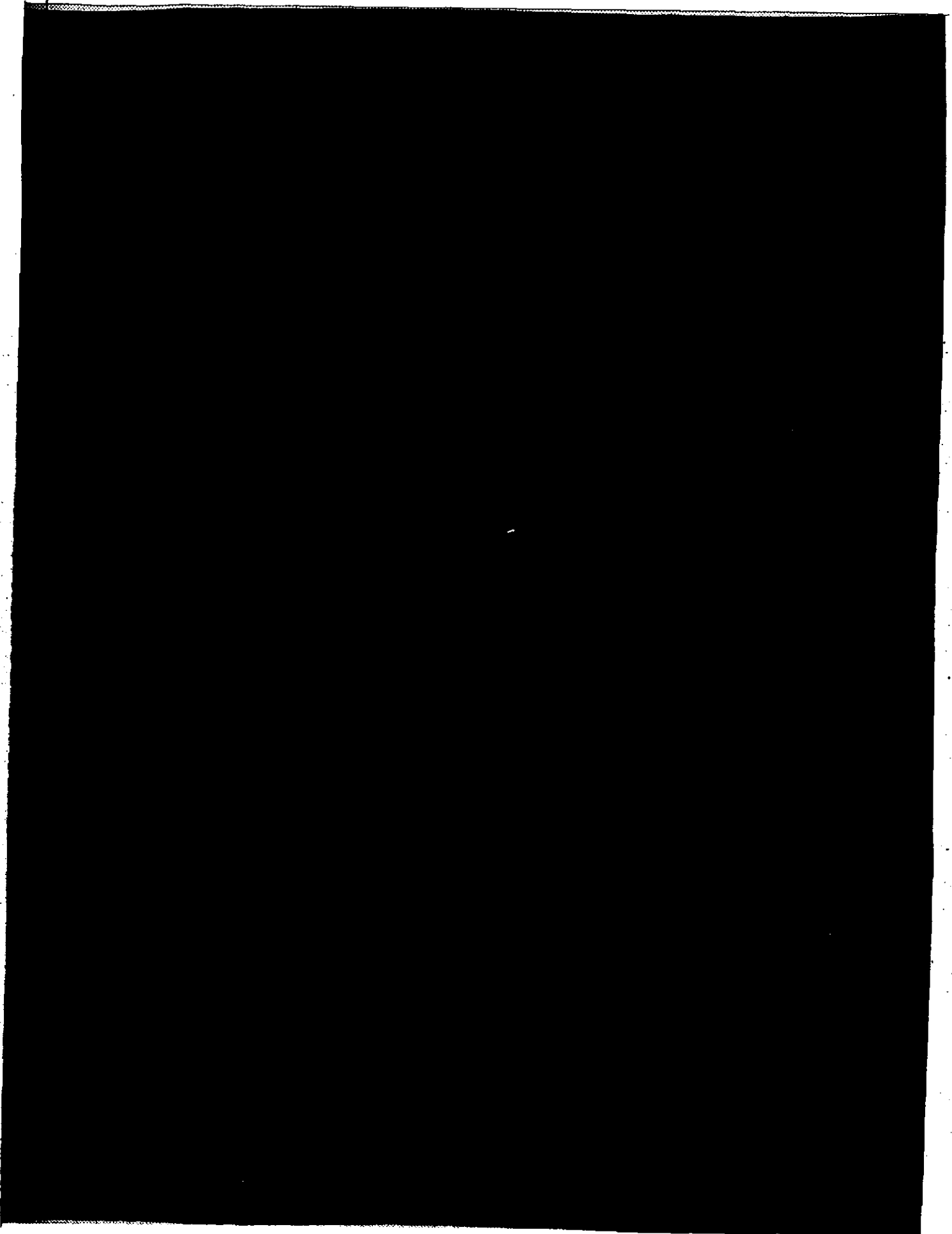


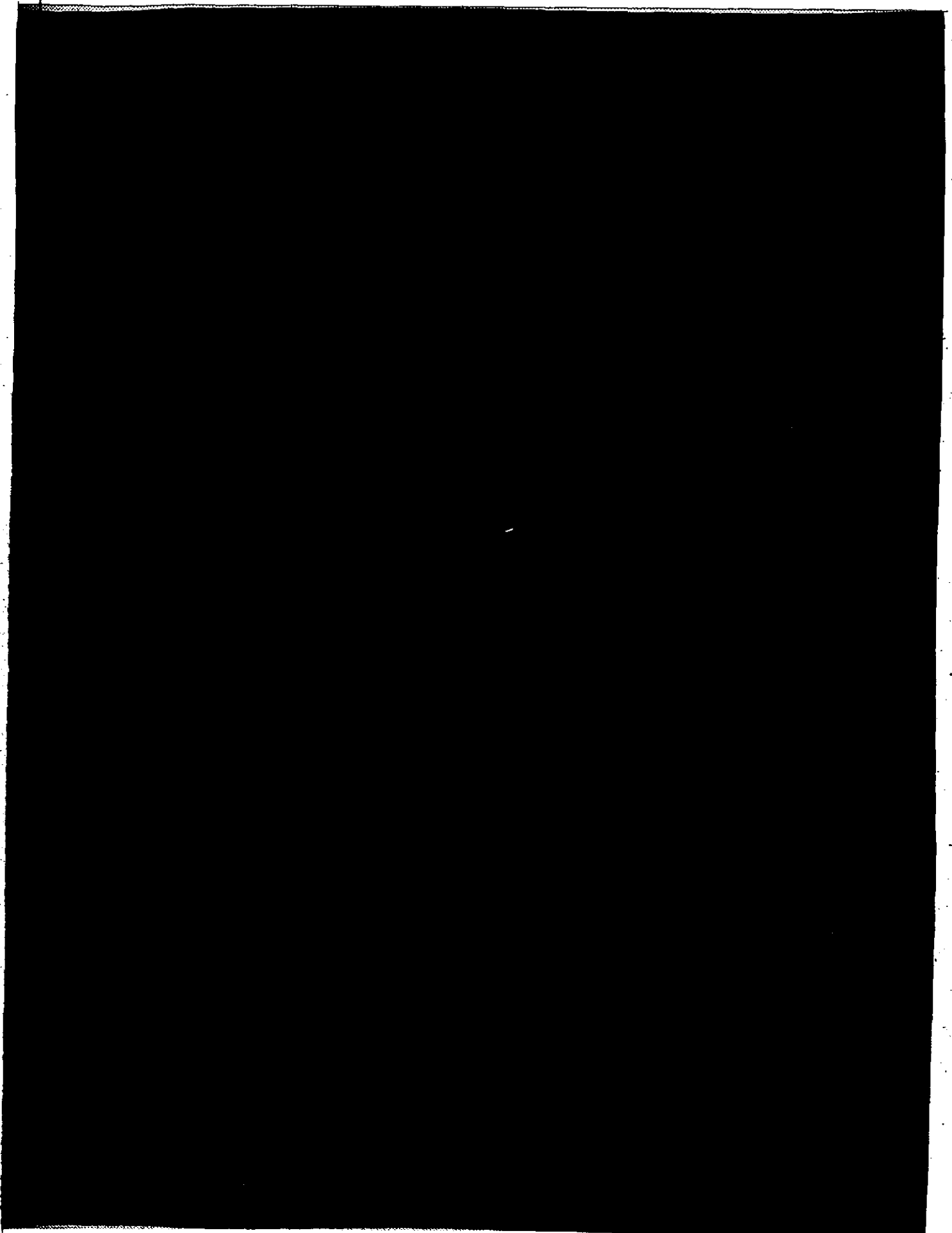


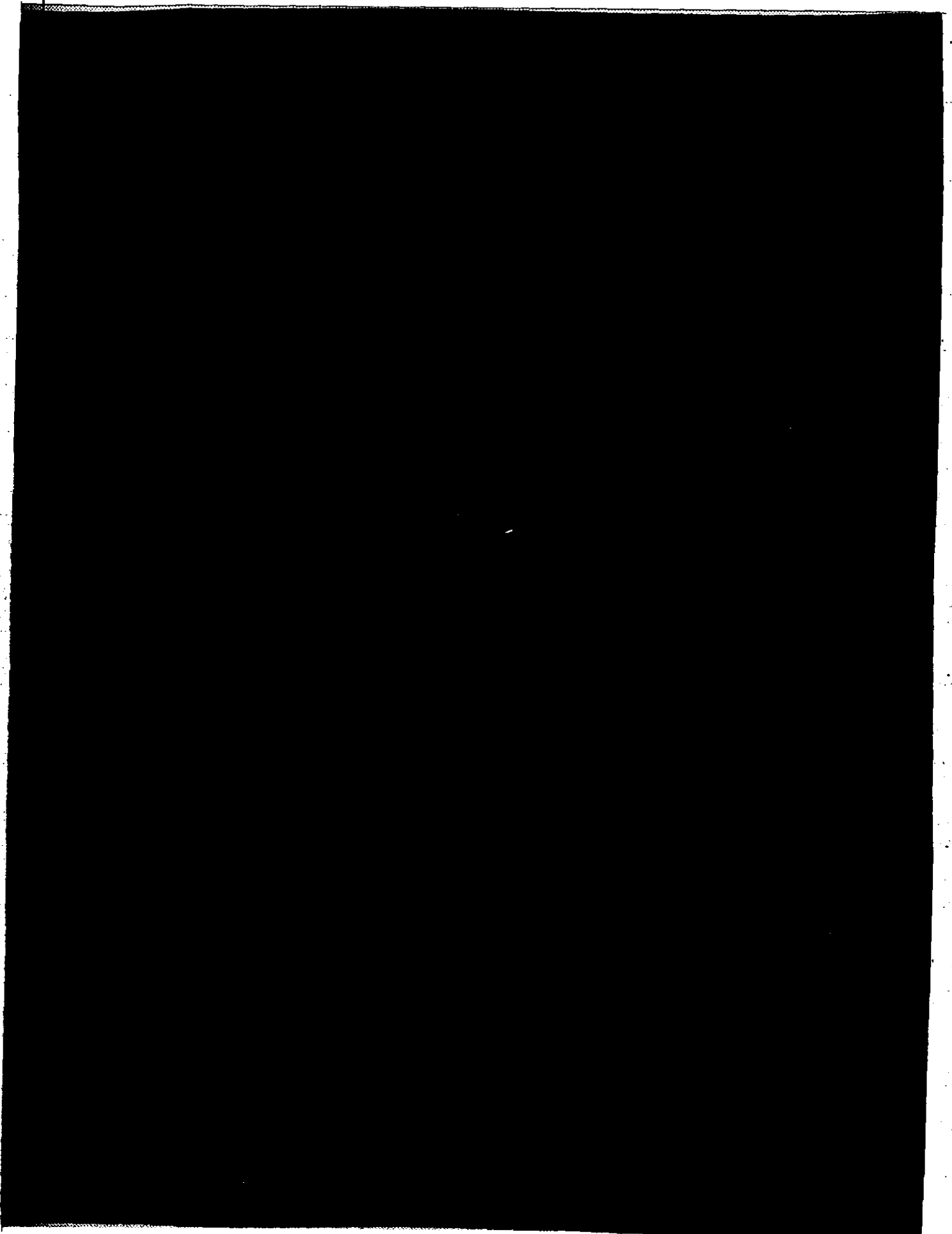


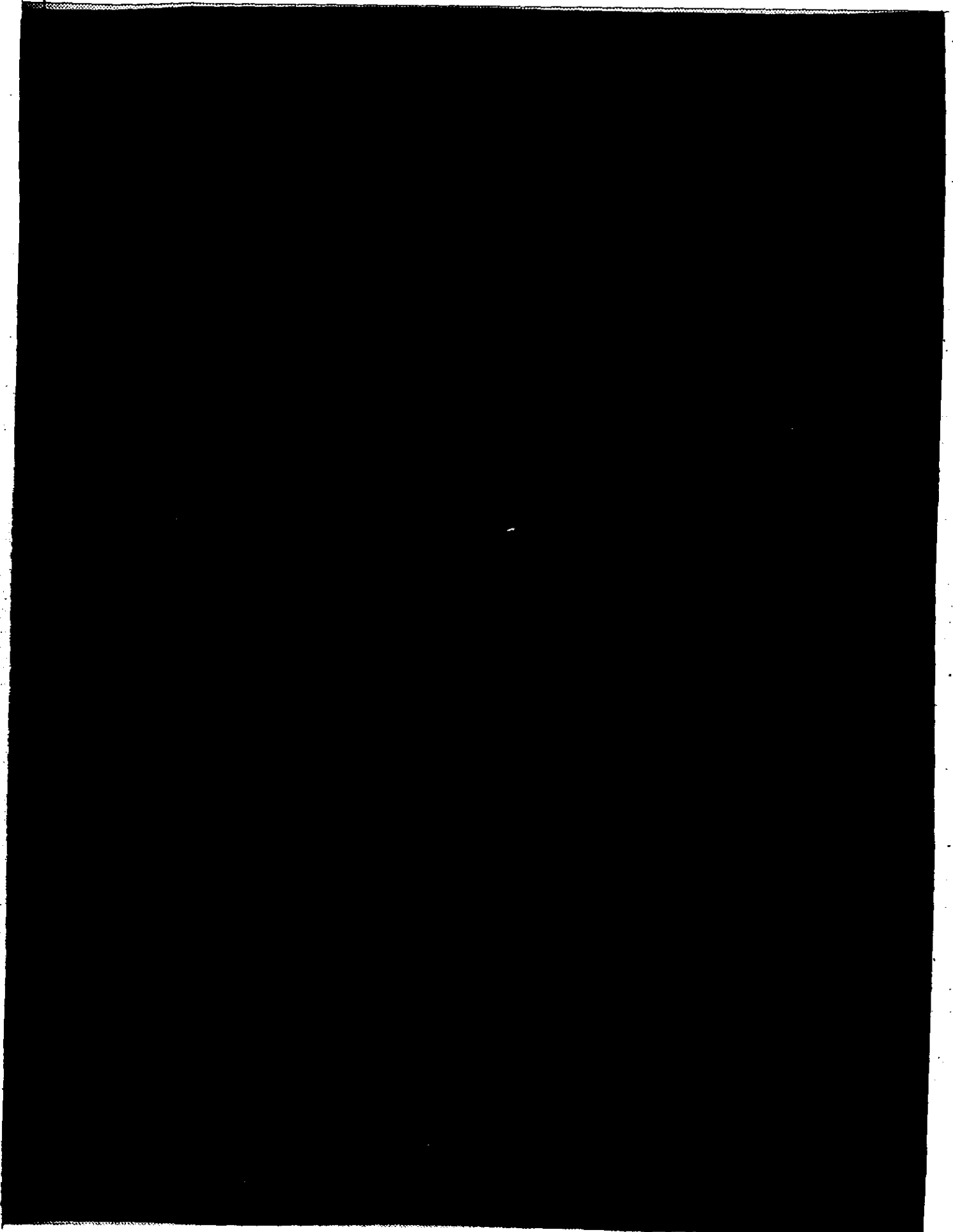


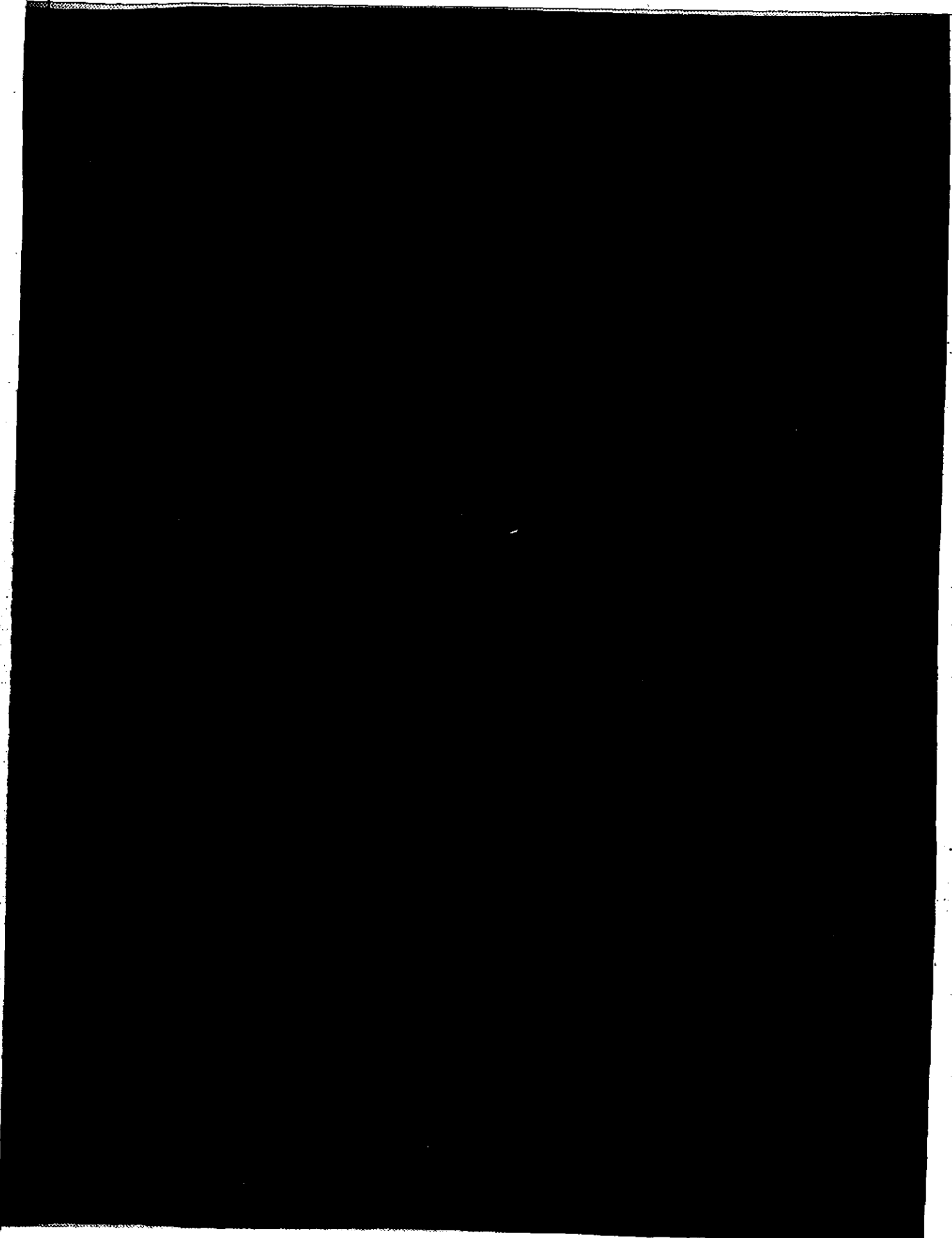


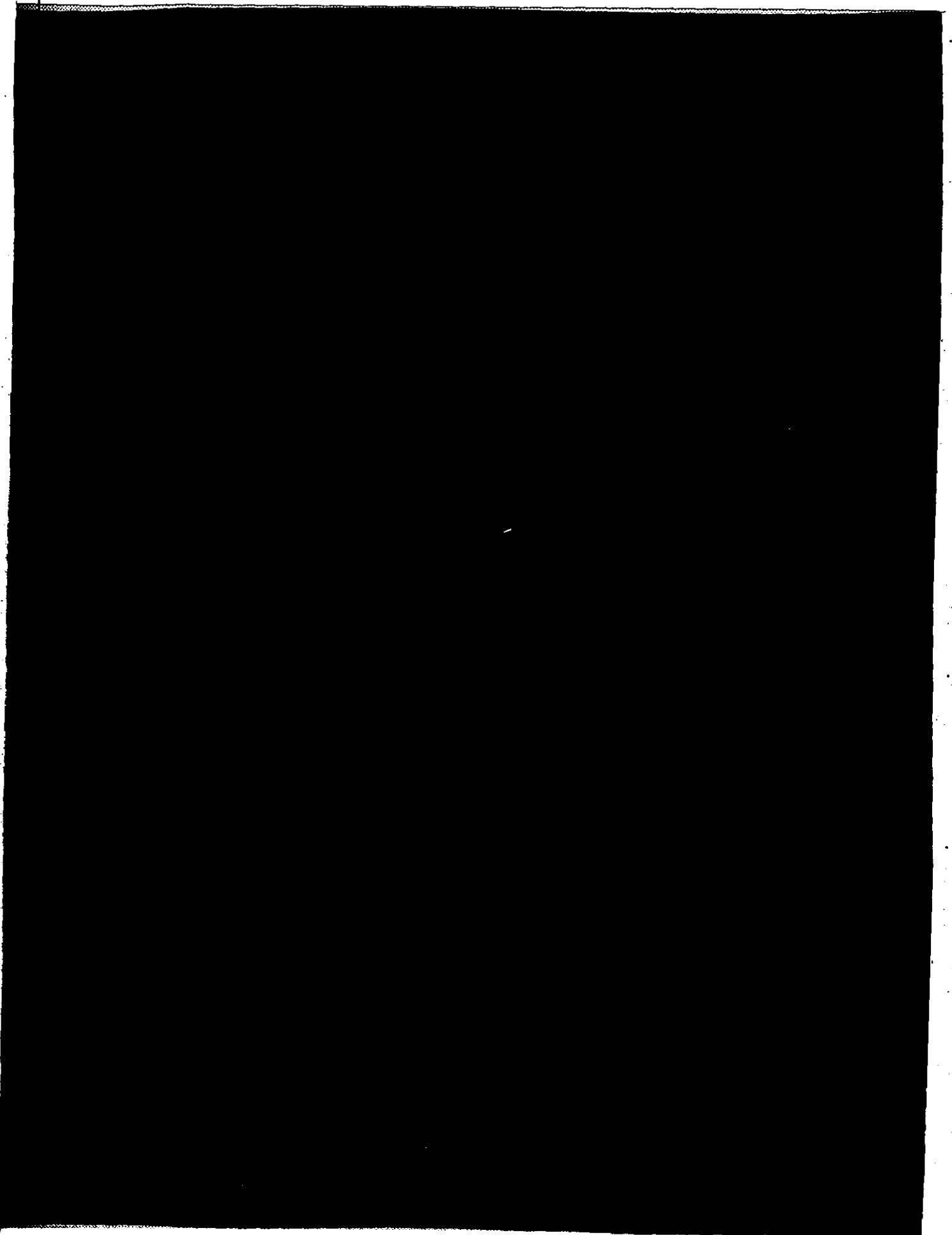


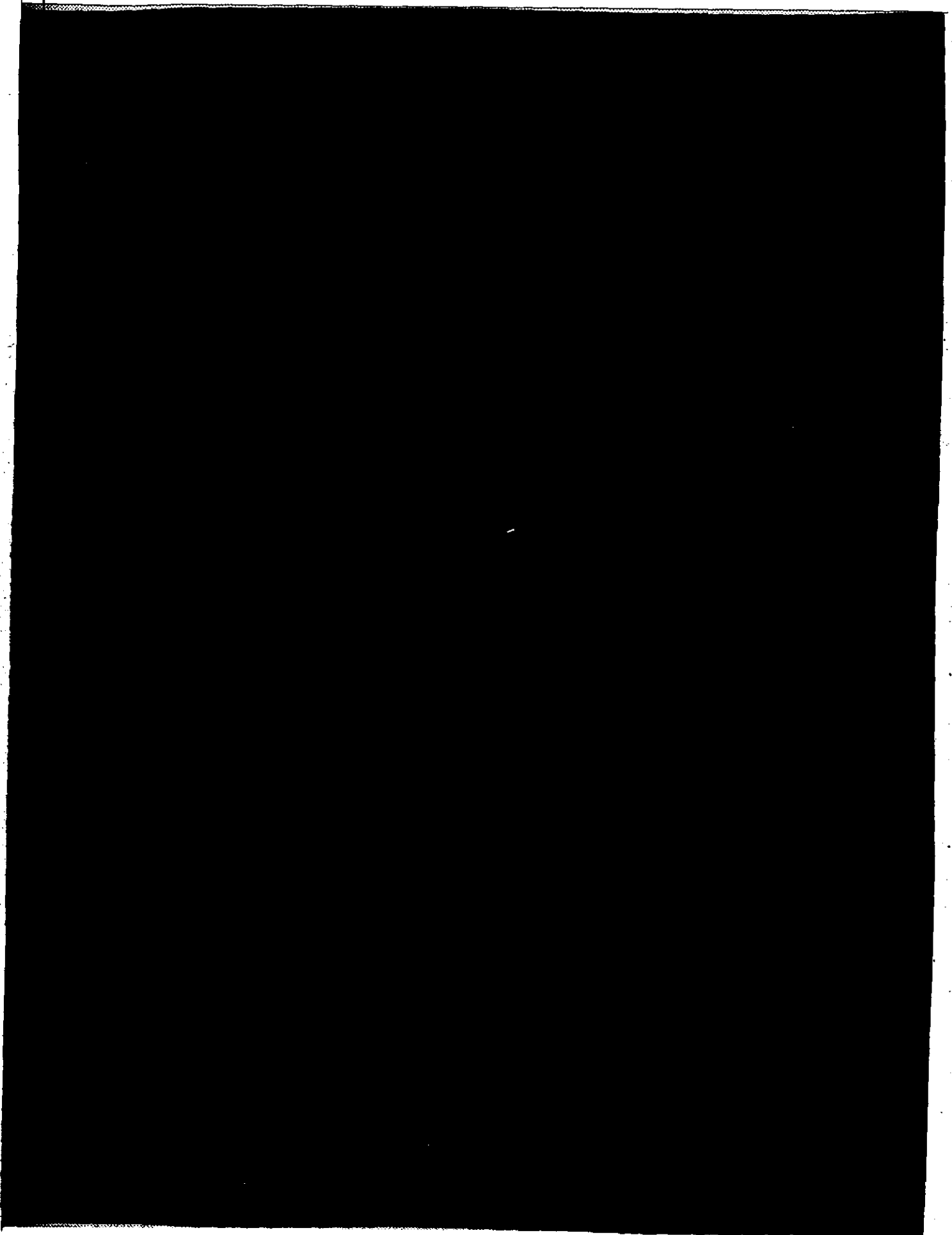




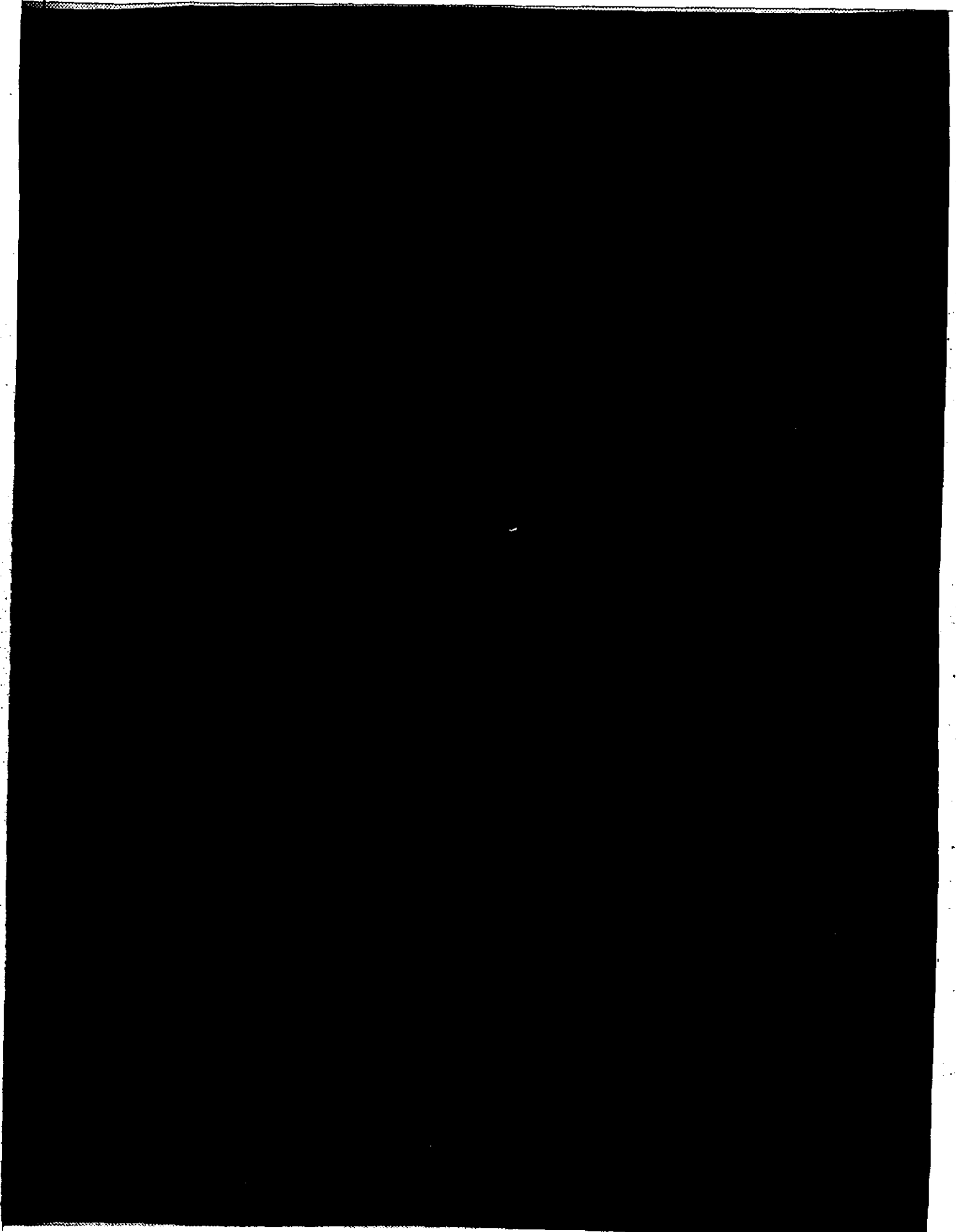


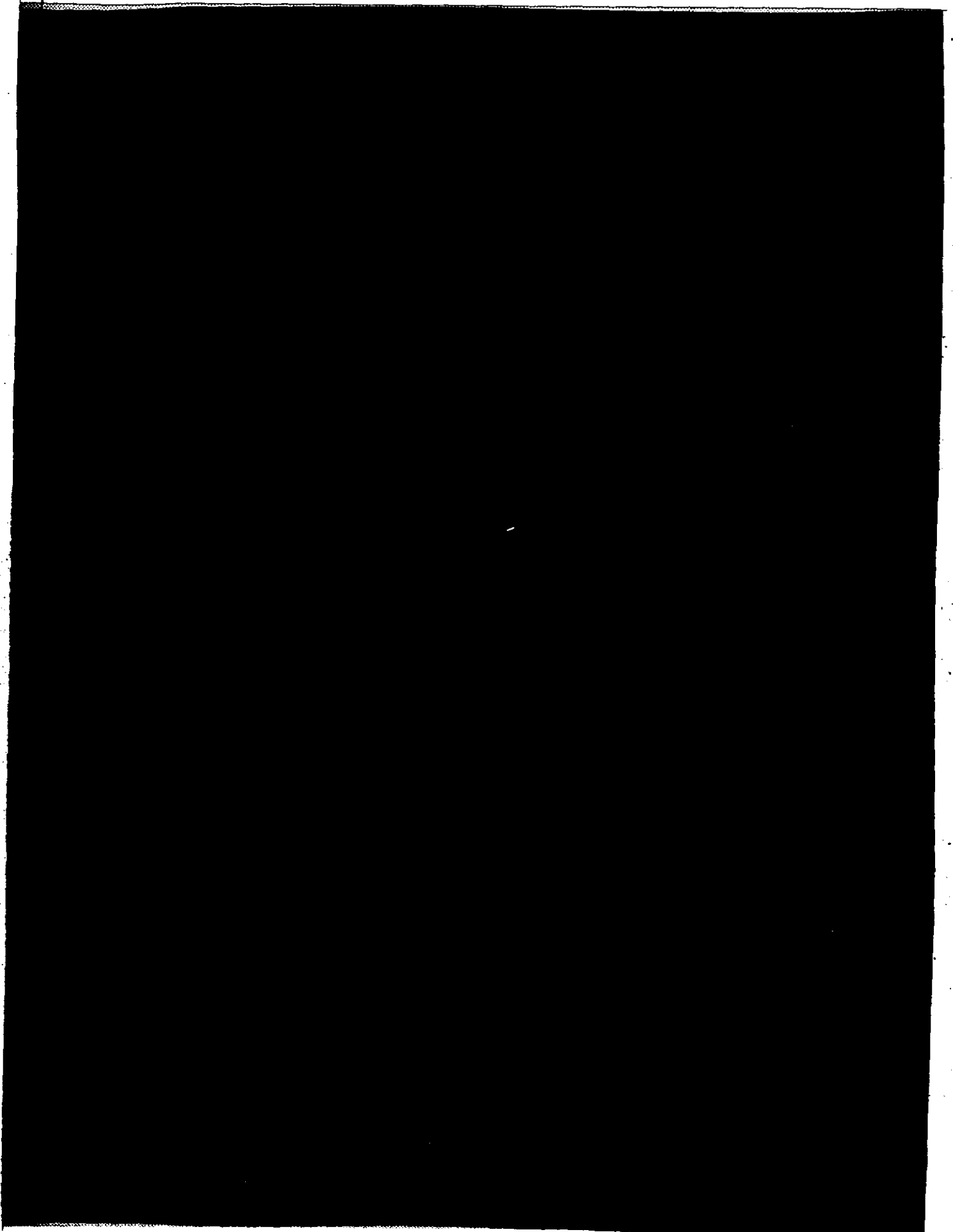


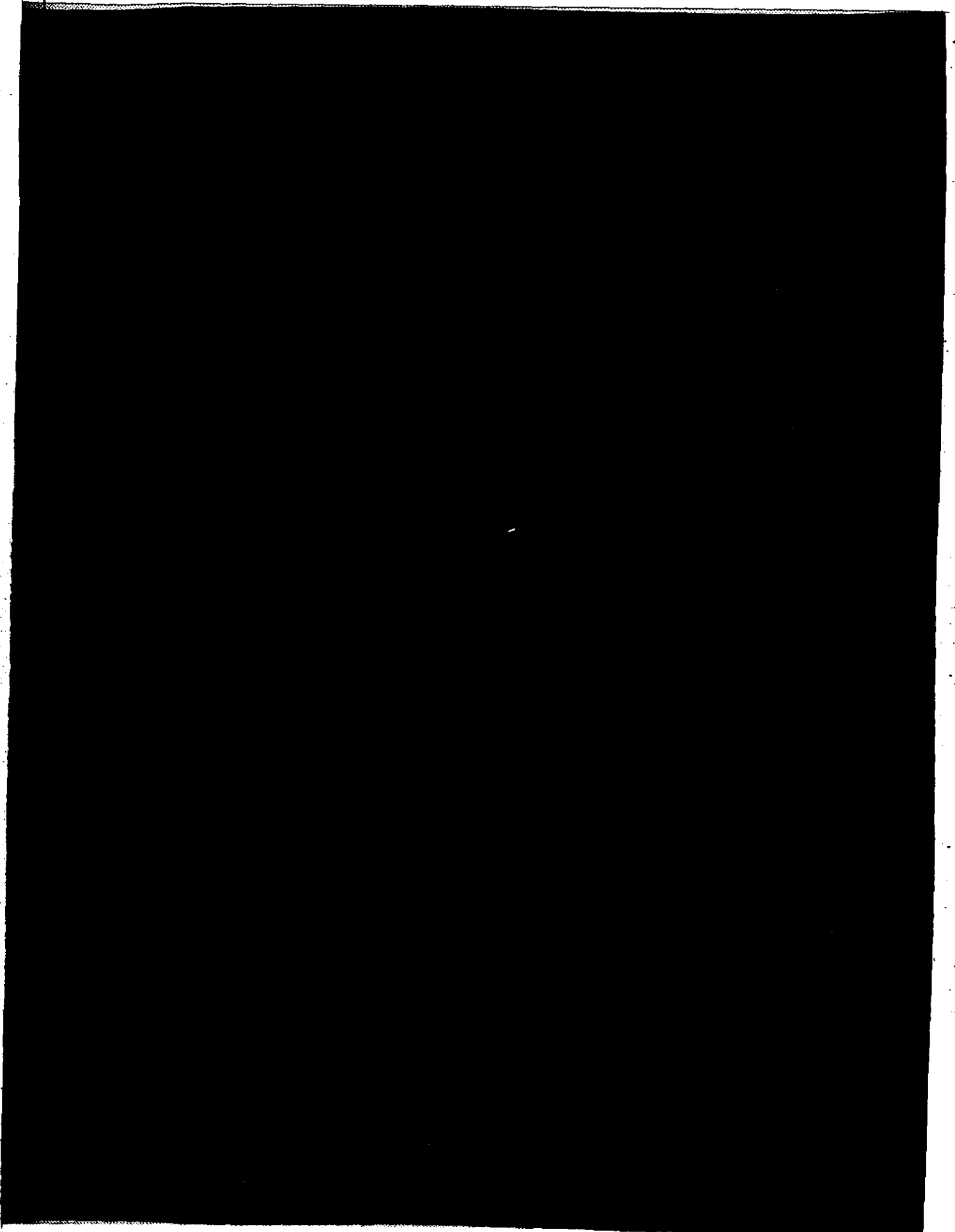


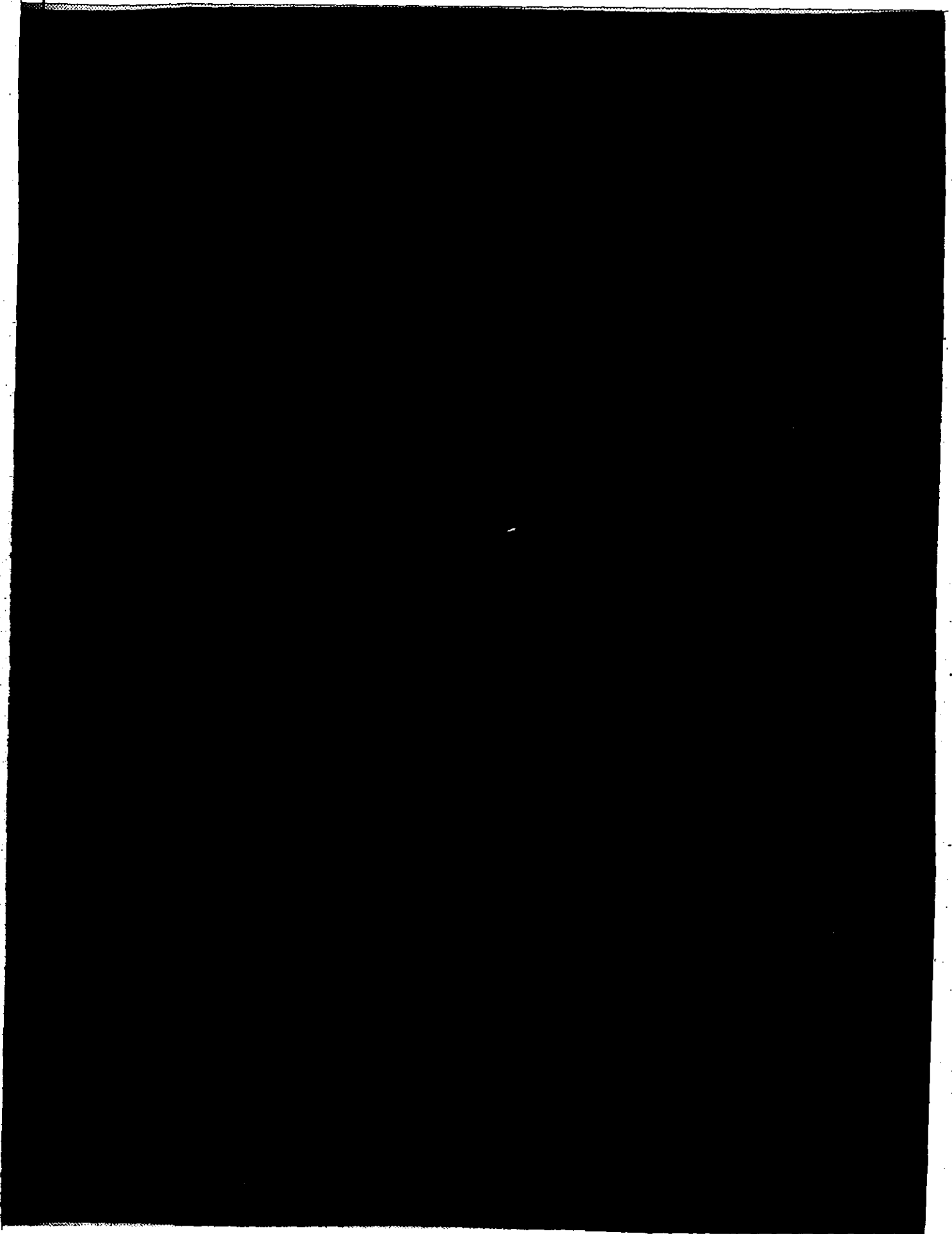


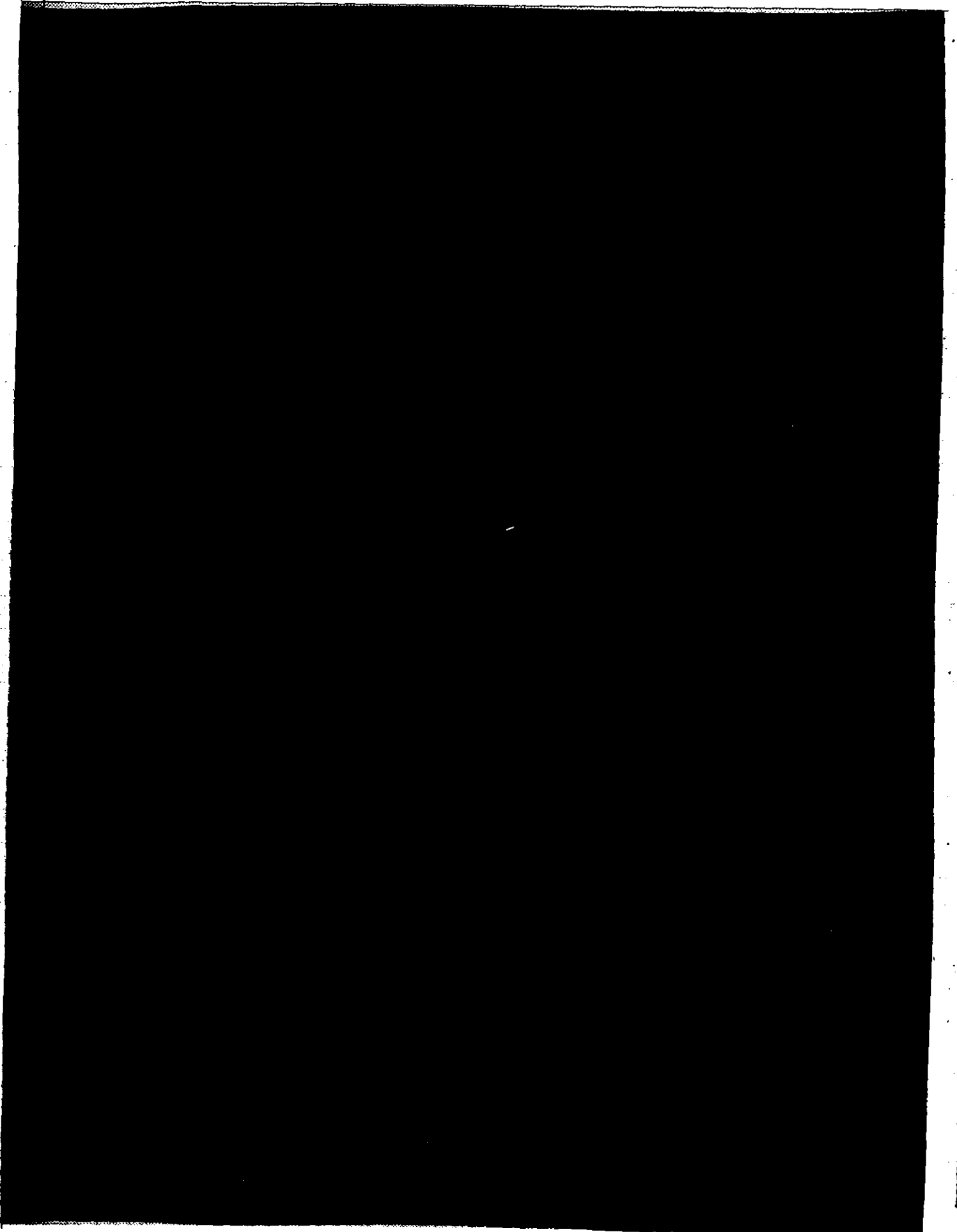


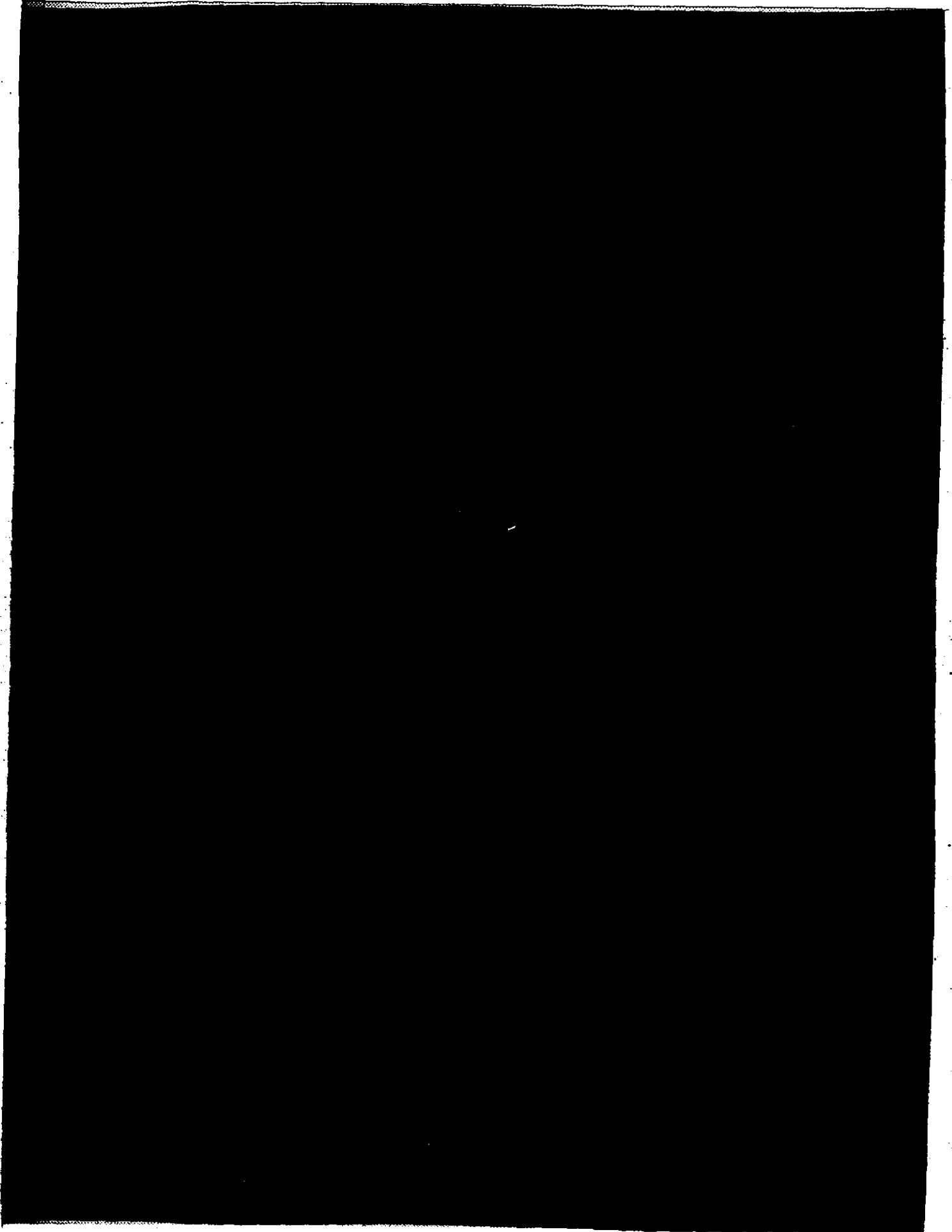


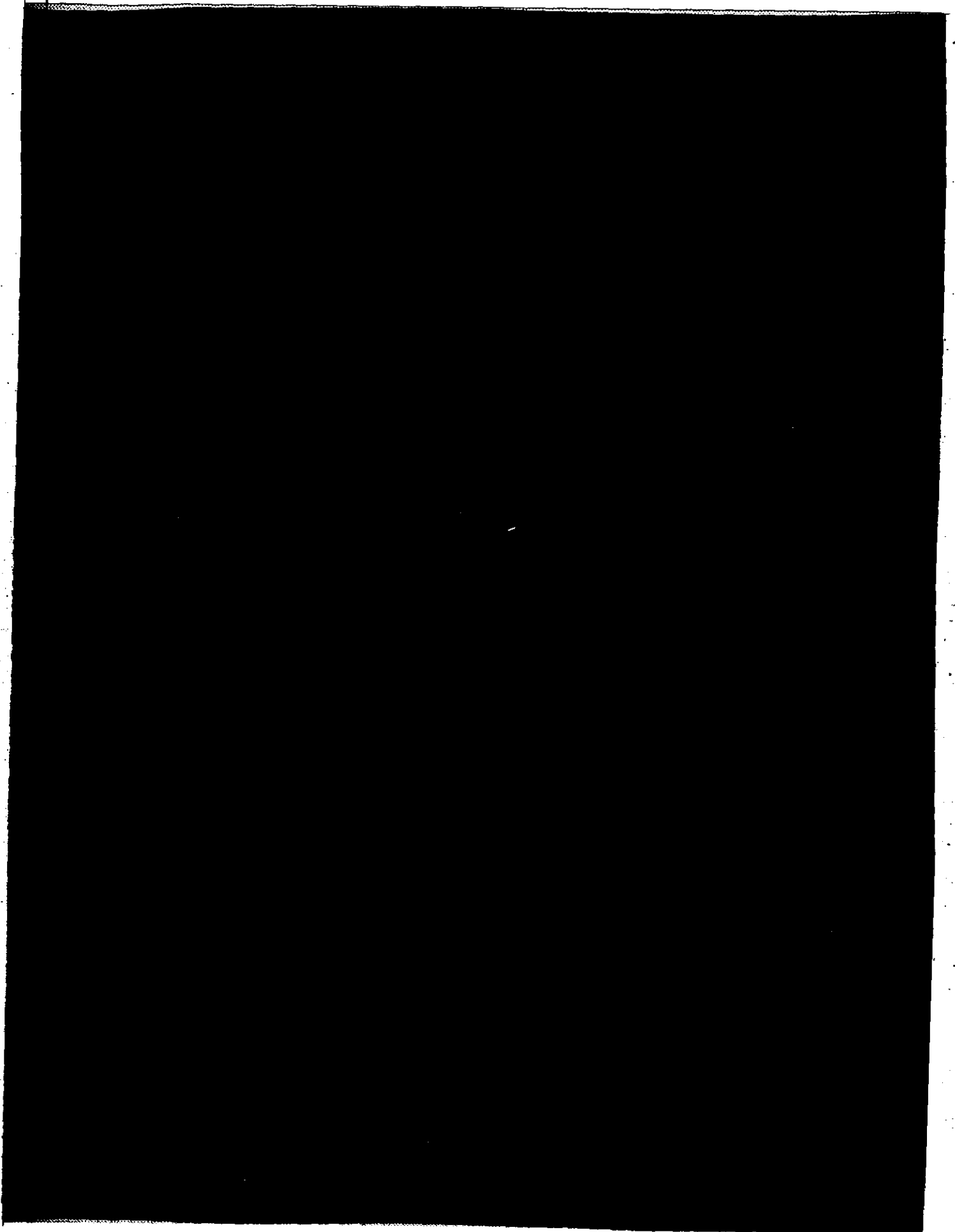


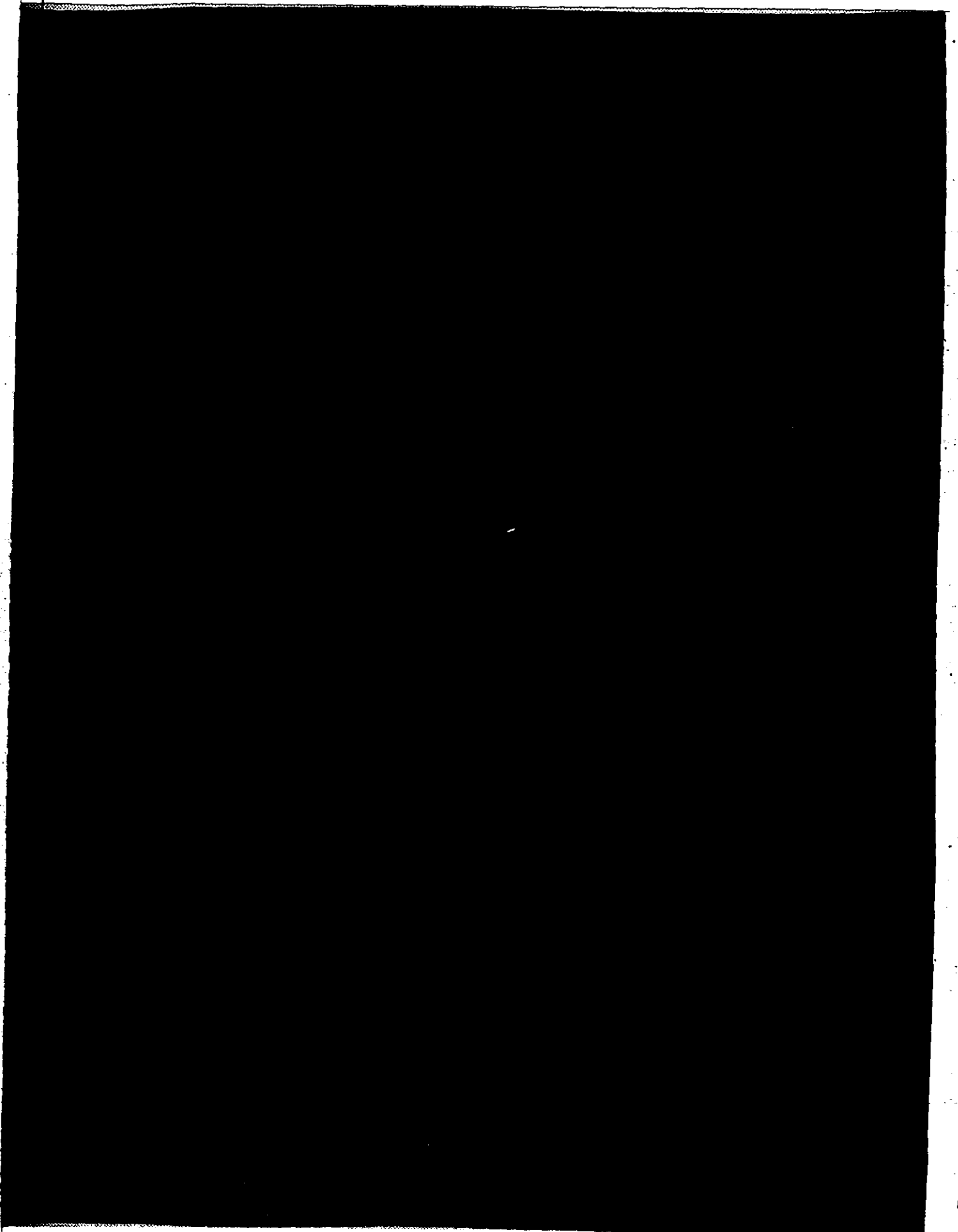




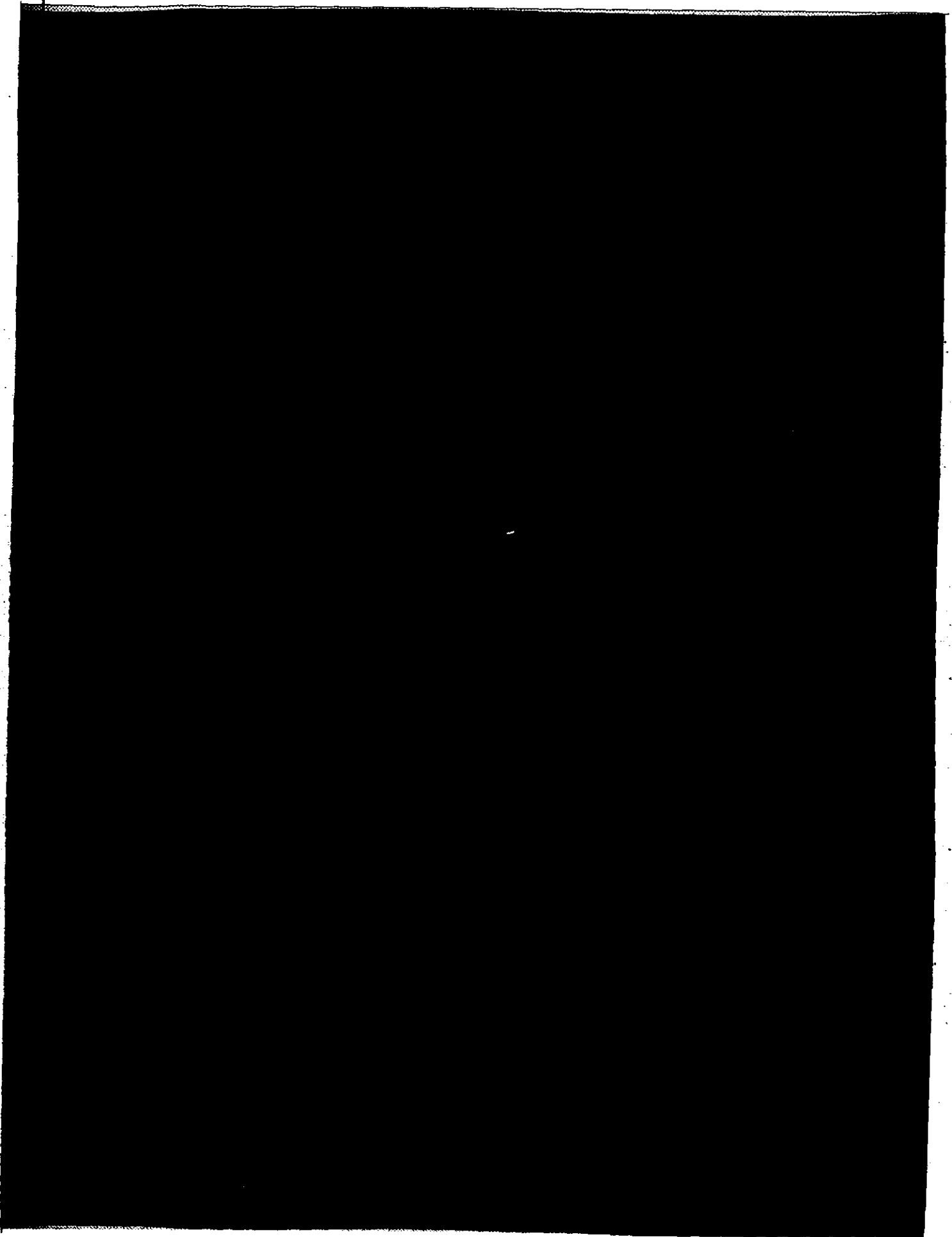


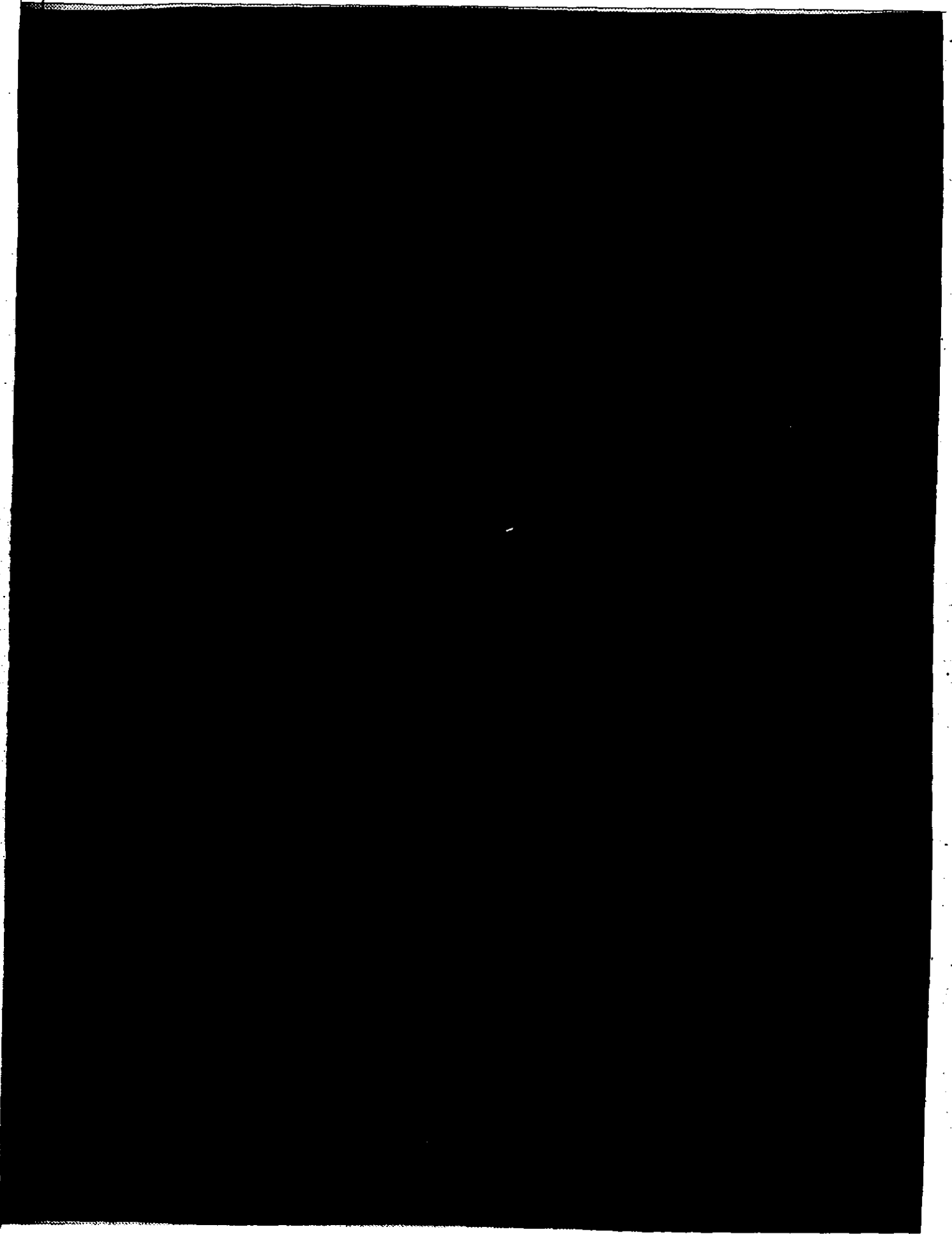


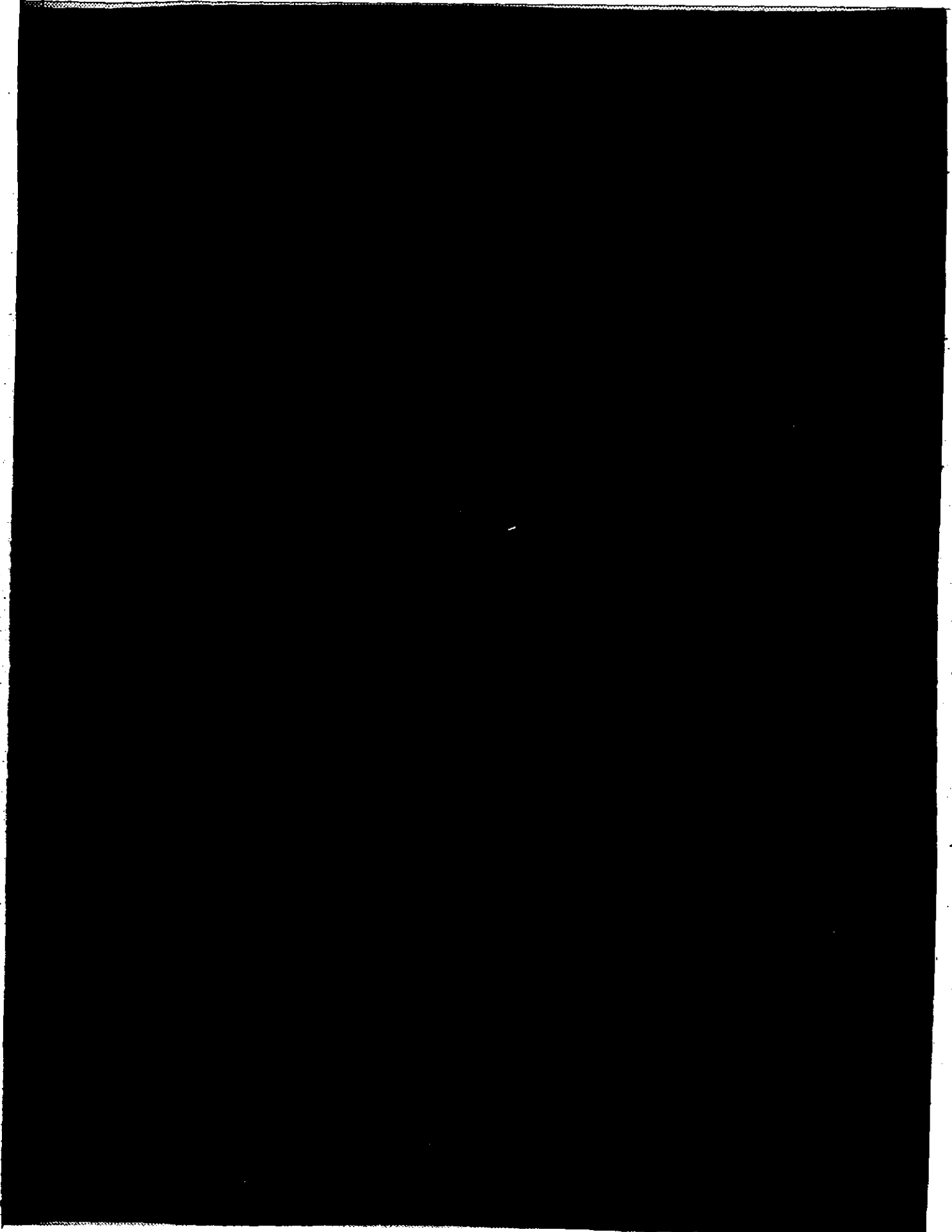


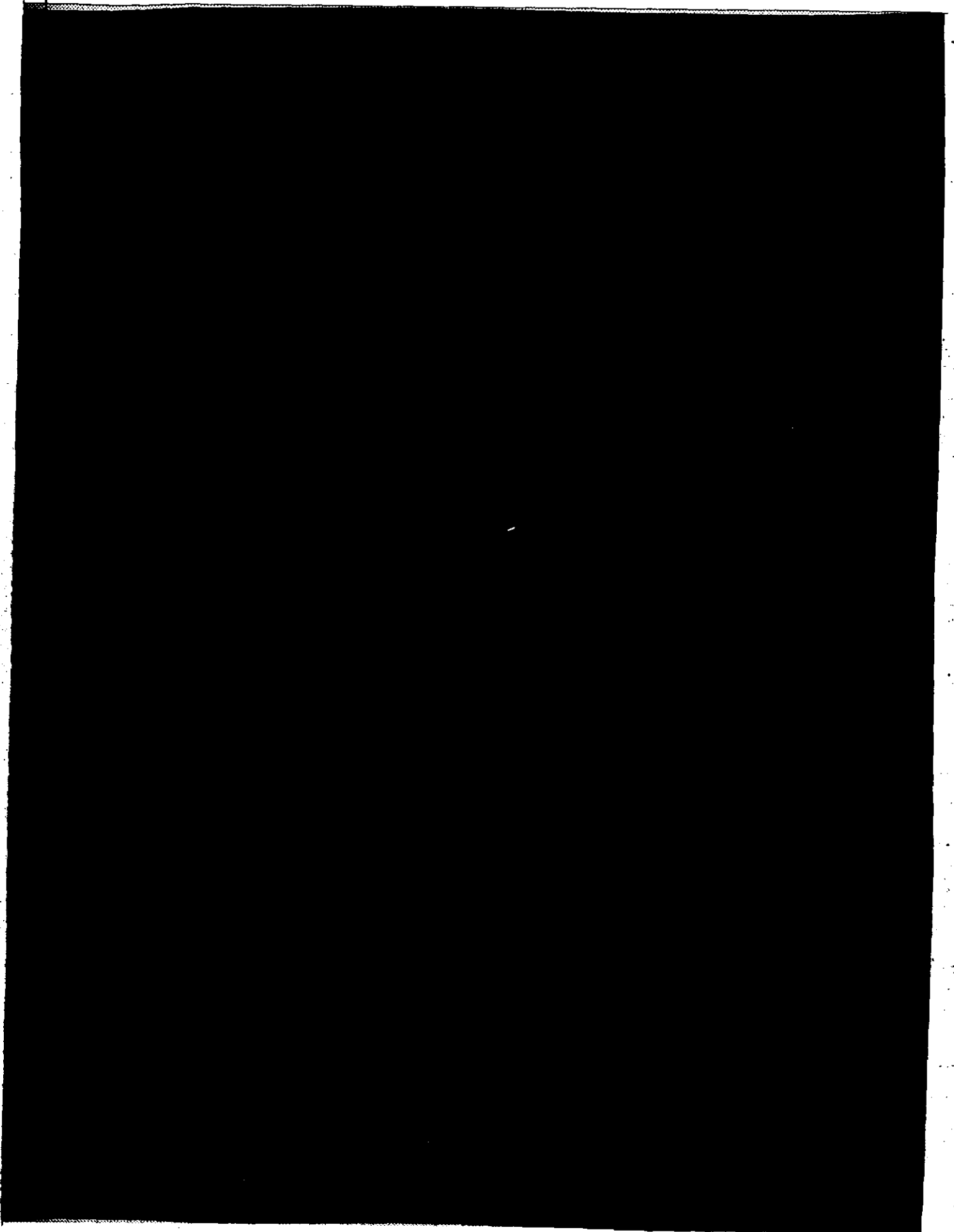


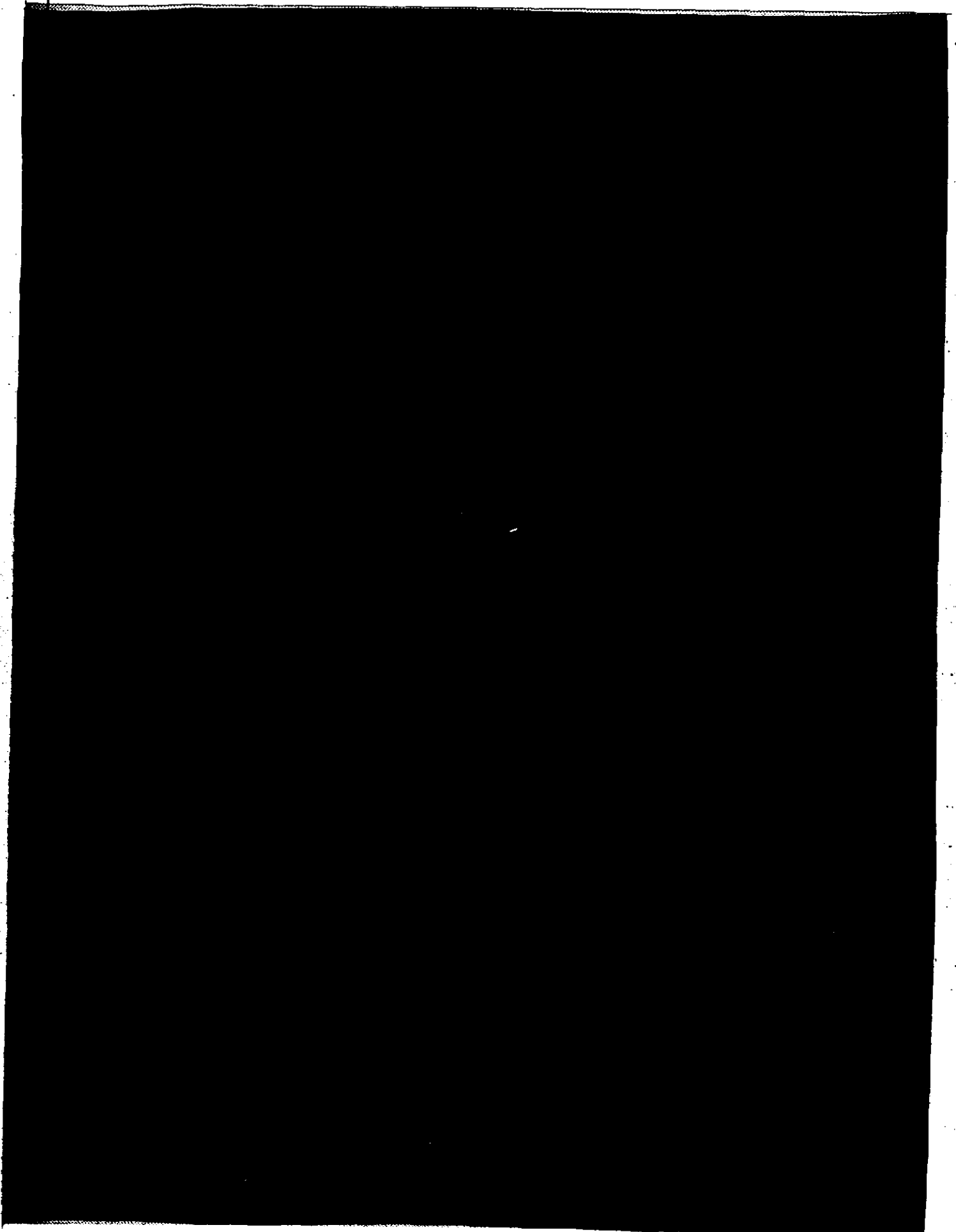


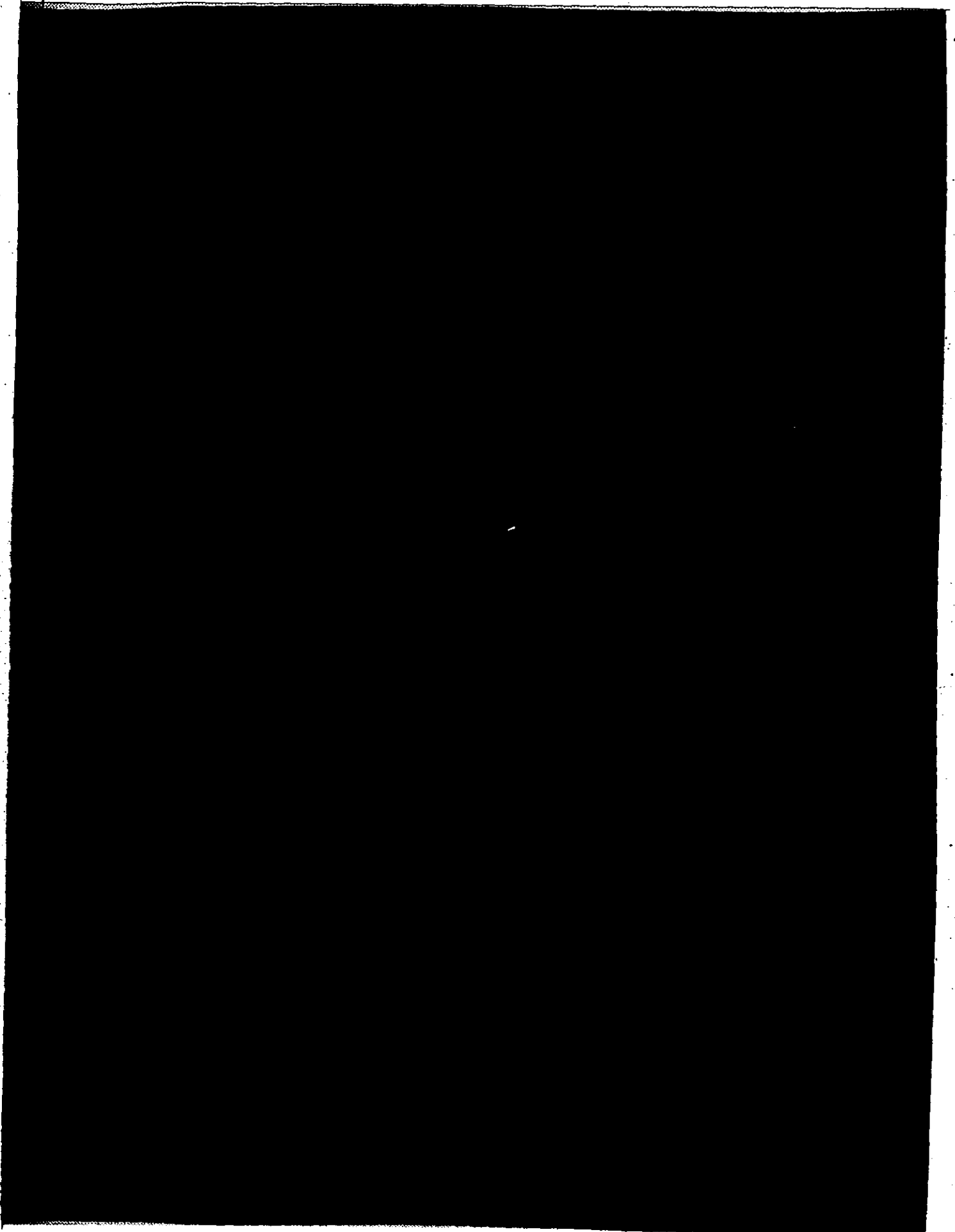


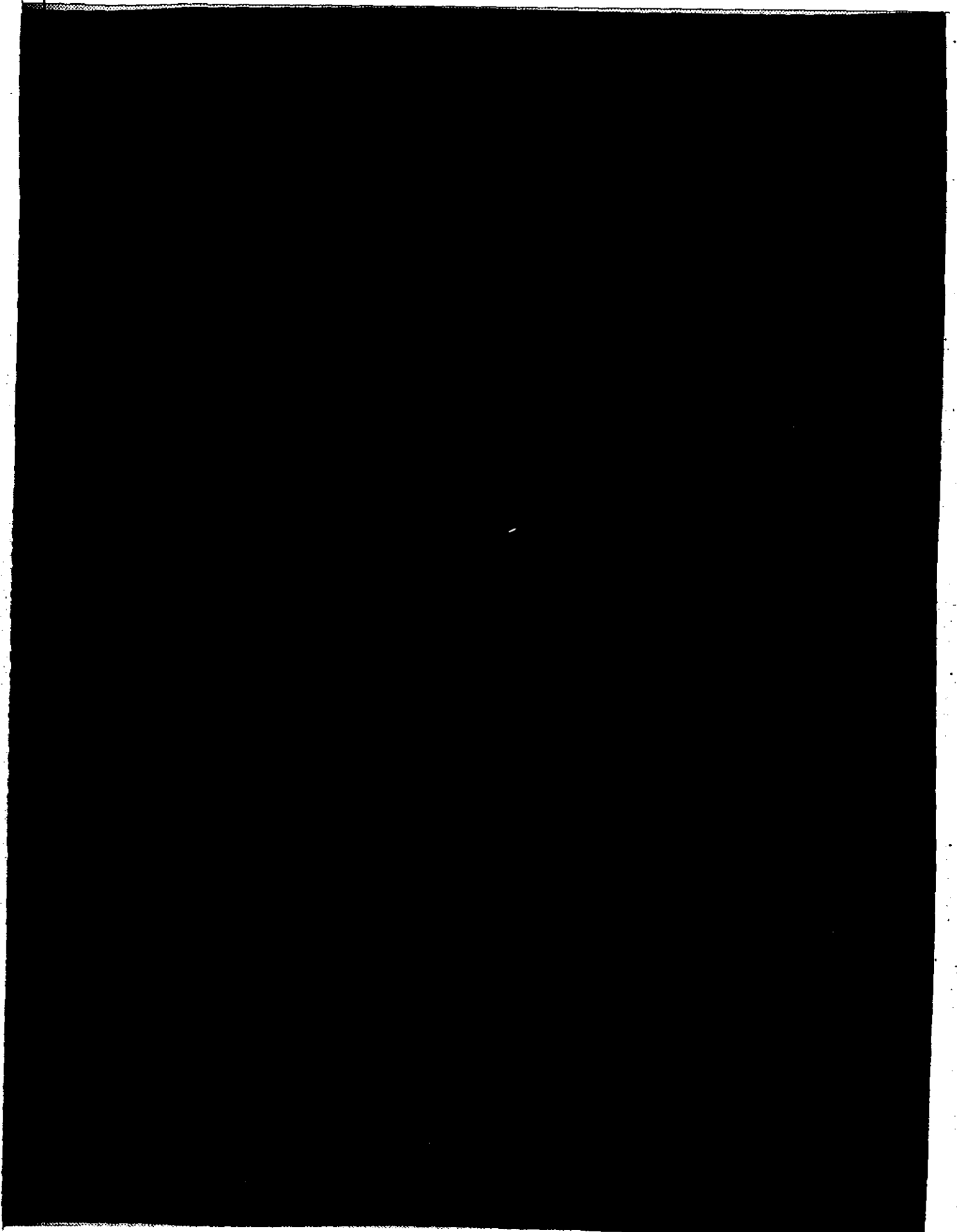


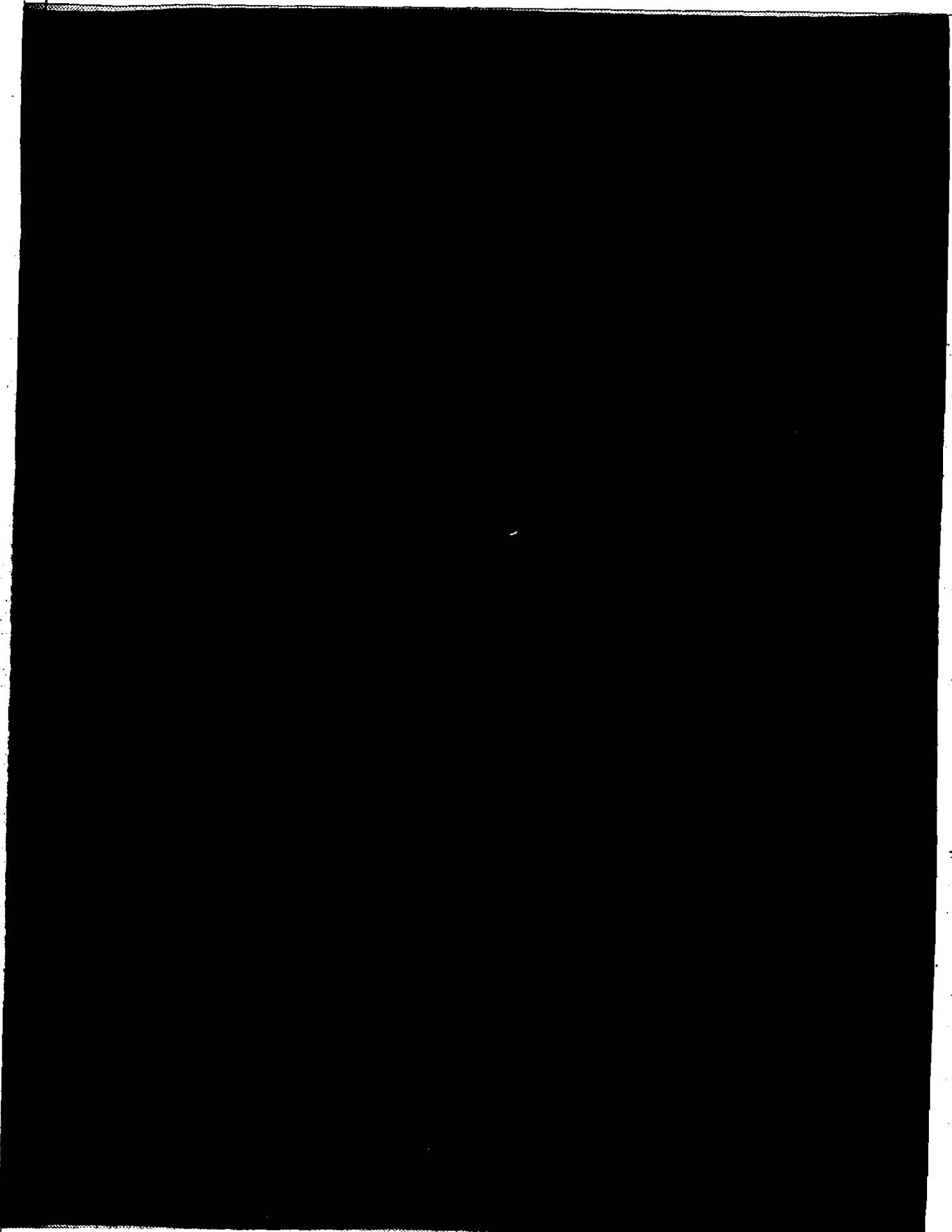




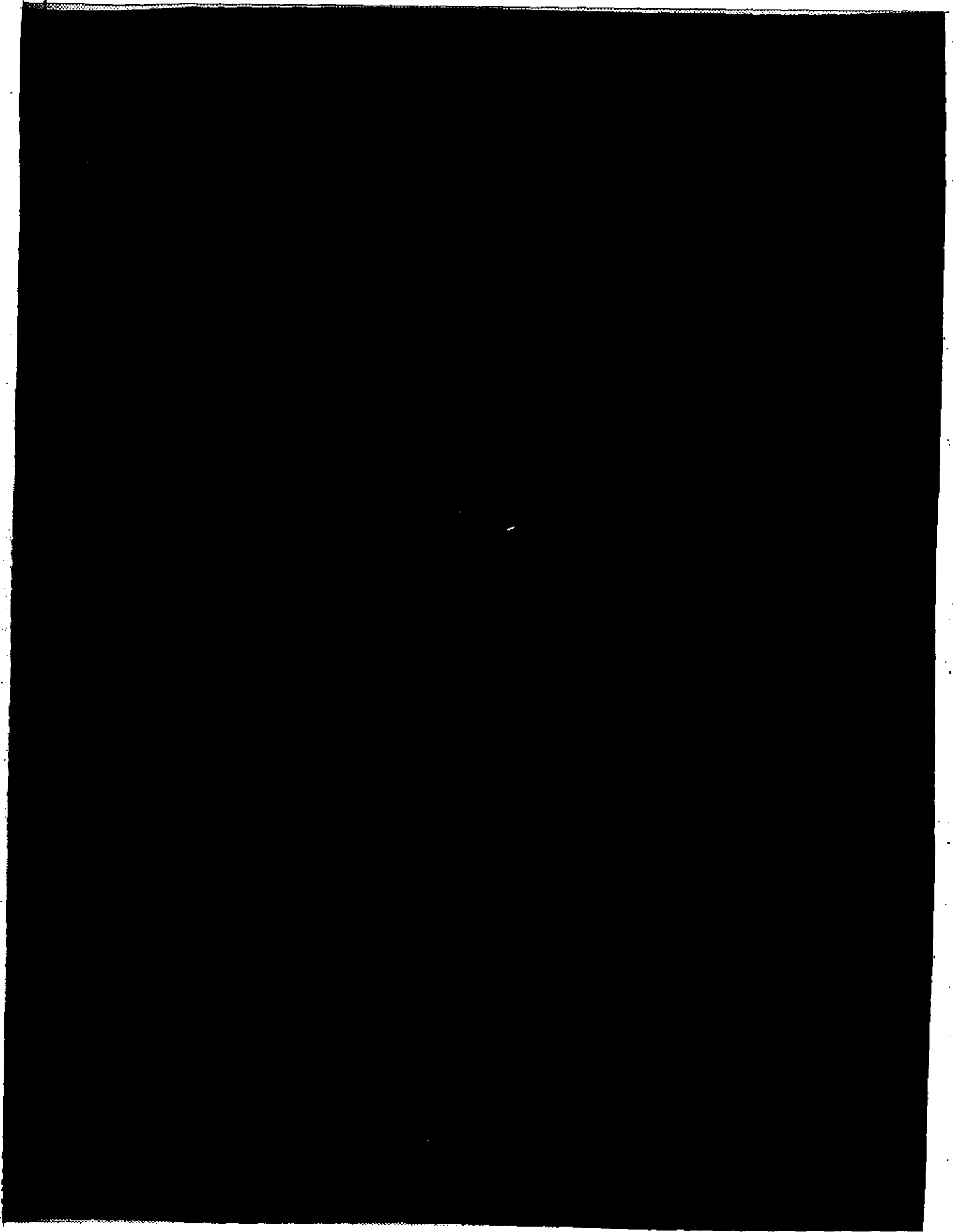


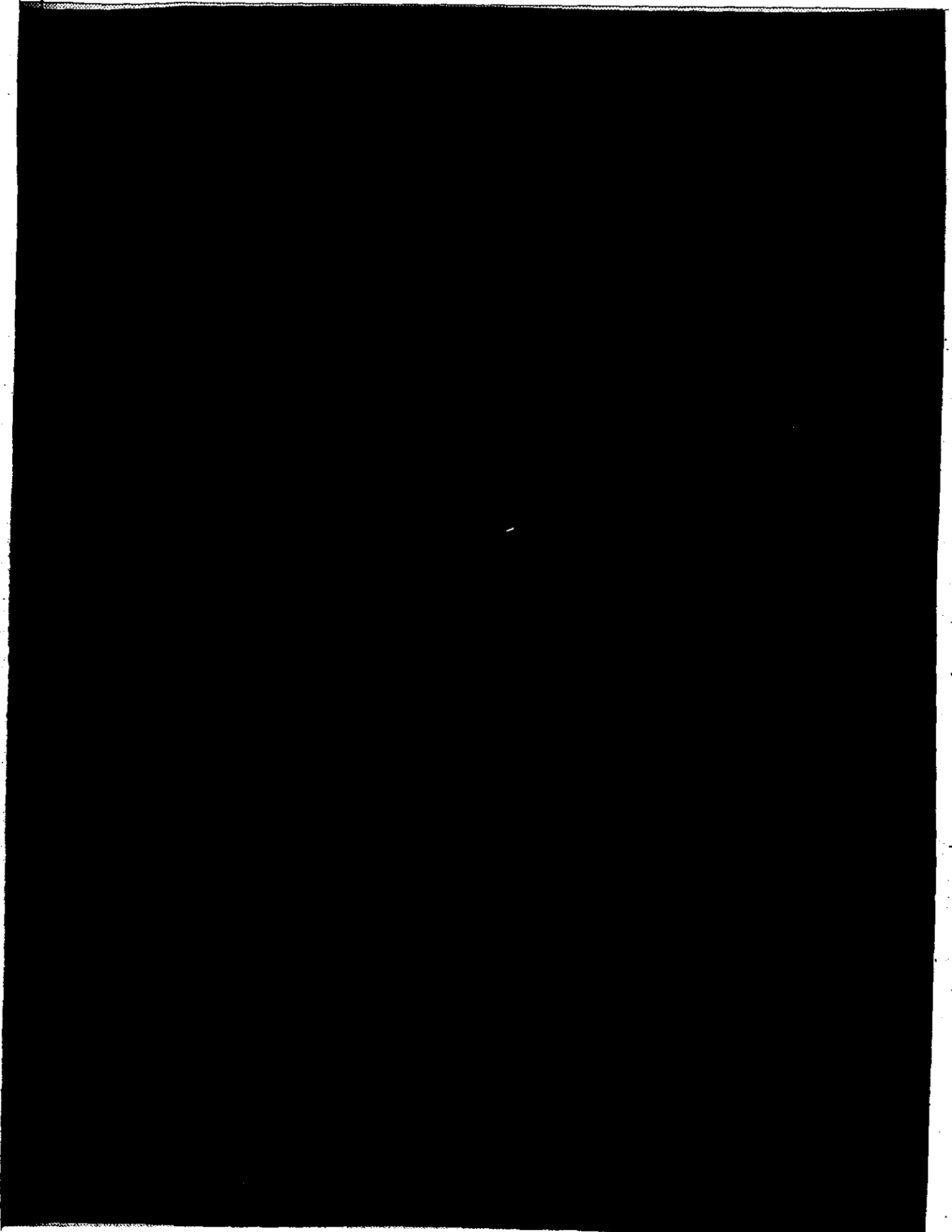


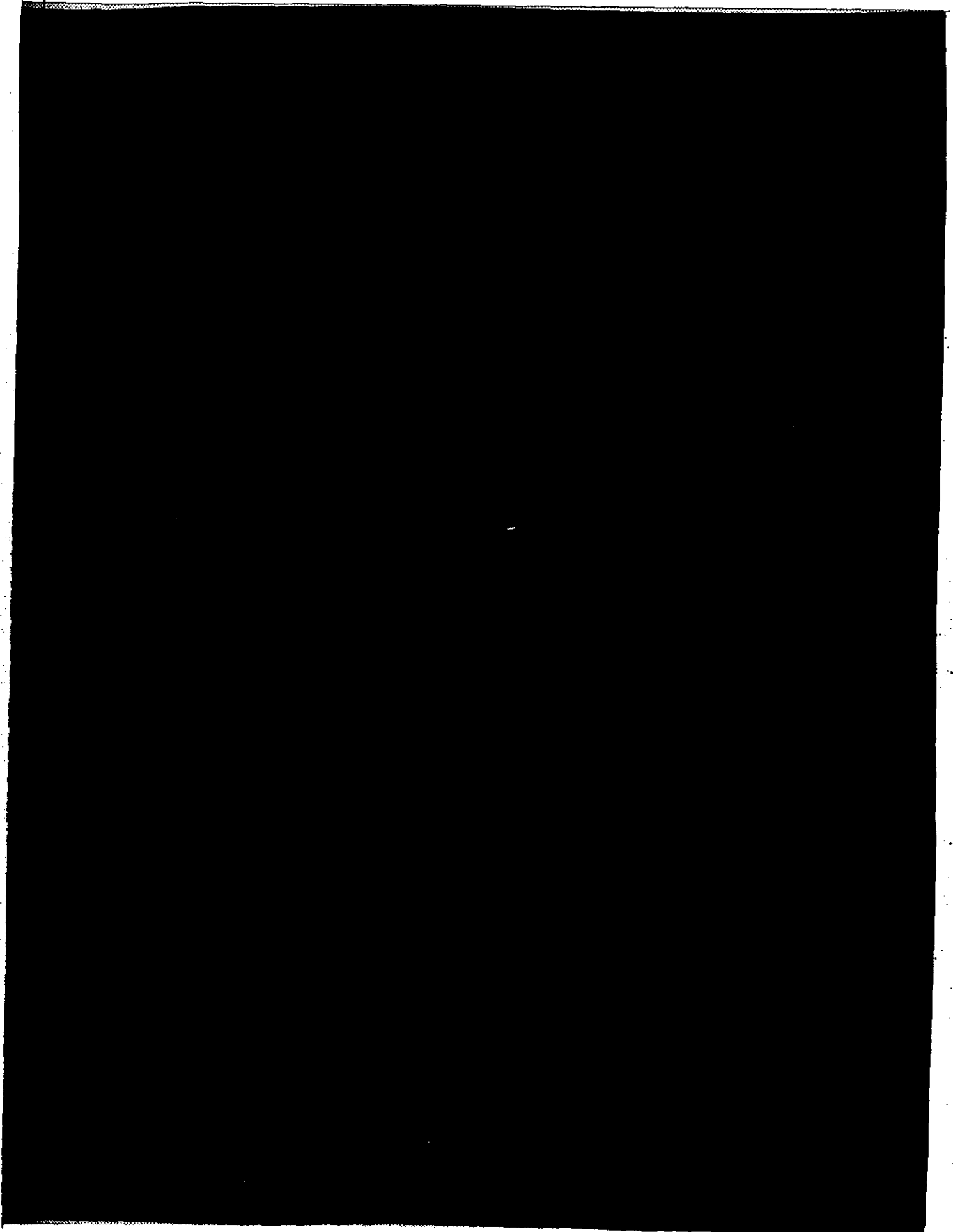


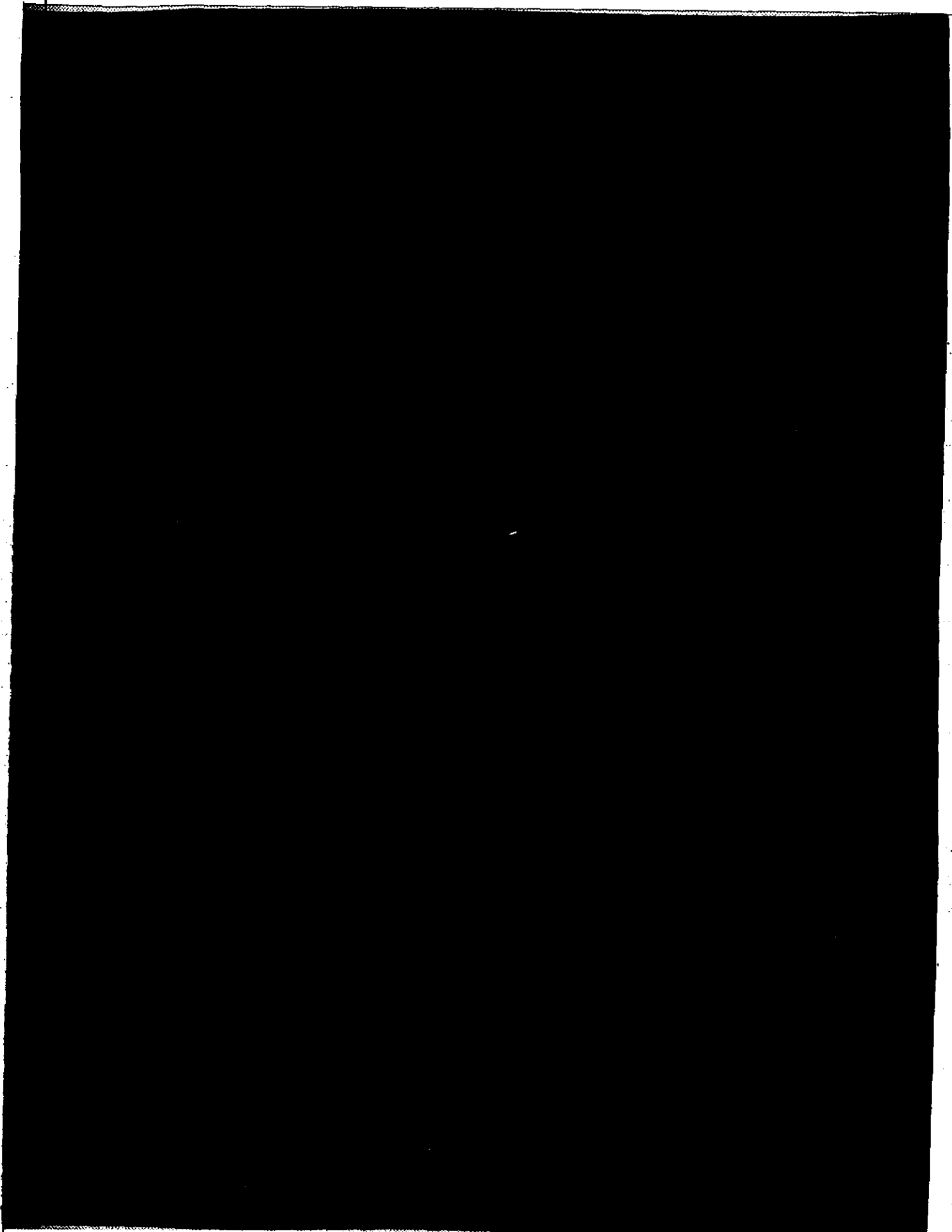


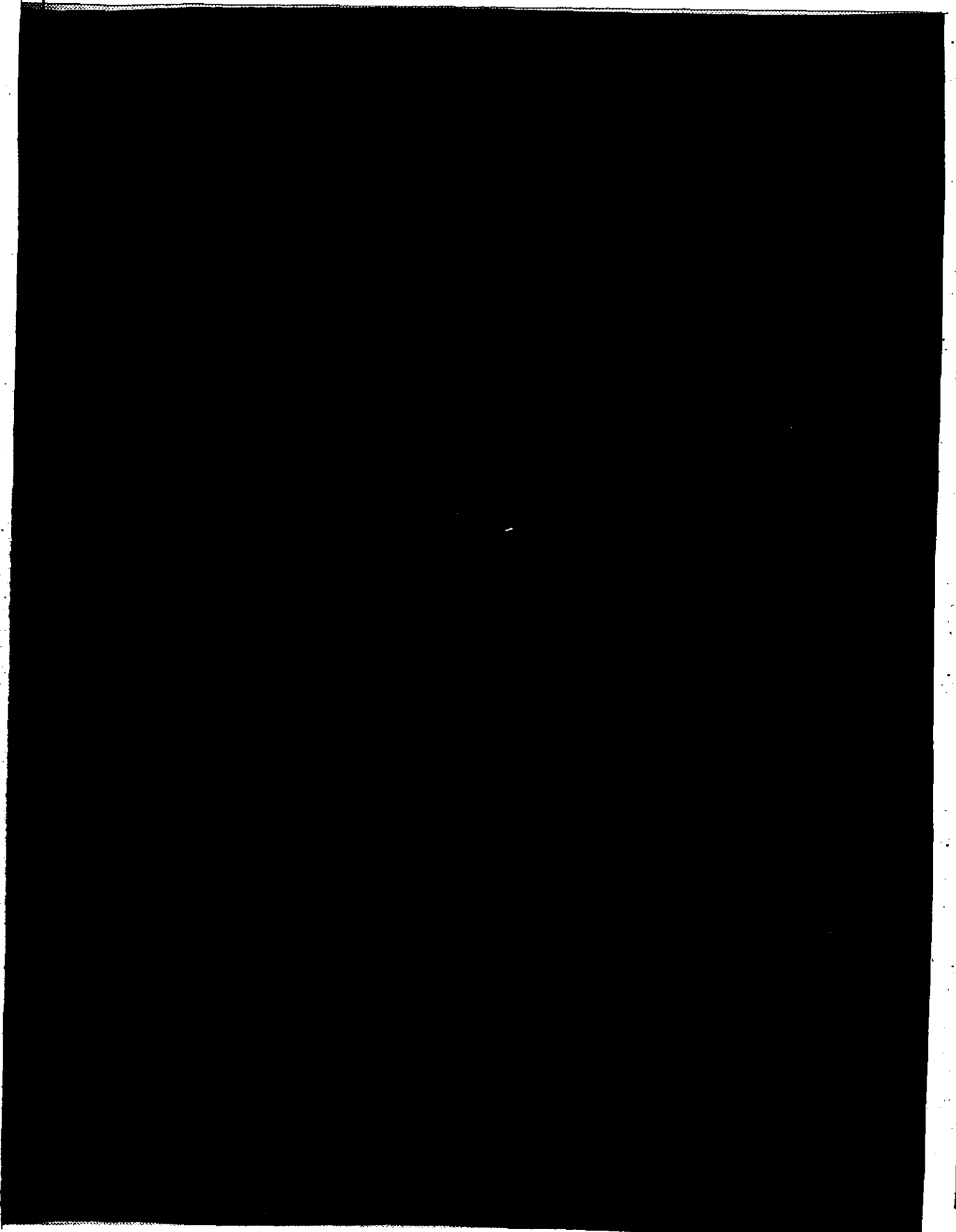


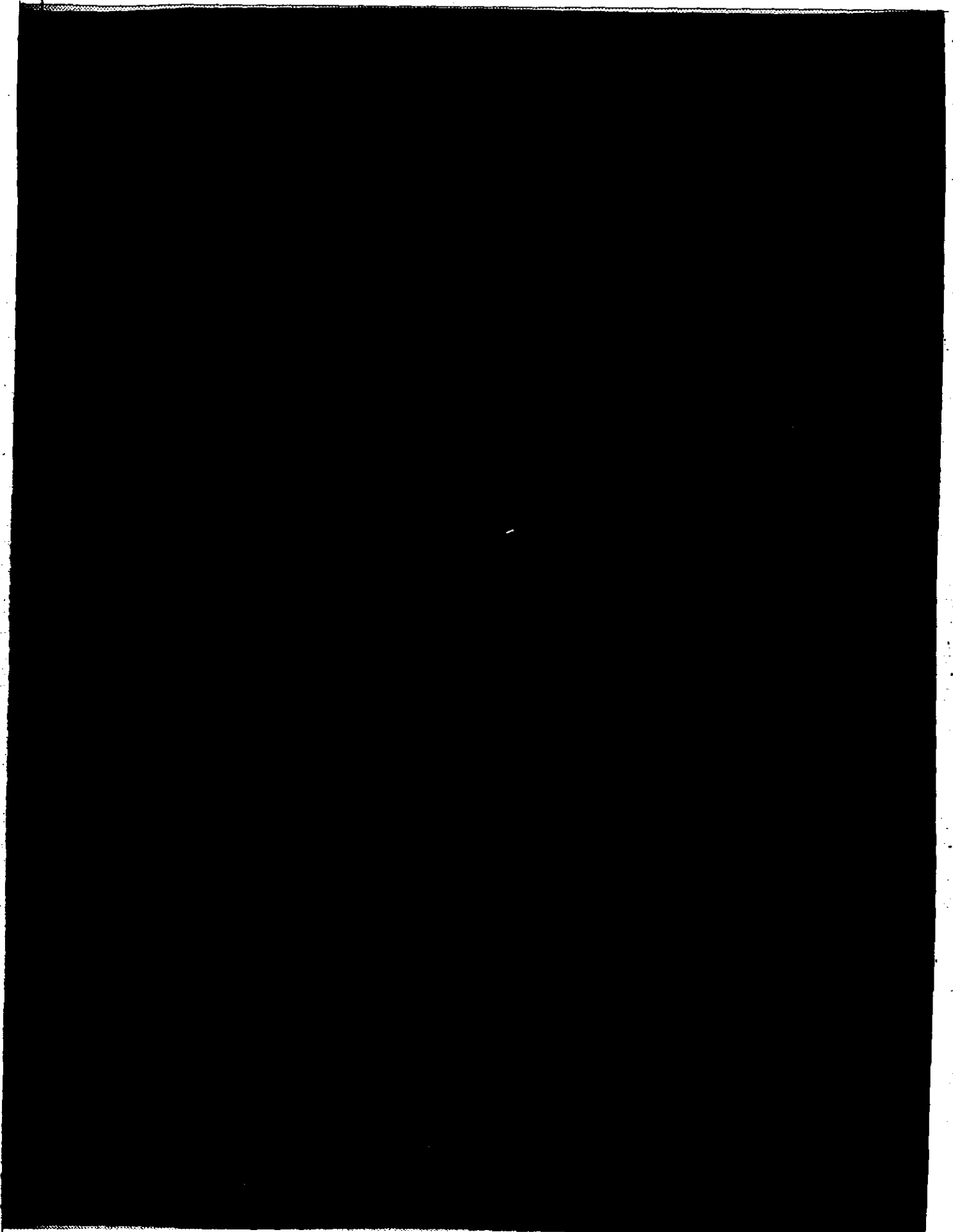


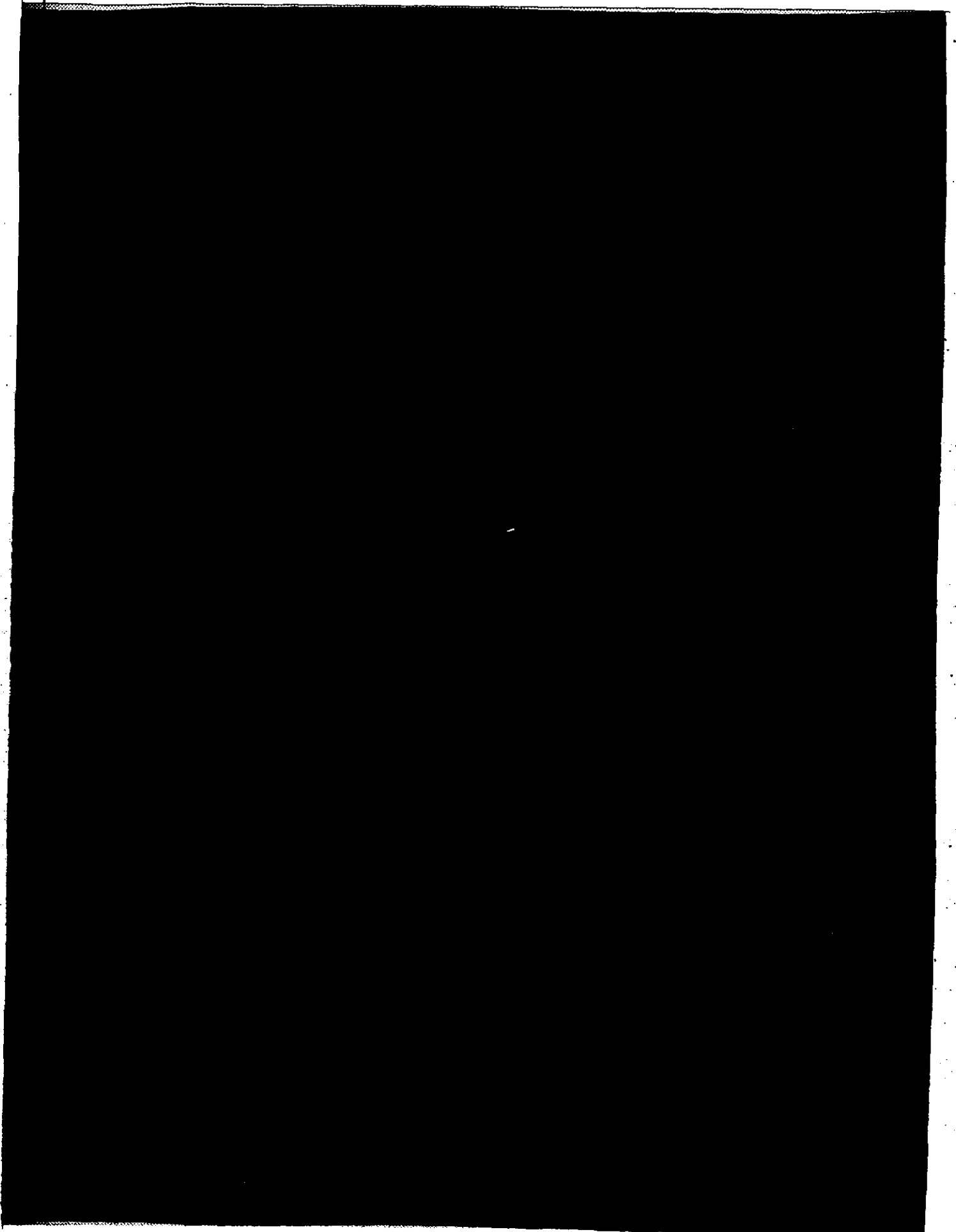


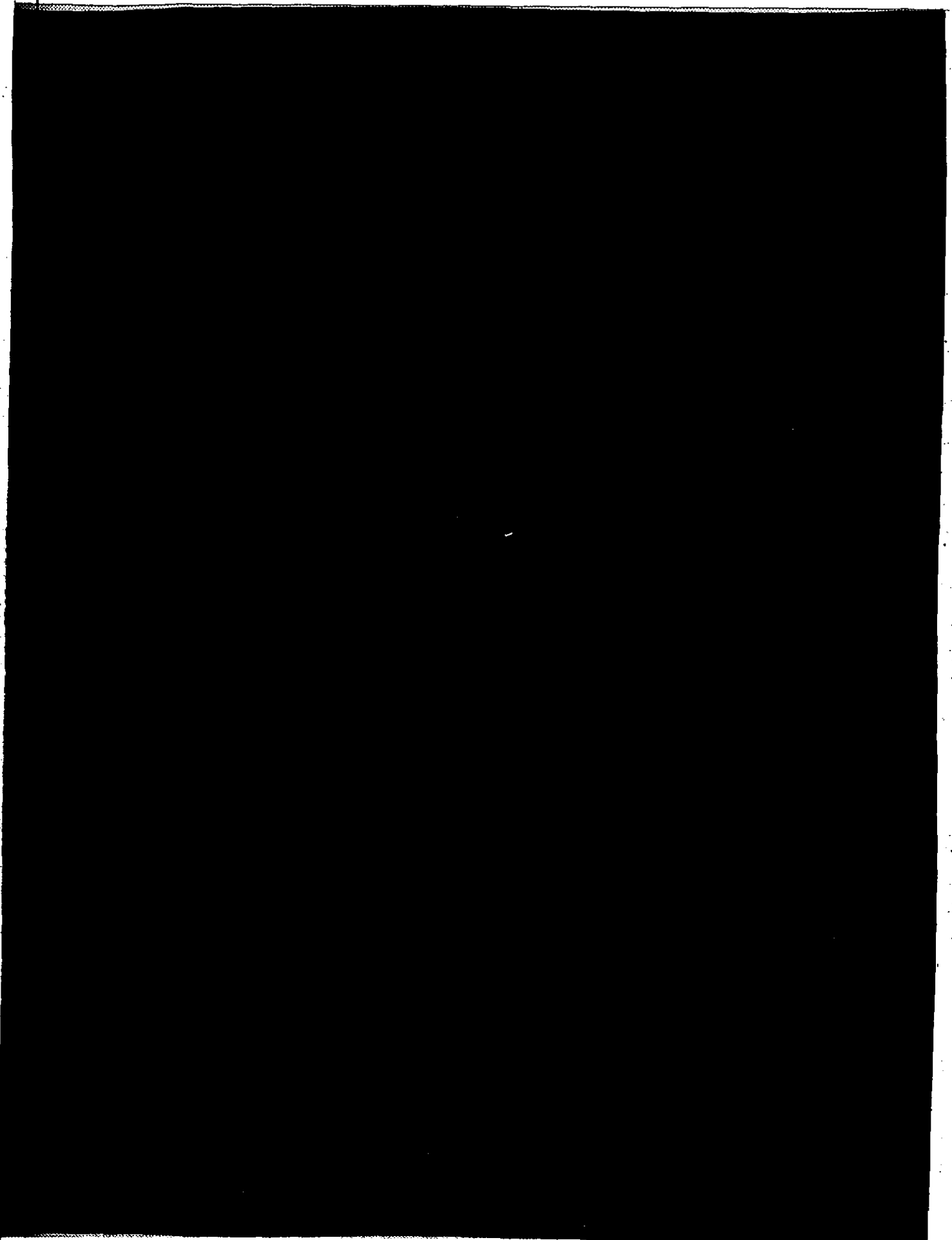




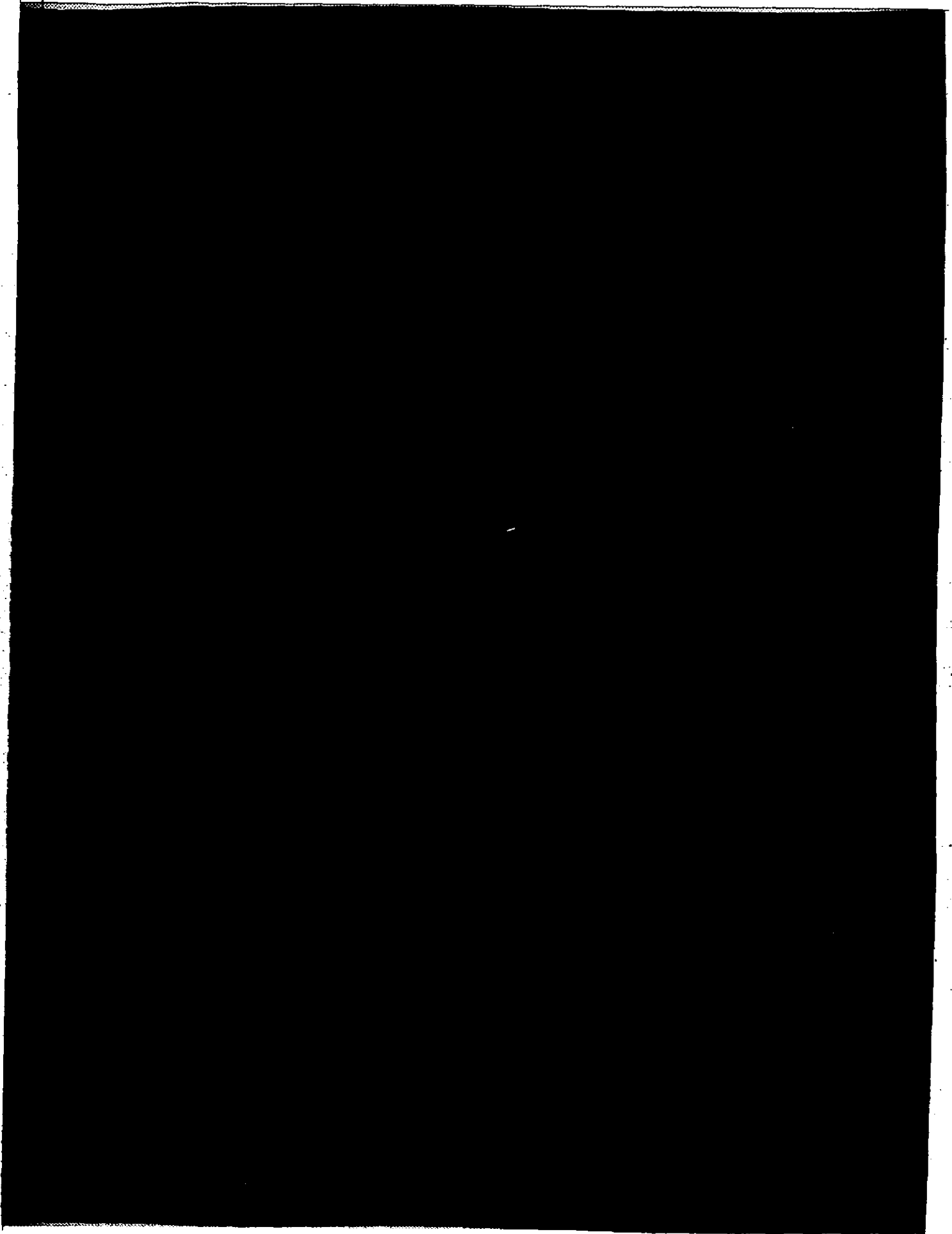


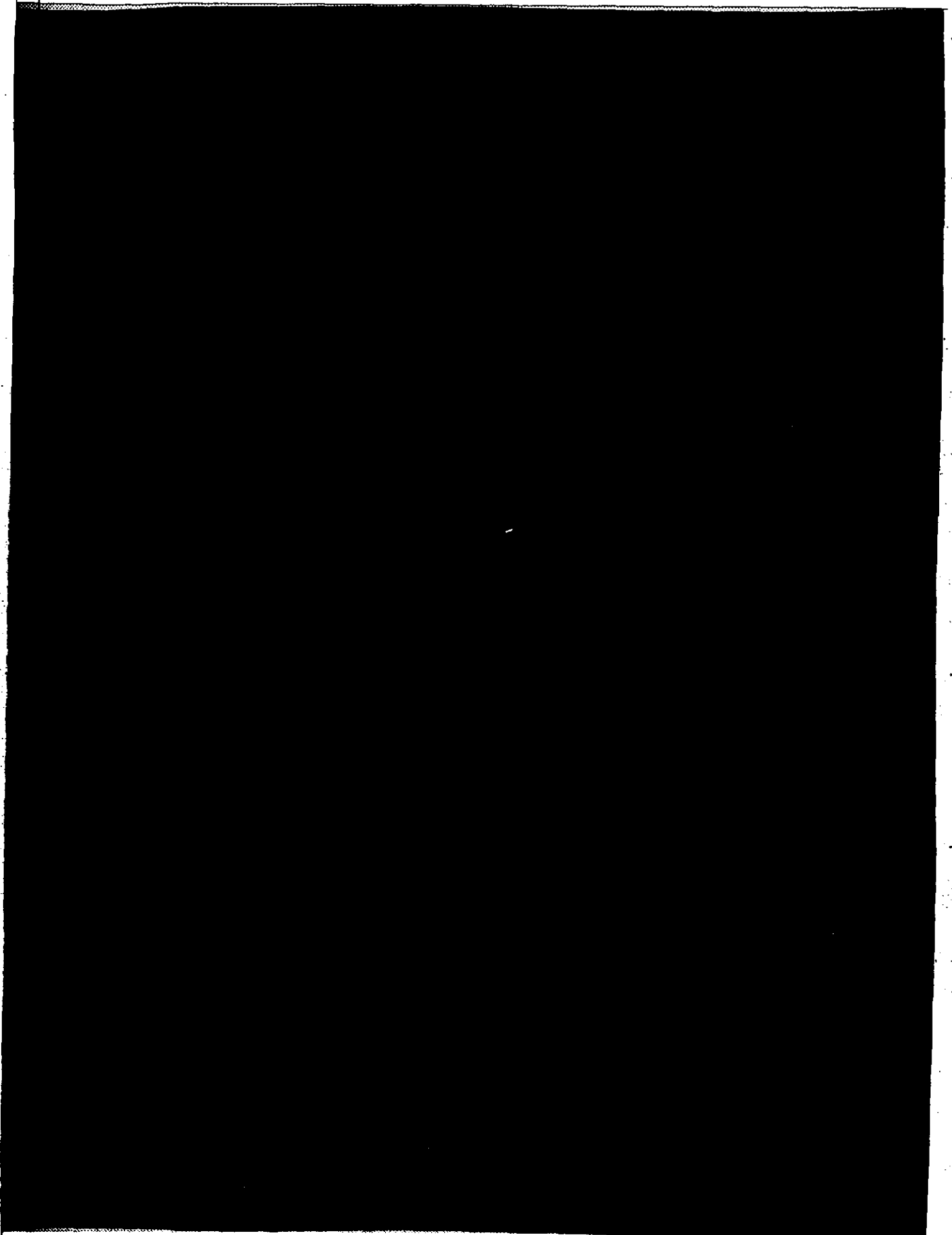


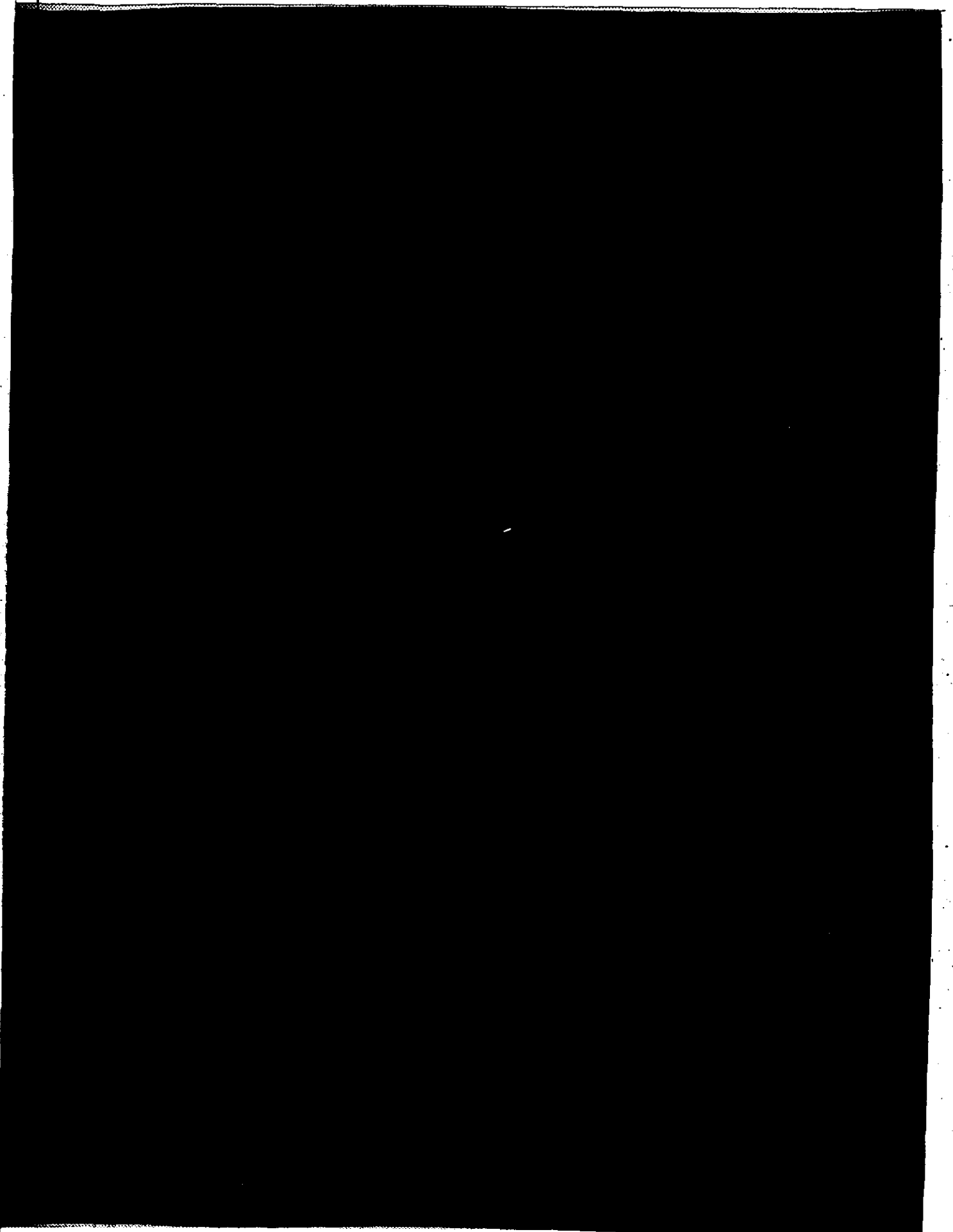


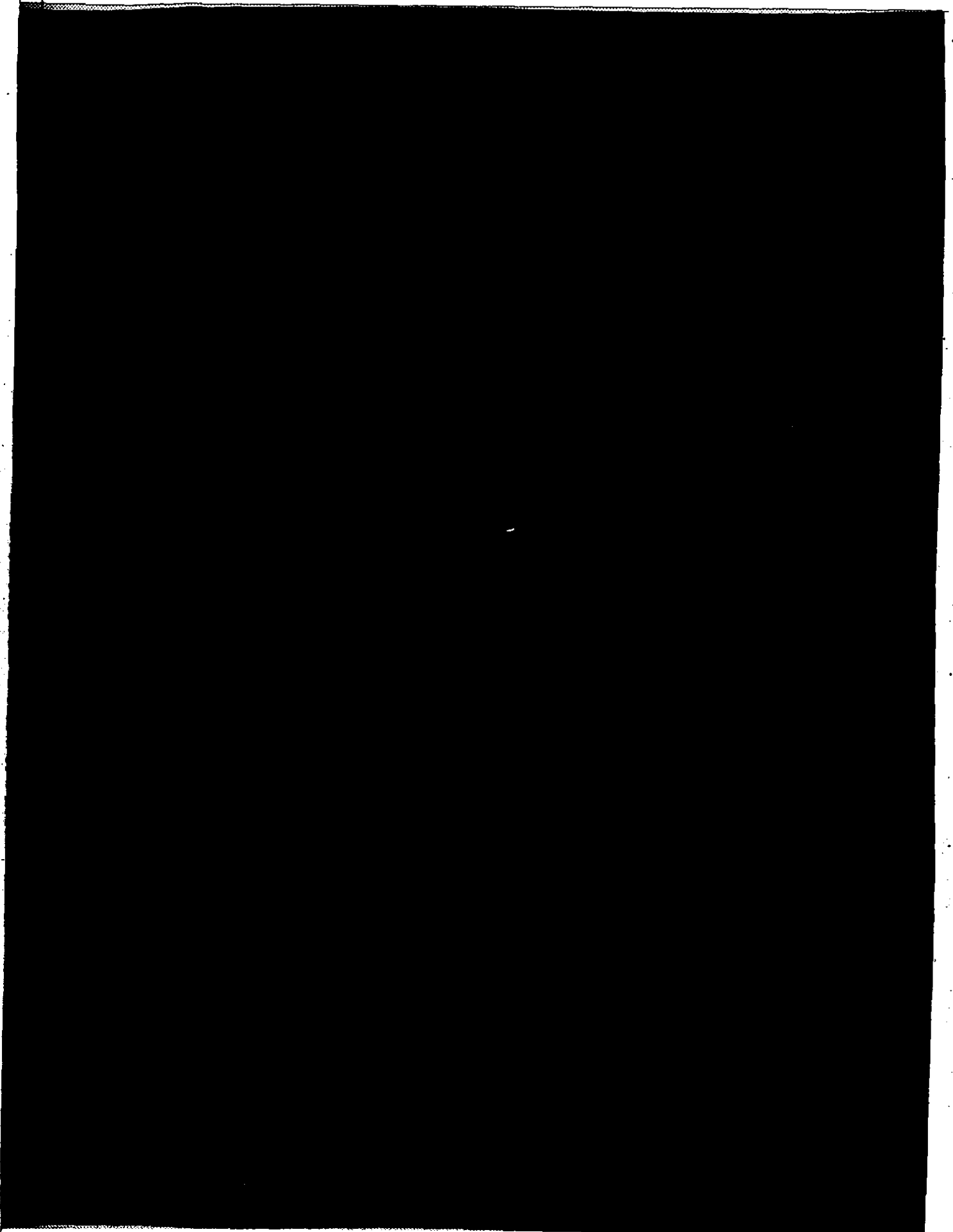


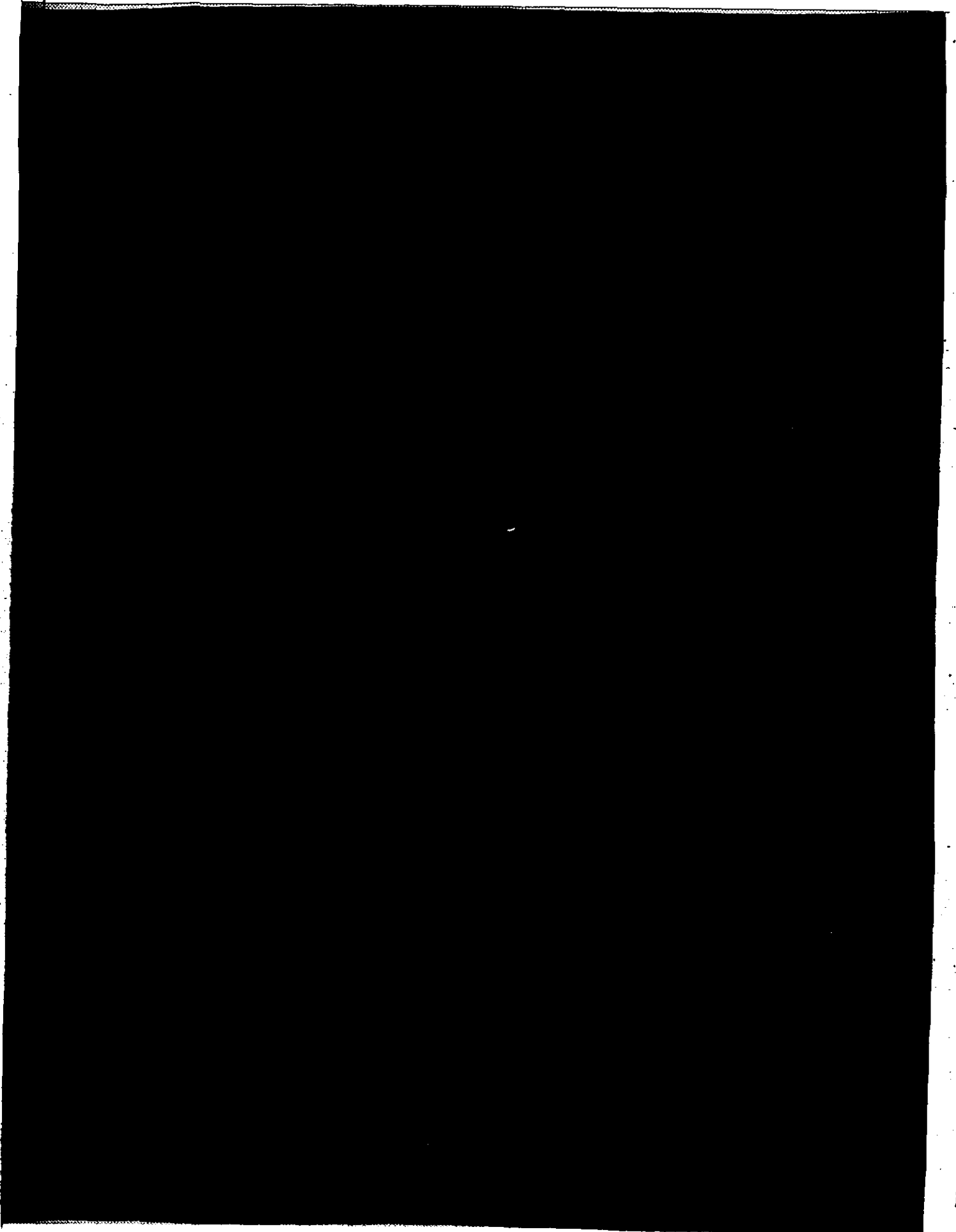


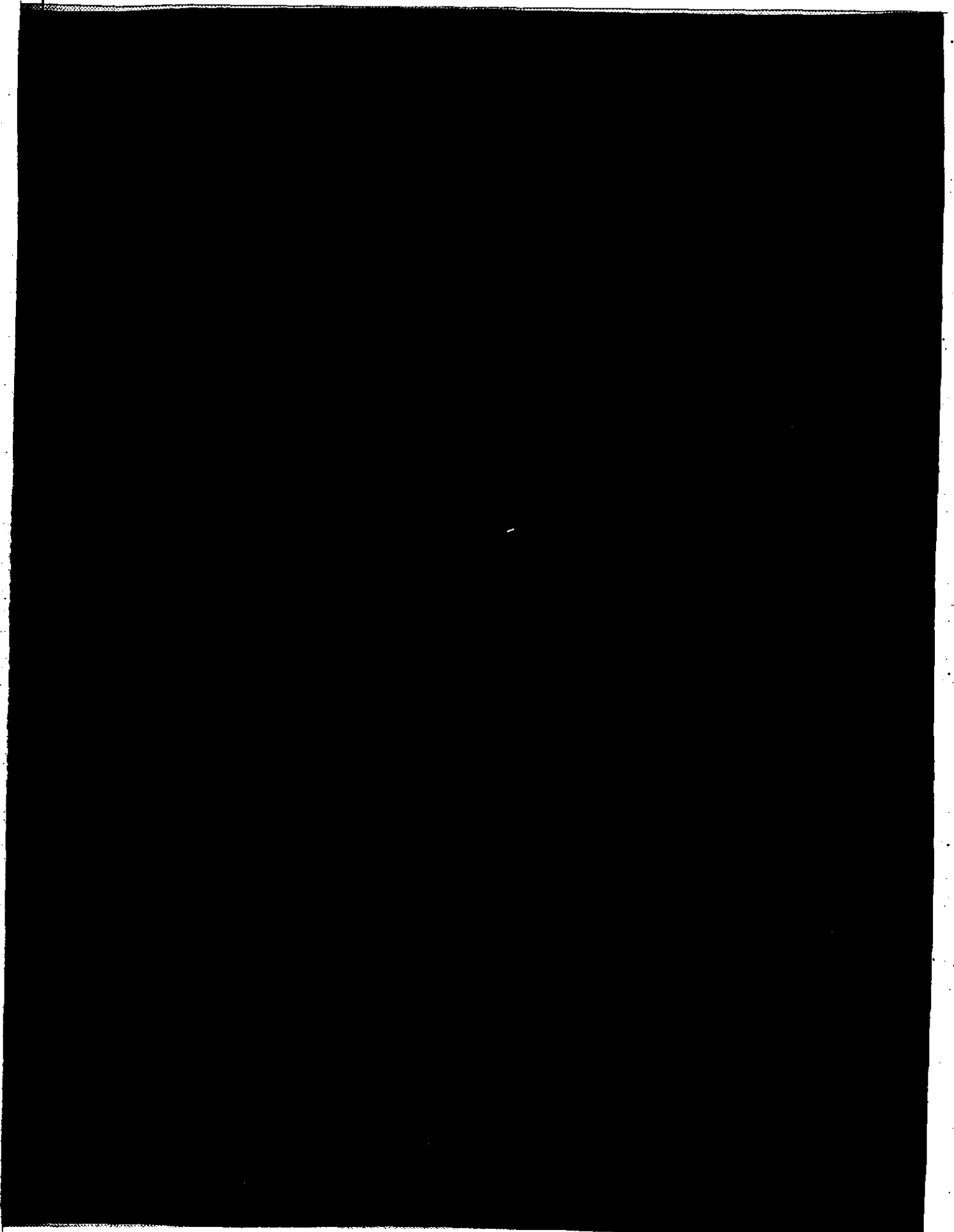


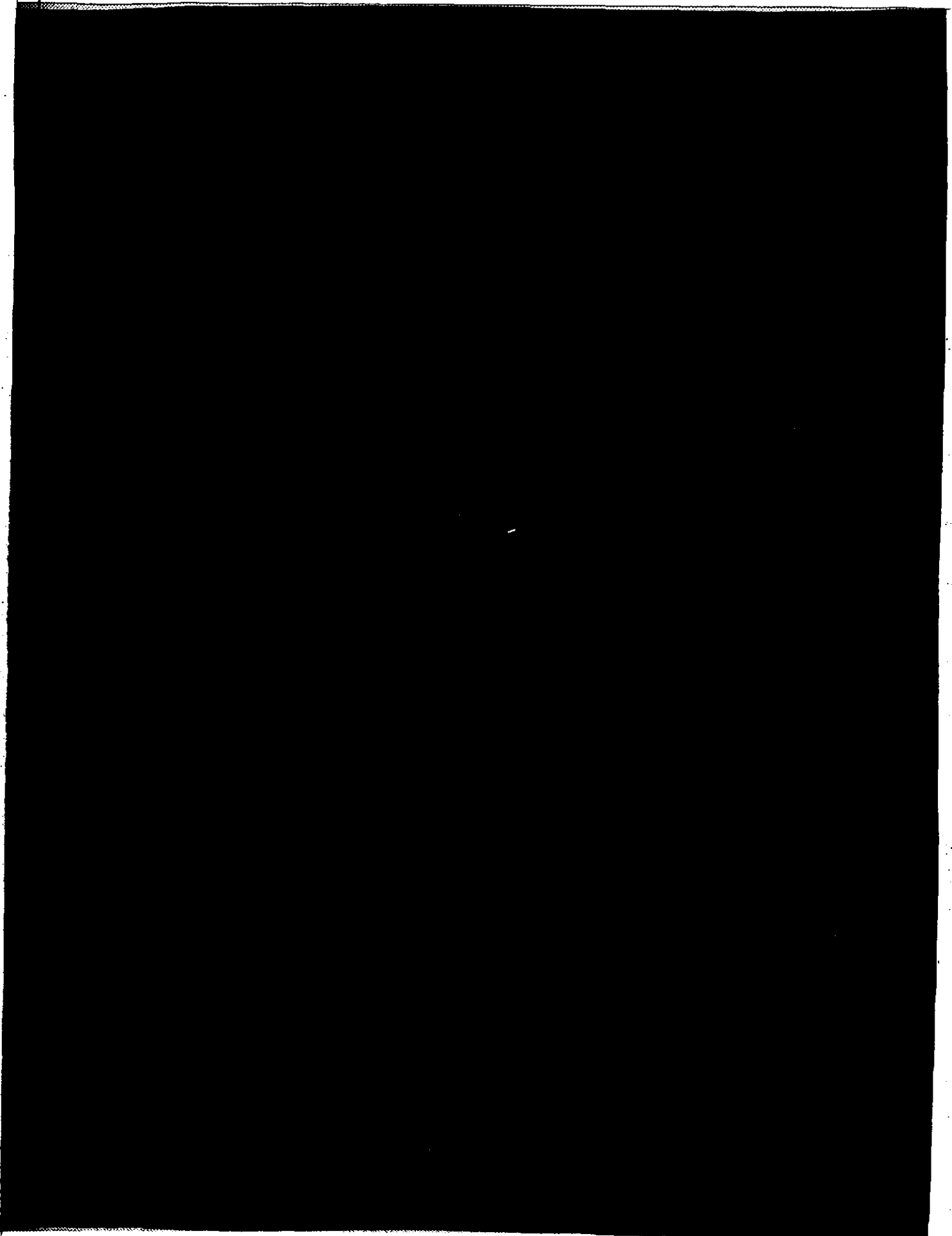


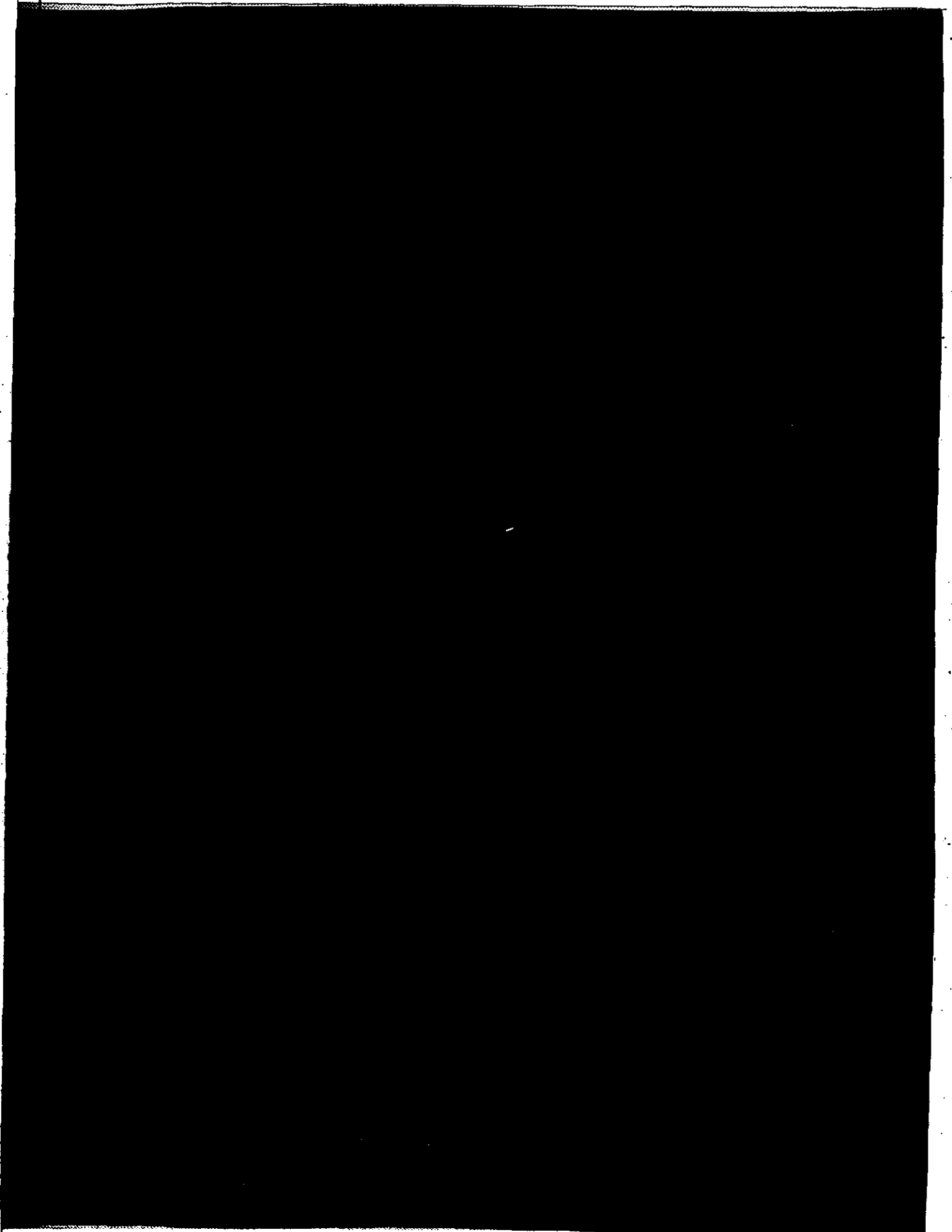




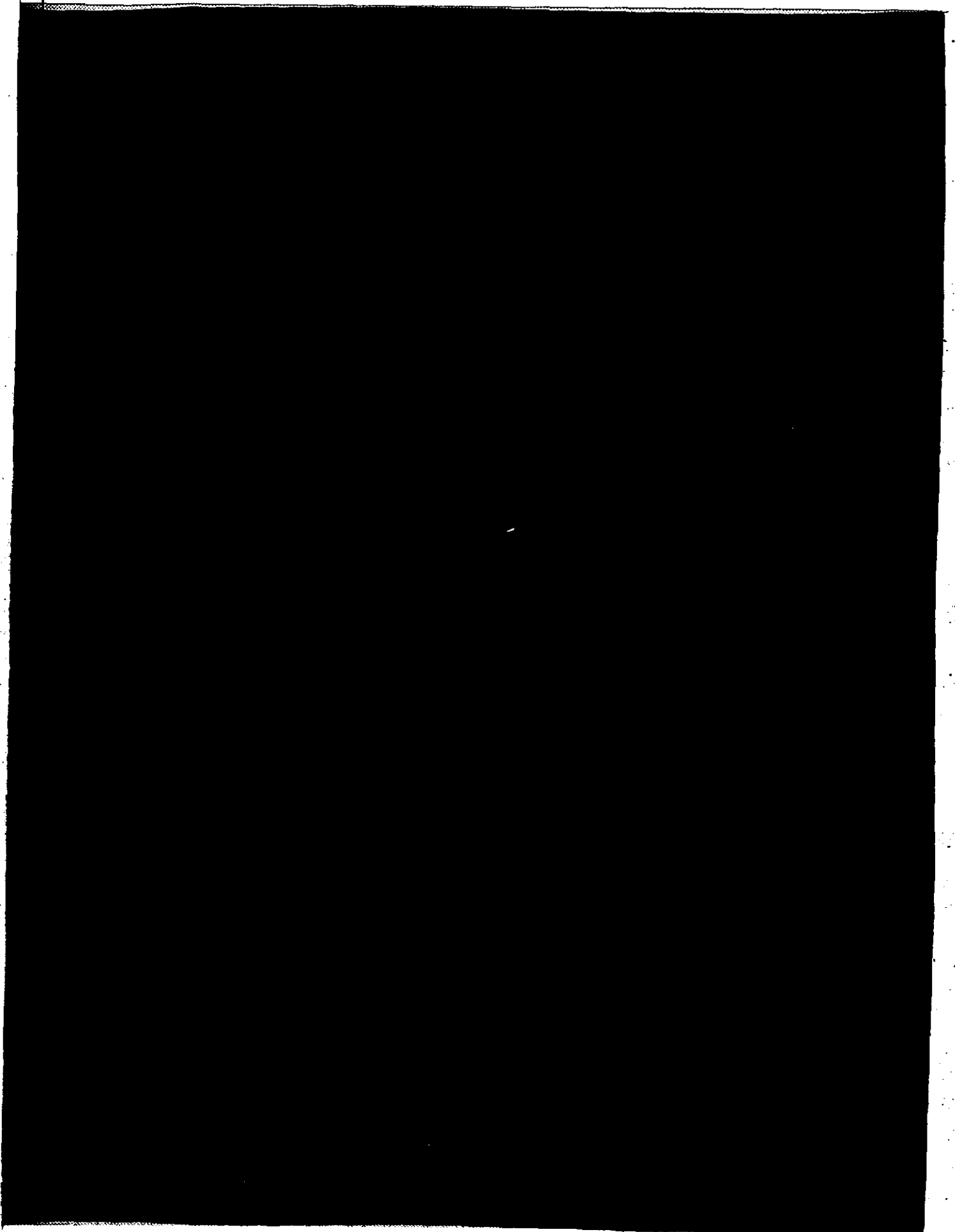


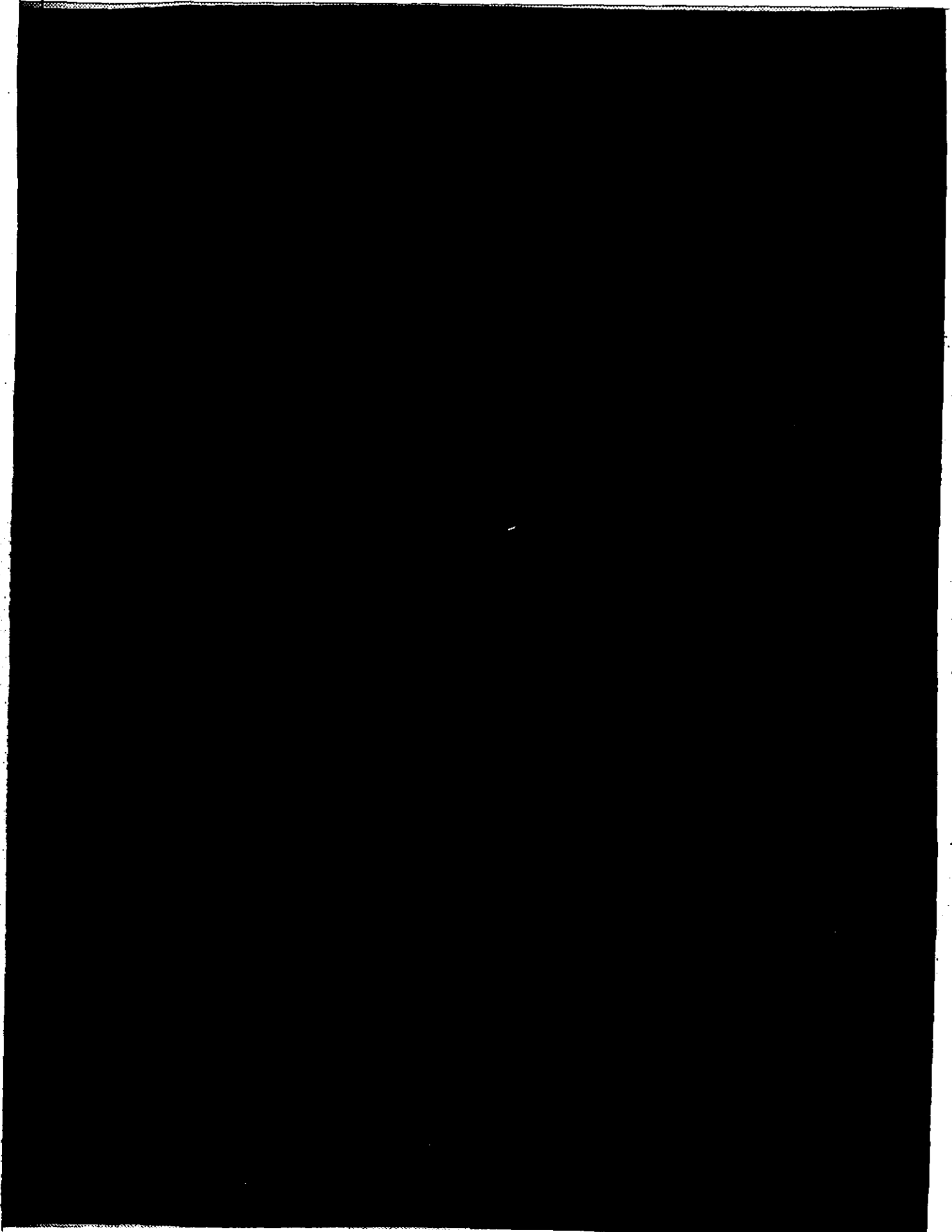


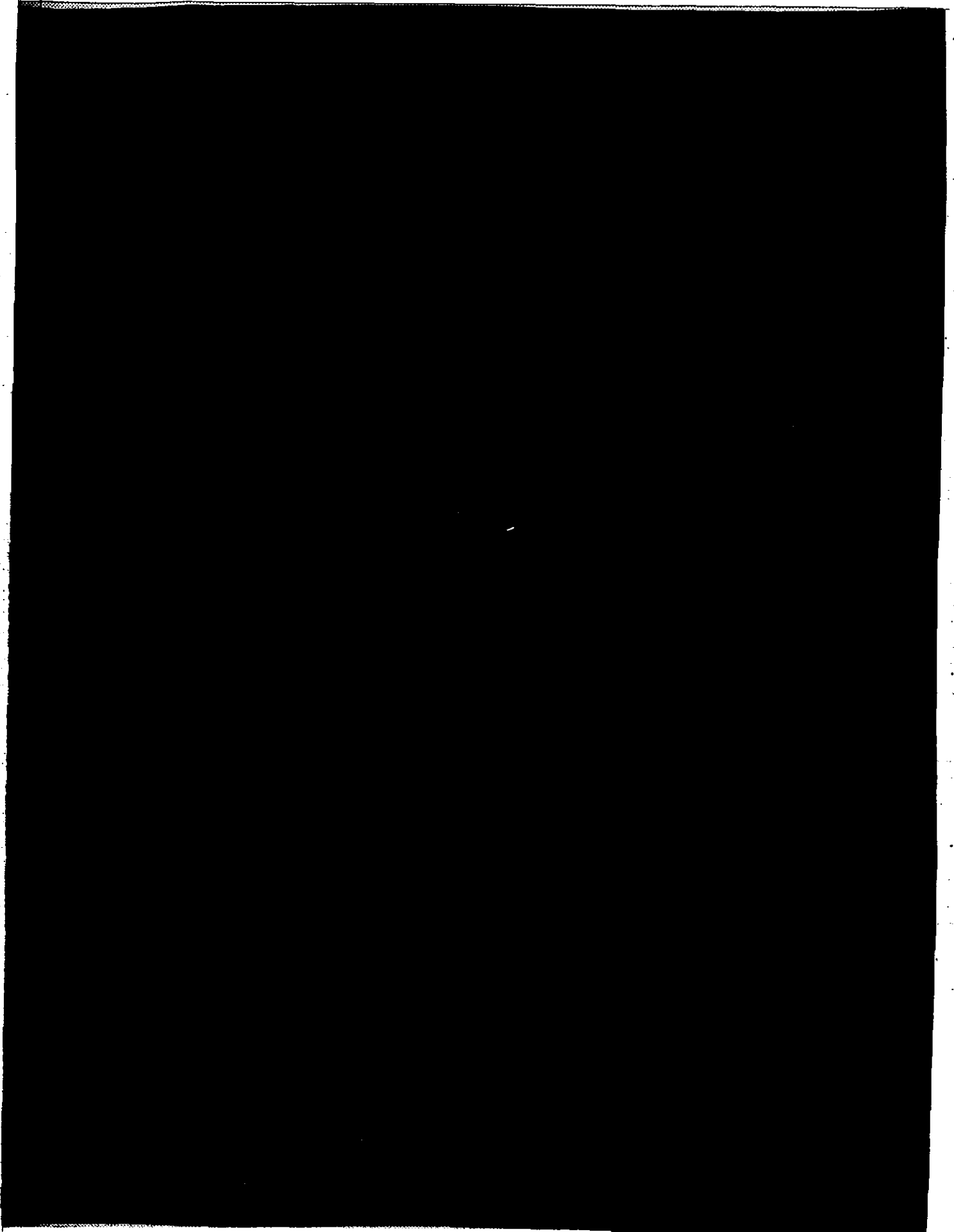


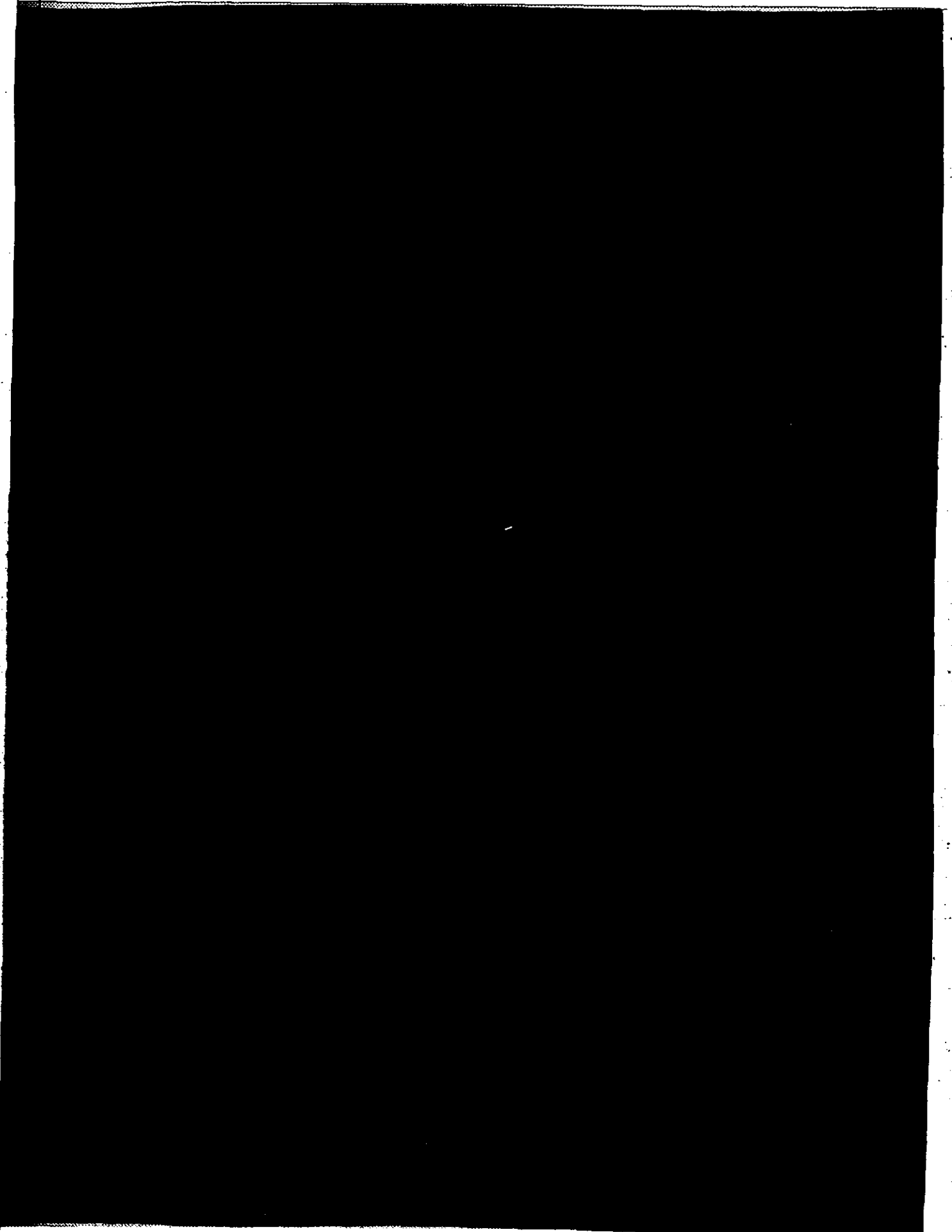


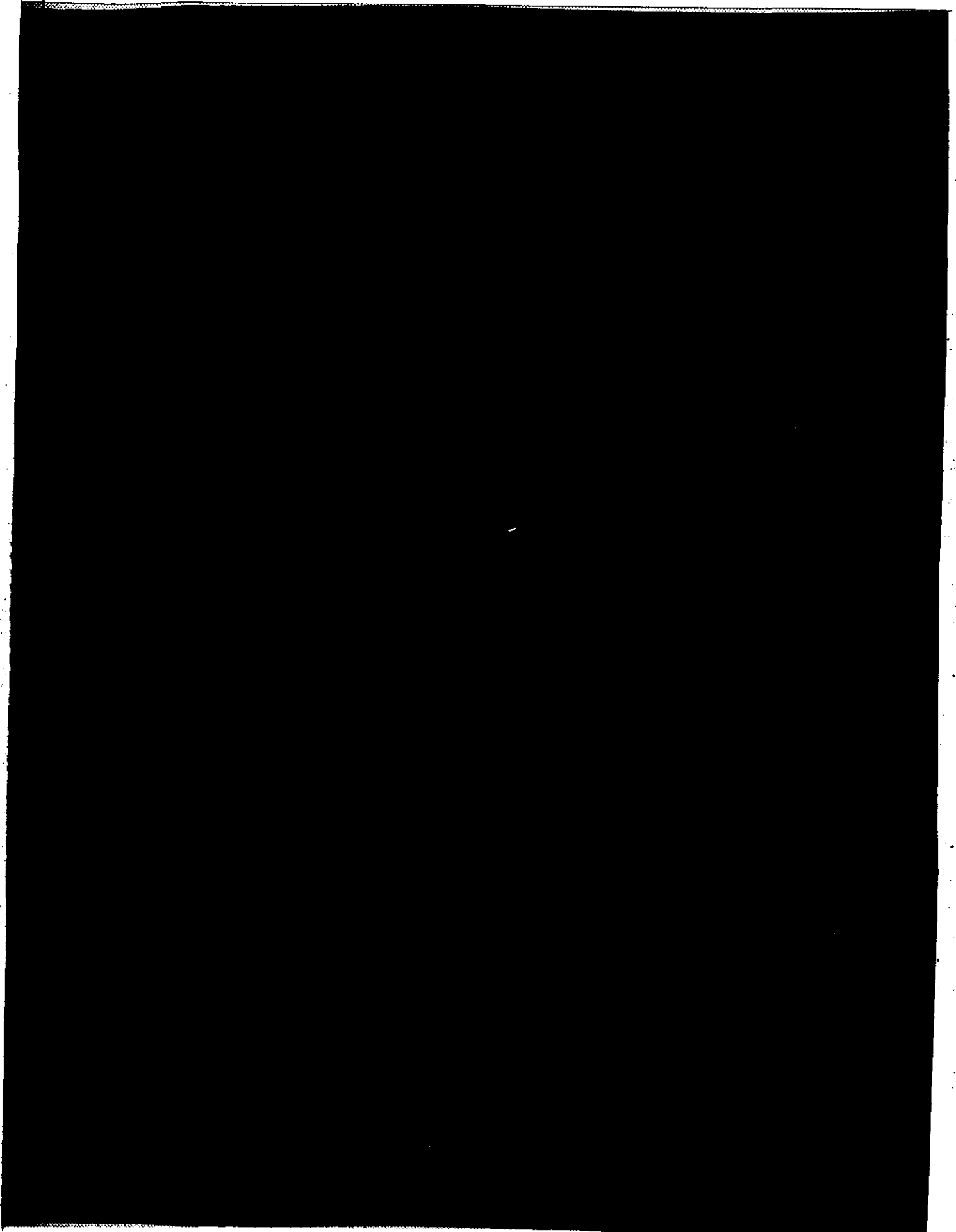


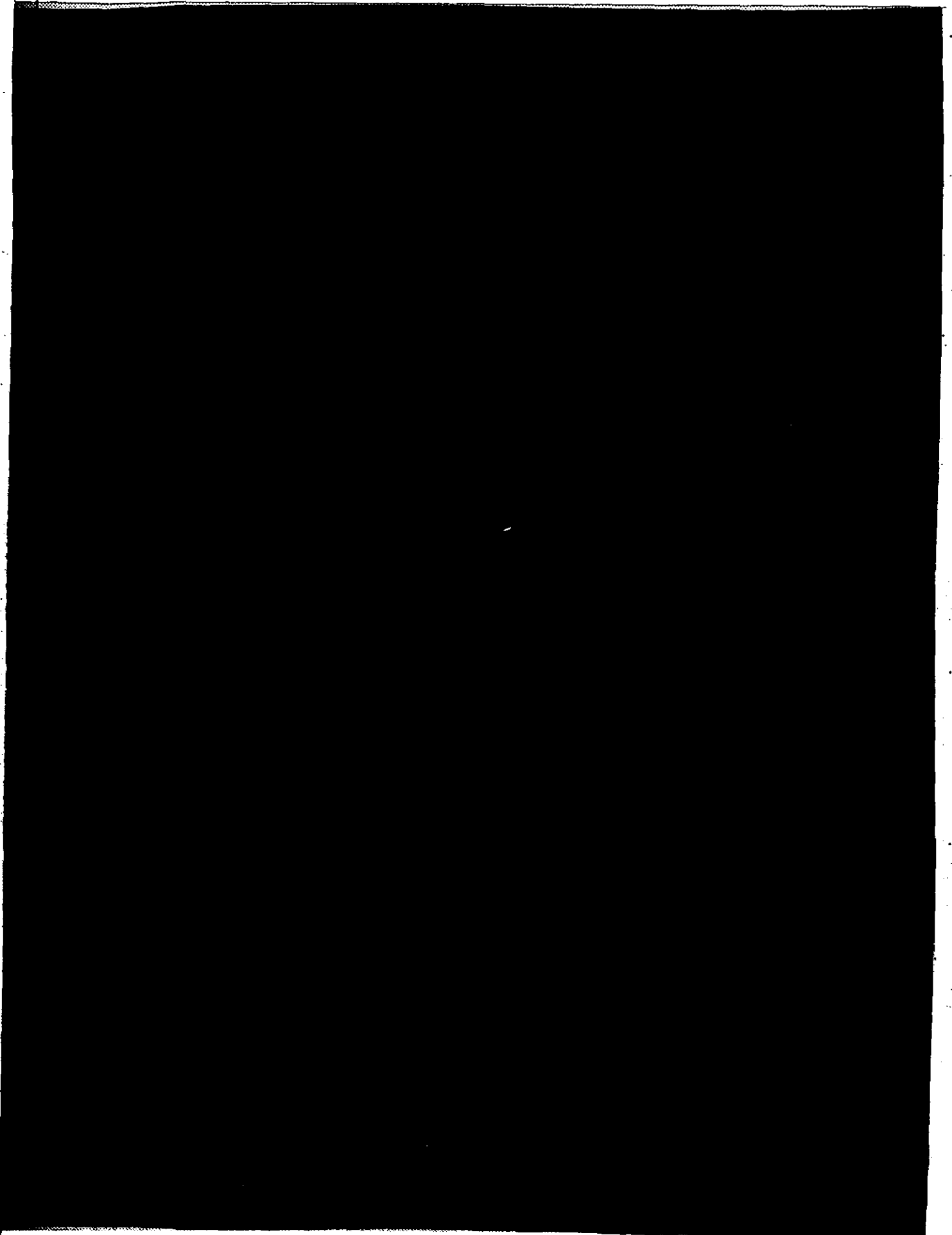


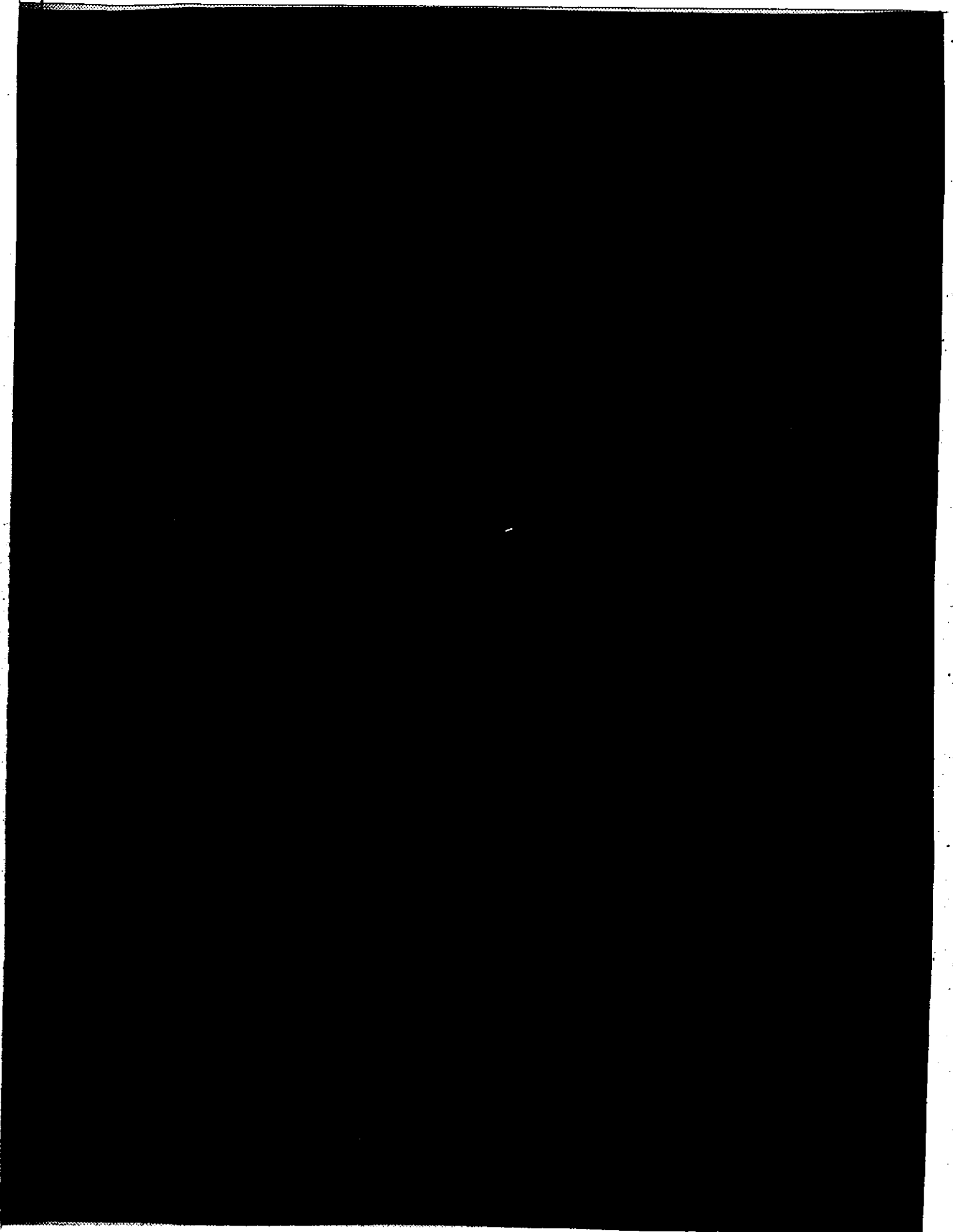


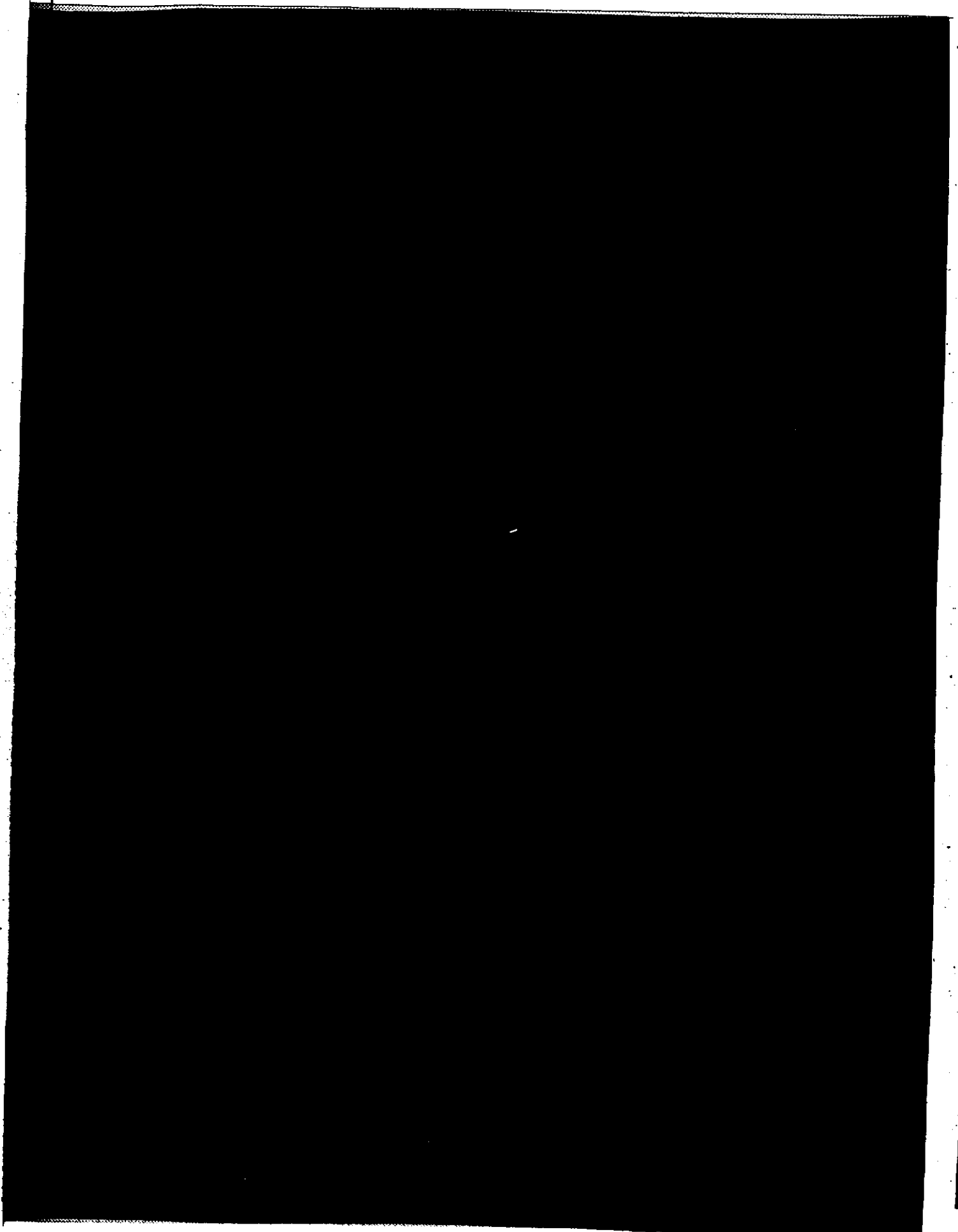




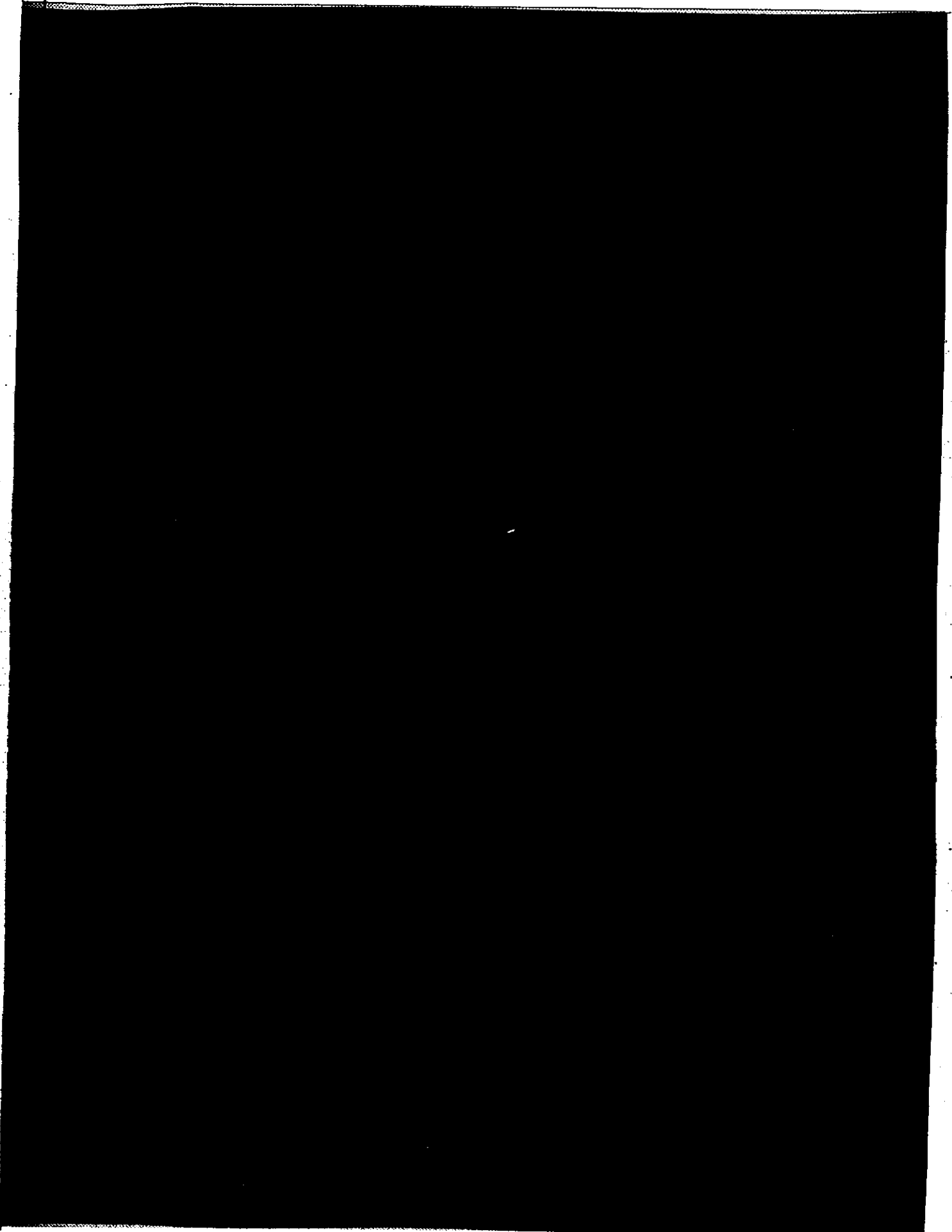


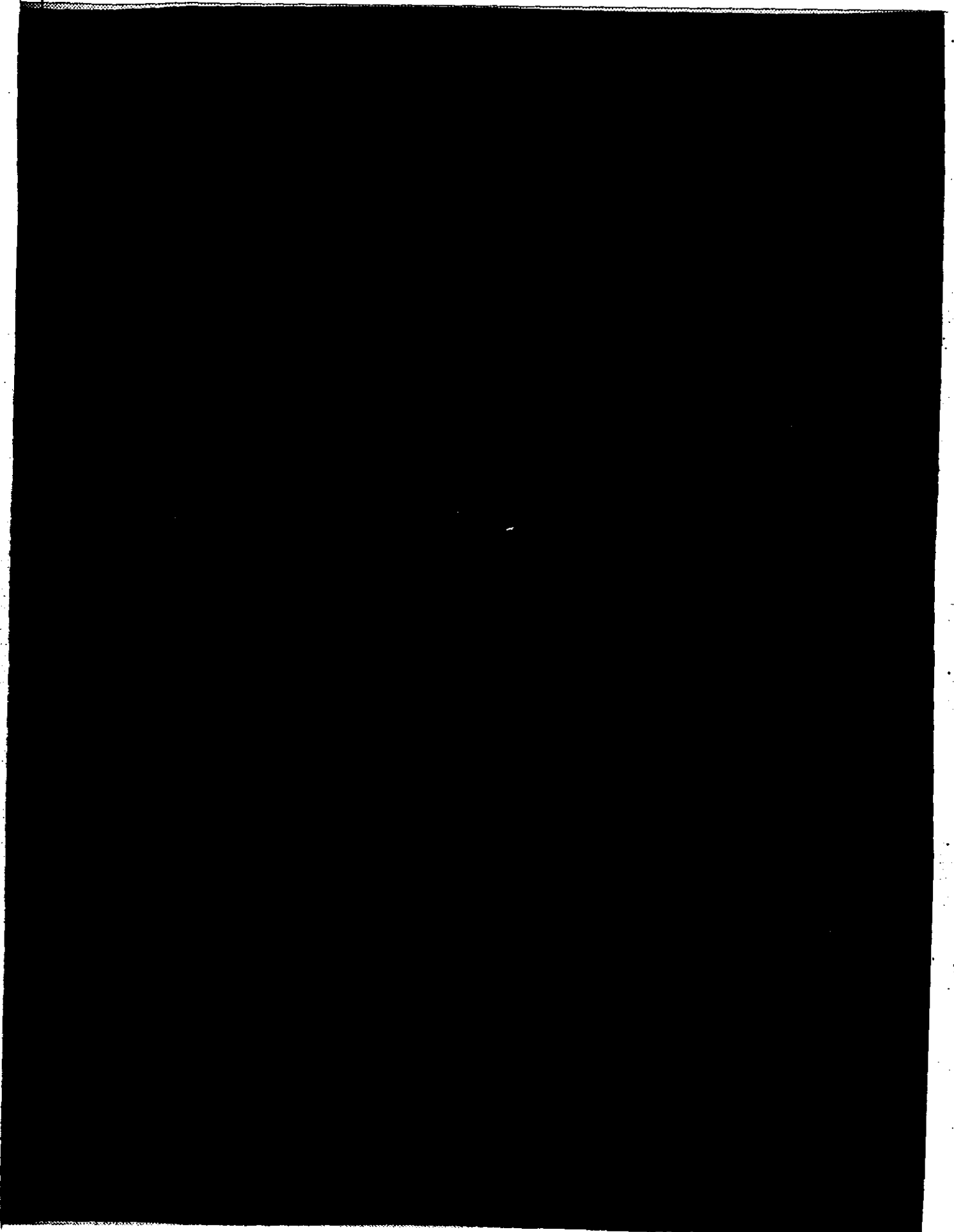


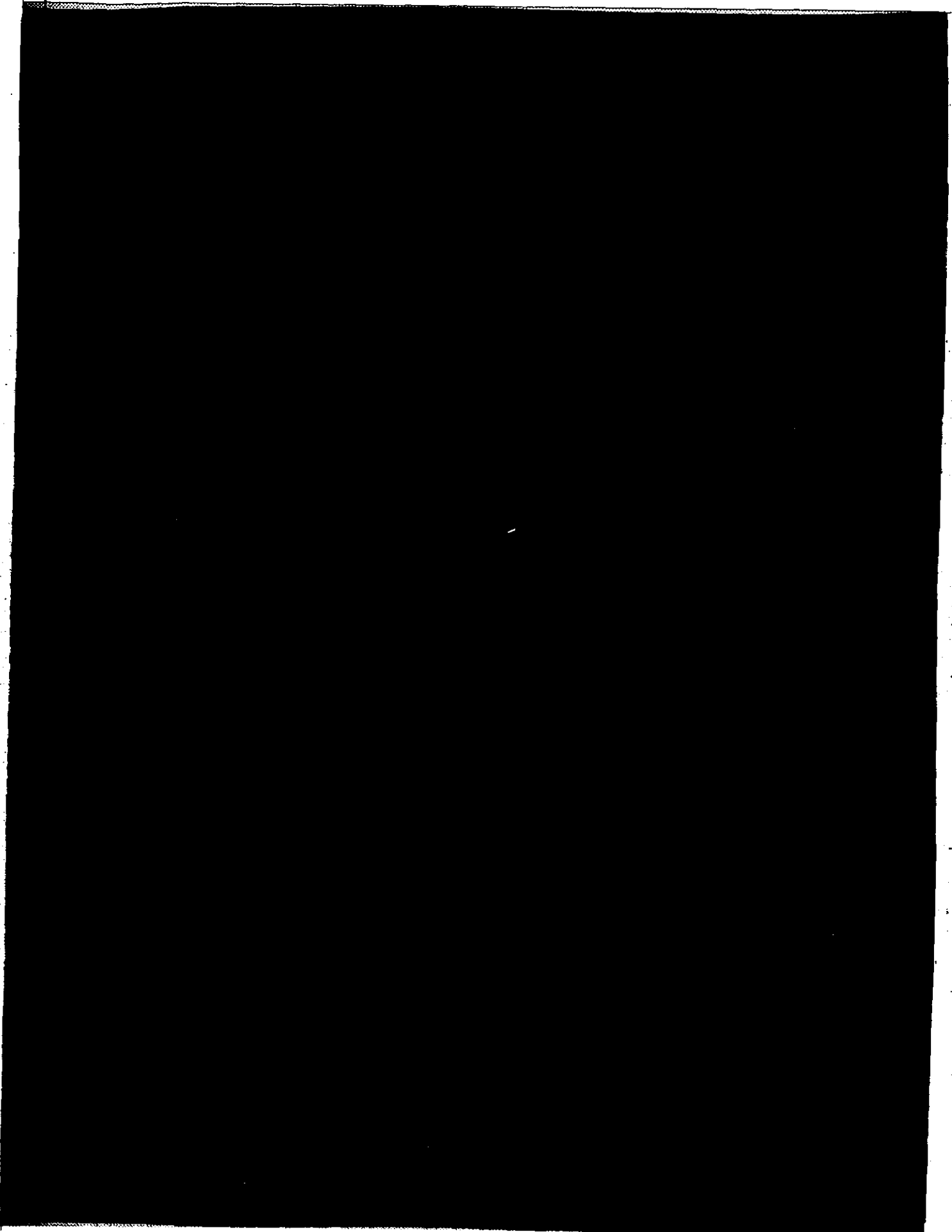


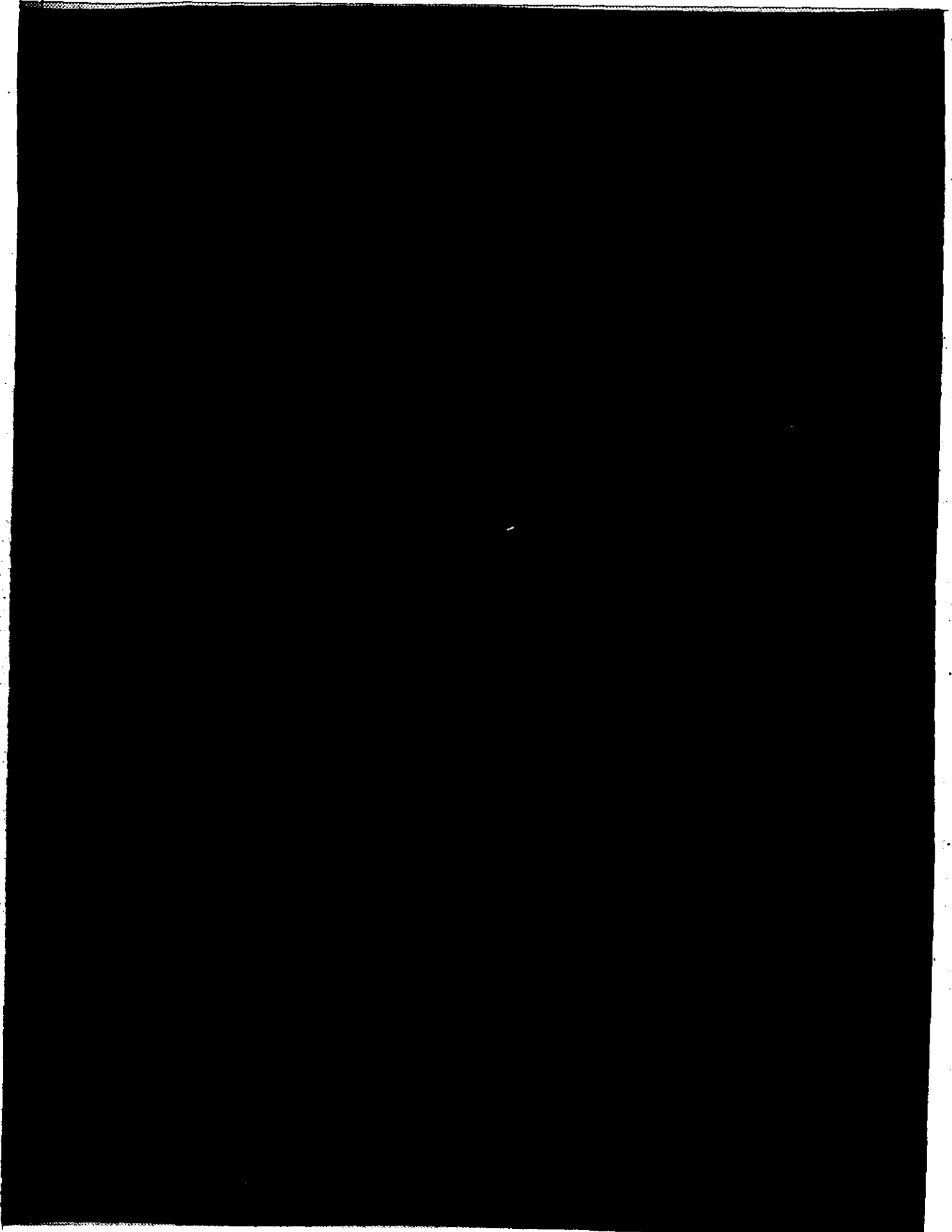


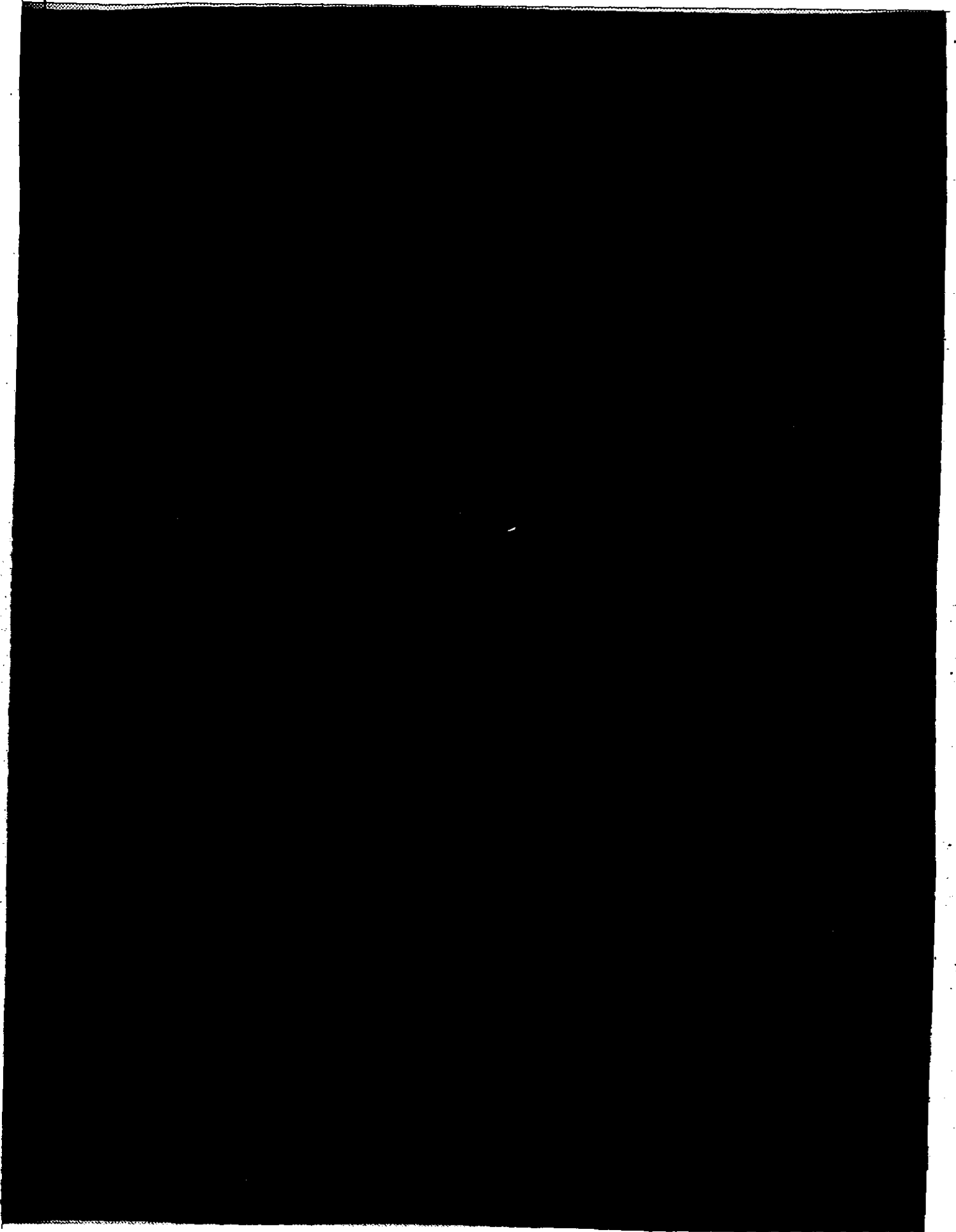


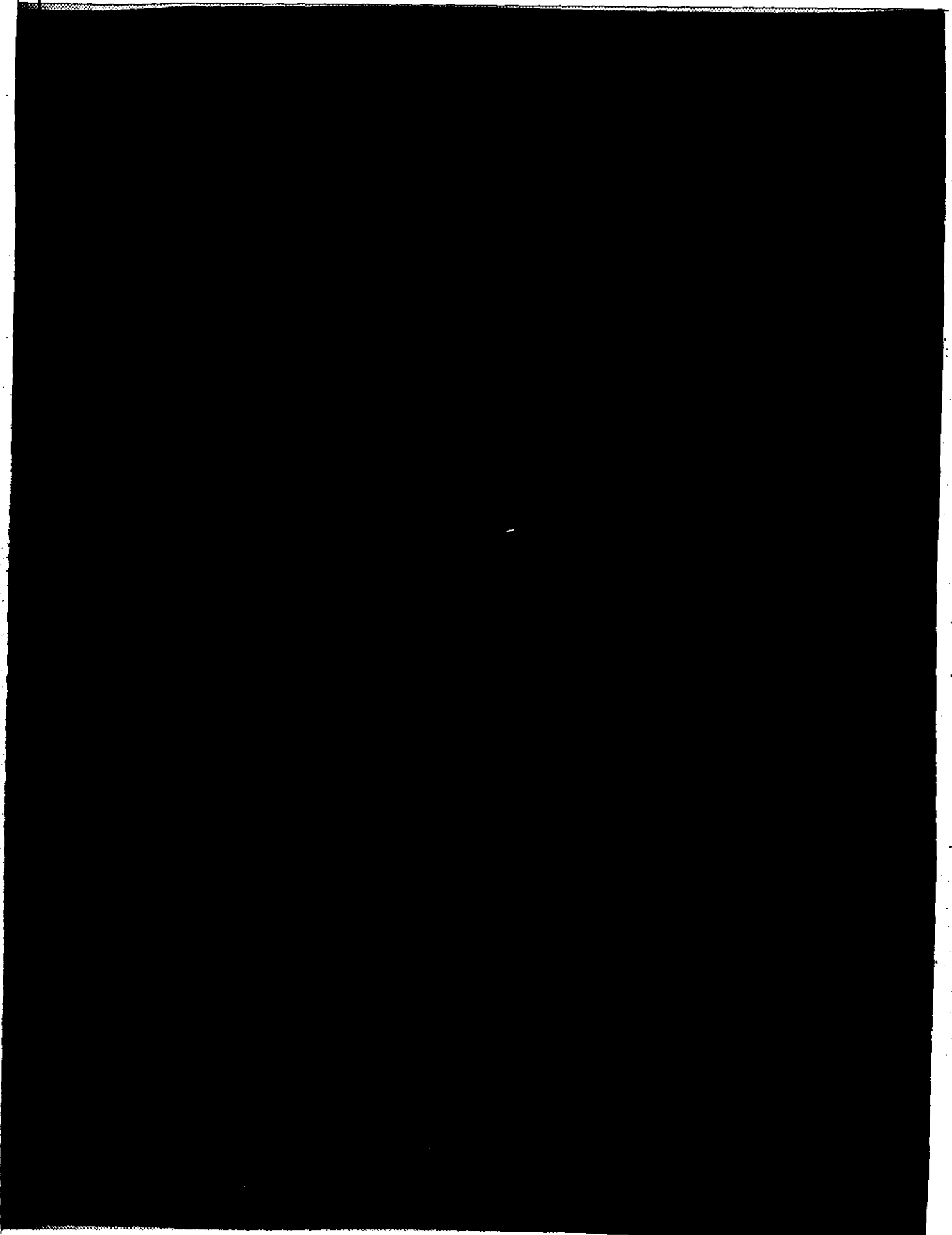


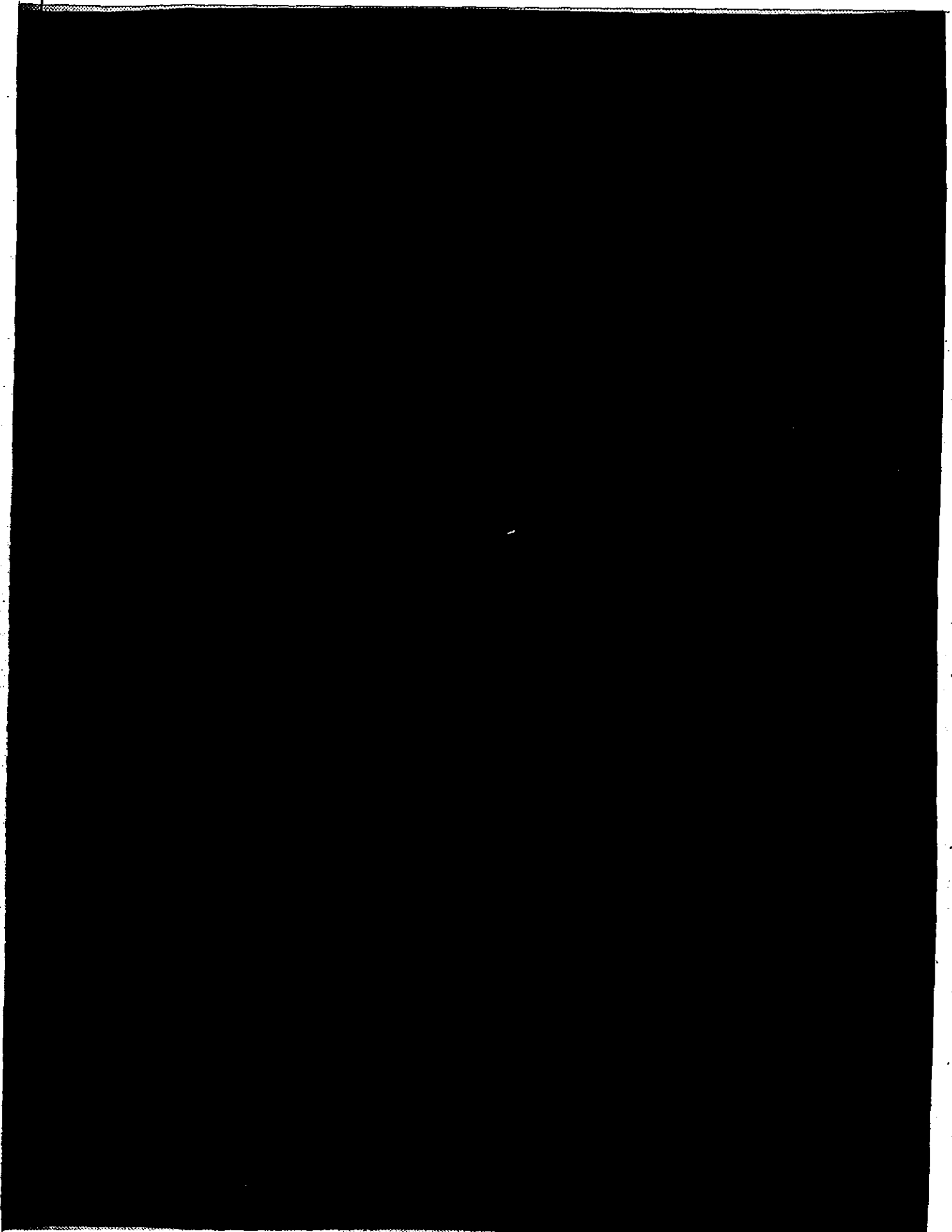


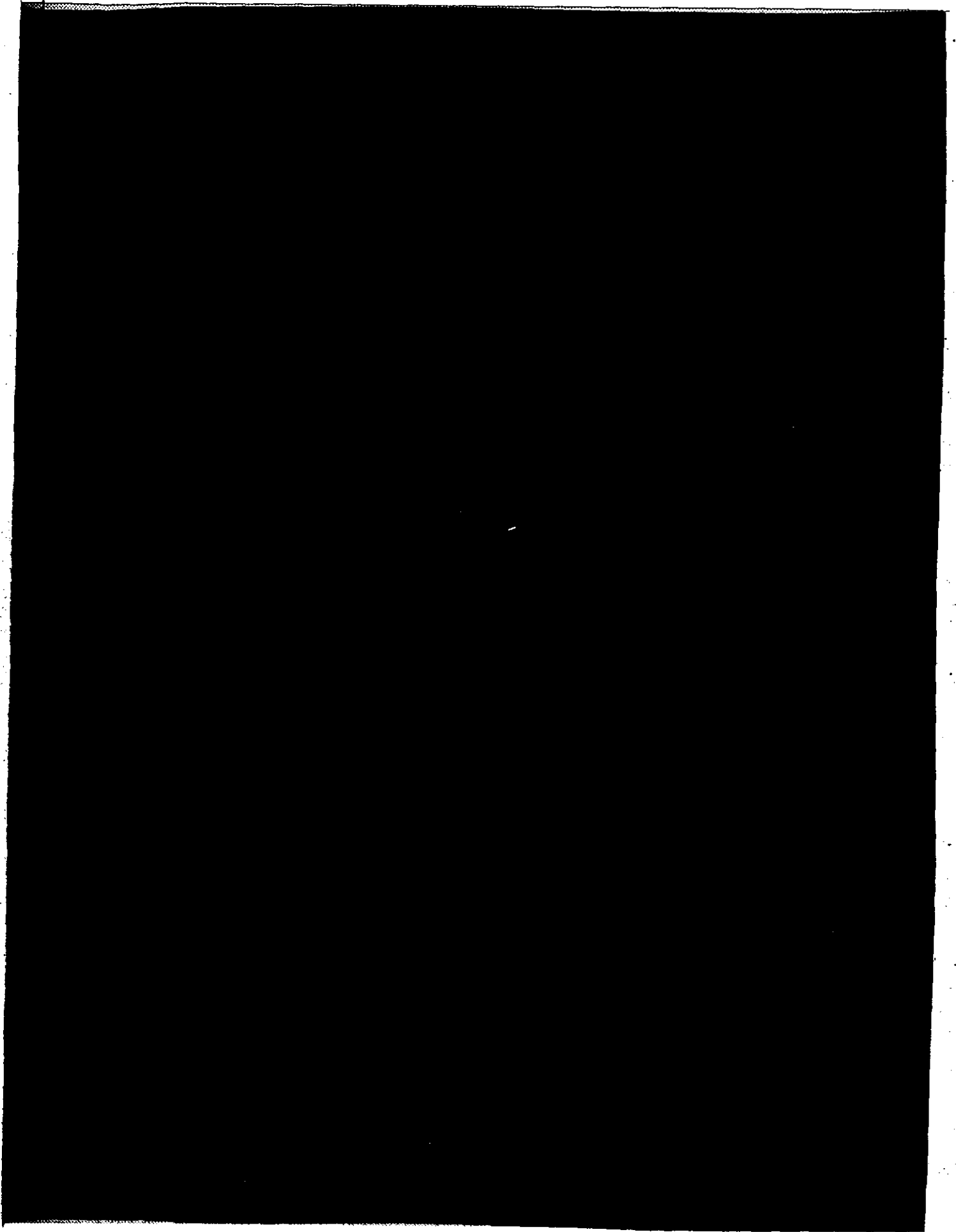




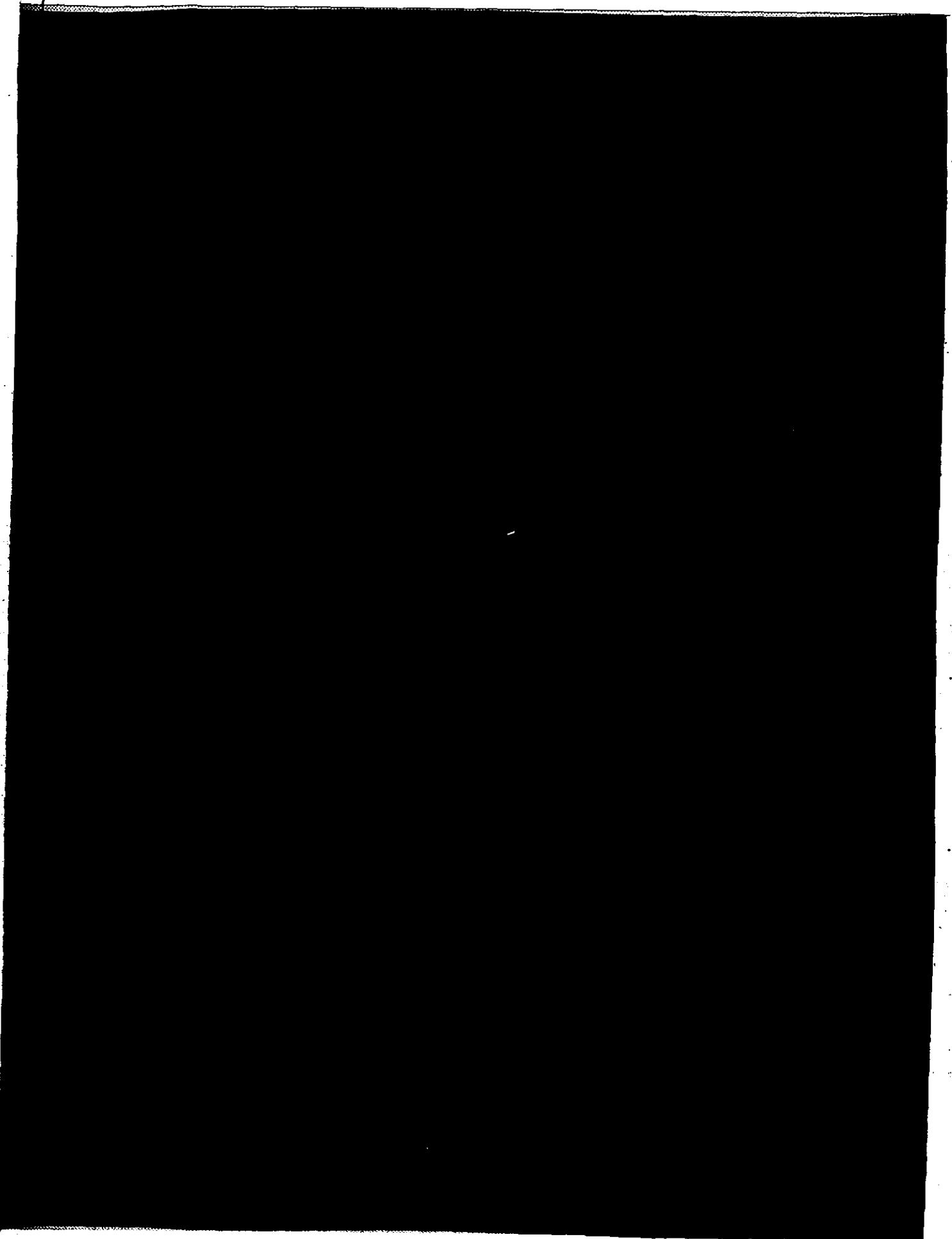


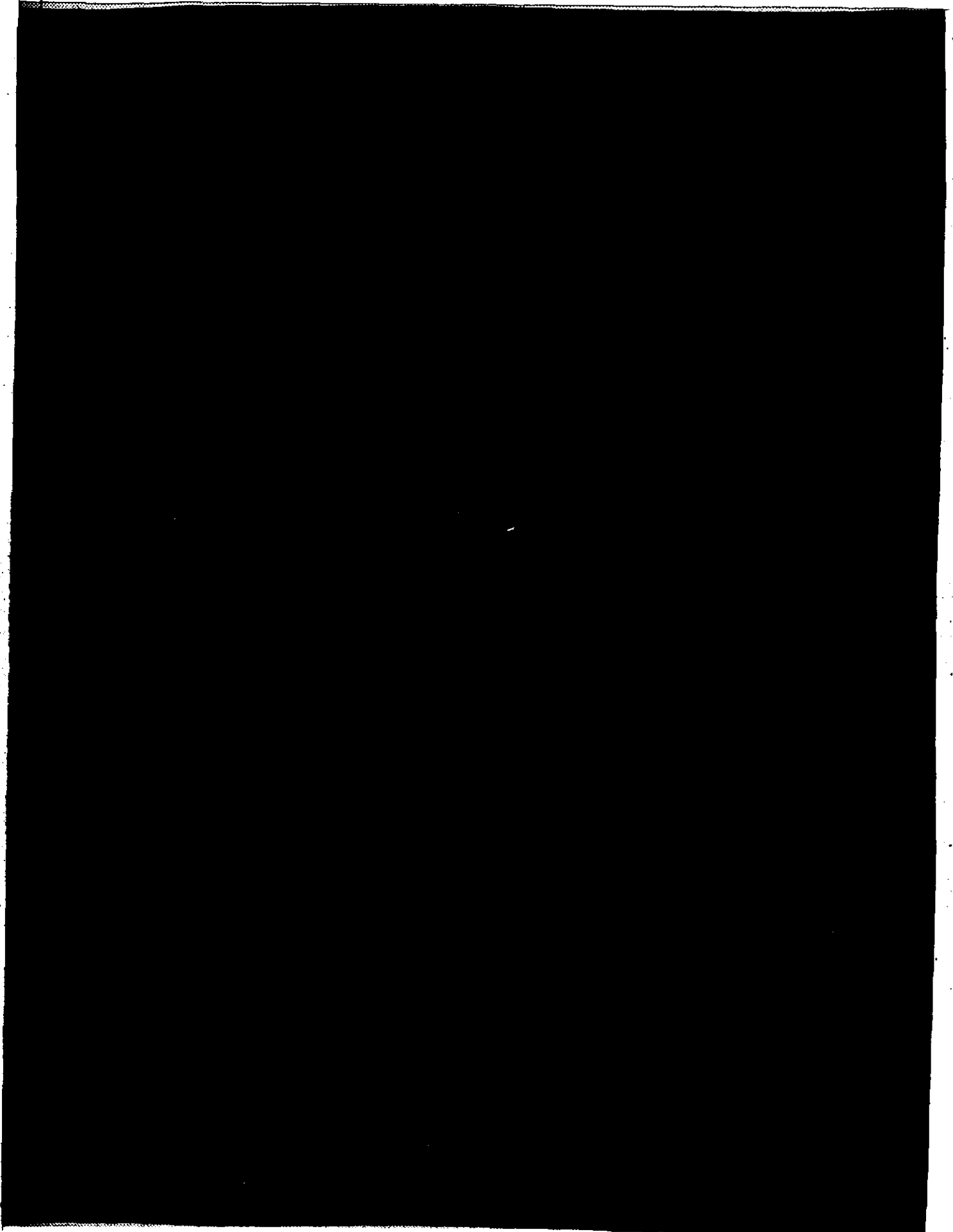


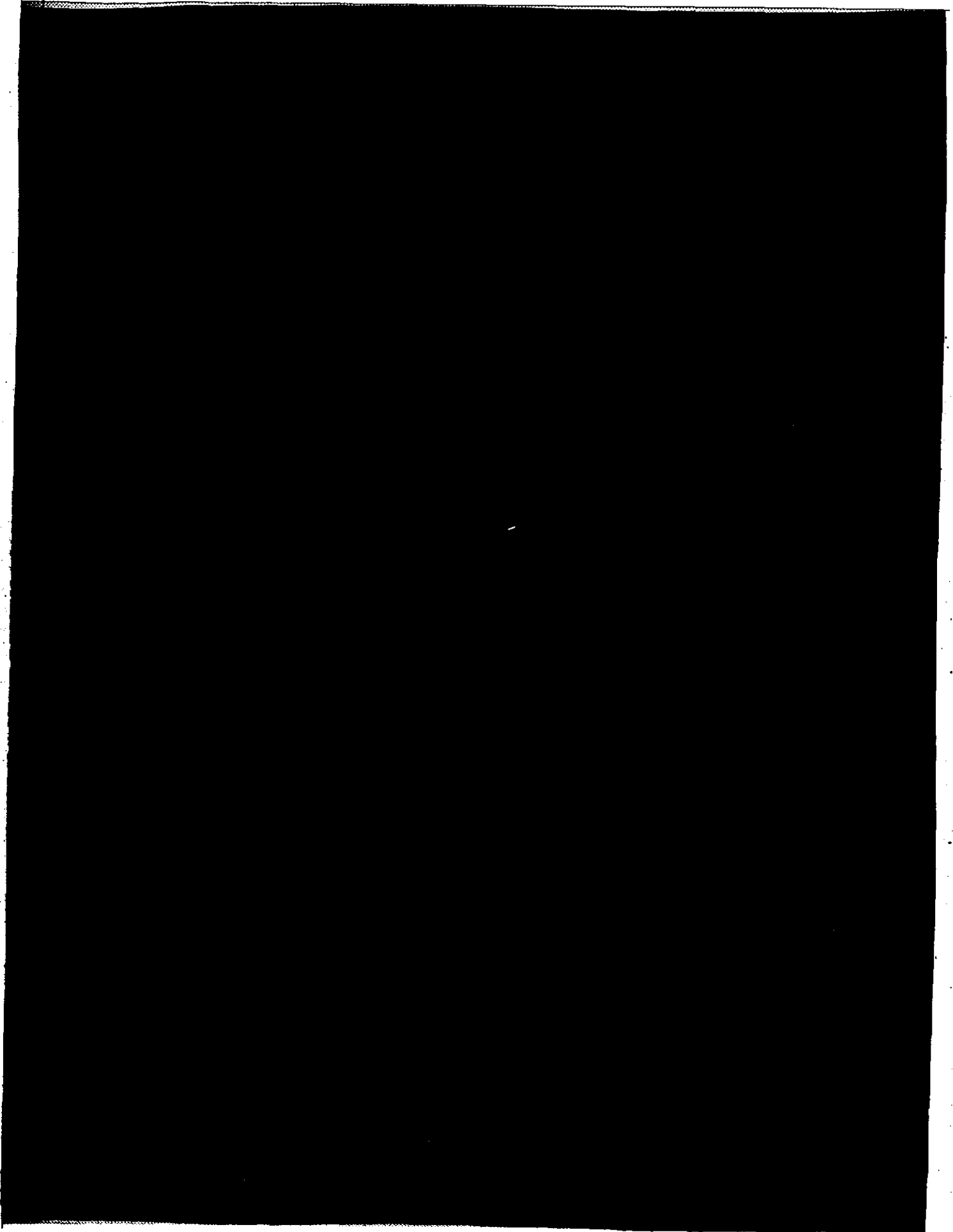


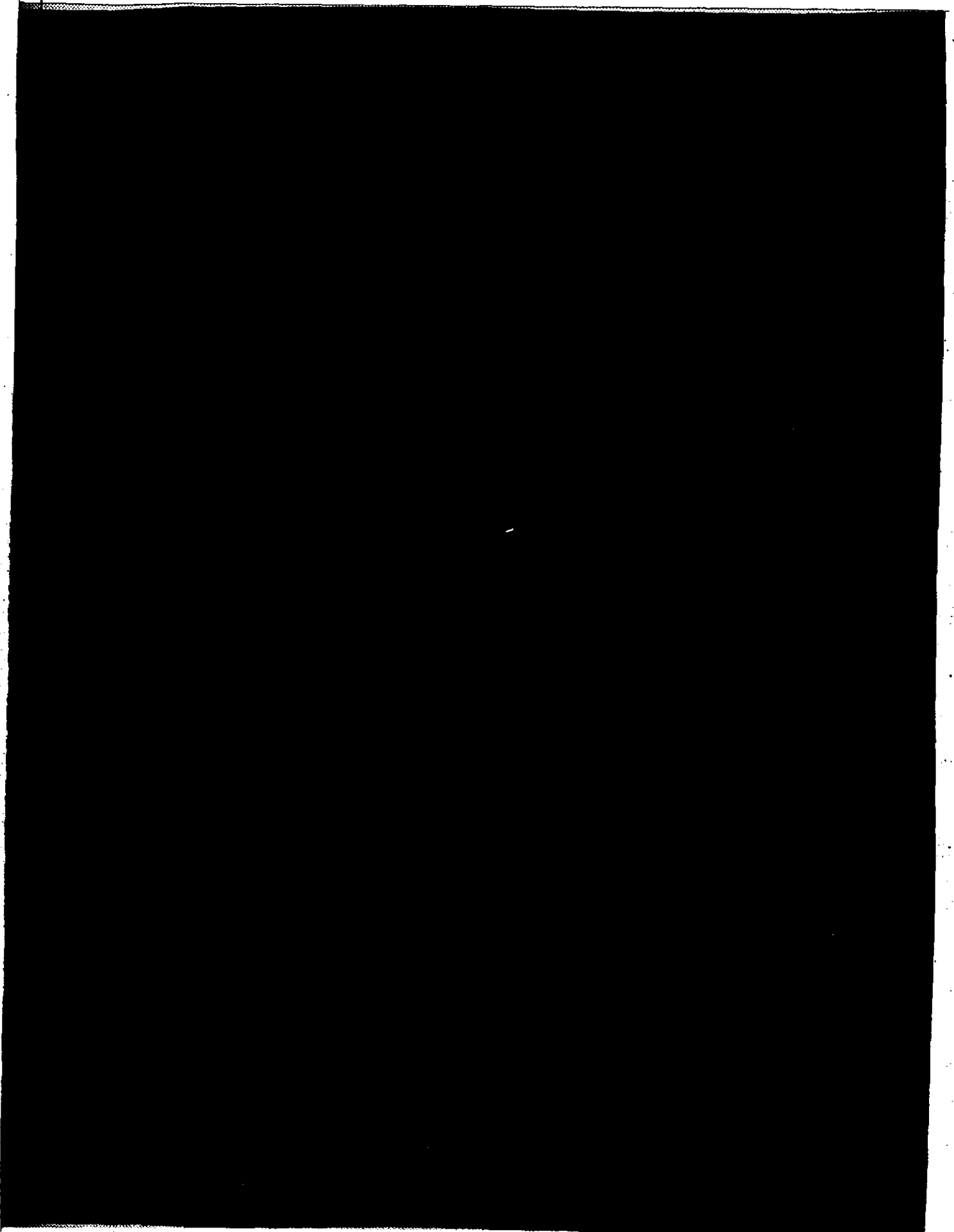


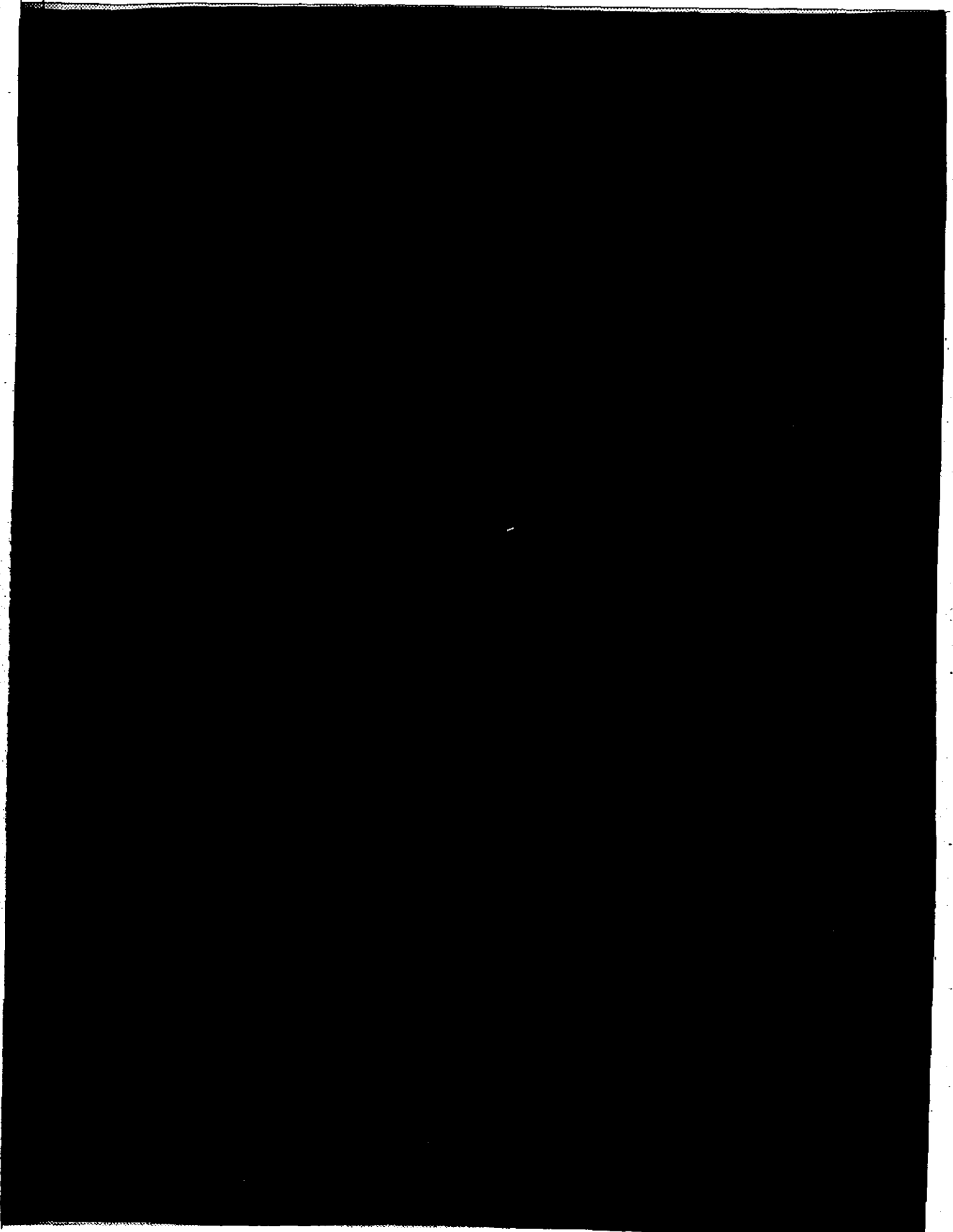


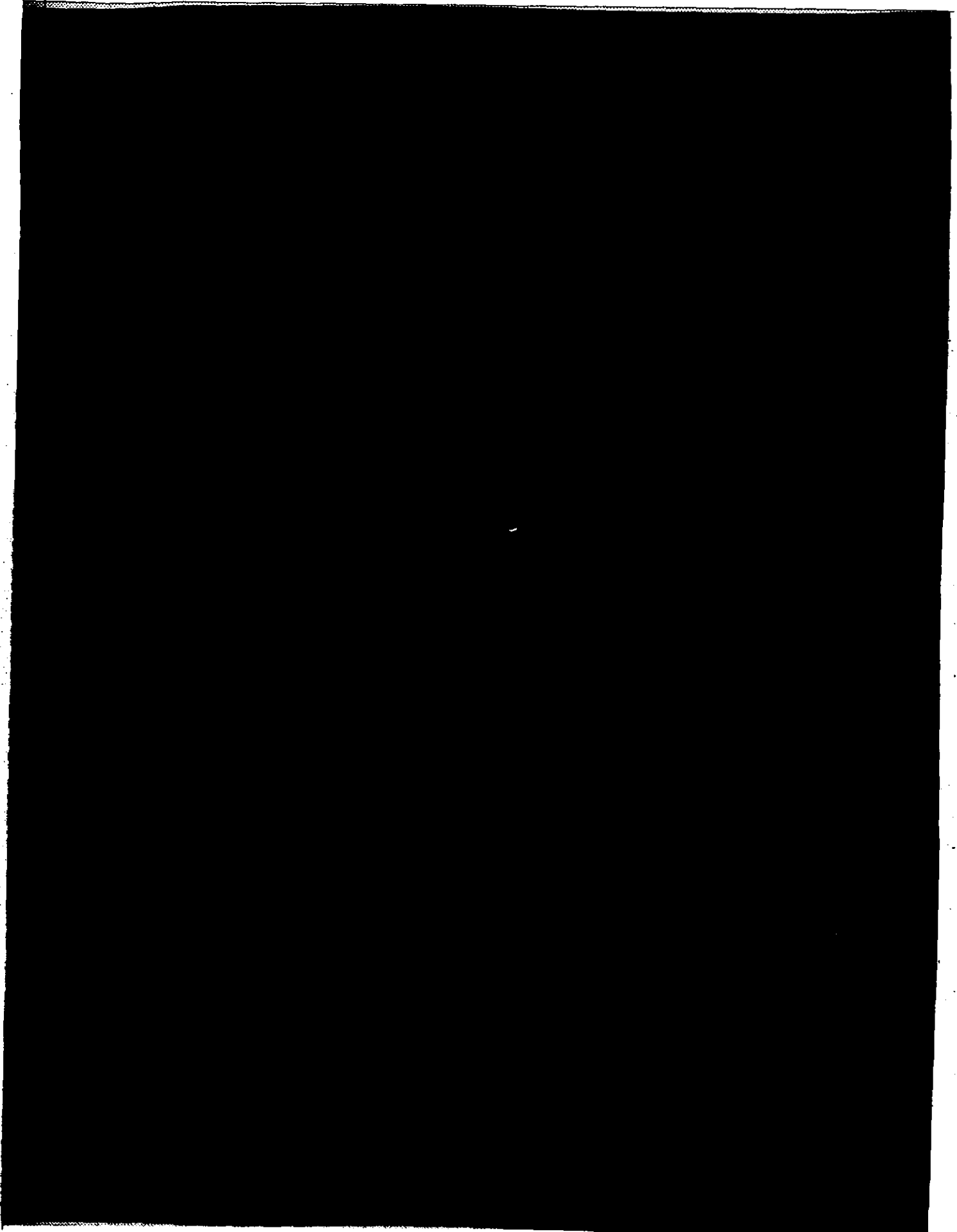


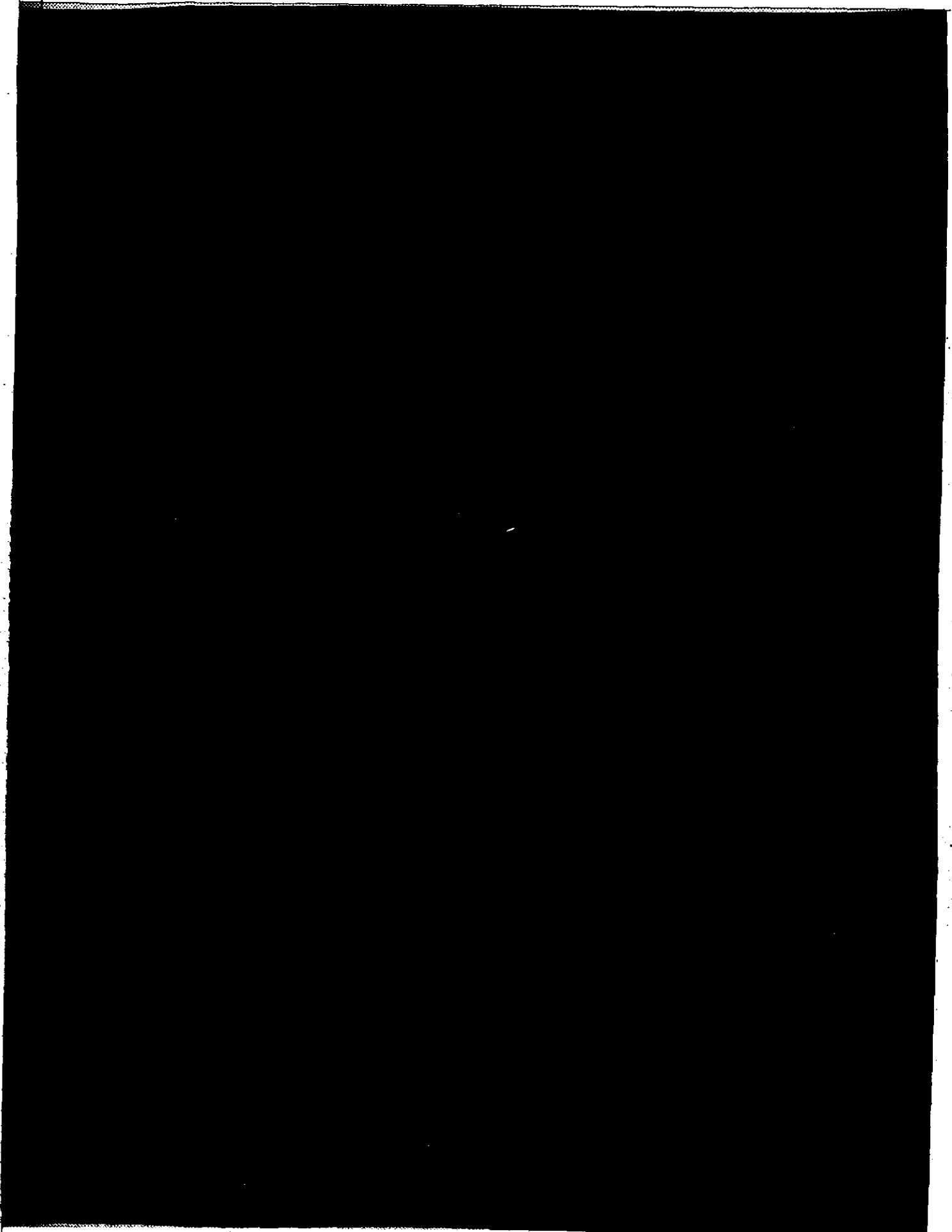


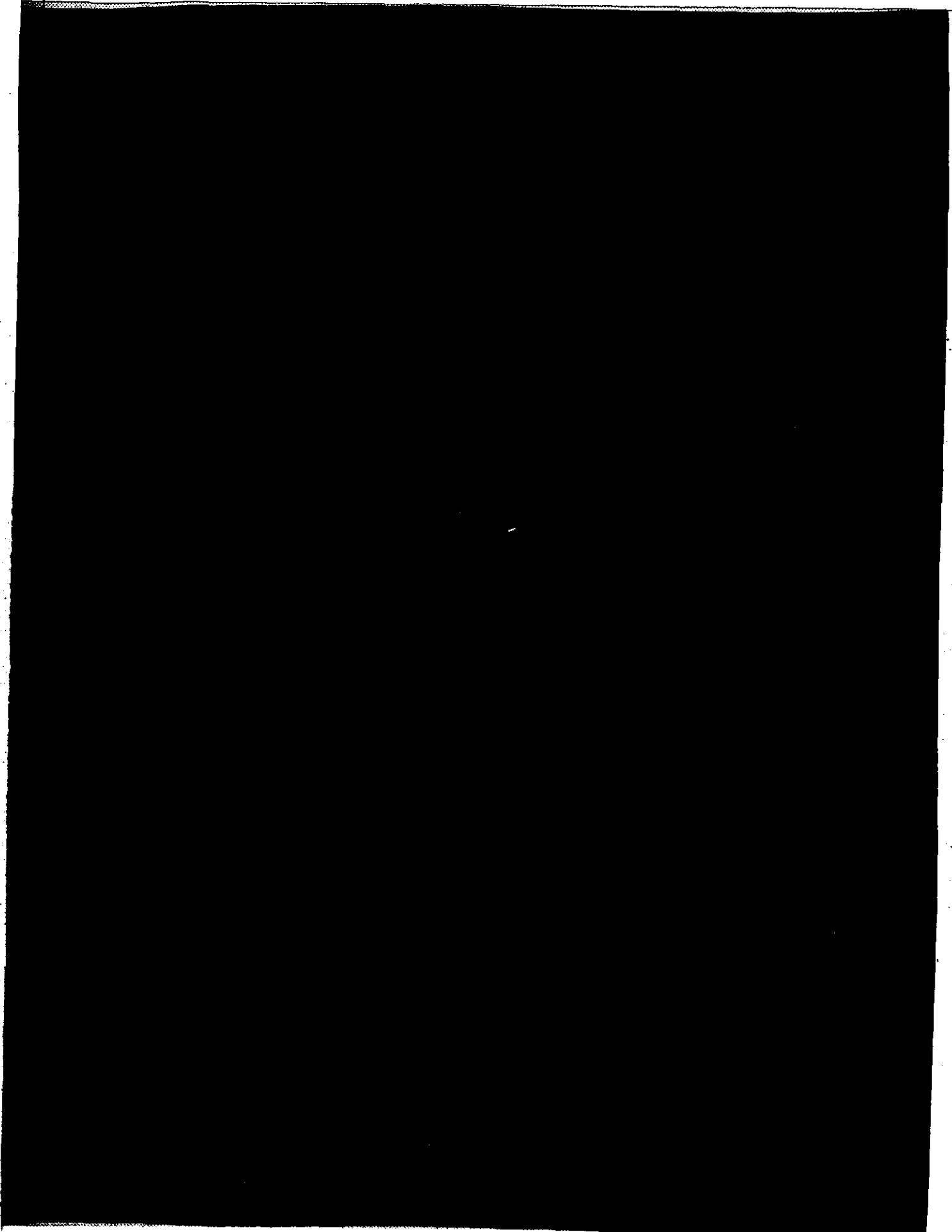




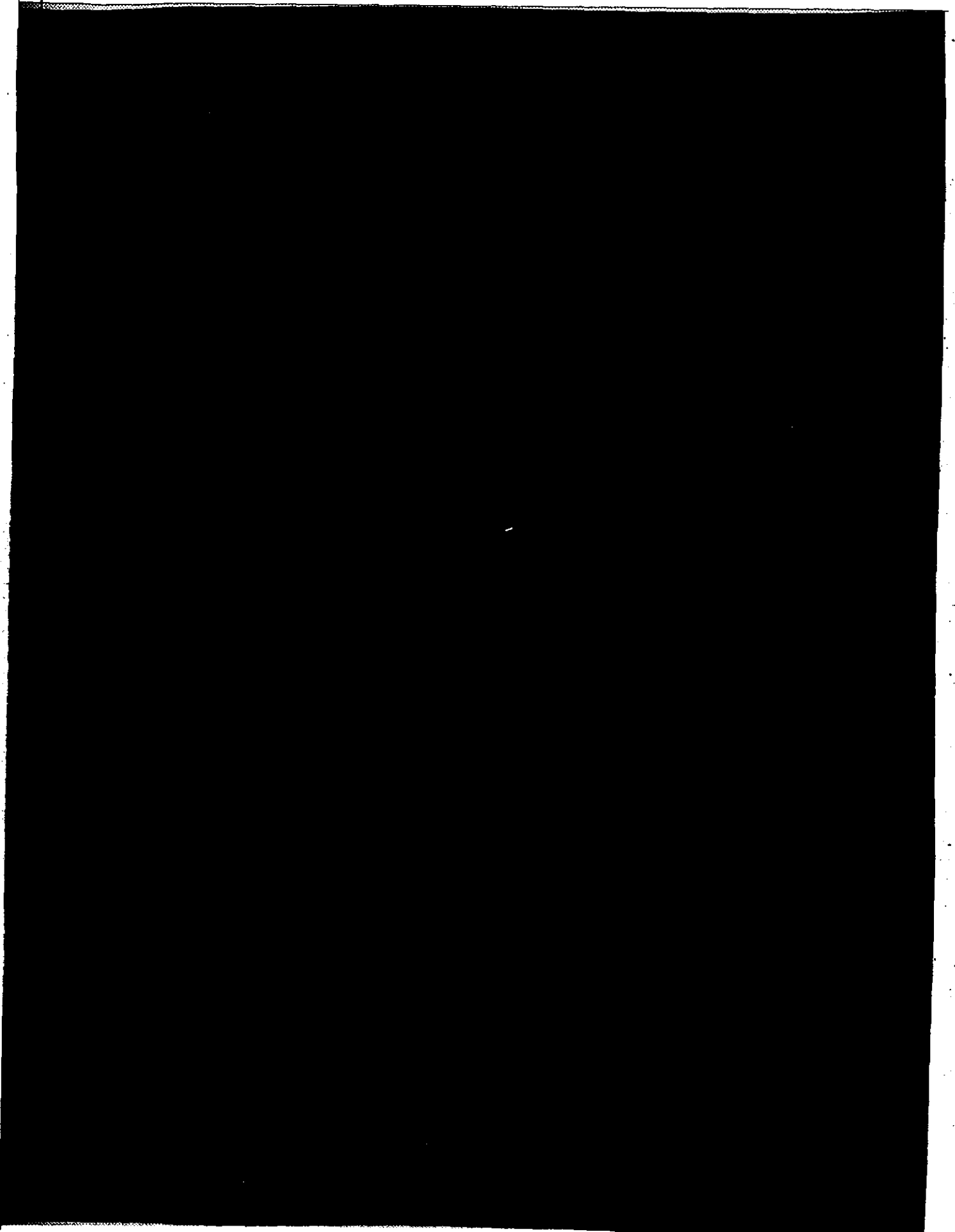


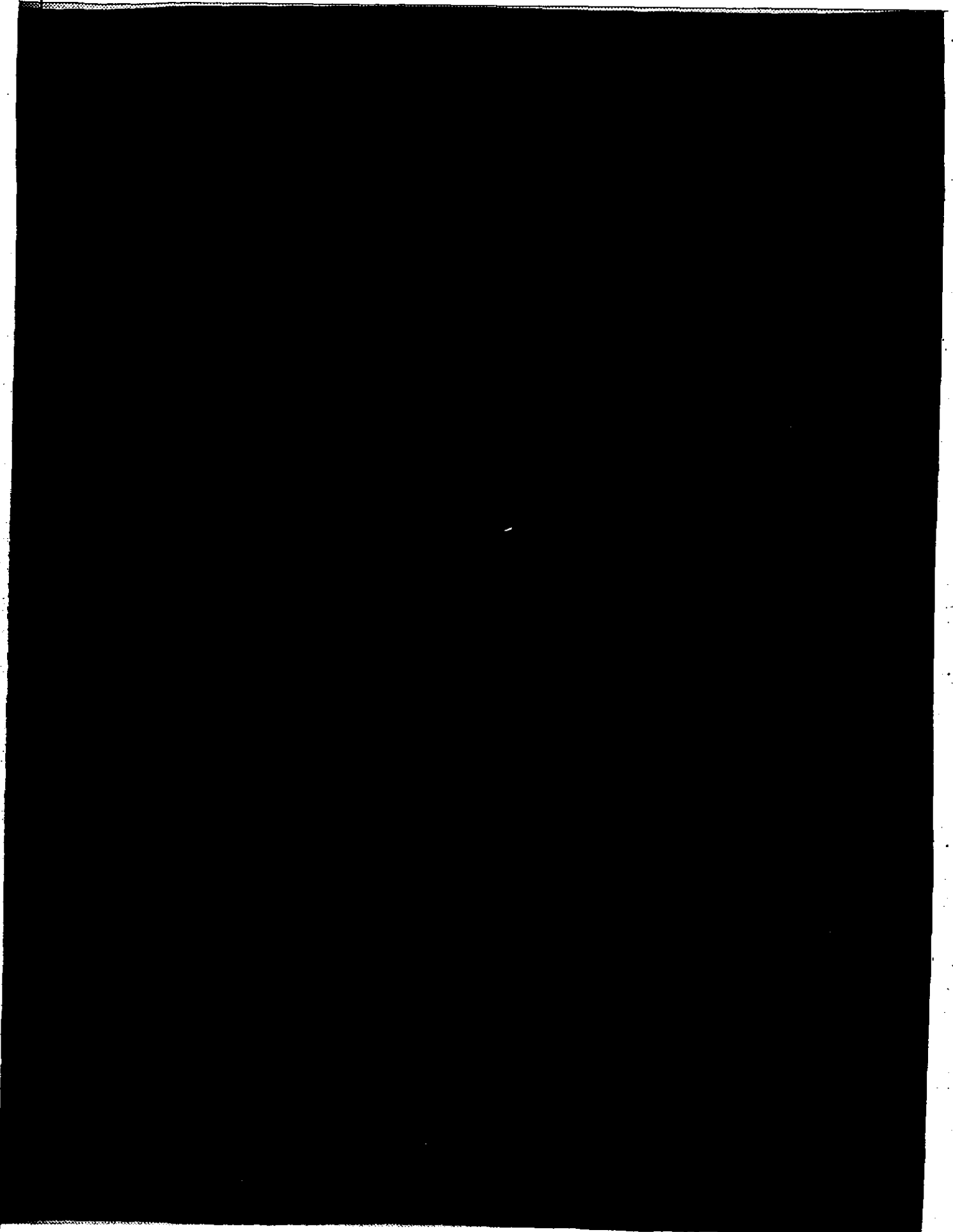


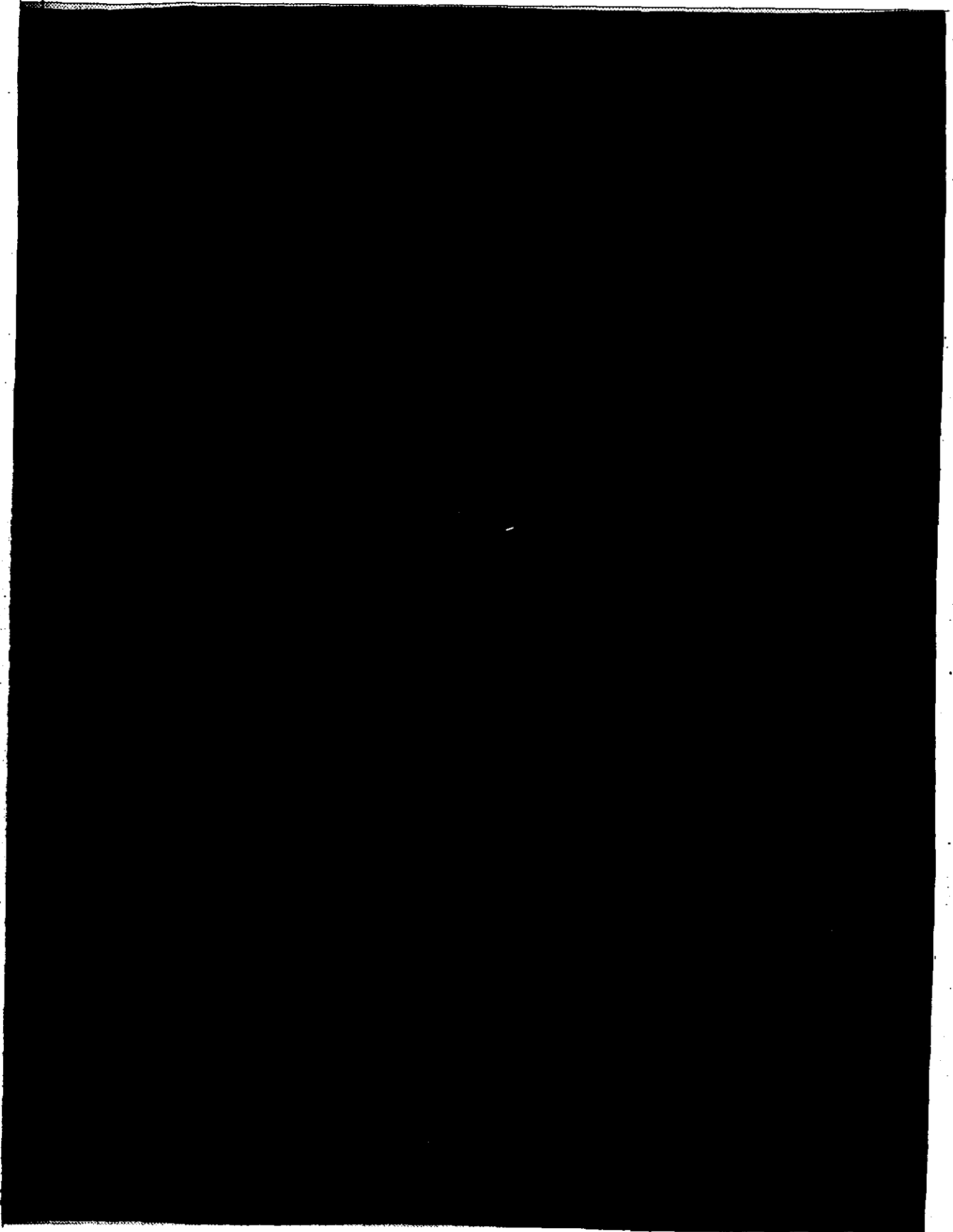


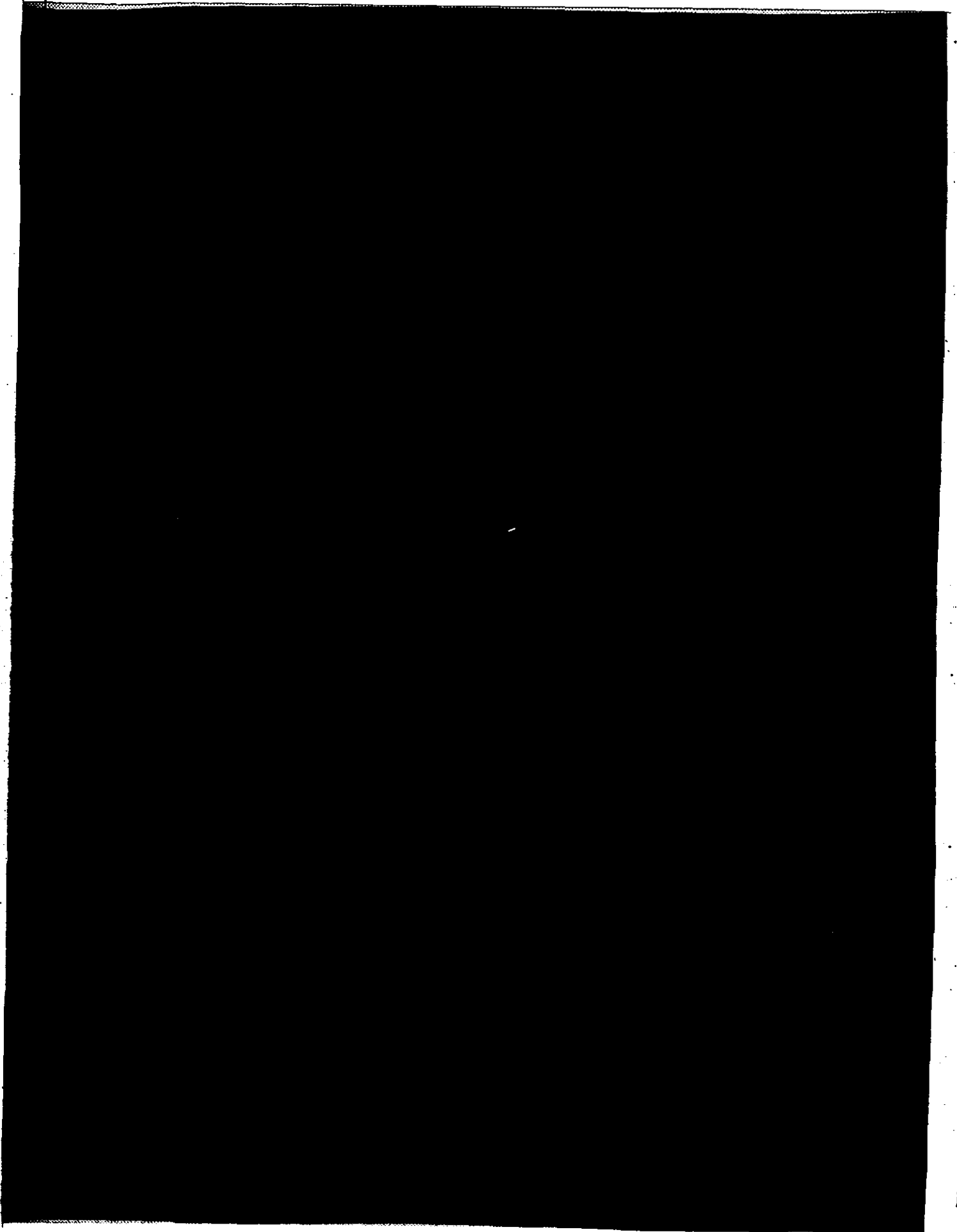


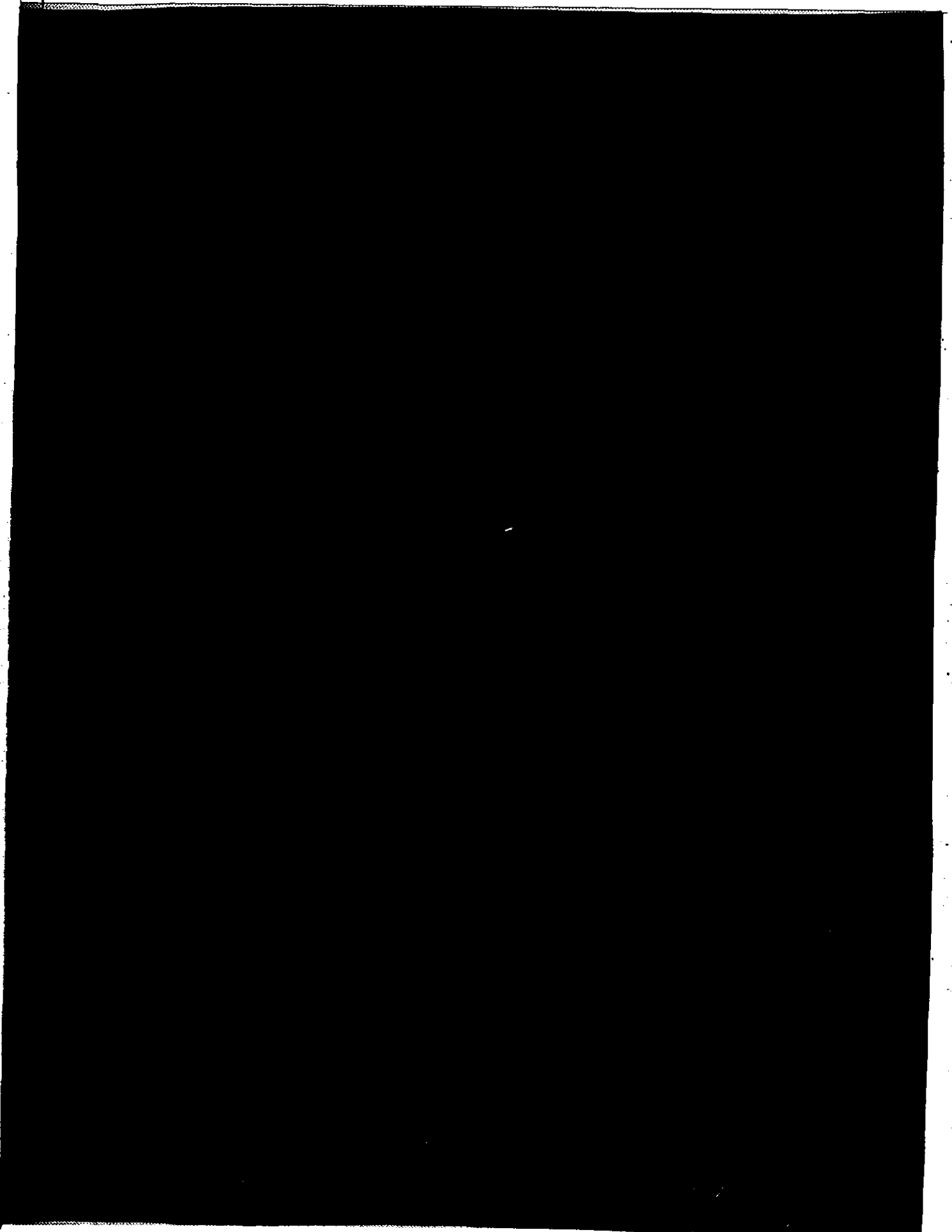


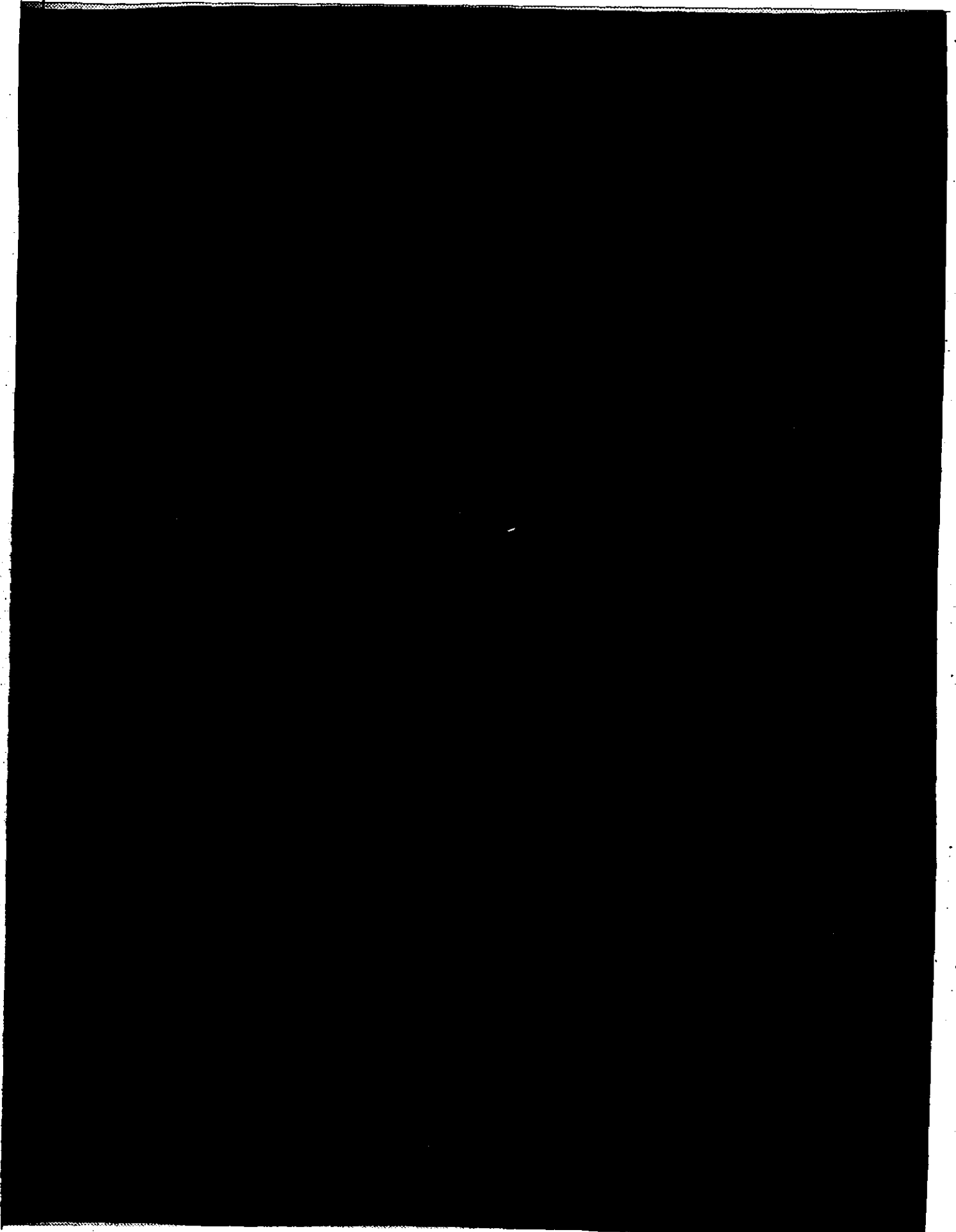


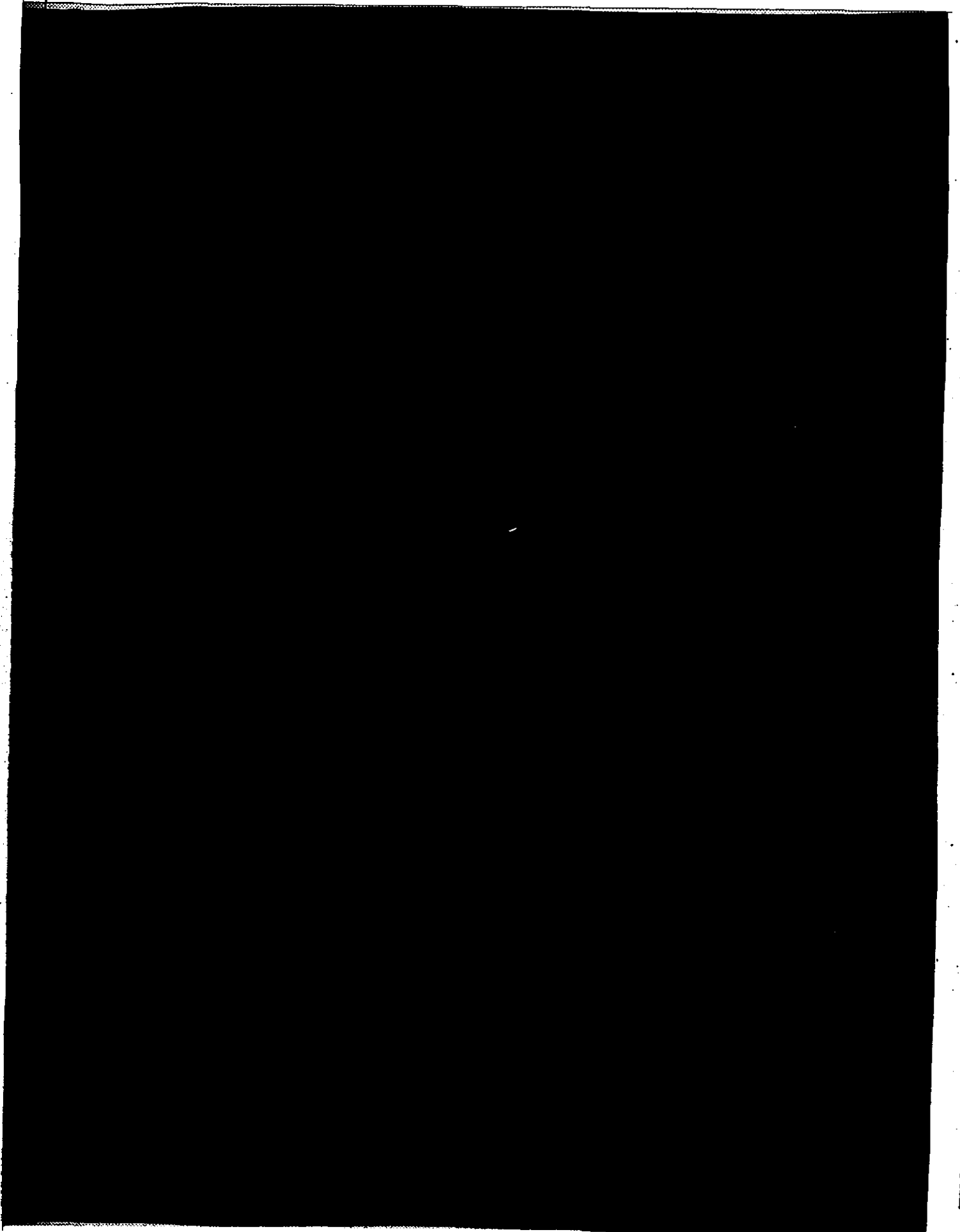


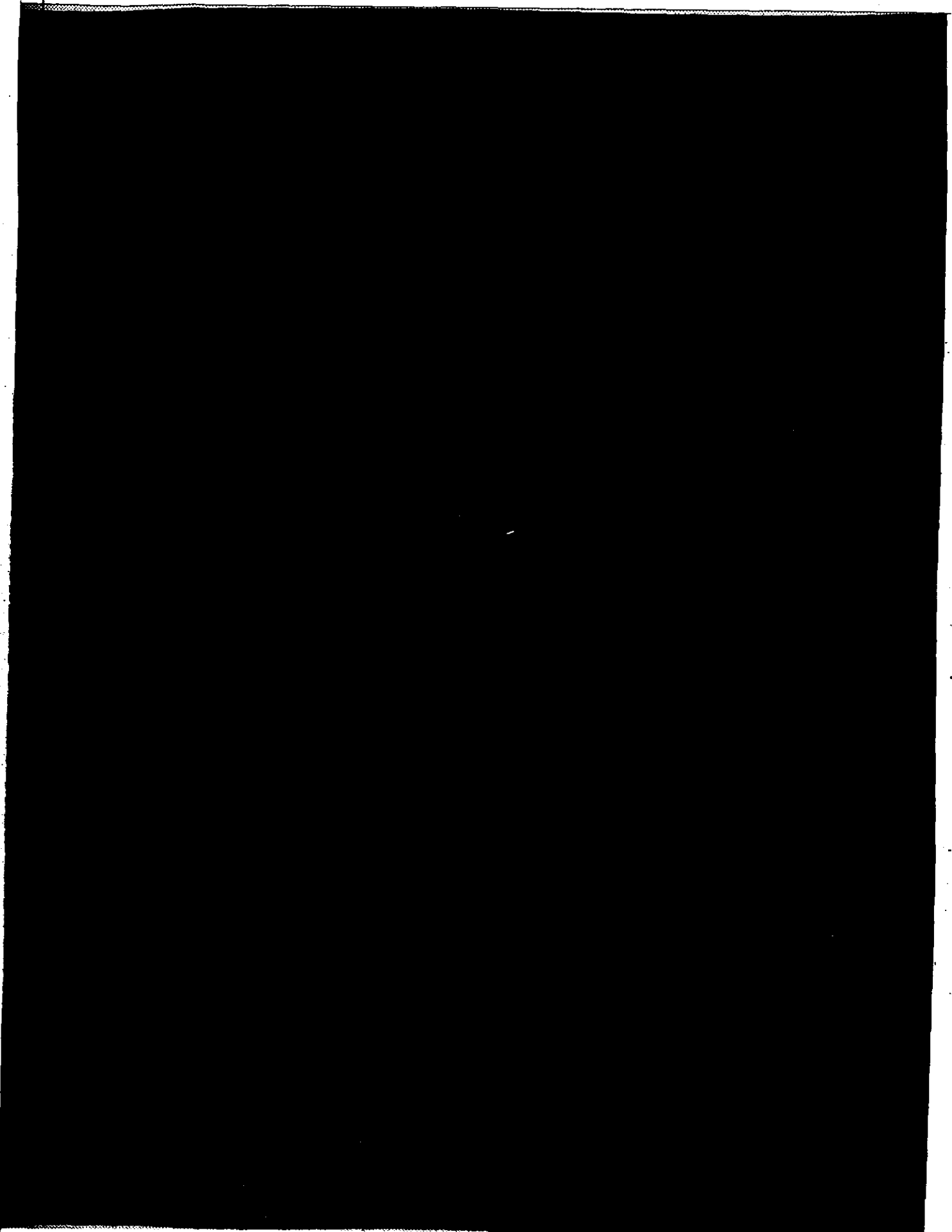




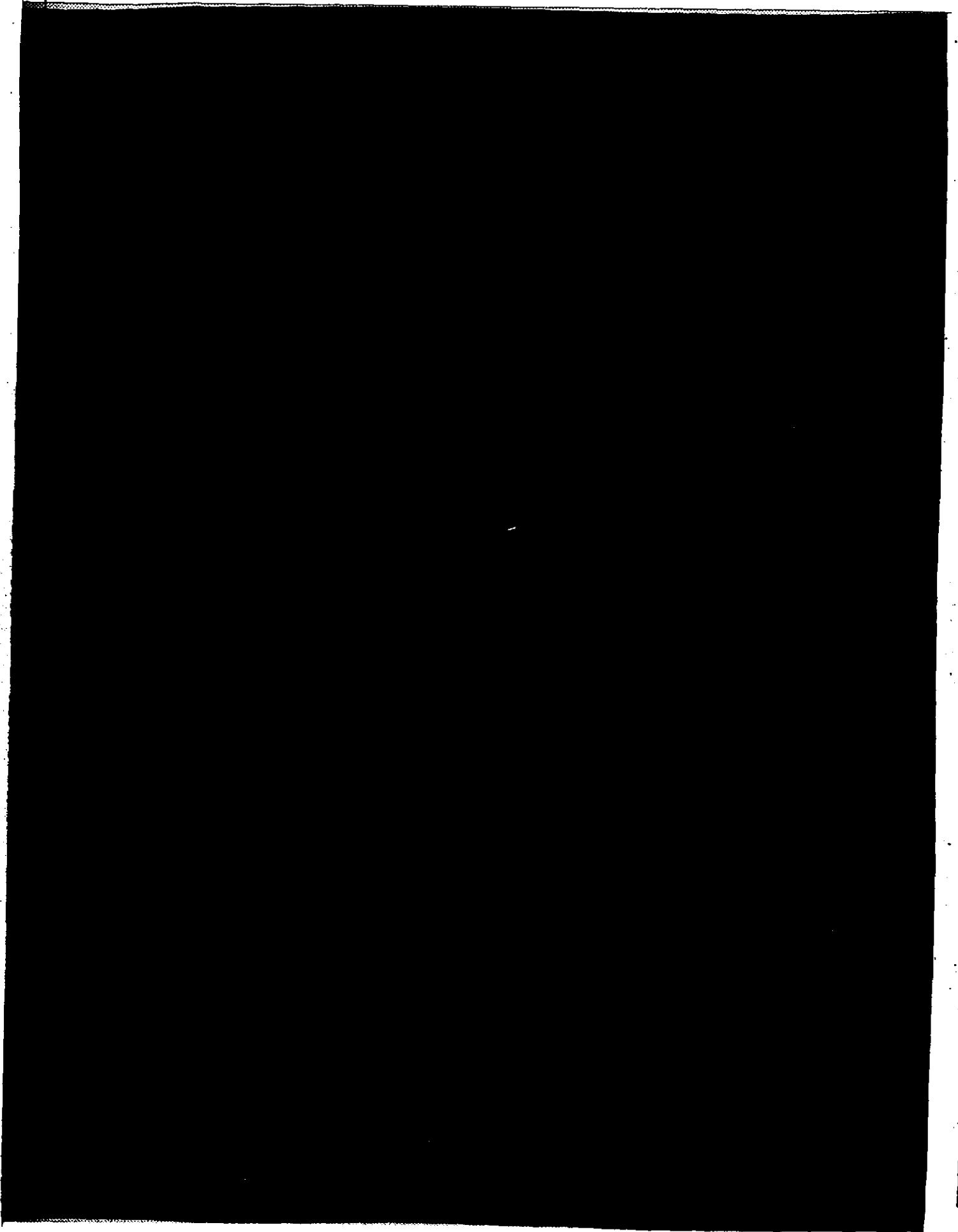


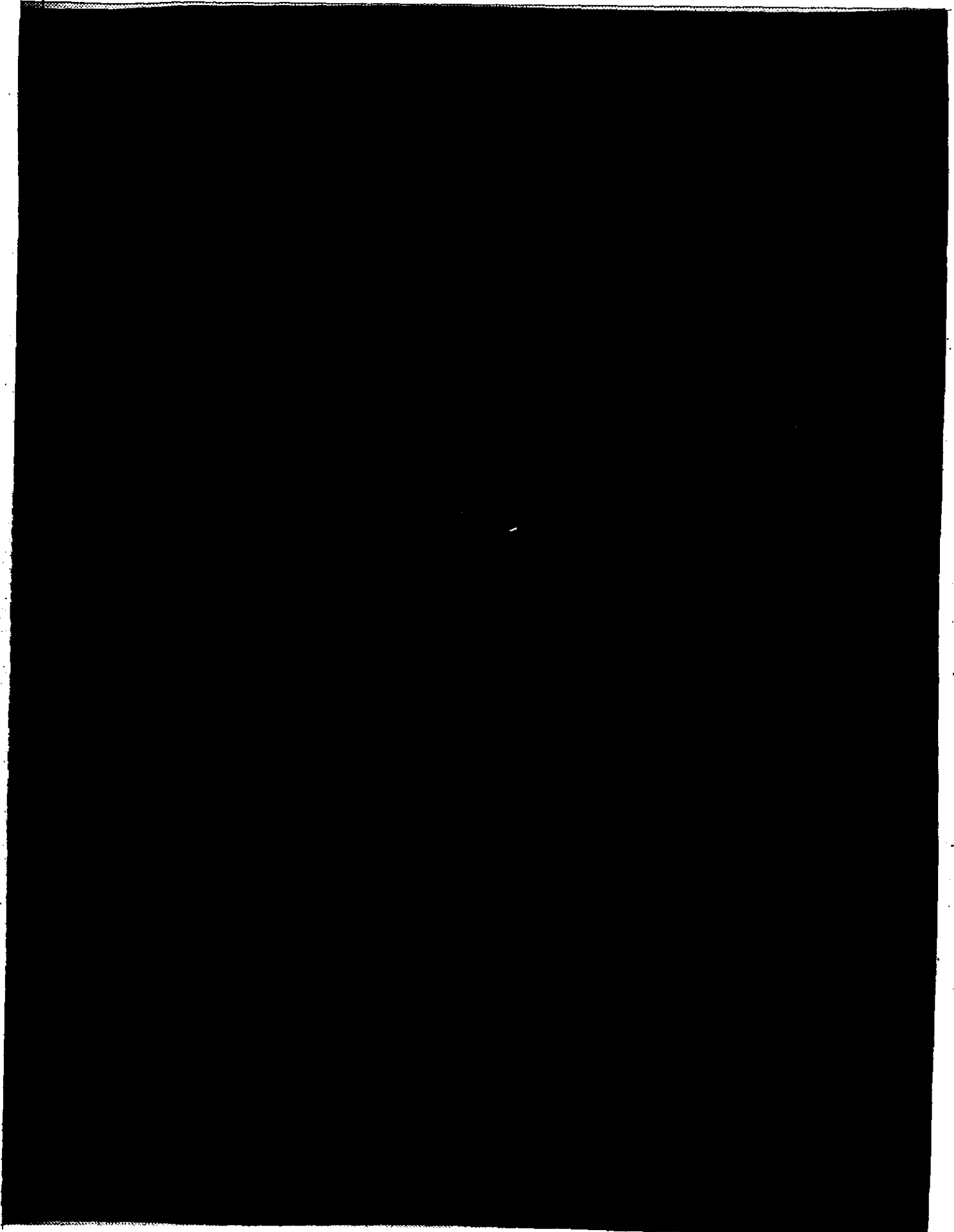


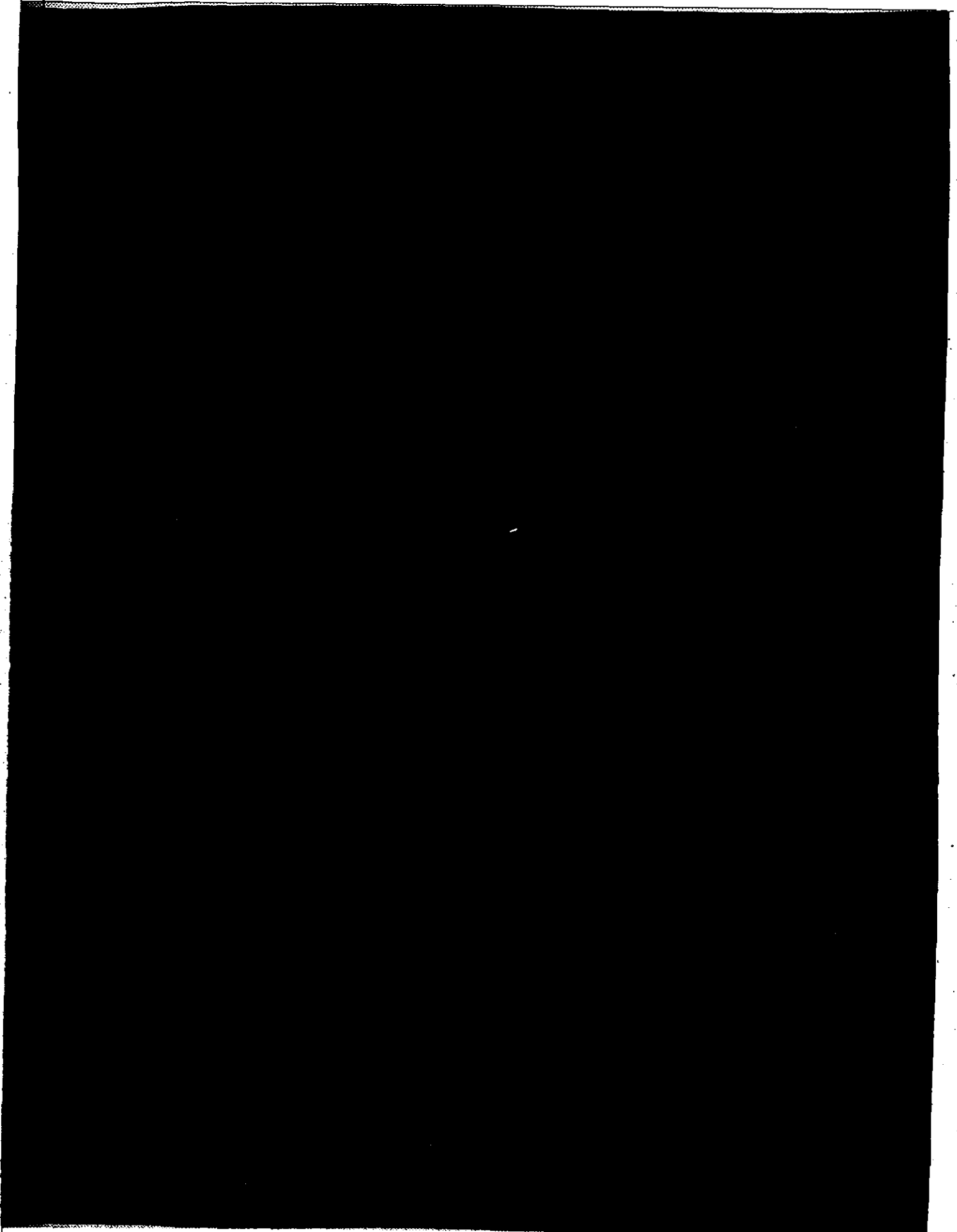


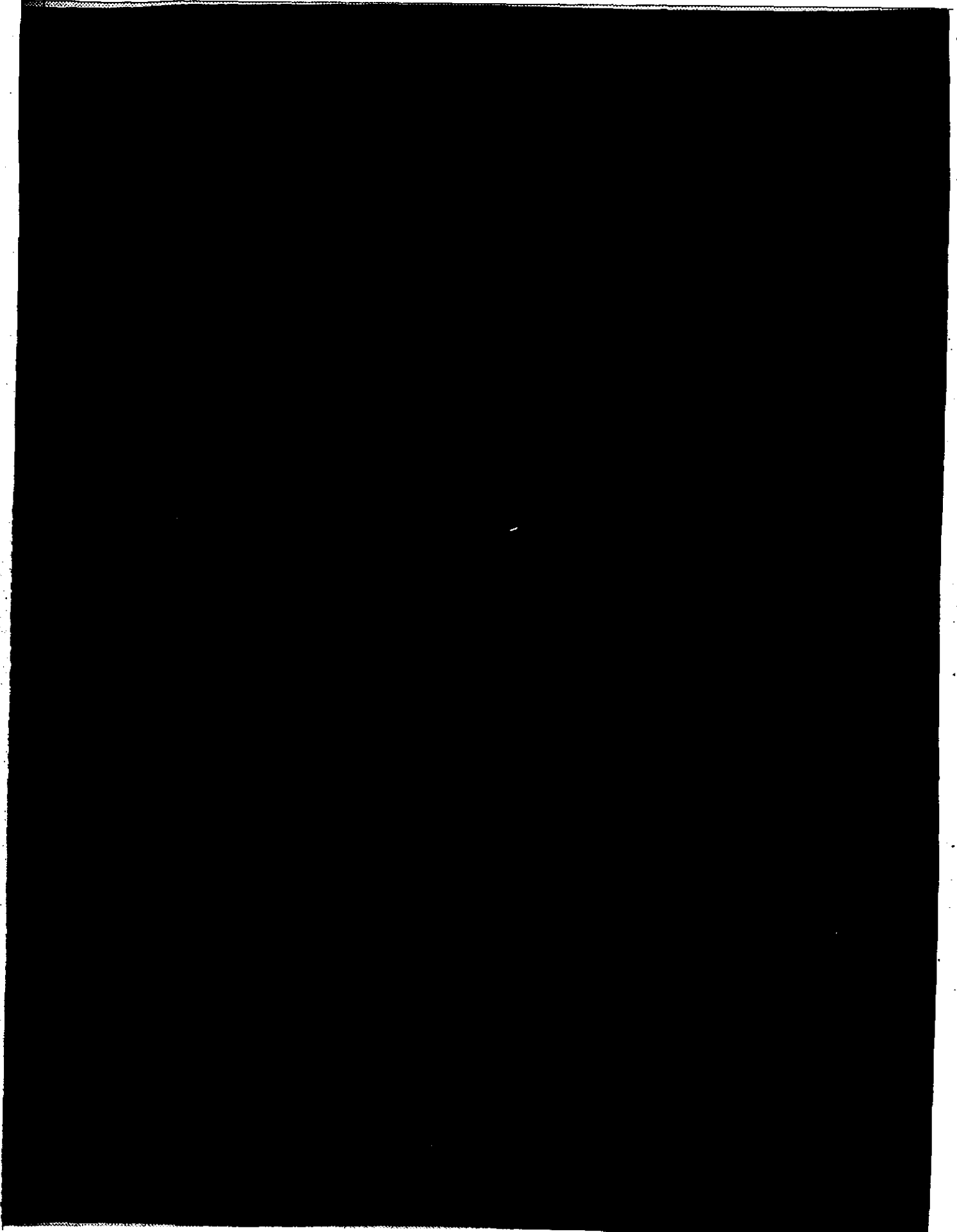


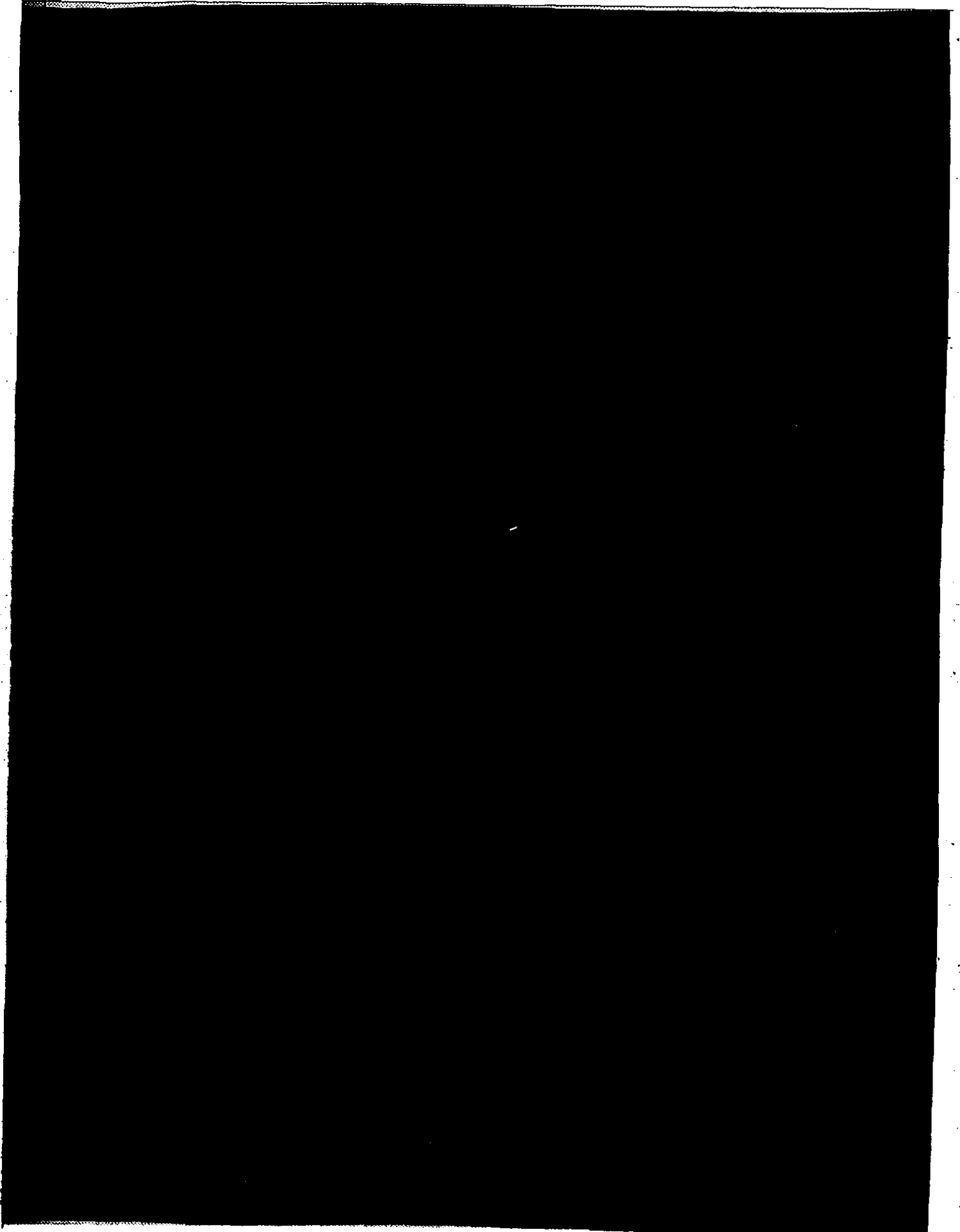


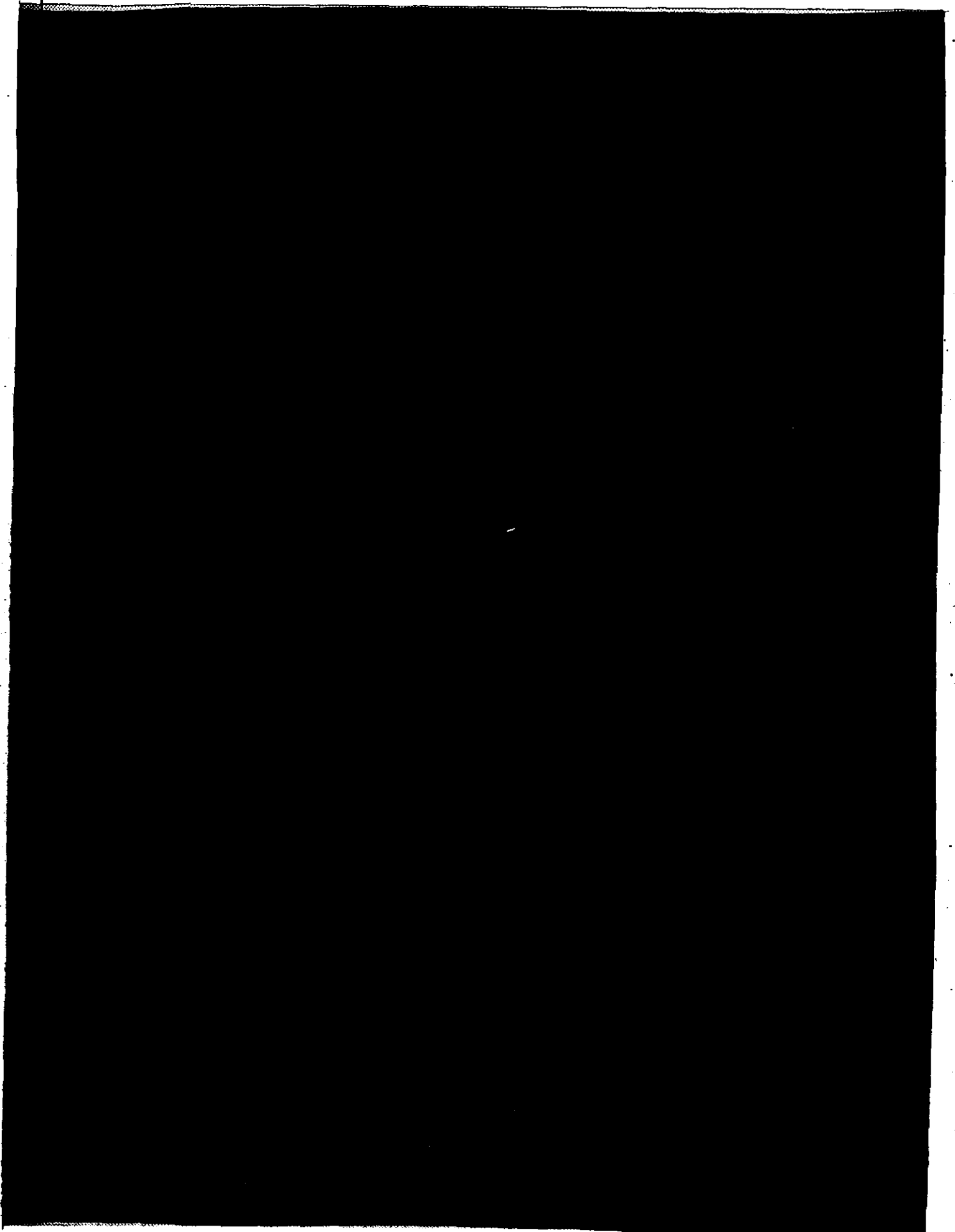


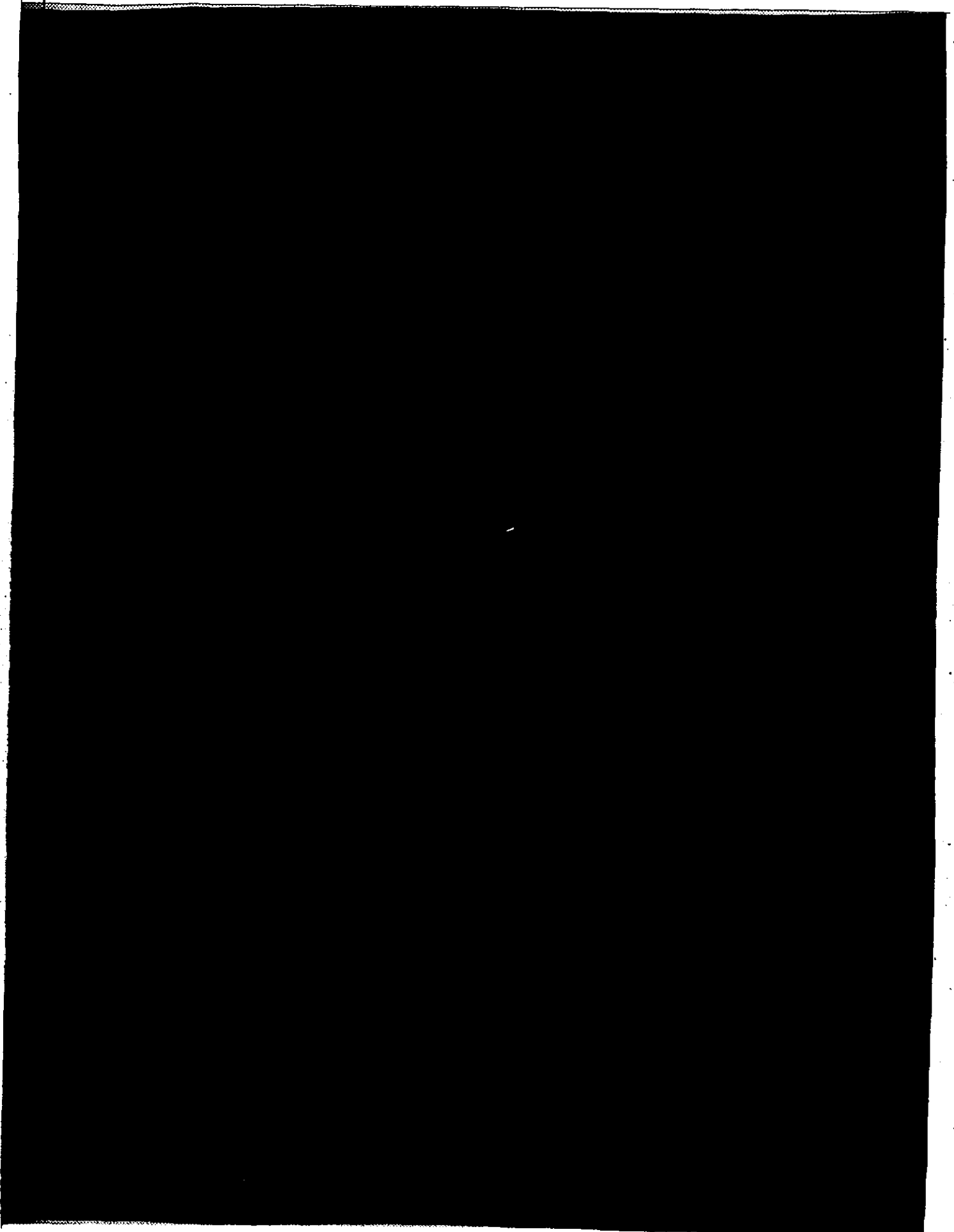


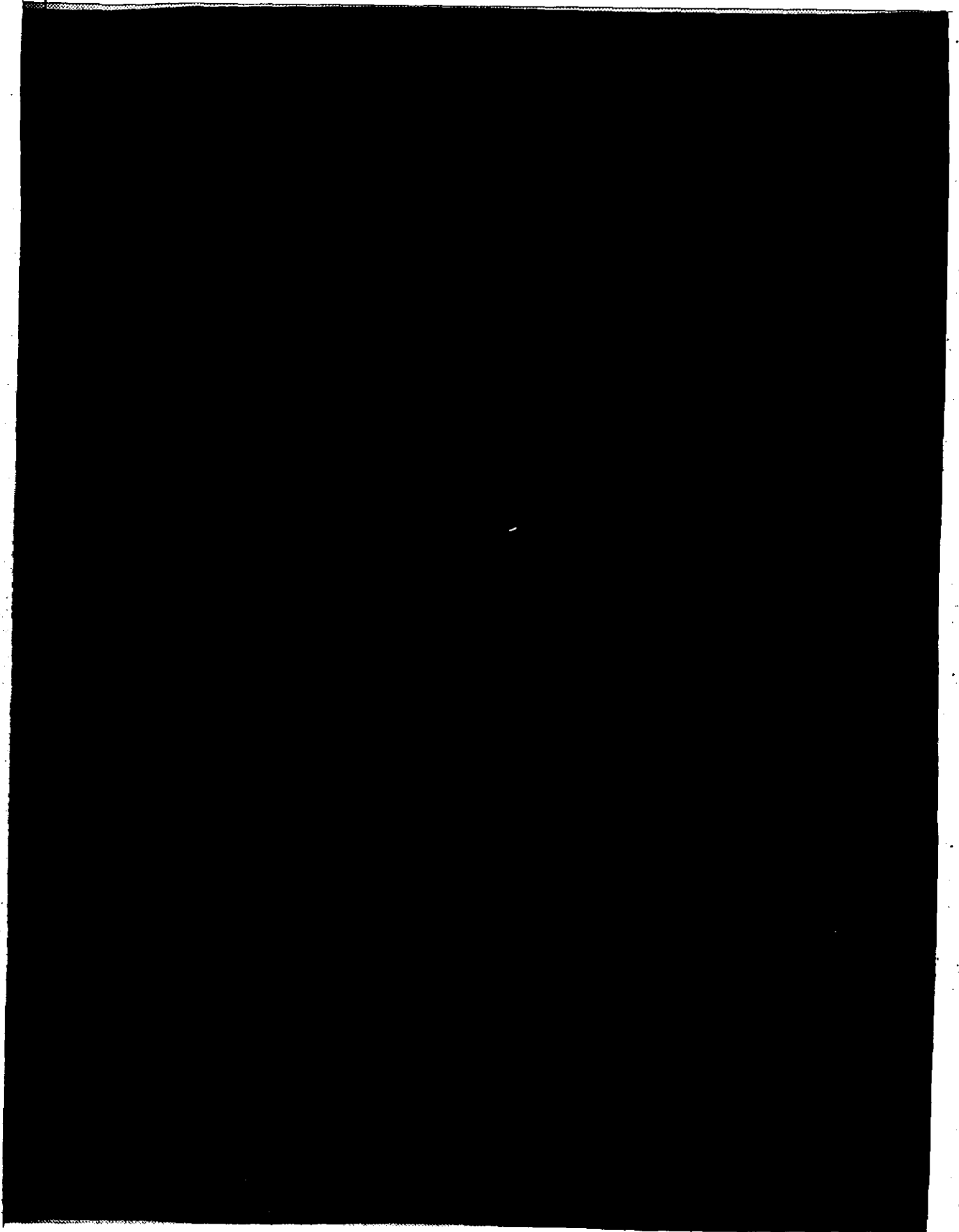




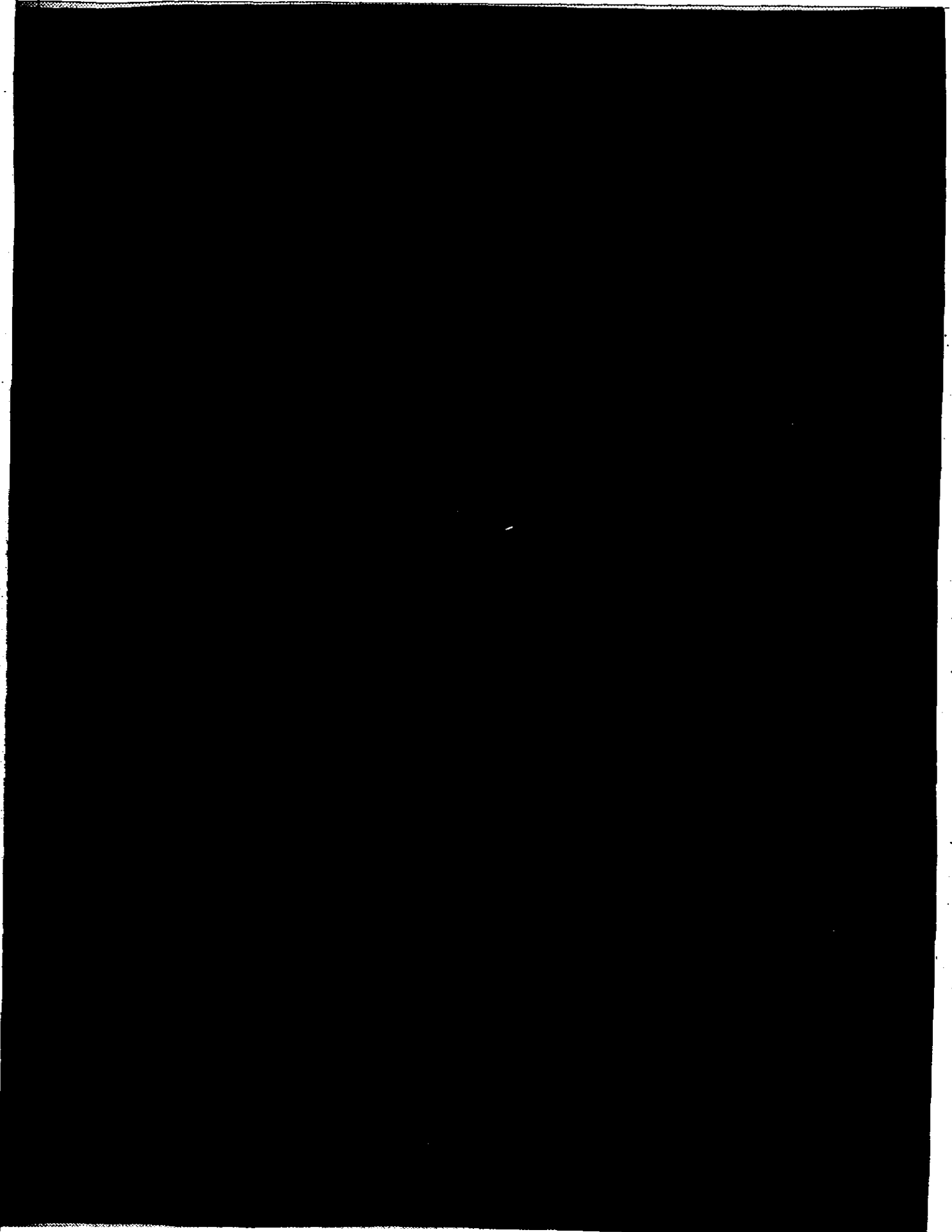


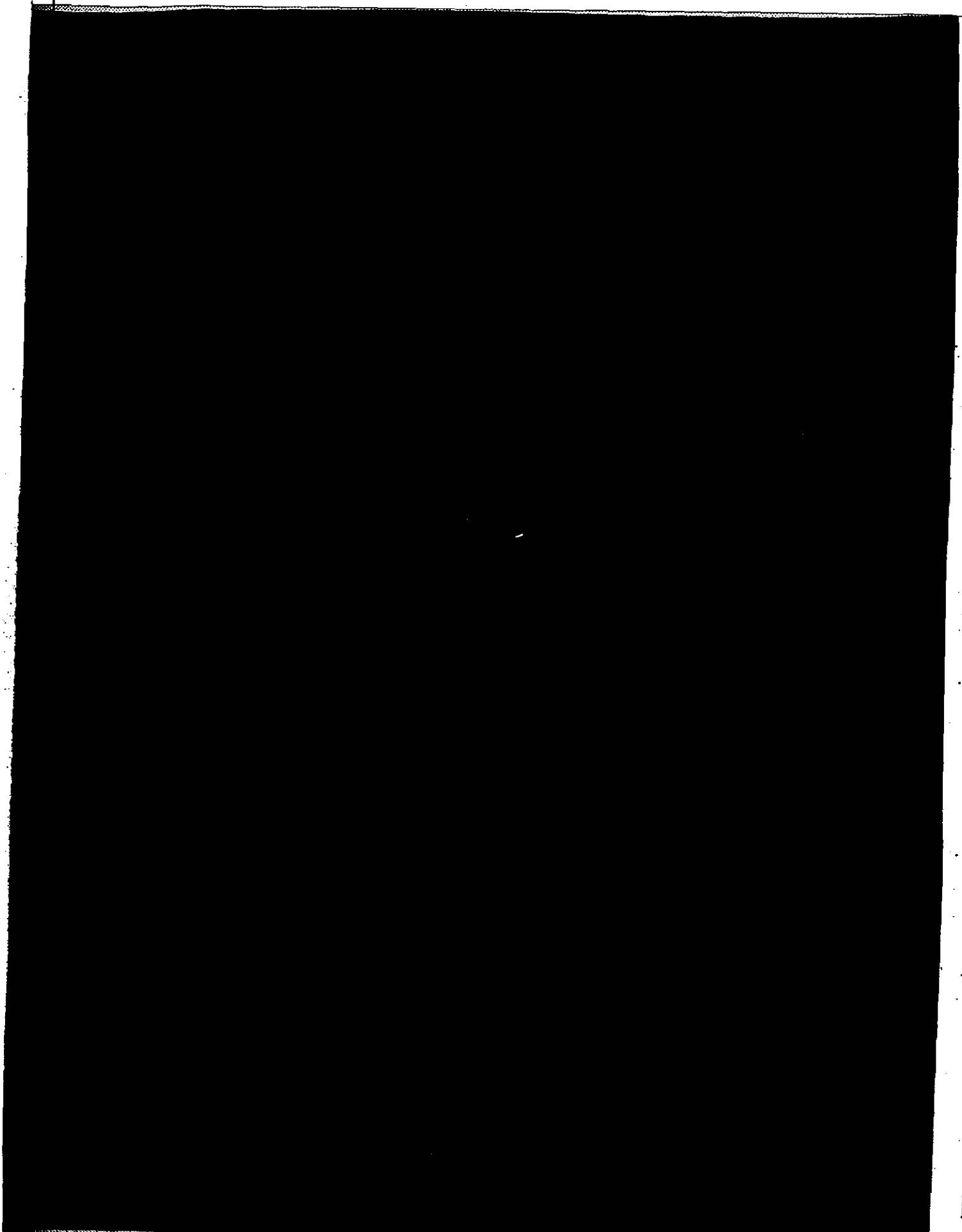


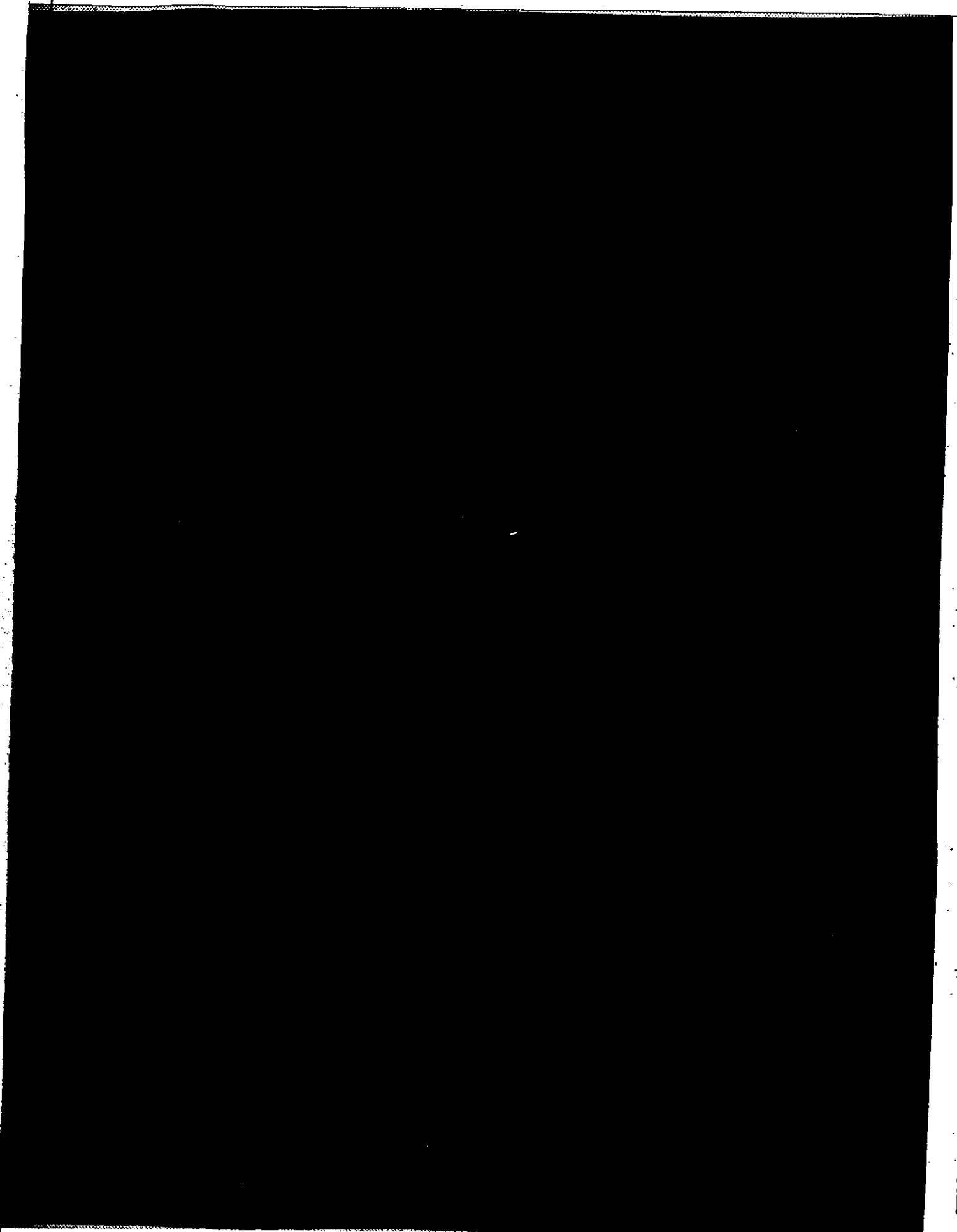


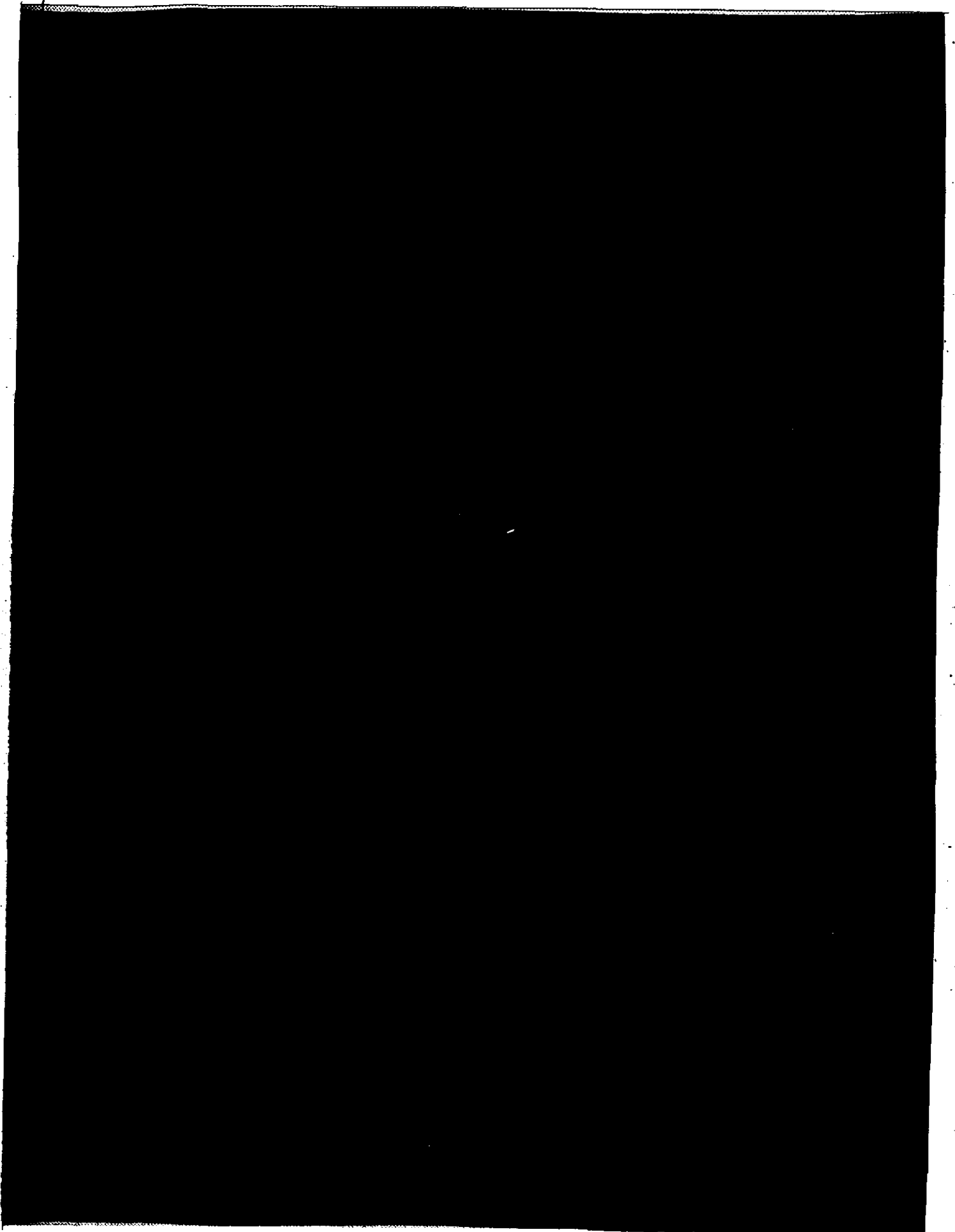












**EXHIBIT C TO MR. NACCHIO'S  
FOURTH SECTION 5 SUBMISSION**

234

**TOP SECRET**

(Security Classification)

ROUTING			
TO	NAME AND ADDRESS	DATE	INITIALS
1			
2			
3			
4			
APPROVAL	DATE	TIME AND REPLY	
APPROVAL	DATE	TIME AND REPLY	
APPROVAL	DATE	TIME AND REPLY	
APPROVAL	DATE	TIME AND REPLY	
REMARKS			
FROM NAME, ADDRESS AND PHONE NO			
DATE			

CONTROL NO. \_\_\_\_\_

COPY \_\_\_\_\_ OF \_\_\_\_\_

Handle Via

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Channels

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those approved for the following specific activities:

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**NATIONAL SECURITY INFORMATION**  
Unauthorized Disclosure Subject to Criminal Sanctions

**TOP SECRET**

(Security Classification)

Top Secret //TK

MEMORANDUM OF INTERVIEW

Person Interviewed: James FX Payne

Place of Interview: Qwest Communications  
Secured Compartmented Information Facility  
10300 Eaton #400  
Fairfax, VA

Date of Interview: July 18, 2006

Interviewed by: William Leone, US Attorney  
James Hearty, Assistant US Attorney  
JoJan Henderson, US Postal Inspector  
Susan Montoya, FBI Special Agent

(U) James Payne was interviewed concerning his employment with Qwest Communications' Government Services Division and interactions with the CEO, Joseph Nacchio during that time frame. This report covers those topics that include classified information.

(U) Payne said his relationship with Nacchio was the same as it was with CEO Richard Notebeart. His relationship with Qwest government customers included transacting a lot of business. He inherited some of that business under Nacchio and that continued with the second CEO. The only other person in the company that had the same clearances he did was the CEO.

(U) Payne started working at Qwest in August 1999. He did not know Nacchio prior to that. He came to Qwest through a head hunting firm, John Keller, in New York. He had been working at Sprint. He had his initial interview in New York. He went to Denver, where he met Dean Wandry, Shaun Gilmore and Afshin Mohebbi. He did not meet Nacchio for six weeks after his employment. Payne stayed in the DC area.

(U) His title was Senior Vice President and General Manager of the Government Services Division. His US West counterpart was someone named "Tom" (LNU). Six months later, after the merger, he had to compete for the job.

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(U) His duties included initiating a relationship with the government. It started with the most sophisticated relationship/customer and he was interpreting what the customer meant when they asked for something. They were sizing and measuring Qwest for the next "thing." Other vendors were doing the same thing. Payne took it very seriously. He brought forward the senior executive team as soon as possible so they would be "in the game." He had a full profit and loss organization. It was a wholly-owned subsidiary and was separately incorporated.

(U) John McAllen, the Vice President of Sales, had no direct reports. At the time, there was no management structure. McAllen left shortly thereafter. Payne hired Howard Seger, from Wang, to take the VP of Sales job. Payne had other employees including, David Peed, Wes Kaplo, Ken Foderhauer and Roxanne Roberts.

(U) Payne said the management of local regulated and interLATA unregulated business was a challenge. They were different cultures and contracts had to be segregated into regulated and unregulated business. They were getting rid of people and there were some ethical concerns. Payne said they coached and counseled the employees, but many of them resigned. It was their strategy to meld USW into the Qwest business and keep it lean to avoid a reduction-in-force (RIF). Payne's job was mainly sales.

(U) Payne said he had clearances prior to working for Qwest.

(U) [REDACTED] was the first classified contract and others were added later. It was a baseline program and it was competed. They had to submit a proposal and the agencies sent out a notice.

(U) As it was presented to Payne, the concept-to-award process could happen very quickly. [REDACTED] was a direct extension of [REDACTED] and Payne did not believe it was competed. The government was not obligated to compete and it could be directly awarded. The government agency bought the first set of fiber, then a second set and possibly a third.

(U) Payne was not sure there were any pricing discussions. There was concern later in 2004, however, that there may not have been a compete process for the fiber.

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(U) Qwest management in Denver would tell him to "go get this" and to "make it happen." The attitude was pervasive, just go in and get the order. Payne kept reminding them that was very unusual. It was the perception that the award of [REDACTED] was standard operating process. Payne reminded them frequently that it was not that easy.

(U) Payne had very little exchanges with Mohebbi, less with Woodruff and did not know Robin Szeliga. Gilmore was his boss. At different times, Tom Hall, Joel Arnold, Gilmore and Cliff Holtz were his bosses.

(U) When Payne traveled with Nacchio, he would bring a briefing book with him. They would be picked up at the jet, someone brought them to whatever agency they were working with, and brought them back to the plane. There was no debrief.

(U) Payne never told Nacchio they could get a contract quickly. Payne had a problem with the forecast process. He did not know what they were thinking. Management would have a problem with a quarter and call him to pull transactions forward.

(U) In 2001, under Gilmore the company did not care if it was a product or equipment purchase in April or September. One time, he got a government agency to accelerate an \$18 million sale and move it into April. To Payne, it was the same year and there was no gain. His September goal, however, did not change.

(U) He received lots of emails concerning classified transactions. [REDACTED] could be referred to openly. Payne said Moby Dick and Ferrari were the same project. They could talk about deliverables using code names. They were briefed, reviewed and updated on statuses.

(U) Payne had weekly reviews with Gilmore. It was frustrating. The government procurement process took years. Qwest management was dealing in "minutes" and Payne was dealing in "decades." They had operational reviews monthly. There were weekly calls on Mondays and he and his peers were asked what they booked this week. In his first six months, these reviews only included Payne. Later, the reviews included his peers and it usually took two hours. Payne said he listened to people painfully missing their numbers, including Ruggiero and McGuire, who were business unit heads. Payne had a profit and loss unit and they could not say something was a sale or booked with a "wink-wink", and have it not materialize later. Qwest was compensating the sales people based on sales. Payne had a profit and loss revenue-based plan. He had a revenue-based compensation plan.

(U) Hall told him he was out of sync with the rest of the company. For Payne, revenue was the

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only definable way to measure his success. Later, they figured out a way to calculate a sales-to-revenue ratio for the sales units. For instance, if the ratio was 13%, \$1 of sales would equal .13 revenue. For Payne, the ratio was 100%. Hall told him he needed a sales plan because he was moving in a different direction from the rest of the company. Their forecast was different from his forecast. Payne pointed out that there was an audit of the sales program some time later and some people lost their jobs.

(U) Payne said his forecasts included classified opportunities. There was no fluff added into his forecast. In monthly operational reviews with Gilmore, all business unit heads were required to be on the call. Payne was almost always on or over plan. There were no quarterly reviews.

(U) Payne conducted monthly sales reviews and operations reviews. He did not give credit for a sale until it was installed. They would often take orders that were never installed. Payne had both sales and operations units. They would book the sale when it was installed and accepted.

(U) The accounting for transactions changed in the 2000-2001 time period. It was an abrupt change in how it was before. In 1999, when it was explained to him how [REDACTED] were booked, they told him that they "think it is legal." GAAP was vague on the rules and he was told it was okay although it could be questioned. He recalled he was already assigned a quota for discrete sales to recognize revenue for a sale.

(U) He had some conversations in vehicle rides with Nacchio, but otherwise no other conversations during their trips together. Payne's boss did not have a clearance and Payne could not have conversations with him concerning the classified work. He was careful about what he could talk about with Nacchio, so he would not be accused of anything.

(U) Payne would get phone calls at the end of the quarter from his boss, Hall or Arnold. They were briefing with the Wall Street community and showcasing. They would discuss how they were not making their numbers and what transactions could they pull forward. Payne had the discipline to decide which transactions were real and which were not. Payne described the atmosphere as frenzied from the day he arrived at Qwest.

(U) Payne said he developed quite a "thesaurus" of "no." He would tell them that it was not how things worked, or that he would get back to them. He said he perceived that there was an immaturity in Denver about how the government services division worked. Tony Wellen was his finance person and Payne could get to the real numbers for his group to tell people what he had. Payne described the phone calls as "Armageddon" when he listened to what people were saying.

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(U) Payne was shown Global Business Markets Initiative Sheets for July 19, 2001, August 10, 2001 and September 12, 2001. Payne said he did not use the ABC initiative sheets and had never seen them before.

(U) He noted the project called [REDACTED] or [REDACTED] was not awarded until 2004. In 2001, it was in a very early stage. It was incumbent on the contract for [REDACTED] which later became [REDACTED]. The customer wanted to take the project and extend it to Europe. There was no clear indication of whether it was competed or sole-sourced. The RFP for the project came out some time in 2003. It should not have been on the initiative sheet for 2001.

(S) "Ferrari" was a project for the same customer, DISA and was to go abroad. They had ten nodes and wanted to make it 50. They instructed the entire team not to bring it up in discussions. For public purposes, they anticipated an RFP. It was not awarded until 2002 and it was aggressively competed. They competed for both projects and won both. This was also referred to as the [REDACTED] European Network [REDACTED]. Neither of these projects were even close to closing in 2001. There was a less than 5% chance for that. Payne said it had to be at least 50% probable for them to even consider it for their forecast.

(U) Payne did not recall what "Fed-Asia" was. He said the government had gaps in capacity and may have asked them to go out and find out what the pricing would be. [REDACTED] included add-ons and was sole-sourced.

(U) The project called "NCR" went on for years. It was on the forecasted project list, but the projects had to add up to some number. They took your revenue number from the prior year and gave you a new number. Then, they wanted a document to show how you would get to the new number. Sometimes, they would just put things into the forecast to add up to some number. The finance side for Payne's group included Grant Graham, Steve Traynor and Doug Hutchins. Tony Wellen was Payne's finance person. Payne said the initiative sheet was not something he or his people produced. It was probably done by someone in Denver. If it was not on the forecast or the initiative sheets, it was because it was so remote, it was not worth putting them in there.

(S) Payne described the work they did for [REDACTED]

[REDACTED] The customer came to Qwest and wanted to purchase capacity, about \$500 million. Everyone thought the opportunity was there and it disappeared. The customer told them if they had the opportunity to pick up the capacity, they should run with it. Payne said this occurred sometime in early 1999 just before he got there. The project required separate appropriations. Someone lobbied against it in some

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select committee and for some political reason, it was defeated. Qwest's response was that they were not going to buy it and wait until they wanted it. They ended up with a \$4-5 million "blue bird" and were not allowed to book it because it took eighteen months to get from the order to the actual connectivity.

(S) Some time later, the customer brought up the "teaser" again and suggested Qwest should pick up the capacity and implied it could be sourced to them. They priced and negotiated the capacity and said they would pay Qwest in advance. If Qwest purchased the capacity, the customer would purchase it from them. There were small deals, \$3, 5 or 10 million, nothing near \$500 million. They were to buy as much as they could get their hands on. None of these deals were included in the forecast or budget and there was no appropriation.

(S) Payne did not want it to come up in meetings with the CEO because he thought it would end

(S) up in his forecast. There were no questions about where the deal went and no one asked about it when it did not materialize. It would have been inappropriate to include [REDACTED] in his forecast. It was a "blue bird." Payne said, "hope is not a strategy" and he would not talk about it. In his mind, it was not a real or imminent business opportunity.

(S) Payne described the relationship between Qwest and [REDACTED]. There was a choke point in Europe, off-shore. They were trying to figure out a way to get the competition to open up markets to the rest of the world. The Qwest [REDACTED] mission was South America. Afshin Mohebbi called him and told him that they bought fiber in South America for the Government Services Division. They had lots of fiber there that was not connected to anything. It could not be lit and it was not live. Payne was never asked why they should purchase it or whether he could use it. It was virtually worthless. Payne was wondering what they were doing in Denver.

(S) Payne suggested [REDACTED] should start in Europe. He eventually won that argument and it resulted in their work with KPNQ. When they disengaged from Europe, no one could say what Qwest owned or what part was KPNQ, or which [REDACTED] were swapped. [REDACTED] had bought the [REDACTED] from Qwest. It was utterly shocking. He did not know what to tell the customer.

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(S) In 2001, there was a meeting with [REDACTED]

[REDACTED] It was one of the introductions Payne made for the CEO. He recalled the meeting because of the process of getting in and out of [REDACTED]. They were "swept in" and there was feeling of "deference." The customer frequently asked for the CEO. Payne perceived it as the customer wanting to look the CEO in the eye at the beginning of an important relationship. Nacchio would refer to these meetings as "howdy calls," or stops in to say hello. Payne said Nacchio did not attend the CEO meeting at [REDACTED] and he (Payne) was Qwest's representative. Nacchio did come out to [REDACTED] Colorado location.

(S) Payne recalled a meeting at a Qwest SCIF in [REDACTED]. It was for a meeting with [REDACTED]. He believed it occurred in late 2000 or early 2001. He discussed [REDACTED] meeting with Nacchio during briefing prior to the meeting. It lasted about 20 minutes. There would have been a record.

(S) They then went to [REDACTED]. They met in an office. It was a "howdy call." [REDACTED]

(S) Qwest was deeply involved with [REDACTED] and when he got the call from [REDACTED] to meet, Payne was thrilled. He wanted to show well. David Peed and Ken Foderhauer were Qwest employees who had connections with [REDACTED] and were at the agency all the time, trying to develop a relationship. They briefed Nacchio and Payne and explained the agency was sizing and measuring Qwest to see if they wanted to participate in [REDACTED]. Payne thought it was a business opportunity. There was a broad discussion about roles they could play and their relationship. [REDACTED] Payne did not recall anyone saying yes or no. Qwest did not pursue that particular relationship and did not know [REDACTED]

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[REDACTED]

(S) [REDACTED]

(S) [REDACTED]

(S) As a result of the work Qwest did with [REDACTED] Qwest was recruited to join NSTAC or even lead it. [REDACTED] was lead by [REDACTED] and included Brent Green and Richard Clarke. In June 2000, background checks were done for membership with NSTAC. It was the individual, not the company that was the member of NSTAC. Tempest was dismissive of the idea of Nacchio being a part of NSTAC.

(S) Nacchio met with [REDACTED] and had a lively exchange. Payne said they had an unusual connection. It was a very successful meeting and there was some potential for Nacchio to play a leadership role for NSTAC.

(U) In March 2001, they attended a meeting requested by Dick Clarke at the White House Situation Room. Clarke briefed Condoleezza Rice, who was the chairperson of the NCS. It was a large meeting and included about 12 people. [REDACTED] was there because of his affiliation with NSTAC.

(U) At the time, the head of Raytheon, CEO Dan Burnham was the Chairman of NSTAC. The Vice-Chair was appointed. Dick Clarke posed the question whether it was possible to build an infrastructure that did not touch the public switch network. Chuck Lee, the CEO of GTE, said it was not possible. Nacchio responded that they could. Payne knew they had already built a network that did not touch they public switch network. Payne said he was erudite and gave them a technical briefing on how to do it. Payne described it as a "proof of concept" discussion. Clarke appeared to concerned about cyber attacks and avoiding them. He was highly supportive

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of [REDACTED] They were trying to create a baseline. Later, Paul Kurtz told Payne that Nacchio was "in" and he was going to be the vice chairman of NSTAC. Payne was under the impression they were invited so that everyone could meet Nacchio before they offered him the position.

(U) Dick Clarke came to Denver later in 2001 and asked to come out and meet with Nacchio. He was emphatic about seeing Nacchio. It was like another "howdy" call. They met at the Anschutz Ranch. Clarke stayed at the Brown Palace. Payne drove out with him from Denver and they were there for about an hour. Nacchio was there with his entire leadership team and he introduced Clarke to the group. Payne recalled that Clarke and Nacchio did have some time alone. Clarke had some discussion with Nacchio about how to get rid of people. There were about 30 people on NSTAC. About 10 of them added value, about 10 were just there and the last 10 should be thrown off. Clarke was dissatisfied with the pace of the government. He said nobody gets it. Clarke had his agenda and Payne did not to be Clarke's hatchet guy. Clarke had no authority to procure anything, but he had huge influence. Payne said there were a thousand steps to complete a contract, but it was not to be confused with the "political" steps.

(U) Payne was shown an email dated May 8, 2001, Bates-numbered QDSECAM867440. When asked about his reference to help with a large [REDACTED] his recollection was that it could have been a part of [REDACTED]

(U) Payne was shown a document dated November 14, 2001, Bates-numbered QDSECAM867464, Payne said Dick Clarke was claiming that the only way for the government infrastructure to survive another 9/11 was to create a "Govnet." Qwest helped with a statement of work for their Request for Inquiries (RFI). About 250 companies filed comments. It was a good opportunity for Qwest. Clarke would not be directing the deployment. GSA would handle deployment. Payne met with Clarke after 9/11 and briefed him on the routes that Qwest owned. It was not going to be sole-sourced, but Payne thought the situation was written for Qwest. People started questioning the cost of it and it later became a source of embarrassment for Clarke. Govnet died a quiet death.

(U) If a project was to go down the procurement path, it could be years before it would be done. He would not have included it in any of his forecasts. Govnet would not have been in any forecast and if it came to be, they would not have seen revenue from it for years.

(U) Nacchio and his son, Michael asked Payne to help get Michael into Georgetown University. Payne had gone to Georgetown. Other than that, Nacchio never asked Payne to do anything. Michael would talk to Payne about his personal problems, which Payne related to Nacchio's not being in town most of the time for his family. Payne met Michael and Anne when he was at the

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International in Colorado. Qwest invited customers to the International and Payne was required to bring customers out. Payne exchanged Christmas cards with the Nacchios, but never visited with them at each others' homes. Michael was a candidate for the Baker Foundation and Payne provided a letter of reference for him. Payne said Nacchio's sons had typical teenager-type problems.

(U) Payne was invited to attend an event for the Sons of Italy as a guest of Nacchio's. Anne liked Payne and his wife. He also went to Qwest's President's Club event in Hawaii.

(U) Payne said there was some work with NSTAC after Nacchio left Qwest. Mostly "clean up" type of work. He had to contact Nacchio occasionally. There were maybe a dozen calls related to that. He told Cliff Holtz, his boss that he would advise him whenever he spoke to Nacchio. Payne sensed a growing perception that he was a friend of Nacchio's because he never joined in on the discussions putting Nacchio or his family down.

(U) Payne left Qwest recently when he was told they no longer had confidence in his guidance and let him go. He left in May 2006.

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