

C & S T E C H N O L O G I E S , I N C .

March 21, 2002

State of California
Franchise Tax Board Legal Branch
PO Box 1720
Rancho Cordova, CA 95741-1720

Subject: Memorandum of Understanding of March 12, 2002 on 5402EZ e-File

Dear Sir or Madam:

C&S is an IRS and CA authorized e-file software and service provider and has been providing e-file services to taxpayers and businesses for the past few years. Although we did not participate in the meeting on 3/12/02, we are in agreement with the objectives and approach of the resulting Memorandum of Understanding.

The purpose of this letter is to present our ideas and additional approaches for the proposed e-file solution. C&S has been developing eSmartTax forms that are used by taxpayers on their computer with total privacy and security. Each form is used independently while related forms can import and save data from other forms. When a tax return is done, the taxpayer clicks a button to generate a complete e-file data file that is then uploaded through SSL connection to e-file.

eSmartForms are essentially the mirror images of the government forms, except they are electronic and generate data file for e-file. Instead of Acrobat Reader, eSmartForms are used with Microsoft Word with the following advantages:

- eSmartForms are used and can be saved like regular Word documents.
- eSmartForms are small in size, text based, not layers of graphics like PDF forms.
- The form display and data processing are faster and require less computer resources.

C&S is a relatively young (5 years) in the industry, but we have been developing eSmartForms for these years and have accumulated many tools and experiences on forms, data generation, interface and transfer. We will be happy to share these experiences and develop a high quality form and e-file solution for taxpayers.

As a follow-up to the MOU, We will be glad to develop and help distribute eSmart 540 2EZ fill-in and e-file form for free. At the same time, we should also be allowed to develop 540A and 540 fill-in and e-file forms and offer them for free or for fees at our discretion.

Sincerely,

Chia-Chieh Chen
President, C&S Technologies, Inc.