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SALINE COUNTY  
CIRCUIT CLERK

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BY: 

IN THE CIRCUIT COURT OF SALINE COUNTY, ARKANSAS  
CIVIL DIVISION

HOT SPRINGS VILLAGE  
PROPERTY OWNERS' ASSOCIATION

PLAINTIFF

VS.

NO. 63CV-18-1495

INTERNATIONAL SECURITY NETWORKS, INC.

DEFENDANT

**COUNTERCLAIM**

Comes International Security Networks, Inc. (Hereafter "ISN"), by its attorney, John Doyle Nalley, and for its Counterclaim against Hot Springs Village Property Owners' Association (Hereafter "HSVPOA"), states:

**I.**

**PARTIES**

1. That Defendant is a Florida corporation with its principal office located in Riviera Beach, Florida.
2. That, upon information and belief, HSVPOA is an Arkansas non-profit corporation, located, in part, in Saline County, Arkansas.

**II.**

**JURISDICTION AND VENUE**

3. That this Court has jurisdiction over the parties and subject matter of this case.

### III.

#### FACTS

4. That attached hereto as Exhibit "1" is an Agreement entered into between ISN and HSVPOA on or about August 16, 2017, whereby ISN agreed to provide certain services and equipment to HSVPOA in regards to its security gates. In exchange, HSVPOA agreed to pay the sum of ONE HUNDRED EIGHTY NINE THOUSAND EIGHT HUNDRED SIXTY NINE AND 34/100 DOLLARS (\$189,869.34), together with additional charge order fees, monthly fees and future monthly fees in connection with the project.

5. That, to date, ISN has been paid the sum of ONE HUNDRED FORTY SEVEN THOUSAND ONE HUNDRED SEVENTY TWO DOLLARS AND 90/100 (\$147,172.90), and is currently owed the sum of FORTY TWO THOUSAND SIX HUNDRED NINETY SIX AND 44/100 (\$42,696.44), for work performed per the terms of the Agreement, as well as payment related to change orders requested by HSVPOA, discounted RFID tags and future payments as promised.

6. That ISN performed all work for the project in a timely manner and met all requirements per the written Agreement, change orders and subsequent agreements.

7. That any delays for completion of the system were due to the actions of HSVPOA.

8. HSVPOA demanded that ISN arrive on schedule in November, but HSVPOA had not purchased computer components, so ISN could not install software, causing delays.

9. HSVPOA's system infrastructure such as gate inputs, loops, networks and cameras were not installed as agreed, causing delays.

10. HSVPOA insisted on numerous changes and additions to the project for which ISN has not been paid.

11. Despite HSVPOA's lack of action, ISN installed, tested and demonstrated that its

control panels, kiosks, RFID and RFID readers were functional. Further, ISN delivered tags to HSVPOA.

12. ISN was told by HSVPOA that the POA would not use the items until the "software interface" was complete, causing delays.

13. ISN provided HSVPOA with a test environment so that they could write their interface. Several months went by and HSVPOA did not use it to write the interface, causing delays.

14. On June 6, 2018, ISN received a letter from attorney, Alex Gray, saying that ISN was in default.

15. The letter listed items not in the Agreement or subsequent change orders or additions, including a phone system (voicemail system), which was actually ordered the next day on June 7, 2018.

16. Additionally, HSVPOA removed controlled exit from the quote, then insisted that the Police Department control the exit remotely. This was another change and another delay.

17. In July, 2018, HSVPOA declined ISN's offer to go over and test the system and instead canceled the contract.

18. HSVPOA led ISN to believe that ISN would receive ongoing income for monthly fees and orders for fifteen thousand (15,000) to thirty thousand (30,000) RFID tags per year. Based on this assumption, certain discounts were afforded to HSVPOA by ISN.

19. That HSVPOA did not timely provide hardware needed to complete the project as was agreed, causing delays and additional expense.

20. That HSVPOA's refusal and/or inability to provide necessary equipment, hardware and software information as agreed made it impossible for ISN to complete its part of the Agreement in a more timely fashion.

21. Despite demand and repeated attempts to have HSVPOA provide the necessary equipment hardware and software required to complete the project, HSVPOA has failed and/or refused to comply with the Agreement, its associated terms and change orders and subsequent agreements, and, as a direct result, ISN has been damaged in the sums as set forth herein.

#### IV.

#### **BREACH OF CONTRACT**

22. ISN reaffirms and alleges all allegations as set forth above.

23. On or about August 16, 2017, ISN and HSVPOA entered into an Agreement for the project concerning the security gates in Hot Springs Village, and as part of that Agreement, HSVPOA agreed to provide certain equipment, hardware and software, as well as other technical information required for ISN to complete its obligations under the Agreement.

24. HSVPOA failed to perform its obligations under the Agreement, and its failure is a material breach of the Agreement that has directly resulted to damages to ISN as follows:

- a. The sum of FORTY TWO THOUSAND SIX HUNDRED NINETY SIX AND 44/100 (\$42,696.44) due ISN for work performed per the terms of the original Agreement;
- b. Failure to pay for change orders and refusal to honor future agreements;
- c. The total damages suffered by ISN as a result of the actions of HSVPOA is THREE HUNDRED TWENTY THOUSAND NINE HUNDRED TWENTY SEVEN AND 09/100 (\$327,927.09); and
- d. Defendant is entitled to attorney's fees and costs, pursuant to Arkansas law.

#### V.

#### **DETRIMENTAL RELIANCE**

25. ISN reaffirms and alleges all allegations as set forth above.

26. That in addition to the terms of the contract dated August 16, 2017, HSVPOA

assured ISN that it would pay for any and all additions and changes to the contract agreement, including all hardware, software, kiosks, RFID tags, and all other work which HSVPOA requested ISN provide and perform.

27. That HSVPOA assured ISN that it would purchase at least fifteen thousand (15,000) tags a year for three (3) years following the original Agreement. Based upon these assurances, ISN expended substantial time on the project for which it was not compensated, and also extended to HSVPOA substantial discounts for its services in reliance on the assurances of future income.

28. That ISN relied upon these assurances to its detriment, and has suffered damages as HSVPOA refuses to pay for the additional work and materials. The total damages suffered by ISN as a result of the actions of HSVPOA is THREE HUNDRED TWENTY THOUSAND NINE HUNDRED TWENTY SEVEN AND 09/100 (\$327,927.09)

29. Defendant is entitled to attorney's fees and costs, pursuant to Arkansas law.

WHEREFORE, International Security Networks, Inc. prays judgment against Hot Springs Village Property Owners' Association in the sum of THREE HUNDRED TWENTY THOUSAND NINE HUNDRED TWENTY SEVEN AND 09/100 (\$327,927.09); for attorney's fees and costs; and for all other relief to which it may be entitled.

Respectfully Submitted,



JOHN DOYLE NALLEY  
Attorney at Law  
Arkansas Bar No. 86132  
P.O. Box 606  
Benton, Arkansas 72018  
[Johndoylenalley@hotmail.com](mailto:Johndoylenalley@hotmail.com)  
Phone (501) 315-7491

**CERTIFICATE OF SERVICE**

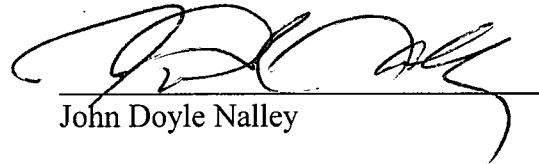
I, John Doyle Nalley, do hereby certify that a copy of the foregoing has been forwarded, via

Electronic Mail, Facsimile and/or U.S. Mail, to the following:

Mr. Alex T. Gray  
STEEL, WRIGHT, GRAY, PLLC  
400 West Capitol Avenue, Suite 2910  
Little Rock, Arkansas 72201  
Fax (501) 244-2614  
E-Mail: [alex@swghfirm.com](mailto:alex@swghfirm.com)

Mr. E.B. Childs IV  
Mr. Thomas H. Wyatt  
QUATTLEBAUM, GROOMS & TULL PLLC  
111 Center Street, Suite 1900  
Little Rock, Arkansas 72201  
Fax (501) 379-1701  
E-Mail: [cchiles@qgtlaw.com](mailto:cchiles@qgtlaw.com)  
[twyatt@qgtlaw.com](mailto:twyatt@qgtlaw.com)

on this 3<sup>rd</sup> day of January, 2019.



John Doyle Nalley

# AGREEMENT

This agreement is made and entered into August 16, 2017, between Hot Springs Village Property Owners' Association, 395 DeSoto Blvd. Hot Springs Village, Arkansas 71909 and International Security Networks, inc having its principle office at 155 East Blue Heron Suite 401 Riviera Beach, Florida 33404.

## Scope of Work.

① ISN will Provide, Deliver and Train on the ISN system as described in the Quote dated August 8, 2017, which includes GateKeeper and Database Manager with software Interface, Driver's License Scanners, Access Control Website with Guest Notification, Mobile software for iPads, Kiosks with printers, Anti-Tailgating, RFID Readers and Tags, Control Panels, RFID based Traffic Direction Light and Installation with related work. The Quote does not include: sales tax, pole, network, cabling, iPad mobile devices, PCs, and Printers. ② The work to be performed under this agreement shall hereinafter be referred to as the "Work".

All work by ISN and any sub-contractor / vendor shall be performed in accordance to industry best standards. ISN represents that it is competent, skilled, and qualified to complete this project based on Hot Springs Village Property Owners' Association, requirements. All systems and hardware will become the property of Hot Springs Village Property Owners' Association, upon delivery.

## Training

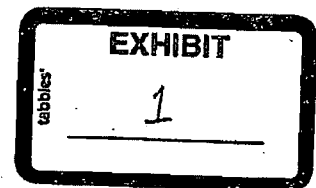
The training sessions will take place on site with follow up remotely.

## Time of Commencement and Completion.

Upon execution of this Agreement, and receipt of the initial payment, ISN shall schedule the System to be assembled and delivered and installed. All Work shall be performed in a timely manner. Any delay or unforeseen circumstances encountered by ISN shall be immediately identified to, and a new dates will be agreed upon ③

## Contract Sum

Hot Springs Village Property Owners' Association, shall pay ISN for the System, delivery, installation, and training, the sum of One Hundred Eighty Nine Thousand, Eight Hundred Sixty Nine Dollars and Thirty Four Cents (\$189,869.34) including 6.5% sales tax. The monthly fee of Five Hundred, Fifty five (\$555) Dollars will ④ be invoiced prior to the first of the month, due by the first.



**Terms**

The order will be initiated when International Security Networks is in receipt of the 25% deposit from Hot Springs Village Property Owners' Association. The second payment of 25% will be due to International Security Networks 45 days prior to on-site installation, with the 40% upon completion of installation and training of all components related to the quotation dated July 14, 2017. The third payment of 10% will be due net 15 from satisfactory completion of the complete system and all components.

**Warranty**

Warranty is 1-yr on hardware, software, and 90 days on labor.

**Support**

Systems are set up with remote access. Software generally requires minimal fixes like restore settings or database and reboot. Most support issues are handled remotely within a few minutes. Occasionally, it may require leaving a message which will receive a call back. During normal business hours, a return call can be expected within the hour. At night, on the weekends and holidays a return call will occur within the day.

**Payment Schedule:**

- 25% (\$47,467.33 including sales tax) Due to ISN with the order.
- 25% (\$47,467.33 including sales tax) Due to ISN 45 days prior to on site Installation.
- 40% (\$75,947.74 including sales tax) Due to ISN upon completion of Installation and training.
- 10% (\$18,986.94 including sales tax) Due to ISN net 15 from satisfactory completion

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On behalf of Hot Springs Village Property Owners' Association,, below signed person acknowledges the above Agreement and authorizes the first payment.

*[Handwritten Signature]*

Date 8/16/17

On behalf of International Security Networks, Inc.

*[Handwritten Signature]*

Date 10/25/17





## Hot Springs Village ISN GateKeeper

Item	Description	Price	Qty	Total
Gatekeeper Software	Visitor screening system, and Report Engine	\$7,995.00	2	\$15,990.00
Database Manager	Database Manager for detailed administration of the system	\$1,495.00	1	\$1,495.00
Gatekeeper Installation	Connect equipment, start up, and test all system functions	\$950.00	2	\$1,900.00
Sales Tax 6.5%		\$61.75	2	\$123.50
Database Conversion	Configure and load single database such as csv. Or mdb.	\$850.00	1	\$850.00
Training	Training of the Guards or system admin per hour	\$80.00	6	\$480.00
Photo ID	Software to create Photo IDs	\$1,995	1	\$1,995
<b>Total</b>				<b>\$22,833.50</b>

### Convenience Options

Item	Description	Start Up	Monthly
Resident Website*	Web page with info, updates and reviews their guest activity	\$1,942	\$250
Guest Notification*	Sends text or Email or Both to resident announcing visitor entry	\$100	\$75
APP***	Apple and Android smart phone APP requires web page	\$100	\$26
<b>Total</b>		<b>\$2,142</b>	<b>\$345</b>

### Barcode based Authorization and Processing

Item	Description	Price	Qty	Total
Guest Invitations	Provides IntellaPass with barcode for guard authorization.	\$1,450.00	1	\$1,450.00
IntellaPass Gate	Software to authorize IntellaPass at the gate	\$684.00	2	\$1,368.00
Barcode Gun Reader	Reads IntellaPass and Photo IDs at the gatehouse.	\$495.00	2	\$990.00
Sales Tax 6.5%		\$32.18	2	\$64.35
Enhanced Printing	Adds visitor picture via drivers license scanner prints IntellaPass ID	\$454.00	2	\$908.00
<b>Total</b>				<b>\$4,780.35</b>

### Apple iPod GateKeeper Interface

Item	Description	Qty	Start Up	Monthly
Visitor Screening	GateKeeper version for local network interface to Apple Mobile	2	\$2,980	\$196
Database Monitor	Community look up with text or call option for remote contact	1	\$290	\$14
System set up	Configure local Database Manager for regular Apple updates	2	\$160	\$0
<b>Total</b>			<b>\$3,430</b>	<b>\$210</b>

### Software Interface

Item	Description	Price
Property management	Property Management software downloads to Database Manager	\$2,000

Prices do not include, travel costs, poles, network, cabling, Mobile devices, PCs, Printers, if required.  
 Includes ISN tech on site visit to install Kiosks with printers and RFID with your tech's help.  
 Current lead-time is 45 days from receipt of initial payment.  
 Terms are 50% on order, 40% equipment delivery, 10% NET 15 From Delivery  
 Additional installation and training will be billed net 15 days at \$80/hour.  
 ISN may upgrade or change components to improved the system based on available technology  
 1-yr warranty on hardware and software, 90 days on labor.

Tuesday, August 08, 2017

Prices valid for 60 days

## Hot Springs Village Long Range RFID Vehicle Access

### Visitor Pass Entry Kiosk\*

Item	Description	Price	Qty	Total
Kiosk	Device reads QR code or barcode on visitor-pass for entry & exit	\$2,987.00	6	\$17,922.00
Sales Tax 6.5%		\$194.16	6	\$1,164.93
Screen Attendant	Video Screen with attendant who greets and confirms access	\$1,298.00	6	\$7,788.00
Sales Tax 6.5%		\$84.37	6	\$506.22
Camera	Face Camera for transaction snap shot and viewing visitor	\$985.00	6	\$5,910.00
Sales Tax 6.5%		\$64.03	6	\$384.15
Printer	Pass printer for kiosk	\$0.00	6	\$0.00
Configuration	Connect equipment, start up, and test all system functions	\$450.00	6	\$2,700.00
<b>Total</b>				<b>\$33,291.15</b>

\*Does not include physical installation of cable and pad

### Resident lane Tailgate system

Item	Description	Price	Qty	Total
Anti Tailgating	Processor hardware for electronic inputs	\$428.00	8	\$3,424.00
Sales Tax 6.5%		\$27.82	8	\$222.56
Software	Analyzes reads and sensor to determine violations, Alerts	\$1,930.00	8	\$15,440.00
Installation	Install, Set up, and test upgrades and options	\$130.00	8	\$1,040.00
Sales Tax 6.5%		\$8.45	8	\$67.60
<b>Total</b>				<b>\$20,126.56</b>

\*Assumes use of existing photo beam or loop, cable, and camera

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### Totals

Item	Price	Monthly
Visitor Screening	\$22,833.50	\$0.00
Convenience Options	\$2,142.00	\$345.00
Barcode based Authorization	\$4,780.35	\$0.00
iPad Mobile	\$3,430.00	\$210.00
Software Interface	\$2,000.00	\$0.00
Automated Vehicle RFID	\$25,726.89	\$0.00
RFID based light	\$11,316.69	\$0.00
AC for Prox Readers	\$6,712.20	\$0.00
Six Entry Kiosks	\$33,291.15	\$0.00
Four Anti-Tailgating Systems	\$20,126.56	\$0.00
<b>Total</b>	<b>\$132,369.34</b>	<b>\$555.00</b>

Item	Price
Special price for July 2017 for 15,000 tags	\$54,000.00
Sales Tax 6.5%	\$3,510.00
<b>Total</b>	<b>\$57,510.00</b>

Prices do not include travel costs, poles, network, cabling, Mobile devices, PCs, Printers, if required.  
 Includes ISN tech on site visit to install Kiosks with printers and RFID with your tech's help.  
 Current lead-time is 45 days from receipt of initial payment.  
 Terms are 50% on order, 40% equipment delivery, 10% NET 15 From Delivery  
 Additional installation and training will be billed net 15 days at \$80/hour.  
 ISN may upgrade or change components to improved the system based on available technology  
 1-yr Warranty on hardware and software, 90 days on labor.

Tuesday, August 08, 2017

Prices valid for 60 days

## International Security Networks RFID Readers and Control Panels

### Automated Vehicle RFID

Item	Description	Price	Qty	Total
RFID Reader	Reader with 25+ foot adjustable range for vehicle entry	\$2,388.00	7	\$16,716.00
Sales Tax 6.5%		\$155.22	7	\$1,086.54
Control Panel	IP panel for RFID resident access, internal memory	\$485.00	6	\$2,910.00
Sales Tax 6.5%		\$31.53	6	\$189.15
Access Control Software	Updates panel logs transactions and displays resident info	\$693.00	1	\$693.00
Install Access Control	Install, Set up, and test connection with the Control Panel	\$250.00	6	\$1,500.00
Sales Tax 6.5%		\$16.25	6	\$97.50
Reader Installation	Mount reader on existing pole, configure, and cable	\$340.00	7	\$2,380.00
Sales Tax 6.5%		\$22.10	7	\$154.70
<b>Total</b>				<b>\$25,726.89</b>

### Red/Green RFID based directional light

Item	Description	Price	Qty	Total
Directional Light	Controller and sign that illuminates based on RFID read	\$2,475.00	2	\$4,950.00
Sales Tax 6.5%		\$160.88	2	\$321.75
RFID Reader	Reader with 25+ foot adjustable range for vehicle entry	\$2,388.00	2	\$4,776.00
Sales Tax 6.5%		\$155.22	2	\$310.44
Installation	Mount reader, lights, configure, and connect cable	\$450.00	2	\$900.00
Sales Tax 6.5%		\$29.25	2	\$58.50
<b>Total</b>				<b>\$11,316.69</b>

Requires loop, power and cabling

### Access Control for current Proximity Card Readers\*

Item	Description	Price	Qty	Total
Control Panel	IP panel for Proxy card resident access, internal memory	\$485.00	8	\$3,880.00
Sales Tax 6.5%		\$31.53	8	\$252.20
Install Access Control	Install, Set up, and test connection with the Control Panel	\$250.00	8	\$2,000.00
Sales Tax 6.5%		\$16.25	8	\$130.00
Installation	Configure software for additional Proximity card control	\$450.00	1	\$450.00
<b>Total</b>				<b>\$6,712.20</b>

\*Does not include work on existing proximity readers or cable

Prices do not include, travel costs, poles, network, cabling, Mobile devices, PCs, Printers, if required.

Includes ISN tech on site visit to install Kiosks with printers and RFID with your tech's help.

Current lead-time is 15 days from receipt of initial payment.

Terms are 50% on order, 40% equipment delivery, 10% NET 15 From Delivery

Additional installation and training will be billed net 15 days at \$80/hour.

ISN may upgrade or change components to improved the system based on available technology

1-yr warranty on hardware and software, 90 days on labor.

(8)

Tuesday, August 08, 2017

Prices valid for 60 days