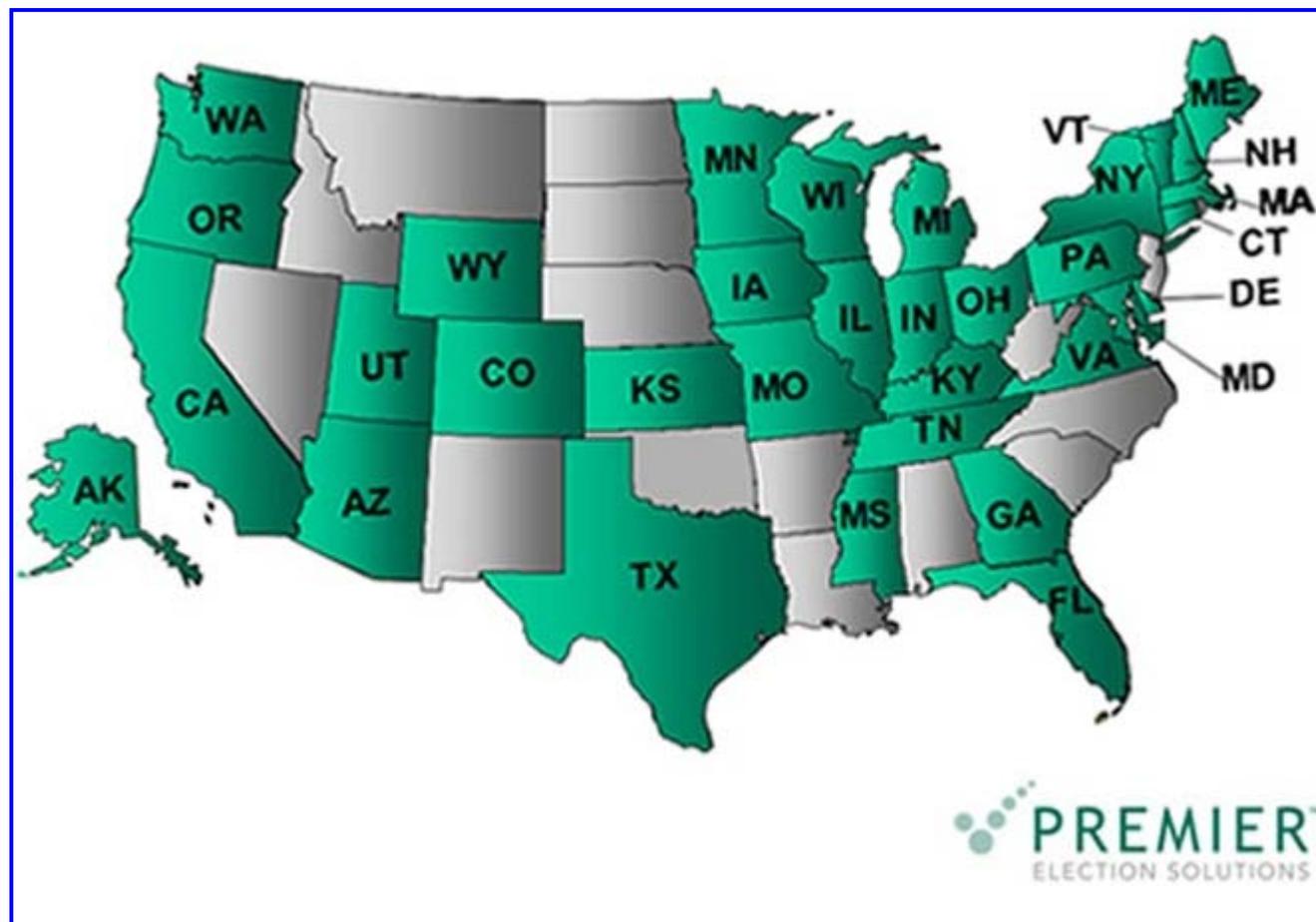


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# Diebold Unloads Beleaguered Voting Machine Division

By [Kim Zetter](#)  September 3, 2009 | 1:50 pm | Categories: [E-Voting](#), [Elections](#)



It took about three years but Diebold has finally managed to get out of the election business.

The company [announced Thursday](#) that Premier Election Solutions, Diebold's beleaguered voting machine division, has been acquired by Election Systems and Software (ES&S).

ES&S purchased the company for a mere \$5 million in cash, plus 70 percent of any revenue collected on outstanding accounts through the end of August. According to Diebold's announcement the sale was "consummated" Wednesday.

Even before the sale, ES&S was already the nation's largest voting machine maker. Present in 43 states, ES&S systems were "utilized in counting approximately 50 percent of the votes in the last four major U.S. elections," according to the [company's website](#). The company also created the statewide voter registration systems used in California, Maryland, Missouri, Nebraska and New Mexico.

With its acquisition of Premier, the second-largest voting machine maker, ES&S achieves a near monopoly on election gear in the country.

Diebold, which had been trying to unload its controversial voting machine division since 2006, said it expects to record a loss of between \$45 million and \$55 million in the sale. That pre-tax loss includes the "assets and liabilities of the business, certain retained legal liabilities and other transaction costs." According to Diebold, its elections division generated \$88.2 million in revenue in 2008, which accounted for just 2.8 percent of Diebold's total reported revenue for the year.

A Diebold spokesman indicated the company would not be answering questions about the sale. ES&S did not respond to a call for comment.

Diebold, an Ohio-based maker of ATMs and security systems, purchased its elections business from Global Election Systems in January 2002, just as Congress was passing the Help America Vote Act, which allocated billions to states to purchase new voting machines. Diebold Elections Systems, however, barely had time to bask in the flow of federal funds before it ran headlong into controversy in 2003 when Diebold Inc. CEO Walden O'Dell, a fundraiser for former President George Bush, wrote in a letter to Republican supporters that the company was "committed to helping Ohio deliver its electoral votes to the president" in 2004.

The company also became a target of voting activists that year after it inadvertently released its source code on an FTP server, and computer scientists who examined it [discovered numerous security problems](#) with the system.

Criticism of the company and its machines remained constant as Diebold voting machines experienced numerous problems in election districts around the country, and incidents of company officials [applying uncertified patches to machines](#) were exposed. The most recent problem with the company's system occurred in the 2008 presidential election in Humboldt County, California, when Diebold's tabulation software [randomly deleted nearly 200 votes](#). An examination of the system revealed that its audit logs [failed to record significant events](#), such as someone deleting votes from the system; it also contained a [delete button](#) that allowed anyone with access to the system to erase the audit logs.

In 2007, Diebold attempted to distance itself from its elections division by changing the name of the business to Premier Election Solutions. But despite the name change, the controversies over its machines continued and the profits the company envisioned when it purchased the business never fully materialized.

See also:

- [Diebold and the Disabled](#)
- [Report: Diebold Voting System Has 'Delete' Button for Erasing Audit Logs](#)
- [Diebold Admits Systemic Audit Log Failure; State Vows Inquiry](#)
- [Diebold Quietly Patches Security Flaw in Vote Counting Software](#)
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## Comments (6)

Posted by: johnleb | 09/3/09 | 4:23 pm

Looks like the heat got to be too much.. any one know if the buyer is just another shill for vote fraud??

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Posted by: squeal | 09/3/09 | 4:58 pm

No private company should be involved in voting, counting votes, presenting election results, or any other part of the process.

Hand-counted (with all parties represented at counting) paper ballots will be just fine. Anything else is asking for trouble.

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Posted by: eschersand | 09/3/09 | 9:14 pm

a black box voting system, is CRIMINAL. It's time for our nations geniuses to develop a Open Source Voting system. Redundant web-raided databases would protect against tampering, SSI (with 128 bit user ID) card readers and pin numbers would allow for login and voting. Anybody could access the database and tally the votes, but only their login ID+pin would be able to decrypt their individual ID field, making them the only person able to verify who they voted for..with the individuals ability to confirm their vote was indeed cast as they intended, it would be the end to faith-based voting.

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Posted by: GoSolarIndependence | 09/4/09 | 2:27 pm

What can we say this so called democracy is runned/ruined by morons, I tripe what eschersand said. It looks like diebold did its job, got that moron bush in twice.

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Posted by: GoSolarIndependence | 09/4/09 | 2:30 pm

wow looks like a L was missing make a difference – tripe to triple

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Posted by: wwphx | 09/6/09 | 1:04 pm

Former President Jimmy Carter is part of an organization that goes around the world monitoring elections. He was quoted on national television that they couldn't monitor or certify the United States as meeting those requirements because of the black box nature of American voting equipment.

Kinda sad.

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