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PUBLIC HEARING

before

ASSEMBLY LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE

on

(Implementation of Photo Drivers' License System)

New Jersey State Library

Held:
May 6, 1985
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph L. Bocchini, Jr., Chairman
Assemblyman Nicholas LaRocca
Assemblyman Frank M. Pelly
Assemblyman Robert J. Martin
Assemblyman William P. Schuber

ALSO PRESENT:

Assemblyman Martin A. Herman

Aggie Szilagyi
Office of Legislative Services
Aide, Assemblyman Law, Public Safety and Defense Committee

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JOSEPH L. BOCCHINI (Chairman): This is a meeting of the Assembly Law, Public Safety and Defense Committee. The purpose of this meeting this morning is to continue in relation to the hearings concerning A-3610, which delays the issuance of photo drivers' licenses until January 2, '86 as well as A-166 as a result of new information revealed on May 3 to this Committee in relation to a March 6 memorandum to Greg Stevens, Chief of Staff from the Governor's office.

I decided to convene the Committee today before voting on A-3610, in relation to certain events that took place, and to determine whether or not the substance of A-3610 is such that it might require a further delay, or possibly amend the bill to a total deletion of photo drivers' licenses.

Before we begin with our first witness, I would request that the sergeant at arms be aware-- (interjecting) Does anybody have a problem hearing? Jimmy, can we get some sound in here?

UNIDENTIFIED PERSON: The engineer is on his way over.

ASSEMBLYMAN BOCCHINI: The engineer is on his way over. Is the reporters-- Are they picking up the audio for-- Are you picking up your audio sufficiently? (affirmative response from reporters)

Before we begin, I would request the sergeant at arms limit access to the chambers for the purpose of this hearing. Anyone else interested in listening may have seats in the balcony -- members of the Assembly staff, those partisans who are witnesses, other members of the Legislature, and members of the press.

In addition, I would indicate to you that I have a letter, signed by Speaker Karcher, which indicates: "Dear Joe: I have appointed Assemblyman Martin Herman to the Assembly Law, Public Safety and Defense Committee in place of Assemblyman Nicholas LaRocca; this appointment being for today's Committee hearing."

ASSEMBLYMAN SCHUBER: Mr. Chairman, may I ask if we have a list of witnesses? As a Committee member, I don't have a list of those who are supposed to testify.

ASSEMBLYMAN BOCCHINI: The witnesses that are scheduled to testify before the Committee this morning are Cliff Snedeker, Greg Stevens, Attorney General Kimmelman, Director Robert Kline, H. Arthur Smith, and Tom Cannon.

ASSEMBLYMAN SCHUBER: May I ask the positions of the last two witnesses?

ASSEMBLYMAN BOCCHINI: The positions of the last two witnesses, as I believe you are aware, Mr. Schubert -- Mr. Smith is the Press Secretary or Information Officer for the Division of Motor Vehicles; Mr. Cannon is the Press Secretary or Information Officer for the Attorney General's office.

If I may, at this time I would request Greg Stevens as our first witness, please?

Before we begin with you, Mr. Stevens, if I may, just for the record-- Before beginning, I would like to indicate for the record, I discussed, just prior to the beginning of this meeting, with Arthur Smith, from the Division of Motor Vehicles, some items concerning the press release regarding Sears and Taggart's.

Mr. Smith? please correct me if I am inaccurate; it is my H. ARTHUR SMITH: Back here (speaking from audience)

ASSEMBLYMAN BOCCHINI: Please correct me if I am inaccurate. It is my understanding that there was a press release, originally prepared by you with the inclusion of Taggart's--

ASSEMBLYMAN HERMAN: Sunday, March 10.

ASSEMBLYMAN BOCCHINI: On Sunday, March 10.

MR. SMITH: That is correct.

ASSEMBLYMAN BOCCHINI: Subsequent thereto, at a meeting-- Or, subsequent to a meeting on March 11, between Mr. Stevens, the A.G., Mr. Snedeker, and also subsequent to a meeting after that meeting with Mr. Snedeker, Mr. Taggart, and Mr. Kline, you were informed to withdraw the name of Taggart from your press release, is that correct?

MR. SMITH: We did not submit the press release to anyone until the meeting at 12:30, if I remember correctly.

ASSEMBLYMAN BOCCHINI: I'm sorry. Can you step up here?

MR. KIMMELMAN: Mr. Chairman, why don't we have the gentleman sit down here to testify, instead of talking from the back of the hall.

ASSEMBLYMAN BOCCHINI: Art, can you just step up here for a second?

I'm sorry, Arthur. You indicated, in relation to my representation that subsequent to— On March 10, you prepared an original press release that had the inclusion of Taggarts, is that correct?

MR. SMITH: That is correct, yes.

ASSEMBLYMAN HERMAN: That morning, you told us—

MR. SMITH: That morning it was typed up and it was in final form at approximately 12:30.

ASSEMBLYMAN HERMAN: And the Director was aware of that?

MR. SMITH: He saw it at 12:30, when I presented it to him.

ASSEMBLYMAN BOCCHINI: And that was on the 10th?

MR. SMITH: No, the 11th.

ASSEMBLYMAN HERMAN: And in the morning he had a meeting with the Attorney General and Mr. Stevens, and others, is that correct?

MR. SMITH: To the best of my knowledge, yes.

ASSEMBLYMAN HERMAN: And after that meeting — sometime after that meeting, after a meeting in Motor Vehicles, you were instructed by the Director to remove the name of Taggart?

MR. SMITH: Yes, I was. He also told me though that if a direct question was raised, I could reinsert that at the time of — once the release was out; I could answer any questions.

ASSEMBLYMAN HERMAN: In other words, take it out, but if someone then asked, you could say.

MR. SMITH: We also took out the \$2.20 commission fee. That question was raised and I subsequently informed everyone of the fee the Division was paying for each photo license process.

ASSEMBLYMAN BOCCHINI: Did Mr. Cannon have any part in helping you prepare that press release?

MR. SMITH: The press release was submitted to Mr. Cannon on the 12th, I believe.

ASSEMBLYMAN BOCCHINI: On the 12th.

MR. SMITH: It went through several drafts. The final draft went over, with the Attorney General making the announcement, and Mr. Cannon then added some additional material from the Attorney General.

ASSEMBLYMAN BOCCHINI: However, it was subsequent to the meetings with the Attorney General, Mr. Snedeker, and Mr. Stevens that you were requested to remove Taggart's from that press release, is that correct?

MR. SMITH: It was following the meeting I had with the Director, Deputy Director, and Mr. Taggart

ASSEMBLYMAN BOCCHINI: (interrupting) Which was also--

MR. SMITH: (continuing) --at 12:30, which was after the previous meeting.

ASSEMBLYMAN HERMAN: Did Mr. Taggart see the initial press release you had prepared? He was aware that his name was in it?

MR. SMITH: Yes, he was.

ASSEMBLYMAN HERMAN: And, was there comment by him to remove his name?

MR. SMITH: There was some concern on his part because of Sears' policy of not liking to have its vendors publicized.

ASSEMBLYMAN HERMAN: So, he made a request to remove his name?

MR. SMITH: Yes, he did.

ASSEMBLYMAN BOCCHINI: Thank you, Mr. Smith. I would appreciate it if you would stay for a while, Art; we have some other questions of you.

Mr. Stevens, please? (whereupon Mr. Stevens is seated at witness table) Mr. Stevens, Mr. Snedeker, said in an interview on April 10, 1985, that the Attorney General approved Taggart's selection of the photo I.D. license contracts, is that correct?

GREGORY S. STEVENS: Yes.

ASSEMBLYMAN BOCCHINI: When was that?

MR. STEVENS: When was the approval?

ASSEMBLYMAN BOCCHINI: Yes.

MR. STEVENS: By the Attorney General?

ASSEMBLYMAN BOCCHINI: Correct.

MR. STEVENS: I assume it was on the--

ASSEMBLYMAN HERMAN: (interrupting) Could you speak up, sir? I am having difficult hearing you.

MR. STEVENS: March 11th.

ASSEMBLYMAN HERMAN: Thank you.

ASSEMBLYMAN BOCCHINI: So, this was then after Mr. Snedeker's March 6, '85 memo to you, is that correct?

MR. STEVENS: Correct.

ASSEMBLYMAN BOCCHINI: The Governor is reported to have a report outlining the circumstances surrounding the selection of Taggart's to issue photo drivers' licenses in 21 Sears Stores. Is that a written report?

MR. STEVENS: That is what I submitted to you moments ago.

ASSEMBLYMAN HERMAN: While we are looking at this, this constitutes the report that was prepared after the Governor instructed you to make a report?

MR. STEVENS: The Governor requested that I determine why Mr. Taggart's name was omitted from the press release, and I made that request to Mr. Snedeker, and that is the report that he submitted to me.

ASSEMBLYMAN HERMAN: There was indications that this particular memorandum was nonexistent; that originally the report to the Governor was oral.

MR. STEVENS: I don't know where those indications came from, but that's--

ASSEMBLYMAN HERMAN: (interrupting) That's not accurate?

MR. STEVENS: That's not accurate.

ASSEMBLYMAN BOCCHINI: Excuse me--

MR. STEVENS: That may be referring to my briefing of the Governor, which was oral, prior to the announcement of the photo licensing program.

ASSEMBLYMAN HERMAN: I beg your pardon, sir?

MR. STEVENS: I said you may be referring to my briefing of the Governor, which was prior to the announcement of the photo licensing program.

ASSEMBLYMAN HERMAN: Prior to the initial press release?

MR. STEVENS: Right.

ASSEMBLYMAN HERMAN: Of March 11 or 12, or whenever that was issued? Well, was the Governor aware of who was getting the contract?

MR. STEVENS: Yes, I believe so.

ASSEMBLYMAN HERMAN: And, he was aware that it was Sears and Taggart?

MR. STEVENS: That's correct.

ASSEMBLYMAN HERMAN: So, it would be fair to say that the Governor and you were aware, at the time of the initial press release, that Mr. Taggart was actually the real party beneficiary of that contract?

MR. STEVENS: I wouldn't characterize him as the real party beneficiary of the contract.

ASSEMBLYMAN HERMAN: But, he was the recipient of the contract?

MR. STEVENS: He was involved in the contract, yes.

ASSEMBLYMAN BOCCHINI: He was the party in interest, I think would be the better terminology to that, Mr. Herman.

ASSEMBLYMAN HERMAN: Contract, or whatever.

MR. STEVENS: Correct.

ASSEMBLYMAN BOCCHINI: If I may, Mr. Stevens, the report that you just handed to us, dated April 11—

ASSEMBLYMAN HERMAN: (interrupting) Excuse me, Greg. Maybe you could pull that mike — the first one. I think it may register. I am not sure which is which.

ASSEMBLYMAN BOCCHINI: This is a report signed by — or at least, or signed by Mr. Snedeker, is that correct?

MR. STEVENS: That's correct.

ASSEMBLYMAN BOCCHINI: This was not prepared by you?

MR. STEVENS: No, obviously.

ASSEMBLYMAN BOCCHINI: In The Star Ledger, on April 13, Mr. Golden indicates: "The report contained no evidence of wrongdoing, but simply outlined what was done, how it was done, and why it was done." Golden said, "The Administration felt it was not necessary at this time to disclose the internal report. It doesn't contain anything that the Governor has not already said."

The other newspaper accounts which refer, in reference to a document— Was or was not there a document?

MR. STEVENS: The only documents that I am aware of are the two memorandum. The first, that was submitted to me on March 6, and the second, which was the report that I requested from the former Director of the Motor Vehicles, regarding why Taggart International was left -- or omitted from the original announcement.

ASSEMBLYMAN BOCCHINI: What was the purpose of the March 6, 1985, memo to you?

MR. STEVENS: The purpose of that-- The March 6 memo?

ASSEMBLYMAN BOCCHINI: Yes, sir.

MR. STEVENS: The purpose of that memo was -- as far as I am concerned, was to provide information to the Governor's office as to the outline of the program; to ascertain whether the Governor's office would support the implementation of that program; and how to deal with an announcement program.

ASSEMBLYMAN BOCCHINI: One week before they were announcing the program, or the program was formally announced, you were just being questioned as to whether or not you could support the program?

MR. STEVENS: That's correct.

ASSEMBLYMAN BOCCHINI: Do you have a copy of that available in front of you?

MR. STEVENS: Yes, I do.

ASSEMBLYMAN BOCCHINI: All right. If you look at the very last paragraph, it says: "Your prompt attention to this matter will be greatly appreciated. Please contact us if you have any questions concerning the foregoing."

When did you contact Mr. Snedeker subsequent to your receipt of this memorandum?

MR. STEVENS: I believe Mr. Snedeker contacted me directly, a few days after that memo was received by my office, and requested a meeting with me, at which point I agreed to a meeting, and we set up the meeting for March 11.

ASSEMBLYMAN BOCCHINI: And who was at that meeting?

MR. STEVENS: In attendance at that meeting were former Director Cliff Snedeker, current Acting Director, Bob Kline, Attorney General Kimmelman, myself, and my deputy, Ed McGlynn.

ASSEMBLYMAN BOCCHINI: And that meeting was held where?

MR. STEVENS: In my office.

ASSEMBLYMAN BOCCHINI: That's located within the Governor's offices?

MR. STEVENS: Yes.

ASSEMBLYMAN BOCCHINI: Was that the Governor's conference room you used?

MR. STEVENS: It is my office.

ASSEMBLYMAN BOCCHINI: In your office?

MR. STEVENS: Yes.

ASSEMBLYMAN BOCCHINI: Was the Governor there that day?

MR. STEVENS: No. He was not in the meeting; I don't recall whether he was in the building that day or not.

ASSEMBLYMAN BOCCHINI: So, collectively, to the best of your recollection, what was discussed in relation to this request for advice from Mr. Snedeker?

MR. STEVENS: Essentially, the meeting was approximately 20 minutes long. The meeting began with Director Snedeker and then Deputy Director Kline outlining the program, suggesting very strongly that this was a very positive program and something that the State needed to go forward with. At some point — probably 10 minutes into the meeting — I began to ask a series of questions about the program. I believe that the first question I asked was whether anyone else — whether any other business could handle this project — program. I was given very strong assurances that Taggart was, in fact, the best company, or firm, to handle this project.

I asked a number of questions. My recollection is that I asked whether it was legal; I asked whether it was ethical; and, I was, again, given very strong assurances by both Director Snedeker, as well as the Attorney General, that the answers to those questions were in the affirmative.

ASSEMBLYMAN HERMAN: So, as far as you are concerned, as a result of conversations with the Attorney General and Mr. Snedeker concerning your concerns about ethical and legal questions, which I assume you would have on behalf of the Governor, you were assured at that time that there was no problem?

MR. STEVENS: Yes, very strongly.

ASSEMBLYMAN HERMAN: Very strongly?

MR. STEVENS: Yes.

ASSEMBLYMAN MARTIN: It seems these assurances were given orally.

MR. STEVENS: That's correct.

ASSEMBLYMAN MARTIN: In a— During the length of this conversation between you and—

MR. STEVENS: (interrupting) The meeting, as I recall it, was essentially in two tiers: The first tier was, as I said, the Director and the Deputy Director outlining the program; the second tier consisted of my asking a series of questions, which the Attorney General and the Director and Deputy Director responded to.

ASSEMBLYMAN HERMAN: Greg, in that response I assume -- not being a wise guy about it -- that there was a two-tier concern: One, obviously being a positive move to make the State look good; you felt it would have that impact. I assume that, being the Governor's Chief of Staff, you wanted to make sure that none of the negatives where there would be no identification -- negative identification because Mr. Taggart was a past contributor? Would that be fair to say?

MR. STEVENS: Mr. Taggart's contributions had nothing to do with it as far as I was concerned.

ASSEMBLYMAN HERMAN: It was never discussed? Well, let me ask you-- I mean, we are all part of the political process.

MR. STEVENS: Right.

ASSEMBLYMAN HERMAN: And we all come out of it. I don't think that that is any great secret to everyone here. It's how I mean that at that particular meeting there was no discussion about Mr. Taggart and whether this would be so-called a "favorite son contract," for want of a better definition?

MR. STEVENS: There was discussion of Mr. Taggart, but there was certainly no discussion about being any kind of favorite son, in your words.

ASSEMBLYMAN HERMAN: In other words, so there was no political discussion of th-- at all?

MR. STEVENS: Not at all.

ASSEMBLYMAN BOCCHINI: Did you see Mr. Taggart that day?

MR. STEVENS: No, I did not.

ASSEMBLYMAN HERMAN: In regard to this same particular meeting, I am somewhat curious. Had you ever involved -- been involved before, as the Governor's Chief of Staff, in the appointment of a motor vehicle agent?

MR. STEVENS: Not directly, no.

ASSEMBLYMAN HERMAN: Can you perhaps tell us how this meeting came to be? Why, if you've never been involved directly-- By indirection, I assume someone may have flown some names by you, from time to time, as to whether it would be a good appointee?

MR. STEVENS: That's correct.

ASSEMBLYMAN HERMAN: And we all accept that presently as part of the process. But, why, for this particular event, when there was no ever-- when there was never any other such meeting, why a meeting for awarding a contract to Taggart? Who requested the meeting?

MR. STEVENS: As I said earlier, former Director Snedeker requested the meeting.

ASSEMBLYMAN HERMAN: With you?

MR. STEVENS: That's correct.

ASSEMBLYMAN HERMAN: And the Attorney General?

MR. STEVENS: That's correct.

ASSEMBLYMAN HERMAN: And, could you tell us-- Didn't you ask him why he didn't handle it on his own, why he asked you for the meeting?

MR. STEVENS: Well, it is very, very typical for departments and agencies throughout State government to come to the Governor's office and to brief the Governor's office on a program, on which it is going to embark, at least to familiarize the Governor's office with the program; in this case, to ascertain whether the Governor's office would support the implementation of the program. And, that's essentially what happened.

ASSEMBLYMAN HERMAN: And that is done in a department? For instance, there is a major contract in Transportation or DEP, and all those needs a Commissioner to come before you with the contracts?

MR. STEVENS: I didn't look at this-- We didn't look at this as the awarding of a contract. We looked at this as the implementation of a program to serve the public of New Jersey.

ASSEMBLYMAN SCHUBER: To what extent were you aware of the fact that Sears preferred anonymity to those with whom it was going to enter into a contract like this as another party of interest?

MR. STEVENS: I was aware of that to the extent that that was contained in the original March 6 memo to me from Director Snedeker, and it was also discussed in the meeting that Sears preferred not to name their concessionaries.

ASSEMBLYMAN SCHUBER: Do you know-- Were you given any explanation as to why that would be so?

MR. STEVENS: Only that I think Sears has apparently -- and I don't know this firsthand, but apparently has a large number of people where they do business with, who work in -- actually have businesses within their stores and operations, and Sears doesn't want to publicize the fact that their tobacco concession is not run by Sears. It is not a Sears operation, although it says Sears.

ASSEMBLYMAN SCHUBER: You understood, though, that Sears would be a beneficiary, at least to some extent, as far as this contract goes?

MR. STEVENS: Yes.

ASSEMBLYMAN BOCCHINI: Mr. Stevens, relating back to that memo and your meeting, the memo indicates under policy questions thereof that the Administration must determine the manner in which they want to announce the implementation of this program.

Now, was there a discussion concerning the deletion or exclusion of Taggart's in relation to the press release?

MR. STEVENS: Absolutely not, and if there had been, I would not have tolerated it. I think it is well known by the--

ASSEMBLYMAN BOCCHINI: (interrupting) You didn't think--

MR. STEVENS: Can I finish, please?

ASSEMBLYMAN BOCCHINI: Please.

MR. STEVENS: I think it is well known by the working press in this State, as well as the public, that this Administration has a

reputation -- has demonstrated openness, candor, forthrightness at all times. I certainly would not have permitted that to happen had I known in advance that Taggart was not going to be included in the press release. In fact that's--

ASSEMBLYMAN BOCCHINI: (interrupting) But, my question was--

MR. STEVENS: (continuing) That's the reason I am here today.

ASSEMBLYMAN BOCCHINI: Was Taggart's discussed at that time in relation to any press release?

MR. STEVENS: No.

ASSEMBLYMAN BOCCHINI: The preparation of a press release?

MR. STEVENS: No, it was not.

ASSEMBLYMAN BOCCHINI: Taggart's name was never brought up at that meeting?

MR. STEVENS: Taggart's name was obviously brought up because they were involved in the contract. But, there was no discussion, absolutely no discussion, at that meeting regarding whether or not to include Taggart's name in the press release, or the announcement.

ASSEMBLYMAN BOCCHINI: So then what was the Administration's advice in which the announcement of the implementation of this program would take place?

MR. STEVENS: It wasn't a matter of advice; it was a matter of-- It was essentially a request by the Director, which is, again, extremely routine, on the part of departments and agencies throughout government, to come to the Governor's office and say: "Would the Governor like to be involved in this announcement?"

I believe Director Snedeker asked that question. I indicated that that was not the case, and at that point, almost simultaneously, the Attorney General indicated that he would handle the announcement of the release -- or, the announcement of the program.

ASSEMBLYMAN BOCCHINI: You indicated that there was a discussion concerning the legality of the contract, is that correct?

MR. STEVENS: I asked that question, that's right.

ASSEMBLYMAN BOCCHINI: Was there ever any indication: "Well, the contract is between" -- what is it, Services, Inc.? -- "Driver License Services, Inc., and not the Sears?"

MR. STEVENS: No.

ASSEMBLYMAN SCHUBER: Mr. Stevens, if I might interrupt, I thought that the purpose of this hearing was to discuss Assembly Bill 3610, which is the im...— delay the implementation of the photo I.D. licenses. I am not sure, from the questions, whether it still is.

Let me ask you this: As a result of the meetings that you had-- that took place on this particular issue, would it be fair to say that the photo I.D.'s were being-- that there was a delay in issuing the photo I.D.'s pursuant to the time limits in the statute? Did that come out at your meeting?

MR. STEVENS: What came out of the meeting -- and is included, again, in the memos -- is that the time was past due, under the legislative mandate to get this program going. In fact, there's a great deal of pressure from the Legislature -- particular members of the Legislature -- on the Division of Motor Vehicles to get this program up and running. And, it came out in the meeting that the best way, the most economic way, the most efficient way, to get this program going, and do it in a fashion that would best serve the public, would be to go with this Sears' proposal.

ASSEMBLYMAN SCHUBER: So, the purpose of this, as a result of your discussions and what you know is to make available, at more convenient locations, or more locations around the State more opportunities for citizens to get their photo I.D.'s, and that was really the purpose here, is that correct?

MR. STEVENS: The entire purpose, as I understood it, was to improve the convenience for the public. Currently, it is very difficult for people to get to Motor Vehicle agencies because of the time, the hours, the fact that they are not open on weekends, and this provided a great opportunity because these Sears stores are located in population -- in areas of dense population, and so forth. It would make it much more convenient for the public, and that was the goal of the program as far as I understood it.

ASSEMBLYMAN HERMAN: Taking up on where Bill Schubert left off on dealing with legislation for a little bit, was there discussion, perhaps, as to whether it would be appropriate for a company, which

also had a major market in the insurance industry, raised with the Attorney General as being a potential conflict with the sale of the motor vehicle licenses -- whether that would constitute any restraint of trade, or create a problem?

MR. STEVENS: That question never arose, or never was discussed in my presence.

ASSEMBLYMAN HERMAN: Has that question-- Sticking with improving the process, has that question since been discussed as a matter of policy with the Governor's office, concerning whether or not we ought to be mixing and matching those who sell insurance and those who sell -- you know -- motor vehicle services? Has that been discussed?

MR. STEVENS: It may have been discussed. It has not been discussed with me.

ASSEMBLYMAN HERMAN: Are you in a position to relate what the Governor's position may be on that today?

MR. STEVENS: No, I'm not.

ASSEMBLYMAN HERMAN: Are you in a position to relate what the Governor's position is on the Kalik legislation? I believe I read the transcript last time the-- the last hearing, and the Attorney General expressed support for the Kalik bill. Do you know what the Governor's position is on legislation such as Mrs. Kalik's?

MR. STEVENS: Can you outline to me what the Kalik bill says?

ASSEMBLYMAN HERMAN: Yes, that's the bill involving public bidding for the motor vehicle services -- specifically, the Kalik legislation. But, I think the idea of going to public bidding for Motor Vehicle agencies is one that we are pursuing and are very, very interested in.

ASSEMBLYMAN HERMAN: Are you aware that-- not modesty, but on a bipartisan basis-- in 1980, there was a legislative report in which Mrs. Kalik's bill I believe was somewhat formed, recommending that we go to public bidding?

MR. STEVENS: I've heard about that report, yes.

ASSEMBLYMAN HERMAN: May I ask you-- You made some observations which I think I would like to pursue, if I may. You

indicated that this Administration is — the hallmark of this Administration has been known for its candor, and honesty, and fairness in its disclosure. And, given that fact, I have to ask you that you knew, before the press release was issued, that Taggart was involved. You obviously knew, as Chief of Staff, after the press release was issued, that Taggart was not mentioned, that only Sears was mentioned.

Did you ever say to the Governor: "Governor, it's—" "You know, I believe that there is a potential problem here. I had a meeting in my office, at the request of Director Snedeker. The Attorney General was there. We discussed awarding this contract to Mr. Taggart, yet, the press release said Sears?" Was there any such discussion?

MR. STEVENS: No, there was no such discussion, and, frankly, I did not personally become aware of the fact that Taggart was omitted from the press release until I read about it in the newspapers two weeks later.

ASSEMBLYMAN HERMAN: You mean a whole month went by before you, as the Chief of Staff, were aware that Mr. Taggart was not publicly involved, at least from the perception of the public?

ASSEMBLYMAN SCHUBER: Mr. Chairman, I'm going to start to object to some of these questions.

MR. STEVENS: I'd like to answer that question, please.

ASSEMBLYMAN HERMAN: I think he is capable.

ASSEMBLYMAN SCHUBER: Well, I just would like to—

ASSEMBLYMAN BOCCHINI: If I may--

ASSEMBLYMAN SCHUBER: Mr. Chairman, I just would like to say that I appreciate where the line of some of these questions are going, but the fact of the matter is that the ostensible purpose here is to discuss whether we are going to delay the implementation of photo licensing or not.

I have no problem with dealing with that particular issue, but I think that the questions here are going a little far afield, to the point of almost inquisition on an issue that is before the SCI at the present time, which I understood from the Assembly resolution that was passed and the Senate resolution that was passed, that that was the proper forum for it.

The questions right here now with regard to that are-- You know, I don't know why we needed that resolution for if we are going to take up that activity at the present time. I think that is where the questions are going.

What Mr. Stevens said to the Governor, or what he felt, I really don't think is germane to the issue that we are talking about today.

ASSEMBLYMAN BOCCHINI: If I might, Mr. Herman, Mr. Schubert--

ASSEMBLYMAN SCHUBERT: I really-- I think that this is sure to take on a political overtone.

ASSEMBLYMAN BOCCHINI: Mr. Schubert, I'm inclined to agree with you because regardless of what anyone wants to say -- you know, politics and government, at times you cannot separate them. If you want to say it takes on a political overtone, you have every right to say that. However, at the same time, if you don't think that the procedure for appointing photo license agents, and how the selection of those photo license agents are germane, that is your prerogative.

However, I think the line of questioning by Mr. Herman in relation to this is proper. I'd ask him to continue with his questioning. I believe, Mr. Stevens was in the process -- if he can remember what the question was -- to give an answer.

ASSEMBLYMAN MARTIN: Mr. Chairman, before we begin, just so I know, or at least you can help me with the line, where, in fact, do we draw the line between what we are supposed to be doing today and the SCI, which is going to be taking on the other activity?

ASSEMBLYMAN BOCCHINI: This has nothing to do with the SCI, Mr. Martin. This, Assemblyman Martin, is dealing with Assembly Bill, A-3610, as well as Assembly Bill, A-166; and if this-- Mr. Martin, the circumstances surrounding the entire handling of this situation is very integral and germane to both pieces of legislation, especially in relation to A-3610, when we are talking about a delay in photo licensing. The question that has come to my mind, over the last several days, is a six-month delay sufficient, or might we need a longer delay, or should we, possibly, at this point, consider an absolute elimination of the photo drivers' license until some type of a

program could be set up that everyone in this State understands and everybody is being treated fairly?

ASSEMBLYMAN SCHUBER: And those questions, Mr. Chairman, are the kinds of questions I think that Mr. Stevens is well equipped to answer today, if they were asked before--

ASSEMBLYMAN BOCCHINI: Well, if you allow us to continue with the line of questioning, I will certainly hope that we can elicit that. I don't believe--

ASSEMBLYMAN SCHUBER: (interrupting) We would hope so too, Mr. Chairman, but that is not the questions that are being elicited here.

ASSEMBLYMAN HERMAN: I think I can defend myself, and I think the point simply is this: We are here discussing a couple of bills. We're discussing just exactly how these bills impact, and what has occurred, and how these bills implement. All the people around this room are not sitting here because this is not a matter of public concern. They wouldn't have major T.V. stations here and press from all over this State here is this isn't a matter of public concern.

I think I asked some questions to Mr. Stevens about whether he even knows what the Governor's position was on a few of these bills. I have been trying to enunciate some of that, but I think background information is important. These are questions, Mr. Schubert and Mr. Martin, I'd not only ask a Republican administration, but I have a record of asking them all the way back to Democratic administrations.

With your permission, Mr. Chairman, I would like to proceed.

ASSEMBLYMAN BOCCHINI: Please continue.

ASSEMBLYMAN HERMAN: Do you remember the last question, proceeding about--

MR. STEVENS: I would like to have it restated, please.

ASSEMBLYMAN HERMAN: I asked you exactly how it came to be that this month's hiatus and why there was no response in-between. I think you started to say that you were not aware in-between before you read it in whatever paper first published it.

MR. STEVENS: Frankly, the truth of the matter is that I review in excess of — as I am sure the Committee members do — in excess of 100, or more, news clippings per day. I read a great volume of mail. I review a great bit of correspondence and memorandum. I typically read the headline and the first few paragraphs of a news story, and, very honestly, it simply did not jump out at me. It did not, you know, it just did not jump out at me, and if it had, I certainly would have acted, and that's what I have tried to tell you here today.

ASSEMBLYMAN HERMAN: You had— That's some of the things that bothers me because I know you to be a very thorough guy. We are allowed to compliment too, are we not? That's not, ah—

And, I am just wondering why, for instance after the Governor held a press conference — you know, all the articles about angry Governor Kean — and then instructed you, or directed you to prepare some sort of a memo for him, or investigation—

MR. STEVENS: He asked me for a report.

ASSEMBLYMAN HERMAN: Well, whatever it is. He asked you for a report -- a report, a memo, whatever. Why you didn't say to him immediately, "Governor, I was in on that meeting on March 11" — or did you tell me you already had told him that or, before his press conference? I think you did tell us that -- that the Governor was aware that you already had had that conference with the Attorney General and Cliff Snedeker.

MR. STEVENS: That's right. I advised the Governor of that the day after the meeting, which was the day before the announcement.

ASSEMBLYMAN HERMAN: So, I assume it would be fair to say if you didn't know it for a month— Obviously, you said you would have said something. I think it's also -- it would be fair to conclude then that if the Governor, who already knew prior to the so-called press disclosure of Taggart not being disclosed, if he was aware of it, I assume that he would have said something, or may issued a directive to the A.G. or the Motor Vehicle people to correct it.

So, it is fair to say that, although the Governor and you both knew it sometime in March, obviously once Sears was announced, you went on to other business and it never came to mind.

MR. STEVENS: There was nothing about, you know, that story, as I said, that jumped out at me. Obviously, in retrospect, I would have preferred to have known about it immediately, and I would have taken action if I had known immediately.

It's probably, Assemblyman, the one thing that I personally regret about this whole affair, in terms of my own personal involvement, that I did not notice that right away.

ASSEMBLYMAN HERMAN: I note in a couple of papers, and I just would like--

MR. STEVENS: (interrupting) I think you have to understand, Assemblyman, that before all the political propaganda about this began, that this was not a big project, in terms of the Governor's office.

ASSEMBLYMAN HERMAN: Well, one man's political propaganda is another newspaper's, ah, story, and, you know, I really object to the question of political propaganda because all the editorials that I have seen throughout the State do not exactly handle it as political propaganda. They handle it as dead wrong. You would agree-- Have you seen any editorials supporting -- supporting that?

MR. STEVENS: Assemblyman, I would certainly agree that the way this situation was handled was dead wrong.

ASSEMBLYMAN HERMAN: So don't give me the political propaganda business.

MR. STEVENS: But, I also think that you'd have to--

ASSEMBLYMAN SCHUBER: (interrupting) Mr. Chairman, I object.

ASSEMBLYMAN MARTIN: (also interrupting) Mr. Chairman, I object to the characteriza.....

MR. STEVENS: (continuing) --agree that we would not be here today if it wasn't for the political year we are in.

ASSEMBLYMAN HERMAN: Every year, sir, is a political year and doing things right and the wrong way are always (inaudible, due to objection from Committee members).

ASSEMBLYMAN BOCCHINI: (interrupting) If I may, Mr. Herman--

ASSEMBLYMAN HERMAN: Yes.

ASSEMBLYMAN BOCCHINI: (continuing) --and Mr. Stevens, if we can stick to the substance of the meetings and your questions

concerning the handling of the disclosures, I'd prefer that, as opposed to what each of our political reasons are for whatever we do or don't do.

ASSEMBLYMAN HERMAN: May I? In following the line, speaking governmentally, Mr. Stevens, I note from some of the newspaper accounts that it attributed to you that you requested Mr. Snedeker to resign. Is that true or not true?

MR. STEVENS: That is a personal matter between the Governor and a personal/private matter between the Governor and the former Director of Motor Vehicles, and out of respect for both men, I am not going to comment any further on that.

ASSEMBLYMAN HERMAN: Let me ask you this: Do you believe....— Does the Governor of this State believe that a person who would hold a public office, such as the Director who issues a resignation, that how he got to submit that resignation is a private matter; that there can be private matters involving the public domain; is that the Governor's position?

MR. STEVENS: My position is that out of respect for both men, I am not going to comment further on that situation.

ASSEMBLYMAN HERMAN: Well, do you know what the Governor's position is?

MR. STEVENS: I think I have answered the question twice.

ASSEMBLYMAN HERMAN: So, it would be fair to say, in characterizing your testimony, that it is the Governor's..... —and I don't want to mischaracterize the Governor, because you are representing him here today.

MR. STEVENS: No I'm not; I'm representing myself.

ASSEMBLYMAN HERMAN: Well, is it the Governor's position, to your knowledge, that this — that how Cliff Snedeker came to resign is a private matter and not a public one?

MR. STEVENS: I will answer it one more time: It is a matter between the Governor and the former Director of Motor Vehicles, and out of respect for both men, I am not going to comment any further.

ASSEMBLYMAN HERMAN: I am asking you whether you asked Mr. Snedeker to resign?

MR. STEVENS: One more time—

ASSEMBLYMAN SCHUBER: Mr. Chairman, we are badgering now. I mean--

ASSEMBLYMAN HERMAN: I am not badgering; I am asking a question.

ASSEMBLYMAN SCHUBER: Mr. Chairman, Mr. Herman has just been put on this Committee today. He has never served on it before, and our Committee meetings have usually gone very placidly. This is, I find, a real departure from the way we have conducted our business; it is a badgering of a witness who just answered the question.

ASSEMBLYMAN BOCCHINI: If I may, I would indicate to Mr. Schuber, Mr. Herman may have been appointed to this Committee today; however, Mr. Herman has served as the Chairman of the Law, Public Safety -- actually, it was the Judiciary Law, Public Safety, and Defense Committee for, I believe it was two terms?

ASSEMBLYMAN HERMAN: Three terms; this is my eighth year.

ASSEMBLYMAN BOCCHINI: And, Mr. Herman was also a -- one of the sponsors on the moving of the legislation which created the implementation of the photo driver's license. Mr. Herman has sponsored and sent out of committee a report, I believe in April of 1980 or '81, which indicated -- at that time when there was a Democratic Governor, as you well know -- that the process of Motor Vehicle agents, and the selecting of Motor Vehicle agents was too politicized, and we should depoliticize it.

I believe, in all probability, Mr. Herman, in relation to this topic, probably has more of a substantive background concerning the legislation that is involved here today than with the -- probably each of us sitting here.

ASSEMBLYMAN SCHUBER: Mr. Chairman, let me ask-- Let me tell you something--

ASSEMBLYMAN BOCCHINI: However, I don't want to get into any argue..... Mr. Herman, I would ask you to continue on another line of questioning.

ASSEMBLYMAN SCHUBER: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Do you have a question?

ASSEMBLYMAN SCHUBER: I have a statement. I spoke to Mr. Herman prior to the meeting, and I'd asked why he was here today, and he explained his background on the thing, and I've read some of his memos, and I have no problem with that, and I didn't raise an objection to that. That is not the purpose of my objection. I have no problem with Mr. Herman's expertise that can enlighten the Committee.

What I am objecting to--

ASSEMBLYMAN BOCCHINI: (interrupting) Your previous objections--

ASSEMBLYMAN SCHUBER: (continuing) What I am objecting to, Mr. Bocchini--

ASSEMBLYMAN BOCCHINI: (interrupting and continuing with comment) --Mr. Schubert, was well taken--

ASSEMBLYMAN SCHUBER: (continuing with interrupted objection) --is the inquisitorial nature of the questioning and a badgering of a witness.

ASSEMBLYMAN BOCCHINI: (continuing with, and finishing comment) --and I have asked Mr. Herman to continue in another line of questioning.

ASSEMBLYMAN HERMAN: Let me just say for myself--

ASSEMBLYMAN SCHUBER: Mr. Chairman, what you are doing here is badgering. What's happening here is a witness--

ASSEMBLYMAN BOCCHINI: Mr. Schubert, you are out of order.

ASSEMBLYMAN SCHUBER: (interrupting) I am not out of--

ASSEMBLYMAN BOCCHINI: (continuing) I want to continue with this meeting or you may leave the meeting.

ASSEMBLYMAN SCHUBER: Mr. Bocchini-- Mr. Chairman, I am an original member of this Committee.

ASSEMBLYMAN BOCCHINI: I am the Chair, and I understand that. I have asked Mr. Herman to continue on another line of questioning.

Now, Mr. Herman, if you will please continue.

ASSEMBLYMAN HERMAN: I will do that, and I would like to just say for the record, I don't believe I raised my voice and I don't believe that I badgered the witness. All I aske-- I asked him a very

simple question which he chose twice not to answer, but that-- You can constitute that as badgering. He has one opinion of what is public information and I have another.

ASSEMBLYMAN SCHUBER: It was four times, Mr. Herman, and he answered the question.

ASSEMBLYMAN HERMAN: I guess we count differently.

ASSEMBLYMAN BOCCHINI: In the future, at this point -- I was trying to allow everyone to address their questions without having to go through the Chair, but it is becoming apparent that, by necessity, I am going to have to request that statements come through the Chair if this line of just outburst continues.

I will try to continue to allow you to speak as pauses and the proper time appears to be forward for you, but if I see any more outbreaks, such as this, all questions will be directed through the Chair.

At this time, Mr. Herman, will you please continue? I don't want to waste time on this type of dialogue, Mr. Schubert.

ASSEMBLYMAN SCHUBER: Mr. Chairman, I appreciate that you are the Committee Chairman and I will abide by your wishes, but, just remember, I am an original member of this Committee.

ASSEMBLYMAN BOCCHINI: And I respect you also, and you are aware of that fact.

ASSEMBLYMAN SCHUBER: Well, I think I have the full right to ask as many questions that I wish to also.

ASSEMBLYMAN BOCCHINI: I agree, and you will be given equal and ample opportunity to do so.

ASSEMBLYMAN HERMAN: I didn't know that substitutes had any less rights than-- I thought a legislator duly assigned was a legislator duly assigned, but notwithstanding that--

ASSEMBLYMAN BOCCHINI: Please, Mr. Herman, let's continue with any question you may have of Mr. Stevens.

ASSEMBLYMAN HERMAN: Yes, sir.

ASSEMBLYMAN BOCCHINI: We have five other people I would like to hear from this morning.

ASSEMBLYMAN HERMAN: I understand that.

ASSEMBLYMAN MARTIN: Mr. Stevens, are you really--

ASSEMBLYMAN BOCCHINI: (interrupting) I'm sorry, Mr. Martin—

ASSEMBLYMAN HERMAN: (interrupting) That's-- Let him go; I lost my flow, Joe.

ASSEMBLYMAN BOCCHINI: All right. Go on, Mr. Martin.

ASSEMBLYMAN MARTIN: There was a pause and I was trying to follow your--

ASSEMBLYMAN HERMAN: You go ahead, sir.

ASSEMBLYMAN MARTIN: Mr. Stevens, are you really in a position to be able to speak as to what the Governor's position is with respect to resignations? You were asked, as I understood it, by Assemblyman Herman, to be able to explain the Governor's position with respect to receiving resignations. Are you in that position as Chief of Staff?

MR. STEVENS: I'm not sure I understand the question.

ASSEMBLYMAN MARTIN: Well, the question— The question is related to Mr. Herman's last one, which is whether you felt, and feel, that you are in the position to be able to understand to the point of explaining to third parties, being us, the Governor's position with respect to taking and receiving resignations, such as the one that was taken from Mr. Snedeker.

MR. STEVENS: As I indicated, the Governor's position is that these are matters that are between himself and the individual that, in this case, has submitted a resignation.

ASSEMBLYMAN MARTIN: Did he delay, in any respect, in accepting the resignation when it was offered by Mr. Snedeker?

MR. STEVENS: No.

ASSEMBLYMAN BOCCHINI: Well now, since you've opened that fact up and he did not delay, Mr. Herman, if you wish to continue your questioning in the lines of who requested it, then I think it is a fair question.

ASSEMBLYMAN HERMAN: You see, I'm not ask— If you don't want to answer what the Governor's feelings are, that's okay. That is your right to do that. We can all draw our own conclusions. But, I am asking you a very quiet, direct question: I am asking you, sir, did

you request, at any time prior to Mr. Snedeker's resignation, did you request Mr. Snedeker to resign?

MR. STEVENS: That's the question you've asked me three times, and I have given you the same answer. And, I am going to give you the same answer again, okay? It is a private matter between the Governor and the former Director of Motor Vehicles, and out of respect for both of them, I am not going to comment any further.

ASSEMBLYMAN BOCCHINI: But it wasn't a private matter that he didn't hesitate to accept the resignation, is that correct? That was your response to the question from Mr.—

MR. STEVENS: (interrupting) I am aware of the fact that he did not— What was the end of your question? I'm sorry.

ASSEMBLYMAN BOCCHINI: That he did not hesitate to accept the resignation of Mr. Snedeker. There was no way. You are aware of that fact.

MR. STEVENS: I am aware of the fact that this resignation was submitted. I don't remember what day. And, I am aware of the fact that it was accepted the same day, and I would say, in response to his question, that's not -- it doesn't take -- that's not a very long period of time.

ASSEMBLYMAN HERMAN: Through you, Mr. Chairman. You see, that's what bothers me, Greg. That's what bothers me a great deal. The fact is, that what you said to Mr. Snedeker -- you as one public official, duly appointed and paid for with the taxpayers' money, just as I am -- what you said to Mr. Snedeker, another public official, duly appointed and paid for with taxpayers' money, is now private, out of respect to the Governor. I don't understand that. I don't understand it. I have no—

MR. STEVENS: (interrupting) I'm sorry if you don't understand it. I think I have made my position clear.

ASSEMBLYMAN BOCCHINI: Actually, if I may, Mr. Stevens, did you— The bottom line is, did you — I am not asking about the Governor; I am not asking about the Attorney General; I am not asking about Mr. Snedeker; I am asking you: Did you or did you not ask for Cliff Snedeker's resignation?

MR. STEVENS: I believe that's the same question Assemblyman Herman has now asked five times.

ASSEMBLYMAN BOCCHINI: If you have no response, you have no response.

MR. STEVENS: I have a response.

ASSEMBLYMAN BOCCHINI: All I need is a yes or a no.

MR. STEVENS: It is the same response I've stated, I guess now five or six times. Would you like me to repeat it again?

ASSEMBLYMAN SCHUBER: Mr. Chairman, he answered the— The witness answered the question.

ASSEMBLYMAN HERMAN: May I ask him a different question, along the same lines? It is indicated, in some press reports that I read, that you said the press people— You did not ask Cliff Snedeker to resign. Is it true that you told press people that you did not ask Cliff Snedeker to resign?

MR. STEVENS: I don't have any recollection of discussing with the press the situation regarding Mr. Snedeker's resignation.

ASSEMBLYMAN BOCCHINI: Let me change the line of questioning for a moment. In your meeting, when you said you discussed the legalities, did you discuss the terms of the contract, or what the contract was going to be?

MR. STEVENS: Not really, no.

ASSEMBLYMAN BOCCHINI: Not really? That gives me an indication that there was some substantive discussion, but not necessarily at length.

MR. STEVENS: Once again, I provided the Committee with a copy of the memorandum, which is the basis of the meeting on March 11. If you take the time to read that memorandum—

ASSEMBLYMAN BOCCHINI: (interrupting) I have read that several times, and I am trying to ascertain from you—

MR. STEVENS: (continuing) —which we provided to the public and the press last week, you would find out that there was contained in that memorandum a broad outline of what the terms of the arrangement between Sears, Taggart, and the Division of Motor Vehicles was going to be.

ASSEMBLYMAN BOCCHINI: I understand that. But, my question to you is, you said, "Not really," well, as there-- was there any discussion as to the fees?

MR. STEVENS: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Yes, sir?

MR. STEVENS: I indicated at the outset of this hearing what went on at that hearing to the best of my -- at that meeting, to the best of my recollection; and, that is, in fact, what went on.

I, frankly, do not recall personally discussing fees and the amount of fees, and those sorts of things. I do recall finding out that apparently the Division of Motor Vehicles had a difficult time convincing Taggart International to be involved in this program because of the marginal -- the marginal aspect of this program, in terms of a profit. It was very unclear -- is very unclear -- as to whether or not there would have been a profit to anyone involved at this time.

ASSEMBLYMAN MARTIN: From whom did you obtain that information, from Mr. Snedeker?

MR. STEVENS: I obtained that information in that memorandum and in a discussion at that meeting on March 11.

ASSEMBLYMAN BOCCHINI: In light of the fact--

MR. STEVENS: (interrupting) In fact, I think it was described to me as marginal at best, in terms of the question of any kind of profit for Taggart International or Sears.

ASSEMBLYMAN BOCCHINI: I'm sorry. Who indicated that that would be marginal at best?

MR. STEVENS: I can't recall specifically, but I suspect it was either the Attorney General or the Director of Motor Vehicles.

ASSEMBLYMAN BOCCHINI: Was that at the March 11 meeting?

MR. STEVENS: Yes.

ASSEMBLYMAN BOCCHINI: So, at that time someone within the confines of that meeting indicated that Taggart's is reluctant and that their profit would be marginal at best.

MR. STEVENS: That's my recollection; that's correct.

ASSEMBLYMAN BOCCHINI: Fine. There was no recollection-- Is there any recollection as to what fees would be chargeable by Mr. Taggart?

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MR. STEVENS: I think I just answered that question.

ASSEMBLYMAN BOCCHINI: Well, no, see--

MR. STEVENS: I didn't get into the specifics of how much was going to be charged per license and so forth. What I was told -- or, what I was informed -- was that this was-- And, this is, in fact, one of the reasons that the Division was so interested in pursuing this program with Mr. Taggart was because he was one of the few people, apparently, who was in a position to provide this service in an economical, efficient, and timely fashion for the New Jersey public.

ASSEMBLYMAN BOCCHINI: Considering that the Governor indicated, in his press release on April 11, that, "The withholding of information concerning Mr. Taggart's selection as a licensed agent is, however, inexcusable. Such action runs directly contrary to the stated policy of this Administration, a policy which requires candor, honesty, forthrightness in matters dealing with public issues and public money. The failure of the Department of Law and Public Safety and the Division of Motor Vehicles to disclose Mr. Taggart's selection represents a serious error in judgment and cannot be condoned."

Taking that, which was prepared, evidently, through Mr. Golden's office, would you seem to think that, in addition to Mr. Snedeker, that yourself, Mr. Kimmelman, and others attending that meeting are painted with the same brush?

MR. STEVENS: I certainly agree with the Governor. It was a terrible, stupid public information mistake. But, that was the only thing that occurred. There's been no shred of evidence of any wrongdoing. There has been no shred of evidence of anyone making any profit here, and so forth. This whole thing, obviously, is a public relations problem; I think you understand that, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: Who, if-- Do you have any-- Do you know who negotiated with Sears?

MR. STEVENS: Excuse me?

ASSEMBLYMAN BOCCHINI: Do you know who negotiated with Sears, directly with Sears?

MR. STEVENS: I don't know personally, but my understanding is that both the Director -- the then Director of Motor Vehicles, and the now Acting Director were involved in those negotiations.

ASSEMBLYMAN BOCCHINI: Was there any tacit approval required to — in relation to that negotiation with Sears?

MR. STEVENS: Tacit approval by whom?

ASSEMBLYMAN BOCCHINI: By your office.

MR. STEVENS: No. As I indicated to you at the outset, this was brought to us on March 11, and as it is described in that memorandum.

ASSEMBLYMAN MARTIN: Based upon the information that you had in these meetings, there was never any understanding that Taggart's role in this would be able to be kept undisclosed from the public for any great length of time, was there?

MR. STEVENS: Absolutely not. And, again, if I had known at that time that Taggart's name was going to be omitted from the announcement that ensued a day or so later, I certainly wouldn't have tolerated it because it is a direct conflict with the stated philosophy of this Administration, which Chairman Bocchini just outlined a moment ago.

ASSEMBLYMAN MARTIN: From your experience in relation to -- with the government, Taggart's name would not have been able to be kept permanently undisclosed from the public, would it, in any way?

MR. STEVENS: Absolutely not, and it shouldn't have been.

ASSEMBLYMAN BOCCHINI: Is there anything else, Assemblyman Martin?

ASSEMBLYMAN MARTIN: No.

ASSEMBLYMAN BOCCHINI: Assemblyman Herman?

ASSEMBLYMAN HERMAN: Just before you leave, I don't want to ask you another question, but I want to let you know why I have been asking you these questions. I imagine all of us have been reading from time to time the various news releases, and on April 23, 1985, the article in The Star-Ledger, by Mike Diserschia, indicates — this is a question to Mr. Golden-- It asked if anyone in the Kean Administration ordered Snedeker to resign or be fired over the escalating controversy surrounding the awarding of the contract to Taggart. Golden said "no." Then you have this — these press comments from, I believe it was one of the Trenton papers, which indicated through reliable sources that you asked him to resign.

Now, really, the reason I ask these questions is because I think -- maybe it is just my parochial view -- but I think that the public is entitled to know the truth. Was he asked to resign, or wasn't he asked to resign? Is Mr. Golden correct when he said that nobody asked him to resign, or is that Trenton paper correct, which said that you asked him to resign? You will have to admit, at least on the face of it, that does seem to be a contradiction.

MR. STEVENS: Is that a question?

ASSEMBLYMAN HERMAN: Yes. Wouldn't you say those two public statements are a contradiction?

MR. STEVENS: Do you rely on reliable sources as your method of information?

ASSEMBLYMAN HERMAN: Would you say that the two public reports are contradictory? We have one Republic report coming out of the Administration which says that you asked him to resign, and we have another public report coming out in another paper from the Press Secretary saying nobody asked him to resign.

Now, none of us have to go to college to figure out that there's a difference, that they're like night and day, North and South Pole, and maybe that is why I am asking you these questions because I think we are entitled to know the truth once and for all. Do you have a response to that as to whether I am entitled to know the truth?

MR. STEVENS: I have a response, and that is that out of respect for the former Director and the Governor, I am not going to comment any further.

ASSEMBLYMAN HERMAN: Thank you. So, I can assume that to say that out of respect to the Governor and the former Director, I am not entitled as a public official, duly elected to serve in this Legislature, to know the truth. That's what you're telling me.

MR. STEVENS: You're implying that somehow I am not giving you the truth. You are relying on one newspaper article.

ASSEMBLYMAN HERMAN: You're not giving me anything, sir.

ASSEMBLYMAN BOCCHINI: Are there any other questions? (no response) Mr. Stevens, thank you. Would you mind staying around just in the event that we have any other questions as a result of other witnesses who will be here?

MR. STEVENS: How long will that be?

ASSEMBLYMAN BOCCHINI: Well, if you are going to go back to-- Will you be in your office?

MR. STEVENS: Yes, for about an hour.

ASSEMBLYMAN BOCCHINI: That will be sufficient, but if you are going to leave, if you could just stop back in and let us know, just in the event we have some questions. One of the basic purposes of this -- very candidly, Mr. Stevens -- is the ability to have all of the people who were involved in the release and in the giving of direction, so we can get to the bottom line. Hopefully, when the bottom line comes out, it will be something to the extent that there was a large mix-up. At this juncture, I am far from being satisfied to see that there was just poor judgment. However, maybe that will be proven to be the case. I appreciate the fact that you were here.

I request a five-minute break, please.

(RECESS)

AFTER RECESS

ASSEMBLYMAN BOCCHINI: All right. Mr.--

ASSEMBLYMAN HERMAN: We have to wait for our colleagues.

ASSEMBLYMAN HERMAN: Are Bill Schuber and Assemblyman Martin outside? (no response)

ASSEMBLYMAN BOCCHINI: All right, gentlemen, if we may continue. Our next witness is Attorney General Irwin I. Kimmelman. Attorney General Kimmelman, thank you for being gracious enough to return to this rather lively Committee meeting today.

Since our meeting last week, General Kimmelman, have you had an opportunity to ponder where we are heading in relation to this A-3610 as far as the delay is concerned? Do you believe that it is sufficient that we simply delay, and delay it at the age of 21? I know you indicated that you would seek some information from Colonel Pagano, and it may be a little premature at this juncture as far as your being able to obtain it. But, I am curious to know as to whether or not there are any personal thoughts on your side at this juncture.

ATTORNEY GENERAL IRWIN I. KIMMELMAN: Not since last Thursday, Assemblyman. The Colonel and I have not spoken about this. I really wouldn't want to venture any position until I do confer with my professional expert.

ASSEMBLYMAN BOCCHINI: In relation to the discussions concerning Mr. Taggart as an agent, are you familiar with under which existing laws his agency came about? I know there was a discussion of his being a limited agent. I have been unable to track down statutorily how a limited agency is formed.

MR. KIMMELMAN: The statute doesn't classify agents as limited or full service. An agent is nothing more than the name implies -- an agent who transacts business as his principal directs. In this case, the principal would be the Director of the Division of Motor Vehicles. My understanding was that the agent under discussion would limit his activities to the issue of photo license renewals.

ASSEMBLYMAN BOCCHINI: The problem I had is under 39:3-3, registration of licensing agents or designated as being appointed one in each county for each 300 inhabitants or a fraction thereof. I was curious as to how Taggart's, or whatever concessionaire we would come up with, would be able to fall within the framework of that particular legislation without our having to amend the law. I have a copy of that if you would like to see it.

ASSEMBLYMAN HERMAN: (to unidentified person) Excuse me, Sir. Can you reach over and hand this to the Attorney General, please? (Attorney General reads statute)

I think the question is, Mr. Attorney General, the statute appears to be written that the agents should perform all services -- with a "shall" in there. I was just wondering whether that question of interpretation has ever risen before as to whether or not you could have a limited agency.

MR. KIMMELMAN: That question hasn't arisen before, to my knowledge, and it was the understanding of the Director of the Division of Motor Vehicles for some time that the Division had the authority to direct what services the agents appointed by the Division would perform, and in this particular instance, it was not a so-called "full

service" agent, but rather one whose services would be limited to one specific operation.

ASSEMBLYMAN HERMAN: It is fair to say that in the past the agents who had been appointed were all full-service agencies, right?

MR. KIMMELMAN: I don't know that for a fact.

ASSEMBLYMAN HERMAN: I am trying to stretch my mind and go back here about 12 years -- not a heck of a long time -- but I'm just wondering whether anybody's recollection-- Can you recall any agent ever been appointed who wasn't a full-service agent?

MR. KIMMELMAN: I don't know that. My understanding was that -- from my contact personally with the agents -- was that there were agents who could handle both registration and licensing.

ASSEMBLYMAN HERMAN: Because the statute does seem to lay out it shall be that they shall do the following.

MR. KIMMELMAN: Well, it's subject to interpretation as I am just reading it, Assemblyman Herman. "Director shall designate a person to be his agent for the registering of motor vehicles, issuing registration certificates and licensing of drivers subject to the requirements of this subtitle and to any rules and regulations the Director imposes." Now--

ASSEMBLYMAN HERMAN: (interrupting) I am just wondering whether there are any rules or regulations. We do have a rule and regulation, and I think that is 39:3-10(g), if you can-- Just for the purpose of the process, we are just wondering whether it would be your opinion, sir, whether this should be an area of legislative inquiry that should be clarified.

MR. KIMMELMAN: I think it could be an area of legislative inquiry. When you say "clarified," that means that the existing statute or rule or regulation is not clear. I believe that by rules and regulations the intent of the authority given to the Director can be made clear. The Director is given certain authority here. He has discretion.

ASSEMBLYMAN HERMAN: But, would it be fair to say on its face, without getting into a whole bantering about the subject, that you read the statute per se, and it would appear that the legislative

policy would be in one direction and the regulation, if there is a regulation, would be in another?

MR. KIMMELMAN: Well, we could say that if we wanted to split hairs, but you have a statute which vests discretion in the Director to issue rules and regulations. So that, apart from the broad legislative enactment, the Director is empowered to fill in the muscle and the flesh, so to speak.

ASSEMBLYMAN HERMAN: Let me— You know I am not a big fan of regulations, but notwithstanding that, in this particular instance -- getting back to this contract, this Taggart contract -- do you know of any set of regulations, were you advised of any set of regulations implemented in accordance with that statute, which would have approved the issuance of the contract?

MR. KIMMELMAN: We didn't -- or at least I didn't, or my personal staff did not make any research into that area.

ASSEMBLYMAN HERMAN: (interrupting) You would agree— Oh, I'm sorry; go ahead, sir.

MR. KIMMELMAN: No, it was assumed that the Director did have the discretion to determine what his agents would do.

ASSEMBLYMAN HERMAN: But, it would be fair to say that as a general principle of law and government, that you can't perform governmental acts, say the issuance of a contract, unless you have the appropriate statutory or regulatory authority to do so?

MR. KIMMELMAN: That's a correct proposition.

ASSEMBLYMAN HERMAN: And, it would also be fair to say then that if there was no statutory or regulatory mechanism in place prior to the issuance of the Taggart contract, that the Taggart contract, on its face, would have been an improper one.

MR. KIMMELMAN: Well, I don't know if I would go that far. If the law is silent, then the question arises whether the Director has it within his discretionary power.

ASSEMBLYMAN HERMAN: Okay.

ASSEMBLYMAN BOCCHINI: Attorney General, did you have the opportunity to see the rough draft?

MR. KIMMELMAN: Never saw the rough draft.

ASSEMBLYMAN BOCCHINI: The reason why I ask that is because under the first "Whereas" paragraph of the agreement, it says: "Whereas the Division desires to designate the agent pursuant to N.J.S.A. 39:3-3 of the statute we are now discussing to be its agent at large at photo driver license centers located at various retail sites owned by Sears, Inc. within the State for the issuance of photo drivers' licenses subject to the requirements of Title 39," and it goes on and says, "and to any regulations, instructions, and performance standards the Division of Motor Vehicles may impose."

If one assumes — and it is a logical assumption — that if the statute refers to regulations, was there in effect a regulation at the time of the drafting of this agreement?

MR. KIMMELMAN: To provide for a limited agency?

ASSEMBLYMAN BOCCHINI: Yes.

MR. KIMMELMAN: I don't believe so.

ASSEMBLYMAN MARTIN: Mr. Chairman, if I may. Didn't you understand that this licensing would be for renewals only?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN MARTIN: And if that is the case, doesn't it by its very nature take the form of some type of a limited agency, since it doesn't have the right to authorize new licenses?

MR. KIMMELMAN: Well, yes, but the question is whether the statute authorizes a limited agency, less than full service, so to speak.

ASSEMBLYMAN HERMAN: Mr. Attorney General, if I--

ASSEMBLYMAN BOCCHINI: (interrupting) Excuse me. Just by way of clarification, I was under the impression that the Taggart situation would have allowed him to issue even an original first photo driver's license. Any renewal would still be an original first photo driver's license coming out off an existing license.

ASSEMBLYMAN MARTIN: I was referring to the fact-- That's why I asked the first question as to whether the renewals, or whatever this statute was, not the original one as far as driving — other licensing agencies, whether this one, in fact, could cover the full panoply which was given to other agencies.

MR. KIMMELMAN: Well, this one couldn't, the way I understand it. I haven't seen the draft. That was being handled by members of my staff.

ASSEMBLYMAN HERMAN: So the statute, by its very nature, limits to a certain degree the authority of this particular agent, Taggart from Sears, to issue licenses?

MR. KIMMELMAN: I'm afraid, Assemblyman, that I don't understand your question.

ASSEMBLYMAN BOCCHINI: Mr. Pelly?

ASSEMBLYMAN PELLY: Mr. Attorney General, one question. You say that you are not aware of the agreement, or the proposed agreement. Do you have any knowledge as to who prepared the agreement?

MR. KIMMELMAN: No, I don't.

ASSEMBLYMAN PELLY: Was it someone in your office?

MR. KIMMELMAN: I don't know that either, but I do believe that one of our staff Deputy Attorneys General was acting in this regard.

ASSEMBLYMAN PELLY: Who ordinarily prepares agreements of this nature?

MR. KIMMELMAN: It would be the Deputy assigned to the Division of Motor Vehicles.

ASSEMBLYMAN PELLY: (interrupting) So, I would— If I—

MR. KIMMELMAN: (continuing) And it may be that a draft agreement was gotten up by virtue of discussions between him and Mr. Taggart's attorney.

ASSEMBLYMAN PELLY: (interrupting) So then—

MR. KIMMELMAN: (continuing) But, I have no personal knowledge of that.

ASSEMBLYMAN PELLY: Okay. If I wanted to pursue the issue of the agreement, I would not be looking toward the Division of Motor Vehicles; I would be looking in the Attorney General's office for information with respect to that.

MR. KIMMELMAN: As to the drafting?

ASSEMBLYMAN PELLY: Yes.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN PELLY: As to the agreement and the text of the agreement.

ASSEMBLYMAN HERMAN: Who drafted that agreement for you, Mr. Attorney General? Do you know?

ASSEMBLYMAN PELLY: That is what I'm--

MR. KIMMELMAN: This was my--

ASSEMBLYMAN HERMAN: (interrupting) I am just interested in the name of the person who drafted it.

MR. KIMMELMAN: I don't know.

ASSEMBLYMAN HERMAN: Okay. While we're waiting, can I-- Mr. Chairman, with your permission, may I ask--

ASSEMBLYMAN BOCCHINI: (interrupting) Excuse me. Mr. Kline? (Mr. Kline starts to speak from audience; not near microphone.) Will you step up here, please?

ASSEMBLYMAN HERMAN: Mr. Attorney General, won't you sit there, sir?

ROBERT S. KLINE: Mr. Chairman, what was done was that we used the standard agreement that was used with all Motor Vehicle agents. It was developed about three years ago.

ASSEMBLYMAN HERMAN: His answer was -- for louder -- "They used the standard agreement that was used by all Motor Vehicles." Continue from there.

MR. KLINE: Right. That was developed about three years ago between the Division and the Department of Law and Public Safety. A Deputy Attorney General -- I don't know which one -- three years ago, reviewed it for us, but it was approved as to form. This was revised within the Division based upon the limited nature of the arrangement with Mr. Taggart, and then reviewed by the Attorney General's office, specifically Deputy Attorney General John Bender. And, after making modifications, the draft was sent to Mr. Taggart, which was never signed.

ASSEMBLYMAN BOCCHINI: When was this contract drafted, Mr. Kline?

MR. KLINE: I really would have to check that. I really would have to check that. I don't know.

ASSEMBLYMAN BOCCHINI: Could you please obtain that information for the Committee and advise us?

MR. KLINE: I will do that.

ASSEMBLYMAN HERMAN: Maybe while we are talking to the Attorney General you can make that telephone call for us.

MR. KLINE: Okay, sure.

ASSEMBLYMAN HERMAN: Through you, Mr. Chairman, if I may proceed with some of the questions I had on the law. Mr.— General, we had — I passed up to you a regulation — a rule and regulation — which I assume is part of the enabling regulation as far as 39:3 is concerned. In that regulation it would indicate that in reference to the — and I'll read the paragraphs just for everyone listening here so they will all know what we are talking about. It says, "The fee for such photographs shall be fixed by the Director based upon the actual costs incurred by the Division of Motor Vehicles and the implementation and administration of this act, but shall not exceed" — with underscoring that — "but shall not exceed \$1.50 for each license or renewal thereof and shall be in addition to the fee presently authorized for the issuance of a driver's license pursuant to R.S. 39:3-10."

I assume you know what my question is going to be; I don't think it will be any big surprise. If the statute says not to exceed \$1.50, where do we come off charging people \$2.20?

ASSEMBLYMAN BOCCHINI: And \$1.80.

ASSEMBLYMAN HERMAN: And \$1.80.

MR. KIMMELMAN: The statute — the regulation speaks about—

ASSEMBLYMAN BOCCHINI: (interrupting) It's a statute as well, I believe.

ASSEMBLYMAN HERMAN: Yes, that's a statute.

ASSEMBLYMAN BOCCHINI: A statute.

ASSEMBLYMAN HERMAN: I beg your pardon, it is a statute. In other words, there is a statutory fee that says you can't go past a buck fifty. The Legislature wrote it; whether we are right or whether we are wrong, we nevertheless wrote it. The Governor signed it; it's law. How do you exceed it?

MR. KIMMELMAN: That's a question, the answer to which was determined by the Division of Motor Vehicles. I am not aware of this particular provision at the time of the proposal. I was-- I don't believe anyone on our attorney staff was aware of the actual price to be paid to the Sears' agent, as opposed to another agent. I mean, subsequently I learned that other agents who process photo licenses receive a fee of \$1.80, which is more than the \$1.50. And Sears, for processing it with their concessionaire would receive \$2.20.

ASSEMBLYMAN HERMAN: Let me ask you this, sir. Obviously-- Are you telling me that this is the first that time you are aware -- basically by my handing you up this document -- that the fee was a maximum of \$1.50?

MR. KIMMELMAN: No, no.

ASSEMBLYMAN HERMAN: When did you become aware of that, sir?

MR. KIMMELMAN: This is not the first time. We became aware of it when we learned that the Division of Motor Vehicles had negotiated a fee of \$2.20 with respect to the Sears processing, and \$1.80--

ASSEMBLYMAN HERMAN: (interrupting) When was that, sir, for a time reference, if we may?

MR. KIMMELMAN: Oh, I would say it was-- We learned that sometime after April 11. That is my time reference.

ASSEMBLYMAN HERMAN: Let me ask you this, sir. As the head of the-- Am I interrupting? Go ahead for a moment; I'll wait. (Mr. Kimmelman confers with members of his staff)

MR. KIMMELMAN: This is First Assistant Attorney General Mike Cole.

ASSEMBLYMAN HERMAN: I know him well. I call him "Recount Cole."

MICHAEL R. COLE: Assemblyman, I don't read 39:3-10(g) the same way you apparently do. This sets a maximum fee that can be charged to the public. The \$2.20, however, is a fee, a payment to the Motor Vehicle agent. So, in effect, there is a State subsidy.

ASSEMBLYMAN HERMAN: I understand exactly, and I was going to that. I just want to clarify the record. Mr. Cole, you and I can

read it both ways, and I'd like to discuss it because that is a matter of serious legislative policy. I had something to do with this statute; that's why I am sitting here. I would like to discuss it with the Attorney General as a matter of policy, as we are implementing where we're going.

We have \$1.50 in the statute. We will agree that we can't charge the public more than \$1.50.

MR. KIMMELMAN: Correct.

ASSEMBLYMAN HERMAN: Let's stop there for a moment. I also understand that the public has been charged from some Motor Vehicle agencies \$1.80. Right?

MR. KIMMELMAN: We don't know that.

MR. COLE: I don't think that's so.

ASSEMBLYMAN BOCCHINI: If I may, Mr. Herman. In our last meeting on-- Do you have that in the notes there? There was a direct reference with the Attorney General concerning the implementation of fees, at which time he called Mr. Kline to assist him. But, if I might read to you--

ASSEMBLYMAN HERMAN: (interrupting) Mr. Kline is coming to the rescue again.

ASSEMBLYMAN BOCCHINI: I indicated, if I may, Mr. Kline, on questioning: "Please, I would like somebody to-- I am just trying to find out some answers to some things, and not necessarily all from you, because some people coming after you will probably have some comments," and we were discussing the fees. Attorney General Kimmelman, you indicated: "All right, all right. I'll indicate-- All right, Assemblyman, I know what I read in the papers, as you do. I think the non-Sears Roebuck agent is paid \$1.80." That was in conferring with-- You turned to confirm with Director Kline.

And then we went on to indicate that it was \$2.20, which was the agreement in relation to the Sears' contract and this was in relation to the processing of the licensing for the photo license.

MR. KIMMELMAN: Yes, but I understood the question to be that in some instances the public may be--

ASSEMBLYMAN HERMAN: (interrupting) That's the question, sir.

MR. KIMMELMAN: (continuing) ...charged more than \$1.50. I don't know that; perhaps Acting Director Kline can help us.

MR. KLINE: If I could answer, Mr. Chairman. The public is charged \$17.50, which includes the \$1.50. The public is not charged more than the \$1.50. What the Attorney General was referring to is the commission structure.

ASSEMBLYMAN HERMAN: We understand, and that's exactly what I wanted to pursue. With due respect to the Chairman, I understand that, and I think the public is entitled to clarify this particular issue. So, it is fair to say that in the \$1.80 situation, the State is picking up 30 cents of the tariff -- whatever 30 cents comes to.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: So, that's taxpayers' money. That's a policy decision you have made; whether we agree with it or not, that is something we have to look into. Okay? Are all Motor Vehicle agents paid the \$1.80, other than the Sears' contract?

MR. KLINE: It varies. The commission schedule for Motor Vehicle agents, depending upon the volume of transactions, goes from -- these are considered double items, so it goes from 90 cents down to 40 cents. So, depending upon where the individual agent's volume of transactions is at that particular time, it could be as high as \$1.80 that they are paid to process a photo license, to as little as 80 cents.

ASSEMBLYMAN HERMAN: So, without me unduly taking of the Committee's time, what I would ask-- I would like to see, and I assume other members of the Committee would like to see from you, Mr. Kline, is a list of that pay schedule, and how many photo licenses have been done, how much of the costs we have eaten, so that we can make a policy judgment.

If I could pursue just for a moment this particular contract, I assume that under this contract it was a given, since it was a State contract, that there would be, in essence, a -- my math is -- a 70-cent bite, \$2.20 minus \$1.50, and how many-- Approximately a half a million were going to be issued?

MR. KIMMELMAN: We don't know how many would be issued.

ASSEMBLYMAN HERMAN: Well, it was anticipated. I mean, there was some projection made. (Mr. Herman confers with the Chairman) According to the background, how much was it?

ASSEMBLYMAN BOCCHINI: The Division anticipates that--

ASSEMBLYMAN HERMAN: (interrupting) Approximately 50%? So, that's \$2.7 -- \$2.6 million eventually it would be, and the State would pick up 70 cents of \$2.6 million, I guess, if my math is okay. That's certainly in the area of a million bucks.

MR. KIMMELMAN: You're using a speculative figure, and we don't know how many motorists would go to the--

ASSEMBLYMAN HERMAN: (interrupting) Sir, this comes right from your Department: Analysis, Department of Law and Public Safety, April, 1985, given to the Joint Appropriations Committee. If I am speculating, I'm speculating with your own Department's document.

MR. KIMMELMAN: Excuse me, that's your document; it's not mine.

ASSEMBLYMAN HERMAN: Okay, I beg your pardon. I'm speculating with my document then. Legislative Services, my apologies. That information was given to them from the Department of Motor Vehicles. Well, whoever information it is, I'm speculating with somebody's information that's supposed -- and I would hope that if it was Mr. Kline's information, or Fiscal Affairs' information, at least somebody that this Legislature has a right to rely on, it tells us there may be a million dollar bite at that 70-cent number.

ASSEMBLYMAN BOCCHINI: Or better.

ASSEMBLYMAN HERMAN: Or better. Am I going too fast with the math -- 5.2 million, 2.6 of those would go there, 70 cents times 2.6.

MR. KIMMELMAN: Do you mean in a year's period, or total?

ASSEMBLYMAN HERMAN: Total.

MR. KIMMELMAN: Well, let's just assume--

ASSEMBLYMAN BOCCHINI: (interrupting) Out of 2.6 million renewals.

MR. KIMMELMAN: Let's just assume that 500,000--

ASSEMBLYMAN BOCCHINI: (interrupting) He did this the last time.

MR. KIMMELMAN: Assume -- I don't know, I'm speculating.

ASSEMBLYMAN HERMAN: That's 350,000.

MR. KIMMELMAN: That's 350 a year; correct.

ASSEMBLYMAN HERMAN: Okay. So, in other words, we are going to be underwriting Taggart and Sears, or whoever, to the tune of \$350,000 a year. Let the Attorney General answer for himself, please.

MR. KIMMELMAN: Based upon those speculative figures, which have nothing to do with the expenses—

ASSEMBLYMAN HERMAN: (interrupting) Okay.

MR. KIMMELMAN: No, but you have to understand one thing. You can't exclude the fact that with respect to the regular agents, the State picks up a substantial share of their expenses. It pays for the rent and the utilities. You have to add that in, too.

ASSEMBLYMAN HERMAN: It's a point of discussion. I'll cede for a few moments; I believe some other people have some questions.

ASSEMBLYMAN BOCCHINI: Rent and utilities, under the Taggart contract, I believe, were being picked up by Sears.

MR. KIMMELMAN: Picked up by-- Yes.

MR. KLINE: Picked up by Taggart--

MR. KIMMELMAN: By Taggart through—

MR. KLINE: To Sears.

ASSEMBLYMAN BOCCHINI: Through the 15% rent. Now, going back to 39:3-10(g), if you read on after the \$1.50, it says, "exceed \$1.50 for each license or renewal thereof and shall be in addition to the fee presently authorized for the issuance of a driver's license pursuant to 39:3-10.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN BOCCHINI: Now, if you can, General Kimmelman, what is the basic fee for the issuance of a license?

MR. KIMMELMAN: Eight dollars for two years; \$16.00 for four, plus \$1.50, and you get to the \$17.50 that is charged the motorist.

ASSEMBLYMAN BOCCHINI: "It shall be in addition to the fee presently authorized."

MR. KIMMELMAN: Right.

ASSEMBLYMAN BOCCHINI: So, the motorist under this situation would pay an additional \$1.50?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: I have some others, if I may, if I can stick on the topic of the hearing.

ASSEMBLYMAN SCHUBER: I wish we would.

ASSEMBLYMAN HERMAN: I'll try to help you. I had an opportunity to review your testimony before and there are some things I would like to chat with you about concerning the various statutes. I think you had indicated before -- and I looked up the colloquy back and forth -- that you made reference to the point in your opening remarks about, I believe it was Director Waddington at that particular time, wanted to go to 50 full-time public agents, and that the Assembly Committee on the Judiciary and Public Safety at that time disagreed -- rejected it. I was wondering if you knew why, for the public record.

MR. KIMMELMAN: I don't know why.

ASSEMBLYMAN HERMAN: Well, I think for the purpose of the dialogue, maybe we'll tell you. At that particular time, we did a nonpartisan -- nonpartisan -- report of both Republicans and Democrats; I believe it was an unanimous report at that time, in which it was suggested that before the Department of Motor Vehicles went to pick on somebody else, picked up some more agents, that they first clean up their own act. The Director and the Attorney General at that particular time agreed that before they would look to see what else ought to be done, there ought to be an introspective look. And, there was an introspective look, and then you made reference to that: "In 1981, a report was rendered by a Motor Vehicle task force." That was the genesis of that task force report; it was stimulated out of those committee hearings, saying: "Look unto thyself before you look to expand the branches of public government further." I just thought that you ought to know that.

I don't know whether you were aware at the time that you testified in the beginning of May that we also -- this Legislature, this Judiciary, Law, Public Safety, and Defense Committee -- at that particular time, had issued a rather extensive report concerning the need for public bidding. I don't know if you have ever seen this before, General, so I will show it to you. (Assemblyman Herman hands report to Mr. Kimmelman) I think it's April 11, 1980 or 1981; I forget what it says.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: Have you seen that, sir?

MR. KIMMELMAN: I read the 1981 Study Commission Report.

ASSEMBLYMAN HERMAN: You've never seen my report?

MR. KIMMELMAN: I never saw your report.

ASSEMBLYMAN HERMAN: Well, I would like, if you would— I don't know if that is an extra copy, but we would like to furnish you a copy of it because you will note in that, sir — I felt somewhat slighted — that when your opening comments were made, sir, to the Committee last time, you seemed to indicate that — you know, it was sort of by indirection -- that we didn't have an alternative, and I wish to point out to you that I believe that is where the Kalik legislation -- the genesis of the Kalik legislation came from.

MR. KIMMELMAN: Assemblyman Herman, when I testified last week and indicated that I believed it was time to depoliticize the selection of agents by the Division of Motor Vehicles, I didn't say that that was an original idea. It has been talked about for some time, and I see your Committee very clearly recommended that the appointment of agents be depoliticized. My testimony was that I believed Assemblywoman Kalik's bill was a positive step in the right direction.

ASSEMBLYMAN HERMAN: I want to tell you why the bill also got sidetracked. If you know-- I believe the then Director Wisniewski was leaning in the direction of going with the bill as proposed by Assemblywoman Kalik at that particular time. We did have an historical event; I won't call it an intrusion. Every four years we have election for Governor, and I believe just about that time we had a new Governor, and, lo and behold, she didn't have a job any longer. So, there was a new Motor Vehicle Director and a new Attorney General, and you know the way the process goes; you sort of start all over. And that was the genesis of where we have been and where we are.

MR. KIMMELMAN: Well, that is not exactly correct. We didn't start all over. The Division of Motor Vehicles took the 1981 Task Force Report which contained many suggestions for improvement in the agency relationship, and implemented most, if not all, of those

suggestions in the relationship which the agents now have with the Division of Motor Vehicles and that was incorporated in the contractual undertaking. I believe before 1981, the appointment was not evidenced by a contract, whereas now it is.

ASSEMBLYMAN HERMAN: I grant you that there have been many improvements as a result of that. I think maybe you are skipping around the point I was trying to make -- and maybe it's a self-serving one -- that as of 1981 or 1982, I think that this process was ready to take the next leap and to talk about competitive bidding, which was not taken. I think that if it weren't for this event, I think that this subject would really not be getting the attention that it really, truly deserves.

MR. KIMMELMAN: That's so.

ASSEMBLYMAN HERMAN: And, if there is good to come out of bad, you know, perhaps that will be it. May I ask you, sir, since the last time you appeared here, not having the benefit of that earlier report, whether you or your staff have given any further in-depth thought to what you would like to see in a competitive bidding statute?

MR. KIMMELMAN: We are studying it; we are prepared to assist the Legislature with our views. We believe that consideration should be given not just to public bidding with respect to each of the 50 agents, but perhaps consideration given to one overall operation or operations conducted on a regional basis, rather than having a public bidding 50 times for each specific agent.

ASSEMBLYMAN HERMAN: I appreciate those comments. Mr. Attorney General, earlier Mr. Stevens testified that at the meeting of March 11 he was assured personally by you, sir, that everything involving the Motor Vehicle contract with Taggart was absolutely legal. He said, "given the strong opinion." I believe that was his term.

MR. KIMMELMAN: That was his term. We indicated -- or I indicated at the time -- that there was no problem with the legalities of this arrangement.

ASSEMBLYMAN HERMAN: And that was based on staff research?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: There's been some comment bandied around — I don't know whether it is just scuttlebutt or whatever — that there is a memo floating about your Department which says that the contract may not be ethical. Is there any truth to that scuttlebutt?

MR. KIMMELMAN: No truth.

ASSEMBLYMAN HERMAN: I am just asking because I— I am not raising it to raise ghosts. It's comments that some of us have heard, and I feel if we can't ask you, I don't know who else we are going to ask.

MR. KIMMELMAN: There is no such memo.

ASSEMBLYMAN BOCCHINI: Are you finished, Marty?

ASSEMBLYMAN HERMAN: Yes, go ahead.

ASSEMBLYMAN BOCCHINI: In relation to the drafting of that contract, were you able to ascertain at this juncture—

MR. KLINE: (interrupting) They're getting it.

ASSEMBLYMAN BOCCHINI: They're getting it? All right. Do you know who represented Taggart in relation to the drafting of the contract?

MR. KLINE: Mr. Taggart was represented by Ralph DelDeo, a member of a Newark firm, Crummy, DelDeo.

ASSEMBLYMAN HERMAN: Bob, could you keep your voice up. Some folks are going to have trouble hearing you.

MR. KLINE: Okay; I'm sorry. He was represented by Ralph DelDeo of a Newark law firm, Crummy, DelDeo, I think it's Dolan and Purcell.

MR. KIMMELMAN: And Griffinger.

ASSEMBLYMAN BOCCHINI: At the time of your meeting on the eleventh, subsequent to the issuing of the memo on the sixth— Your meeting, I believe, has been referred to by Mr. Smith and Mr. Stevens. It was attended by yourself, General Kimmelman; I believe you also, Mr. Kline; Mr. Snedeker; Mr. Stevens; and, Mr. McGlynn. Was the contract discussed at that meeting, Mr. Attorney General?

MR. KIMMELMAN: Not that I recall. I don't believe there was a contract in existence.

ASSEMBLYMAN BOCCHINI: But, you indicate—

MR. KIMMELMAN: If it was, it wasn't discussed.

ASSEMBLYMAN BOCCHINI: All right, but Mr. Stevens indicated at that point that everything in relation to the transaction was legal.

MR. KIMMELMAN: I advised him that the arrangement being undertaken was legal.

ASSEMBLYMAN HERMAN: Before you proceed on that, may I just ask a question? You indicated that there was no contract in existence as of the March 11 meeting. Do we know? Is that correct? Mr. Kline indicates that that is correct.

MR. KIMMELMAN: Right.

ASSEMBLYMAN HERMAN: May I either ask you, sir, or Mr. Kline, when was Mr. Taggart officially appointed as a Motor Vehicle agent?

MR. KLINE: As of March 13, the date of the announcement.

ASSEMBLYMAN HERMAN: So, he was appointed as of March 13.

MR. KLINE: The contract evolved subsequent to the appointment, and if I could clarify that--

ASSEMBLYMAN HERMAN: (interrupting) Go ahead.

MR. KLINE: (continuing) ...if I could clarify that for you, Assemblyman-- As you are probably aware, since you have been studying this issue for a number of years, prior to this Administration coming into office, there was never a contract between Motor Vehicle agents and the Division of Motor Vehicles. That was instituted three years ago. It is not required by statute, or regulation, or any other rule. This is something that we had developed because of the unique nature of the Sears' photo license centers. This is something that had to be developed, and took longer than maybe the normal contract, which applied to all agents. So, as a result the date of appointment, the contract was not finished.

ASSEMBLYMAN HERMAN: Was this prepared in March? Was this prepared? Do you know if this first draft was prepared in March?

MR. KLINE: Well, the original is on file. We used the original--

ASSEMBLYMAN HERMAN: (interrupting) Can we know that?

MR. KLINE: I am trying to get that information. Maybe if you would let me go to a phone.

ASSEMBLYMAN HERMAN: Could you? Would you please go to a phone and get that?

ASSEMBLYMAN BOCCHINI: The basic indication, however, is that this is simply a boiler plate contract with--

MR. KLINE: (interrupting) Boiler plate, with changes, because we had two modifications essentially. One is the commission to be paid as opposed to a commission schedule, and the second is that all that would be issued by the agent was photo licenses.

ASSEMBLYMAN BOCCHINI: However, Mr. Taggart was named an agent on the thirteenth.

MR. KLINE: That is correct.

ASSEMBLYMAN BOCCHINI: Officially?

MR. KLINE: Pursuant to statute.

ASSEMBLYMAN BOCCHINI: Right. As Driver's License Service, Inc., is that correct?

MR. KLINE: That is correct.

ASSEMBLYMAN BOCCHINI: How could that have been done when-- If he were named on the thirteenth, the filing of the incorporation for Driver's License Service, Inc. did not take place until April 1.

MR. KLINE: Well, being an attorney, Assemblyman, I mean, we can't always provide that these papers are filed on time. We knew the name of the corporation; we knew that Mr. Taggart's attorney would be filing the papers. They were appointed as agent.

ASSEMBLYMAN MARTIN: Had any parties ever-- Did any of the parties ever sign this contract?

MR. KLINE: No.

ASSEMBLYMAN MARTIN: Is it fair to say, Mr. Attorney General, that the State, under your offices, would review the contract after-- Well, let me ask you this: Would the State be the final party to execute the contract?

MR. KIMMELMAN: Yes. The contract would have been reviewed by our legal staff prior to its execution, and the approval of the contract and the legality of its provisions would have been so indicated.

ASSEMBLYMAN MARTIN: So, just so I understand the timing then, the State would be the last party to sign the contract, which would then make it enforceable and fully executed, and up until that

time, it would still be the obligation and responsibility of your Department to review the contract, and it would be only until the State signed the contract that your review process as far as its legalities with respect to any ethical considerations or any other problems related to that contract would be finalized.

MR. KIMMELMAN: That's a fair statement.

ASSEMBLYMAN SCHUBER: Let me ask Mr. Kline or Mr. Kimmelman-- It is my understanding from what I have just heard that, in fact, prior to these last three years there have not been contracts between the State and its Motor Vehicle agents.

MR. KLINE: You are absolutely correct, Assemblyman. There was never any formal agreement. If you go back, you can see in Division files just a short letter of appointment, and that was it. There was no other understanding between the agents and the Division of Motor Vehicles.

ASSEMBLYMAN SCHUBER: What are the recommendations--

ASSEMBLYMAN BOCCHINI: (interrupting) I believe that's commendable on your part, Mr. Kline.

MR. KLINE: Thank you.

ASSEMBLYMAN BOCCHINI: And the Division's, that they instituted contracts. It is unfortunate that that wasn't done sooner. So, that is to your credit, and if we can continue in relation to this contract, Mr. Schubert.

ASSEMBLYMAN SCHUBER: I still had the floor, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: I understand that.

ASSEMBLYMAN SCHUBER: The question I had asked you then is that as a result of this-- Then the next follow-up question was that then you or Mr. Snedeker, in your tenure there, developed contracts between the State and the agents. Is that correct?

MR. KLINE: That is correct.

ASSEMBLYMAN SCHUBER: And that as a result of the preparation of these contracts then, you were working off a form of contract with regard to the Taggart matter.

MR. KLINE: That is absolutely correct. I have those dates, Mr. Chairman, that you requested.

ASSEMBLYMAN HERMAN: I'm sorry. Mr. Kline, you know, a few of the things that were said here strictly bother me. Let me tell you, if I may.

ASSEMBLYMAN BOCCHINI: (interrupting) Do you have the information on the contract?

MR. KLINE: Yes.

ASSEMBLYMAN HERMAN: What is it?

MR. KLINE: The information? Okay. The original agreement — the standard agreement — was drafted in approximately August, 1982. The agreement dealing with Driver's License Service, Inc. was modified—

ASSEMBLYMAN BOCCHINI: (interrupting) The original draft.

MR. KLINE: (continuing) ...April 1, is what I have on this note. April 11—

ASSEMBLYMAN BOCCHINI: (interrupting) The original draft?

MR. KLINE: The original draft, 4/1. Modified and finally approved 4/16/85.

ASSEMBLYMAN HERMAN: Let me tell you a few things that bother me about this, okay? There is a press release — without getting into the wherewithals of the press release — just talking about the appointing process. There is a press release, which if done properly, according to everybody who has testified, should have included Mr. Taggart as the designated official. But really, Mr. Taggart was only a principal of a corporation to be formed, I assume from what is going on here. Because, as I understand the law— You know, sometimes there are all types of persons. There are corporate persons, there are partnerships, and there are individual persons, and sometimes we in government or in private business, we make a contract with either a partnership, an individual, or a corporate person, a corporate entity.

Now, when Taggart was appointed in the beginning of March, Taggart was appointed. The public was never advised that this was going to go to a corporation. In fact, if the things were done kosher and properly, I think we would all agree that it should have been announced that it was going to a corporation, whatever that corporation was going to be, and who were the principals of that corporation. But,

it was never announced, so we made an appointment, in fact, an improper appointment in March, even though we didn't even disclose that one, because actually the appointment was going to a corporation to be formed. Am I correct?

MR. KLINE: May I respond?

ASSEMBLYMAN HERMAN: Sure.

MR. KLINE: Okay. The appointment was made, Mr. Herman, to Driver's License Service, Inc.

ASSEMBLYMAN HERMAN: When?

MR. KLINE: On March 13.

ASSEMBLYMAN HERMAN: Stop there just for a moment, and tell me something, Mr. Kline. You have two attorneys, two very able attorneys--

MR. KLINE: (interrupting) Three attorneys.

ASSEMBLYMAN HERMAN: Three attorneys? You are not appearing here as an attorney, I'm sorry. But, I'll say we have three able attorneys. That perhaps makes my next question a little more difficult for me to understand. Would you tell me, sir, how you can make an appointment to a nonexistent corporation?

MR. KLINE: Well, at the time, I didn't make the appointment.

ASSEMBLYMAN HERMAN: Well, who made-- How anybody could?

MR. KLINE: Okay. The appointment was made on the basis of the fact, sir, that we knew these papers were going to be filed and that we were in the process of working with Sears and Mr. Taggart to develop this. And, the agency was announced March 13, and the agent's appointment letter went out March 13. I understand the point you're making.

ASSEMBLYMAN HERMAN: Am I correct?

MR. KLINE: You are correct.

ASSEMBLYMAN HERMAN: Didn't you appoint a nonexistent person?

MR. KLINE: You are correct in that Driver's License Service, Inc. -- the papers were not filed and were not in existence at that time. However, I think that based upon all the work that was being done at that time with Sears Roebuck, it was something that was done. It was done with no intent to deceive or to, you know, not reveal something to the public.

ASSEMBLYMAN HERMAN: You appointed a nonexistent person. You made an appointment to a nonentity.

MR. KLINE: Mr. Taggart was very real at the time, and I understand the technical legal argument you're making. However—

ASSEMBLYMAN HERMAN: (interrupting) You're an attorney. You prepare corporations. Do you go out and you sign contracts for corporations that don't exist?

MR. KLINE: You know, Mr. Herman, I did not get involved with the filing of those papers. At the time, all the Division knew, Mr. Herman, was that Driver's License Service, Inc. was to be the name of the agent. You're right. Subsequent to that it was filed. I am not responsible for filing those papers on behalf of the agent and, as a result, I was under the impression that that was done, and I'm sure that the Director, at that time, was under that impression. Now, subsequent to that, it was done.

ASSEMBLYMAN HERMAN: Isn't it important— I mean, let's talk about doing business. Forget this case. The appointment of any agent, I mean, isn't it a part of the operations of Motor Vehicle that you know who you appoint and, if it is a corporation, you make sure that they are in existence before you appoint them. Is that something outrageous for a legislator to ask?

MR. KLINE: Do you want me to address that again?

ASSEMBLYMAN HERMAN: Yeah, you can.

MR. KLINE: All right. Driver's License Service, Inc. was the appointed agent. It was our understanding that that was the corporation when the papers were filed. It is now of record that it was after the fact. It is not, I think -- maybe you disagree with me -- the Director of Motor Vehicles' or Deputy Director of Motor Vehicles' job to check on incorporations.

Our job was to make sure that we could implement, conveniently, the photo license law, and that's what we were attempting to do.

ASSEMBLYMAN HERMAN: Even if it is to a nonexistent corporation?

MR. KLINE: The corporation is now existent, Mr. Herman. I think that, you know, the motives you are trying to attribute are not there.

ASSEMBLYMAN BOCCHINI: Mr. Kline, or Attorney General Kimmelman, in relation to the meeting of the Attorney General on the 11th, with -- I'm sorry -- Mr. Pelly did have a question, and I apologize, Assemblyman.

ASSEMBLYMAN PELLY: That is all right. I have a question of Mr. Kline with respect to the agreement prepared on April 4, and modified on April 16. One provision in the agreement is -- states -- that the agent is qualified by training and experience to perform the required services in the manner and terms and conditions set forth. If, in fact, this agreement was prepared on April 16, finally, and the incorporation filed on April 1, what are the standards for rendering this agent qualified by training and experience to perform these services? Can you describe these standards that you have in the Department that would make him qualified during this short period of time?

MR. KLINE: All right. Well, Assemblyman, it wasn't a short period of time. The Division has been working on this project, and I'll refer to the photo licensing project, for approximately a year. We first went to the AAA, looking to them as a statewide basis, to distribute motor vehicle licenses. We negotiated with them. Unfortunately, AAA could not get the interest of all its members, and it was critical to us that we had a statewide program. We couldn't just have one office here, and one office there.

Subsequent to that, and I believe it was sometime in the early fall or late summer of last year, our Assistant Director, who is in charge of this program -- of agency program -- contacted Sears, and after numerous calls, and after numerous inquiries, finally a meeting was established.

What we were looking for was a mechanism to provide individuals with the photo licenses as conveniently, as effortly, as possible, and we thought that whether it was a AAA or a Sears, their locations, their accessibility by the public to them would be the best way to do this.

Subsequent to the involvement with Sears, it was learned they do business by concession. No one at the Division, and most of the public are probably -- they are not aware of that. With that knowledge, we were told who their concessionaires were. It was felt at that time by the Division and Sears, after many discussions, the best concessionaire -- approved concessionaire -- of Sears to deliver a statewide network of photo license centers at Sears stores would be the Taggart Corporation.

ASSEMBLYMAN PELLY: When did that occur?

MR. KLINE: All this occurred--

ASSEMBLYMAN PELLY: No, the identification of Taggart as being the qualified person to do this job.

MR. KLINE: Sometime in late November.

ASSEMBLYMAN PELLY: Late November of last year. Go ahead. So, you're suggesting that in late November of 1984, Taggart was identified as the person to do the photo I.D. work.

MR. KLINE: By both Sears and DMV.

ASSEMBLYMAN PELLY: By Sears and DMV.

MR. KLINE: Because without Sears' approval, Mr. Taggart, or anyone else, would not be allowed to do this.

ASSEMBLYMAN BOCCHINI: Isn't it true you didn't look beyond Mr. Taggart--

MR. KLINE: That is not--

ASSEMBLYMAN BOCCHINI: --once Sears was contacted, and it was ascertained that Taggart was a concessionaire of some type, that there was no effort to inquire beyond Taggart's?

MR. KLINE: Well, we looked before, Assemblyman, as I mentioned.

ASSEMBLYMAN BOCCHINI: No, but I'm talking in relation to Sears.

MR. KLINE: Well, no, that is not quite correct because there was another concessionaire who approached Sears, met with Sears, and did not get the concession.

ASSEMBLYMAN HERMAN: Who was that?

MR. KLINE: That was a tobacco concession that they have.
The—

ASSEMBLYMAN HERMAN: Do they have a "No Smoking" section there too?

MR. KLINE: I'm sure the Assemblyman would have frowned on that anyhow, so.

ASSEMBLYMAN HERMAN: May I ask—

ASSEMBLYMAN PELLY: Joe, I'm not finished.

ASSEMBLYMAN HERMAN: I'm sorry.

ASSEMBLYMAN BOCCHINI: Mr. Pelly, please?

ASSEMBLYMAN PELLY: I want to continue, Mr. Kline. So, in November of 1984, Taggart was identified as the person who was best qualified to do the job. At that point in time, is it reasonable to assume that Taggart then entered into an education program — some kind of program which qualified them in accordance with this proposed agreement — by training and experience to perform this?

MR. KLINE: No, obviously not, Assemblyman. With all our agents, once they are appointed, they go through an extensive training program on how to process the documents, and also how to use the computer equipment. We don't do it before the fact.

ASSEMBLYMAN PELLY: Oh, so March 13—

MR. KLINE: What we dealt with was a business decision on the part of Sears and on the part of the Division as to what was the best mechanism to deliver this program, and it was a joint decision, not a unilateral decision, that Taggart would be the concessionaire approved by Sears to do this. If, in fact, we wanted Taggart on our own and Sears did not approve, which was not the case, Taggart would not have the concession. We went to Sears first.

ASSEMBLYMAN PELLY: I understand that.

MR. KLINE: We didn't go to Taggart first.

ASSEMBLYMAN PELLY: When was Taggart supposed to have begun operations at the Sears stores?

MR. KLINE: We were talking about the target date originally of in late May, June. Again, that was all influx due to the nature of laying out the store and everything else. I believe in the March 6 memo, Director Snedeker referred to a May 1 deadline.

ASSEMBLYMAN PELLY: Has any work been done at any of the Sears stores to provide for the photo I.D. work?

MR. KLINE: There was some work being done, yes. I personally, and Director Snedeker, Assistant Director Torlini, met on the morning, I believe -- and, I have to refresh my recollection -- I believe it was March 13 -- March 13 -- at the Quakerbridge Mall to look at a layout of the Sears store, with the manager of that store, several Sears executives.

ASSEMBLYMAN PELLY: How many stores have begun preparation? How many Sears stores have now, to date, begun? Do you know?

MR. KLINE: Well, they were beginning preparation on about 18 stores, laying data lines -- things of that nature. And, that has all been aborted, obviously.

ASSEMBLYMAN PELLY: How often are Motor Vehicle agents paid for their services?

MR. KLINE: That I would have to check, as far as-- I think it is a monthly -- a monthly -- check, but it may be every two weeks; probably every two weeks like the other State employees, but I would have to get that information.

ASSEMBLYMAN PELLY: Okay, I would appreciate that.

MR. KLINE: Okay.

ASSEMBLYMAN PELLY: Thank you.

ASSEMBLYMAN HERMAN: Mr. Chairman? Mr. Attorney General, there was some testimony -- again, I would like to get back to the March 11 meeting -- in which, at least Mr. Stevens characterized it as a strong opinion from you that it was legal. Mr. Snedeker was also at that particular meeting. Is that correct?

MR. KIMMELMAN: Yes. I don't--

ASSEMBLYMAN HERMAN: And, you are his boss and the chief legal officer of this State.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: Well, that is what the Constitution says, right?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: Would it be fair to say that Mr. Snedeker had a right to rely on your opinion?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: When did you come to change your opinion, if you did change your opinion, that the contract was an improper one?

MR. KIMMELMAN: Well, our advice expressed at this date -- the March 11 meeting -- was that there was no impediment to doing business with Mr. Taggart.

ASSEMBLYMAN HERMAN: Would you characterize Mr. Stevens' comments as "too strong" as being strong?

MR. KIMMELMAN: Well, I don't want to characterize what he said, but there was a question put to me, and I said there was no legal objection to doing business with Mr. Taggart.

ASSEMBLYMAN HERMAN: Well, I assume that Mr. Sned-- I want to know, when did you change your mind, sir.

MR. KIMMELMAN: Well, now I'm getting to that.

ASSEMBLYMAN HERMAN: All right. Go ahead. Excuse me, I can't hear the Attorney General. Go ahead, sir.

MR. KIMMELMAN: In April, I can't give you the exact date, but it may have been around the 22nd of April, my First Assistant, Mike Cole, called me -- I wasn't in Trenton on that day -- and indicated to me that there was a provision in a Code of Conduct for Motor Vehicle agents, which suggested that a Motor Vehicle agent should not at the same time be involved with a driving school. And, the First Assistant and I discussed it legally, and we came to the conclusion that, in view of this provision of the Code of Conduct, which no one really dug out prior to that particular time and brought it to the attention of Mr. Snedeker or Assistant Director -- Deputy Director Kline -- or the First Assistant Attorney General, but it was now brought to our attention. We felt that the best course would be not to enter into contractual relations with Mr. Taggart, and that was the advice given.

ASSEMBLYMAN HERMAN: And, shortly after that, Mr. Snedeker resigned. Is that correct?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: And, would you -- do you agree with Mr. Snedeker's resignation?

MR. KIMMELMAN: Oh, I wouldn't want you to ask me that question.

ASSEMBLYMAN HERMAN: Well, I'm asking you.

MR. KIMMELMAN: I don't think what my opinion of the resignation is--

ASSEMBLYMAN HERMAN: Well, do you think his resignation was warranted under the circumstances?

MR. KIMMELMAN: Well, let's put it this way. Let's put it this way. I dealt with Cliff Snedeker for over three years as Division of -- as Director of the Division, as the Department head. I respected the man. He, in my view, was a knowledgeable and dedicated public servant. I had no problem with him. I am satisfied that he is of the highest of integrity. And, I believe -- stronger than that -- I'm sorry that his resignation came about.

ASSEMBLYMAN HERMAN: Let me tell you why I asked you, because -- and, maybe we share some of the same views -- because, if Mr. Snedeker resigned because of the ensuing Code of Conduct, and Mr. Snedeker went ahead and authorized the contract because he was given legal opinion or opinions, including yours, sir, that it was okay, which the opinion was then switched, I think we got the wrong fellow. Because, if Mr. Snedeker resigned because of legal opinions that you and other folks gave him, then I see Mr. Snedeker as the scapegoat, and maybe it ought to be somebody else.

MR. KIMMELMAN: Well, look, let's get one thing straight. He's not a scapegoat for the Department of Law and Public Safety; he's not a scapegoat for the Attorney General.

ASSEMBLYMAN HERMAN: Then why did he resign?

MR. KIMMELMAN: I don't know why he resigned, but I indicated that a staffer at the Division of Motor Vehicles did not do his or her homework, and did not properly advise the Director of the Division of Motor Vehicles of the existence of this Code of Conduct. And, whether or not that motivated Mr. Snedeker, you would have to ask him.

ASSEMBLYMAN BOCCHINI: Mr. General Kimmelman, when did you become aware of the Division Code of Ethics?

MR. KIMMELMAN: It's not a Code of Ethics; it's a Code of Conduct, I believe.

ASSEMBLYMAN BOCCHINI: Or, Code of Conduct.

MR. KIMMELMAN: I think that is the way is characterized. On April 22, about that date.

ASSEMBLYMAN BOCCHINI: Have you reviewed that?

MR. KIMMELMAN: With my First Assistant Attorney General, Mr. Cole, yes.

ASSEMBLYMAN BOCCHINI: You have reviewed that? Do you have a copy of that available? I requested that, I believe, at the last hearing.

MR. KIMMELMAN: We don't have it with us.

ASSEMBLYMAN BOCCHINI: If I might, is this -- and, I don't quite understand -- this is a true story, folks-- Somebody attached this -- I have the original with me, the envelope that it came in -- to the back of my law office door on Friday. And, it said, "Mr. Bocchini, please read immediately." I read it, and I'm looking for some guidance with it. Maybe you can help me. Is that part of it, Mr. Cole?

MR. COLE: I don't believe I've seen this document, Assemblyman.

ASSEMBLYMAN HERMAN: Do we have copies of that, Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Yes.

ASSEMBLYMAN SCHUBER: We don't know what it is, Mr. Chairman, so we can't identify it.

ASSEMBLYMAN BOCCHINI: If you can help me decipher this, it will be greatly appreciated. This is exactly the form it came in. My law partner asked me if we were involved in "I Spy." Is there any way of ascertaining if any of this information that was given to me -- if that is valid today, or if it is valid information?

MR. COLE: This appears to be a job description for State employees, and it would apply, insofar as it refers to the Code of Ethics, to State employees. Motor Vehicle agents are not State employees; they are not covered by the Departmental Code of Ethics, or indeed, the Division Code of Ethics, which are restricted to employees.

The Code that people have been referring is included within the manual, which contains performance standards and other standards for Motor Vehicle agents, and is, in effect, a contractually imposed Code of Conduct on those who are not State employees.

MR. KLINE: This is what you were referring to, Mr. Chairman. This is the Code of Conduct never officially adopted by this Division, by the way, and you can check with the State Commission on Ethical Standards. Matter of fact, I am told, back in 1981, the previous Administration, when they were doing the Zazzali Report, they checked on that, and they were advised at that time that they were not officially adopted.

ASSEMBLYMAN BOCCHINI: So, this has no legal standing.

MR. KLINE: That is correct.

ASSEMBLYMAN BOCCHINI: It is not recognized within the Division of Motor Vehicles or, for that matter, by the Department of Law and Public Safety.

MR. COLE: I think it's-- By this, we are referring to--

ASSEMBLYMAN HERMAN: Custom.

MR. COLE: --the Code of Conduct for Motor Vehicle agents. I think it has -- it is binding as a matter of contract between the Division and the agents. It is standards of performance.

ASSEMBLYMAN HERMAN: So, it is incorporated as a matter of government policy if it is incorporated in the contract.

MR. COLE: That is right. The contracts will refer, I believe, to the manual that is supplied to Motor Vehicle--

ASSEMBLYMAN HERMAN: So, nevertheless, it is a policy in effect once you sign it.

MR. COLE: That is correct.

ASSEMBLYMAN HERMAN: And, it is the standard policy that all agents sign it?

MR. COLE: It is within the manual that is given to each agent, which they are bound to follow.

ASSEMBLYMAN HERMAN: It is like -- it's like -- it's like plans and specs, again, when you are drawing a building contract. You incorporate them by reference, I assume.

MR. COLE: That is correct.

ASSEMBLYMAN HERMAN: And, what is incorporated by reference is part of the contract, so, therefore, it would be fair to say that this particular document is part of the standard agent's contract and obligation.

MR. COLE: I think I would say that the contract refers to the manual, and this is part of the manual.

ASSEMBLYMAN HERMAN: Okay. So, the answer would be yes.

MR. COLE: Yes.

ASSEMBLYMAN HERMAN: Okay.

ASSEMBLYMAN BOCCHINI: But, I am trying to determine the reason for voiding the contract. According to news accounts, that "after learning of the Code of Ethics violation, Attorney General Irwin I. Kimmelman ordered Snedeker to rescind the draft agreement for the photo driver's license concession that had been given to William Taggart." Is that correct?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN BOCCHINI: But, there is no Code of Ethics. It's incorporated within the Division's manual?

MR. KLINE: It is a Code of Conduct. There is no violation of the State Code of Ethics. It is a violation of an internal Code of Ethics, if you want to say that there was a violation.

ASSEMBLYMAN HERMAN: The contract— You know, we are all lawyers, right?

ASSEMBLYMAN BOCCHINI: So, we voided a contract with a nonexisting corporation.

MR. KIMMELMAN: The corporation was filed April 1, I just heard.

ASSEMBLYMAN HERMAN: A contract is a contract is a contract, and if it is a contract, it's part of their — it was part of the obligation to be, and it had been a standard of practice in all the contracts, right?

MR. KIMMELMAN: But, a contract hadn't been entered at that point.

ASSEMBLYMAN HERMAN: We are talking about all of the other contracts, sir.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: And, then, would it be fair to say, if I heard the testimony, that this was, "the standard contract that was used?"

MR. KIMMELMAN: As modified.

ASSEMBLYMAN HERMAN: As modified. So, would it be fair to assume that that also applied to this contract?

MR. KIMMELMAN: Right.

ASSEMBLYMAN HERMAN: I don't assume that it was any attempt to delete it.

MR. KIMMELMAN: No.

ASSEMBLYMAN HERMAN: So, would it be fair to say that the State policy with its Motor Vehicle agents was that this prevailed — that this was the order of the day?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: Thank you.

ASSEMBLYMAN BOCCHINI: Attorney General, do you have any reason to believe that we actually needed the additional outlets? Is it— Were you certain beyond a reasonable doubt that we— Strike that because "beyond a reasonable doubt" — that does not even come close to applying here.

But, the implementation of the 21 sites with Sears, were they absolutely necessary?

MR. KIMMELMAN: It was reported to me by my Division Director, Mr. Snedeker, that the photo licensing could not be done according to a predetermined schedule, unless there was some expansion of the licensing outlets, and I relied upon what he told me.

ASSEMBLYMAN BOCCHINI: Was there anything ever—

MR. KIMMELMAN: It was his decision to determine whether that was necessary.

ASSEMBLYMAN BOCCHINI: Was it ever taken into consideration the fact that with the selection of Sears, that it was limiting yourself to mostly suburban areas for the expansion of the implementation of the photo licenses?

MR. KIMMELMAN: That you would have to discuss with Director Snedeker.

ASSEMBLYMAN BOCCHINI: Mr. Herman?

ASSEMBLYMAN HERMAN: Yes. Can I get back to the March 11 meeting? Could you explain to me, sir, your understanding of the genesis of that meeting? How did that meeting come to be?

MR. KIMMELMAN: I only know what I hear.

ASSEMBLYMAN HERMAN: Well, you were there, so I assume that you knew.

MR. KIMMELMAN: Well, you're asking me for the genesis.

ASSEMBLYMAN HERMAN: Oh, I beg your pardon, yes, the genesis. I beg your pardon, sir, yes.

MR. KIMMELMAN: I heard that there was a meeting scheduled, and I spoke with Director Snedeker on the morning of the 11th, and the result was that he felt I should join the meeting.

ASSEMBLYMAN HERMAN: And, you didn't— I know you to be a person that doesn't let the tail wag the dog, and I say that respectfully. I would assume that you asked, "Who set up this meeting, and why do I have to be there?"

MR. KIMMELMAN: No, I asked who set up the meeting, but I didn't ask, "Why do I have to be there?"

ASSEMBLYMAN HERMAN: And, what was the response to who set up the meeting?

MR. KIMMELMAN: Director Snedeker told me he set the meeting up with the Chief of Staff.

ASSEMBLYMAN HERMAN: Let me ask you this, if I may: Have there ever been, to your knowledge, during your tenure as Attorney General, any other such meetings in the Governor's office, reference to the appointment of Motor Vehicle contracts?

MR. KIMMELMAN: Not to my knowledge.

ASSEMBLYMAN HERMAN: So, this was the first.

MR. KIMMELMAN: I can't say that. I said not to my knowledge.

ASSEMBLYMAN HERMAN: Well, none that you participated in.

MR. KIMMELMAN: None.

ASSEMBLYMAN HERMAN: And, to your knowledge, any member of your staff ever participated in any such meetings?

MR. KIMMELMAN: Not to my knowledge.

ASSEMBLYMAN HERMAN: So, it would be fair to say that to the best of your knowledge, this was the first meeting that you or any other member of the Attorney General's staff ever participated in a Motor Vehicle meeting of this kind.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: The reason I ask that is because I had occasion to review some of your testimony before the Joint Appropriations Committee, and I believe you made an observation concerning contracts such as this as being "business as normal."

MR. KIMMELMAN: Well, I don't know. I think that is probably taken out of context. What I was referring to is appointments of agents. That is normal, and that is, it goes on.

ASSEMBLYMAN HERMAN: Is it normal-- I'll ask this, because I don't know how it is in this Administration, and it certainly goes to the issue of what we are doing with the legislation. Are Motor Vehicle appointees -- generically, Motor Vehicle appointees -- approved by you, sir, before they are appointed?

MR. KIMMELMAN: No.

ASSEMBLYMAN HERMAN: So--

MR. KIMMELMAN: The Director advises me what he has done -- what he is doing. They are not approved by me, and they are not-- The appointments are not made by me.

ASSEMBLYMAN HERMAN: Do you have the veto -- do you veto any?

MR. KIMMELMAN: No, I don't have veto power.

ASSEMBLYMAN HERMAN: Okay. So, the point is, it--

MR. KIMMELMAN: --under the statute.

ASSEMBLYMAN HERMAN: So, he advises you of what is going on.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: So, the point of -- on, "This is business as normal," would you say that in the context that this particular meeting was business as normal?

MR. KIMMELMAN: I couldn't characterize it that way.

ASSEMBLYMAN HERMAN: You wouldn't characterize it as business as normal.

MR. KIMMELMAN: I wouldn't characterize it that way.

ASSEMBLYMAN HERMAN: How would you characterize it?

MR. KIMMELMAN: I wouldn't characterize the meeting. I am aware that the meeting was arranged by the Director because the utilization of large-scale outlets for the processing of photo licensing had not been done before and, in that sense, it was a first, so that I believe -- and Director Snedeker can speak for himself -- I believe that's what was in his mind when the meeting was arranged.

ASSEMBLYMAN HERMAN: You testified before this Committee about a week -- about a week ago, and I read that testimony thoroughly. You did make-- You did volunteer some information which made a headline or two, but, in your testimony, you never indicated before this Committee -- unless I misread it -- that there ever was a March 11 meeting involving this appointment. And, I wonder, sir, why?

MR. KIMMELMAN: Was I asked?

ASSEMBLYMAN HERMAN: Well, most of the questions -- most of the questions weren't questions. There was a general discussion. I'm just asking you why. You were here to disclose what occurred and, by the way--

MR. KIMMELMAN: Now you're characterizing what I was there for. I was there to answer questions, and I did.

ASSEMBLYMAN HERMAN: I read the te-- I believe that you had an opening statement, and I believe that you liberally expressed your points of view as to what occurred, so I assume that the reason you didn't volunteer the information was -- you were not asked.

MR. KIMMELMAN: No, my purpose in that meeting was to discuss whether the photo licensing bill should be -- or, photo licensing law -- should be delayed, and also the view concerning Assemblywoman Kalik's bill. That was my purpose in attending that meeting.

ASSEMBLYMAN HERMAN: You will agree that the questioning and the answers got much broader than that, I assume?

MR. KIMMELMAN: Oh, they did.

ASSEMBLYMAN MARTIN: I'm just wondering why you didn't volunteer at that time, since you volunteered that there was a memo of March 6, that there was A meeting on March 11. It was just a question of curiosity on my part.

ASSEMBLYMAN SCHUBER: Mr. Chairman, I think we are going far afield again here, AND I hate--

ASSEMBLYMAN BOCCHINI: If we may stay with the--

ASSEMBLYMAN HERMAN: I will.

ASSEMBLYMAN BOCCHINI: --March 11 meeting.

ASSEMBLYMAN SCHUBER: Mr. Chairman, if I might, please, too, I'm a little bit concerned here about one other thing. Mr. Martin and I are Committee members of this, and we did not get a copy of this transcript of the hearing, and I was not aware that the Attorney General was going to be here again today. I thought we had finished with his testimony, and I think it would have been fair -- because I know you asked for an expedited transcript at the end of the hearing -- and, it would have been only fair that we be at least notified that the Attorney General was coming back, and that we be given copies of the transcript to review as Mr. Herman was. It was only fair to us as members that-- It's a complete surprise to me. I knew Mr. Stevens was going to be here because of the paper, but I didn't know that the Attorney General was going to be here. I still have yet to see the transcript.

ASSEMBLYMAN HERMAN: You can see my copy, which I got this morning.

ASSEMBLYMAN SCHUBER: Mr. Herman's got a transcript of--

ASSEMBLYMAN BOCCHINI: Well, I apologize to you, Mr. Schubert; however, we had our staff people inquire about this. I'm sure your staff people could have also inquired about the transcript.

ASSEMBLYMAN SCHUBER: Mr. Chairman, that is unfair.

ASSEMBLYMAN BOCCHINI: I certainly don't mean it to be a slight to you.

ASSEMBLYMAN SCHUBER: Well, it is.

ASSEMBLYMAN BOCCHINI: The fact is that are-- I am apologizing to you. We are here, and we are in the midst of the meeting. You know, the transcripts were not given to me. I did not receive my copy of this transcript until very late yesterday, and that still is a substantial time difference from when we are discussing it here today.

ASSEMBLYMAN SCHUBER: We still didn't get it. We're sitting here, and we don't have it yet.

ASSEMBLYMAN BOCCHINI: Would someone kindly see--

ASSEMBLYMAN SCHUBER: And, the Attorney General is a witness that evidently was put on the list, which we weren't notified so we could prepare for it. I think that is unfair to us. It really is.

ASSEMBLYMAN BOCCHINI: There was a press advisory put out concerning this, and your office, I believe, received a copy of that.

ASSEMBLYMAN SCHUBER: But, am I supposed to read about our Committee business in the paper? I mean, I should be notified.

ASSEMBLYMAN HERMAN: We get some of our best information in the paper.

ASSEMBLYMAN SCHUBER: I'll stick to the remarks that I made at the beginning of the meeting, Mr. Chairman, because it appears that some of us are trying. You know, at least we're not— You know, we are all trying to participate in some way, shape, or form in this thing, and it is not helpful if we don't get all the information that is made available to other members.

ASSEMBLYMAN HERMAN: That is absolutely right. You would agree, Mr. Attorney General, and I'm going back just to the overall concept of the scheme dealing with Motor Vehicle agents — whether it is a special contract, a limited contract, or a general contract — that the public has a right to know who the State is paying the money to.

MR. KIMMELMAN: That is correct.

ASSEMBLYMAN HERMAN: Can you tell me, sir, in that regard — and, I know you knew that at the time this release was prepared, and I believe in your earlier testimony — I believe you approved the release, did you not?

MR. KIMMELMAN: It went out under my name and Director Snedeker's name, yes.

ASSEMBLYMAN HERMAN: I believe in your testimony, you suggested that if it weren't -- that nothing went out without your approval in that regard.

MR. KIMMELMAN: I don't-- I wouldn't characterize what I said. I don't remember at this point. You tell me what I said.

ASSEMBLYMAN HERMAN: But, that is your general-- I would be happy to give you the con— I believe that is your testimony.

MR. KIMMELMAN: When a press release goes out of the Department of Law and Public Safety, I know about it, and approve.

ASSEMBLYMAN HERMAN: Okay, that is the point I am making. In that regard then, sir, I ask you: Given, I assume your commitment, that the public business is public, that we don't have secret public business, why, sir, wasn't it immediately corrected when Taggart's name was omitted, when you knew him to be the real party and interest?

MR. KIMMELMAN: A decision was made by the Director of the Division of Motor Vehicles that with respect to the initial announcement -- and, this was the initial announcement -- the inclusion of Mr. Taggart's name would detract from the main thrust of the release, which was the thrust being the availability of the locations. There was no intent, as far as I know, from Director Snedeker to absolutely obscure the name of Mr. Taggart for all time to come. It was just the original release that we were addressing ourselves to.

ASSEMBLYMAN HERMAN: But, then it is fair to say that, if I put it in your terms, for the sake of a positive press release--

MR. KIMMELMAN: That's not-- I didn't use that term.

ASSEMBLYMAN HERMAN: Well, I'm characterizing, and maybe I'm characterizing it inappropriately, but that is the impression I'm getting. In any event, for the sake of this press release, the fact that the real appointee was not mentioned -- that Taggart's name was deleted.

MR. KIMMELMAN: Do you have the original press release in front of you?

ASSEMBLYMAN BOCCHINI: No, we've requested that, and it hasn't been delivered to us as of yet.

MR. KIMMELMAN: In the press release, it talks about the availability of the locations if you read it.

ASSEMBLYMAN BOCCHINI: I believe, Attorney General, the original press release, as indicated to us the first thing this morning by Mr. Smith, that Taggart's was part and parcel of that press release, and subsequent to the morning of the 11th meeting and subsequent to a meeting thereafter with Mr. Kline, Mr. Smith, Mr. Taggart, and Mr. Kohms -- at that juncture, Taggart was then removed from the--

MR. KIMMELMAN: Draft.

ASSEMBLYMAN BOCCHINI: Draft. Were you aware of that?

MR. KIMMELMAN: No.

ASSEMBLYMAN BOCCHINI: Was Mr. Cannon aware of that?

MR. KIMMELMAN: You'll have to ask Mr. Cannon.

ASSEMBLYMAN BOCCHINI: Mr. Cannon?

MR. CANNON: (from audience) Yes, sir.

ASSEMBLYMAN BOCCHINI: Will you step up here, please? Mr. Cannon, were you aware of the original draft which included Taggart in the announcing of the Sears deal?

ASSEMBLYMAN HERMAN: Did you get a copy--

THOMAS CANNON: No, sir, I was not.

ASSEMBLYMAN HERMAN: Did you get a copy of the original press release prepared?

MR. CANNON: No, sir, I did not.

ASSEMBLYMAN BOCCHINI: Were you aware that Taggart's was included in the original press release that was drafted?

MR. CANNON: No, I was not.

ASSEMBLYMAN BOCCHINI: Did you discuss that with Mr. Smith?

MR. CANNON: I discussed with Mr. Smith the fact that Mr. Taggart was going to be the vendor.

ASSEMBLYMAN HERMAN: Continue, sir. What else did you discuss about utilizing his name?

MR. CANNON: He told me -- he told me that Mr. Taggart was the vendor for Sears. I didn't know who Mr. Taggart was beyond that.

ASSEMBLYMAN HERMAN: So, based on that, you didn't see the relevance of including his name.

MR. CANNON: No, I did not.

ASSEMBLYMAN HERMAN: So, you were probably one of the few people that didn't know who Taggart was, right?

MR. CANNON: Sorry, but I did not.

ASSEMBLYMAN HERMAN: I assume you know now, right?

MR. CANNON: Yes, I do.

ASSEMBLYMAN BOCCHINI: Did anyone ever advise you to tell Mr. Smith that Taggart's name should be deleted from any press release or not mentioned in any press release?

MR. CANNON: No, sir.

ASSEMBLYMAN BOCCHINI: When did you first become aware that it was deleted -- Mr. Taggart's name?

MR. CANNON: That it was deleted?

ASSEMBLYMAN BOCCHINI: Yes.

MR. CANNON: It was deleted from what--

ASSEMBLYMAN BOCCHINI: From the original draft of the press release.

MR. CANNON: From the original press release?

ASSEMBLYMAN BOCCHINI: Because according to the Attorney General, the final press release -- or, the press release -- was a product of yours and Mr. Smith's, collectively.

MR. CANNON: That is correct. I was not aware until last Friday that the name -- that Mr. Taggart's name was in the first press release, or an earlier draft of the press release. It was not in-- It was not in the draft that I received.

ASSEMBLYMAN BOCCHINI: Did-- Were you in attendance at the meeting on the 11th?

MR. CANNON: No, I was not.

ASSEMBLYMAN BOCCHINI: When the release was issued on the 13th, at that time, were you aware of the fact of the existence of Taggarts as being the concessionaire?

MR. CANNON: Yes, I was.

ASSEMBLYMAN BOCCHINI: And, you drafted the press release in conjunction with Mr. Smith?

MR. CANNON: That is correct. Mr. Smith and the Attorney General and I went through several drafts in our office, but Mr. Taggart's name was never in any draft that I had -- that I received.

ASSEMBLYMAN BOCCHINI: You-- You, Mr. Smith, and the Attorney General went through several drafts--

MR. CANNON: Yes.

ASSEMBLYMAN BOCCHINI: --of the press release?

MR. CANNON: Yes.

ASSEMBLYMAN BOCCHINI: How many is several?

MR. KIMMELMAN: It wasn't that way. I didn't deal with Mr. Smith. I dealt with Mr. Cannon.

MR. CANNON: Mr. Smith sent me down a draft. Mr. Smith sent me down a draft that did not have Mr. Taggart's name in it.

ASSEMBLYMAN HERMAN: Then it is fair--

MR. CANNON: I made some changes in that release. I sent it in to the Attorney General. We went through several other drafts. Mr. Smith did not have a hand in those subsequent drafts.

ASSEMBLYMAN HERMAN: Then it is fair to say that the Attorney General never instructed you to put Mr. Taggart's name back into any of those drafts either.

MR. CANNON: He did not. The Attorney General--

ASSEMBLYMAN HERMAN: We are not asking beyond what you know, sir--

MR. CANNON: Yeh, yeh.

ASSEMBLYMAN HERMAN: --whether we think that that is correct or incorrect, I think that that is--

MR. CANNON: I had no discussion with the Attorney General about Mr. Taggart's--

ASSEMBLYMAN HERMAN: --a matter of -- a public policy decision.

ASSEMBLYMAN SCHUBER: Your testimony is, you had no discussion with the Attorney General with regard to Mr. Taggart. Is that correct?

MR. CANNON: That is correct.

ASSEMBLYMAN SCHUBER: Then, all you know with regard to the release that was prepared is as you have testified so far. Is that correct?

MR. CANNON: That is correct.

ASSEMBLYMAN SCHUBER: I don't think there is anything further to belabor this witness with, Mr. Chairman.

ASSEMBLYMAN HERMAN: I don't think so either. Thank you, sir.

ASSEMBLYMAN BOCCHINI: Thank you.

ASSEMBLYMAN HERMAN: Mr. Attorney General, if I may through you, Mr. Chairman, I assume that you are aware that we have Democrats

who are connected, and we have Republicans that are connected, and I know we all know that in the scheme of government. I assume that you were aware that Mr. Taggart was a contributor to the Republican party?

MR. KIMMELMAN: I didn't know that he was a contributor as such.

ASSEMBLYMAN HERMAN: Well, did you— I assume that you had been—

ASSEMBLYMAN BOCCHINI: He was a good friend, or you didn't know?

MR. KIMMELMAN: I, I— No, I considered him as identified, to use your word.

ASSEMBLYMAN HERMAN: I assume that you have been at political functions where he has been present?

MR. KIMMELMAN: I think so.

ASSEMBLYMAN HERMAN: Now, I assume it would be fair to say that some of them have been of the more expensive variety?

MR. KIMMELMAN: I think I saw him at perhaps a Governor's ball.

ASSEMBLYMAN HERMAN: But, isn't it--

MR. KIMMELMAN: I don't recall, but I believe it could have very well taken place.

ASSEMBLYMAN HERMAN: Isn't it fair to say, sir, that usually in the scheme of things as we all know them who come out of the process — and we do all come out of the process — that people who usually appear to those things usually aren't there as invitees, but usually purchase their tickets and are sometimes called contributors?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN HERMAN: So, you indicated— And, why I asked you that, because you seemed to indicate in reading this transcript — at least in my copy of the transcript that I got from the last hearing — that you were unaware that this man was even a contributor to the Republican party.

MR. KIMMELMAN: That wasn't my wording.

ASSEMBLYMAN HERMAN: Well, sir, I don't want to argue about it now, but the record will stand on what the record is.

ASSEMBLYMAN BOCCHINI: If I might, Attorney General, you would prefer to ask Mr. Kline?

MR. KIMMELMAN: I think the word was what— The question pertained to whether he was a substantial contributor, something like that.

ASSEMBLYMAN HERMAN: Let me ask the question. Let me ask the question and then raise the answer. Let me just read it to be fair. Are you with me?

ASSEMBLYMAN SCHUBER: Go ahead.

ASSEMBLYMAN HERMAN: "Were you aware, General, that Taggart was a large GOP contributor?" Let me just read your answer before you respond, sir. "MR KIMMELMAN: Well, you used the word large and you used the word contributor. I am aware that he identifies with the Republican party. I have no personal knowledge, nor did I then, as to whether he was a contributor or not."

MR. KIMMELMAN: That was a correct answer then, and it is a correct answer today.

ASSEMBLYMAN HERMAN: So, you're saying that you used the modifier "large." But, you knew that he was a— You didn't indicate that the way I read that question. I just want to correct it for the record, because apparently the way I read it is that you didn't know whether he was a contributor, or any contributor, or not.

MR. KIMMELMAN: Read my answer again.

ASSEMBLYMAN HERMAN: I have, sir. "I have no personal knowledge, nor did I then, as to whether he was a contributor or not." It doesn't say, "I have no personal knowledge, nor did I then, as to whether he was a large contributor or not." I'm reading your answer. Here is your answer, sir.

MR. KIMMELMAN: Well, what is incorrect about the answer?

ASSEMBLYMAN HERMAN: Well, I-- You told me that you didn't know whether he was a contributor.

MR. KIMMELMAN: I have no personal knowledge.

ASSEMBLYMAN HERMAN: And, you're saying that you attended fund-raising events as to whether he was there, and you don't know he was a contributor.

MR. KIMMELMAN: I believe I saw him at an affair.

ASSEMBLYMAN HERMAN: Okay, Mr. Kimmelman -- Attorney General.

ASSEMBLYMAN BOCCHINI: So, he knew he was a contributor, but as to the size, there was no certainty one way or the other. Is that a fair representation?

MR. KIMMELMAN: Pardon? I didn't hear your question.

ASSEMBLYMAN BOCCHINI: You knew of his being a contributor, but as to a description as large, small, or medium, you had no knowledge.

MR. KIMMELMAN: No, I have no personal knowledge whether the man is a contributor or not. I can assume he is, but that is not personal knowledge.

ASSEMBLYMAN HERMAN: Don't they say in the law, circumstantial evidence is sometimes the best?

MR. KIMMELMAN: Well, we are not dealing here with-- This is not a court of law.

ASSEMBLYMAN HERMAN: Some--

ASSEMBLYMAN BOCCHINI: If I may, in the establishment of a agency, were the specific rules drafted for the establishment of a limited agency?

MR. KIMMELMAN: I don't know that, sir.

ASSEMBLYMAN BOCCHINI: Do you know, Mr. Kline?

MR. KLINE: I didn't hear the question. I'm sorry.

ASSEMBLYMAN BOCCHINI: Were there specific rules within the Department that were drafted for a limited agency?

MR. KLINE: No, there were no rules drafted for a limited agency.

ASSEMBLYMAN BOCCHINI: But, he was-- But, they were appointed. When I say "they," Taggart was appointed as a agent, not as a limited agent.

MR. KLINE: Well, as a matter--

ASSEMBLYMAN BOCCHINI: The press accounts and so forth refer to him as being a limited agent.

MR. KLINE: It is a matter of semantics. I mean, his agency was limited to photo licensing.

ASSEMBLYMAN BOCCHINI: Sears and Taggart is the matter of semantics, as well.

MR. KLINE: Well, you're asking me the question as to, was he a limited agent. His agency was limited in that he could only -- his corporation could only issue photo licenses and nothing else. And, that is the best answer I can give you, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: Did you receive any type of legal opinion? You were the Deputy Director at that time, and now Acting Director. You weren't acting in a legal capacity. Did you receive a legal opinion as to the legality of any type of contract?

MR. KLINE: We received-- When we first engaged in discussions with Sears, we received -- we sought and we received -- because at that time we believed that we would be dealing with Sears solely. We didn't know about concessionaires, as most of the public doesn't know about concessionaires.

And, we sought and we received, and have in our files, a legal opinion as to allowing a mercantile retail store -- whatever you call it -- engage in this type of Motor Vehicle transaction. That we do have.

Subsequent to that, we learned that we would have to deal through an approved concessionaire. It was our original intention that Sears would be doing this, and that is why we went to Sears, and not to Taggart.

ASSEMBLYMAN BOCCHINI: But, the contract is between the Division of Motor Vehicles and Driver's Licenses, Inc., or, in effect, Taggart.

MR. KLINE: Correct.

ASSEMBLYMAN BOCCHINI: And, when you went to-- You went to Chicago?

MR. KLINE: That is correct.

ASSEMBLYMAN BOCCHINI: Did Mr. Snedeker accompany you?

MR. KLINE: No, he was serving his country in the National Guard.

ASSEMBLYMAN BOCCHINI: When did you go to Chicago?

MR. KLINE: What is that?

ASSEMBLYMAN BOCCHINI: When did you go to Chicago?

MR. KLINE: December 13 and 14.

ASSEMBLYMAN BOCCHINI: At that time, were you advised that you would be working with a concessionaire if the deal went through?

MR. KLINE: Oh, yes, yes.

ASSEMBLYMAN BOCCHINI: So, from the interim -- from December 13 -- to the time of the announcement, there had been no legal opinion rendered as to how to handle a concessionaire?

MR. KLINE: No, there was no call--

ASSEMBLYMAN BOCCHINI: From a contractual standpoint?

MR. KLINE: There was none called for. The Director, under Title 39, had the power, as he has since 1906, under all former administrations that had this statute intact, to appoint agents. Our concern initially was when we would appoint a mercantile establishment like Sears. That was a unique aspect to it -- to appoint, whether it was a optical person, or a tobacconist, or whoever. I mean, that was something that we didn't feel at that time we needed any legal clarification on. We were appointing an agent, just like we have a Bakers Basin Agency, or a Vineland Agency. You appoint an agent.

ASSEMBLYMAN BOCCHINI: Are there any two- or three-location agents, more than one-location agent, in the State presently?

MR. KLINE: No.

ASSEMBLYMAN BOCCHINI: The Administration officials, Attorney General, have said that there is no difference between the Taggart arrangement and the current practice of turning over each of the fifty or so local offices of the Division of Motor Vehicles to private political operatives, who are allowed to run them for personal profit. How can this be true when each Motor Vehicle office may be worth tens of thousands of dollars, while the Taggart's contract is worth millions?

MR. KIMMELMAN: I don't know that Taggart's contract is worth millions.

ASSEMBLYMAN SCHUBER: We discussed this at the last meeting, Mr. Bocchini, with Mr. -- with the Attorney General, if I remember right -- and, we went over some of the figures, and I think we couldn't reach a conclusion as to what, in fact, it might have been worth.

ASSEMBLYMAN BOCCHINI: By way of clarification, I know you refer to all of the other agencies receiving \$1.80, and the figures work out, in relation to the \$2.20 scenario with Sears, to \$1.87 for Taggarts. Is there any particular reason for the additional seven cents?

MR. KLINE: No, in negotiating that figure, Mr. Chairman, that was based upon the fact that these were their cost considerations to the agent as to his expenditures, and it worked out just to the seven cents more than what we pay an agent.

As was stated, I think, before, currently now for agents we pay -- the State of New Jersey pays -- for the rent, the utilities, the janitorial services, and under this arrangement, the agent would be paying for all those types of services, and the State would not. So, in essence, it is at least as much as we are paying agents, and probably less, due to the fact that we are not paying for rent, heat, air-conditioning, etc.

ASSEMBLYMAN BOCCHINI: Attorney General, in relation to the March 11 meeting, which evidently was -- arises out of the request of the memo that -- of March 6-- Is that correct?

MR. KIMMELMAN: That is what I understand.

ASSEMBLYMAN BOCCHINI: Was there a discussion as to how one would handle -- how the Division should handle Taggarts in relation to the announcement?

MR. KIMMELMAN: I don't recall that.

ASSEMBLYMAN BOCCHINI: Does that mean it may have happened, and you just don't remember?

MR. KIMMELMAN: I don't-- I don't want to say it may have or it didn't have. I don't recall any discussion as to the handling of Mr. Taggart's name.

ASSEMBLYMAN BOCCHINI: But, you were aware of Mr. Taggart and Mr. Taggart being the concessionaire for Sears.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN BOCCHINI: And, you also serve on the Sports Exhibition Authority with Mr. Taggart.

MR. KIMMELMAN: Yes.

ASSEMBLYMAN BOCCHINI: And, you have also been to several ball games, etc. with Mr. Taggart. Correct?

MR. KIMMELMAN: Yes.

ASSEMBLYMAN BOCCHINI: And, he is personal friend of yours, as well. Is that correct?

MR. KIMMELMAN: Well—

ASSEMBLYMAN BOCCHINI: I believe that is what you characterized at the last meeting.

MR. KIMMELMAN: I characterize him as a friend.

ASSEMBLYMAN BOCCHINI: Notwithstanding that, in relation to the Governor's statement subsequent to the handling of this issue, that the withholding of the information in determining Taggart's selection was inexcusable, do you feel as wrong in relation to the failure to bring Taggart into the press account as the Administration has made Mr. Snedeker culpable for the failure to do so?

MR. KIMMELMAN: Well, I feel that there was an error in judgment on the part of our Department.

ASSEMBLYMAN HERMAN: Can I just pursue that for a moment, with your permission?

ASSEMBLYMAN BOCCHINI: In one moment.

ASSEMBLYMAN HERMAN: Go ahead.

ASSEMBLYMAN BOCCHINI: The Governor said that, "This Administration requires a policy of candor, honesty, forthrightness in matters dealing with public issues and public money." And, in relation to the possible issuance of in excess of two million drivers' licenses at 21 locations, at best, you can say it was an error in judgment, and there were no special considerations taken.

MR. KIMMELMAN: I said the lack of disclosure of Mr. Taggart's name in the initial press release, as we look back, was a departmental error in judgment.

ASSEMBLYMAN BOCCHINI: And, if we hadn't read about it in the newspaper accounts some weeks later, when would we have heard about it, Mr. Attorney General?

MR. KIMMELMAN: I can't answer that question.

ASSEMBLYMAN BOCCHINI: Mr. Herman?

ASSEMBLYMAN HERMAN: I just have a few so we can finish up.

ASSEMBLYMAN BOCCHINI: Mr. Snedeker, you'll--

ASSEMBLYMAN HERMAN: I am just going to try to take no more than five minutes, if I may. You testified at the earlier hearing, in my review of it anyway, that you normally didn't get involved with the operations of the Motor Vehicles Department -- that it basically ran itself.

MR. KIMMELMAN: That is correct.

ASSEMBLYMAN HERMAN: And, I assume that you normally didn't get involved with its press releases. Is that correct?

MR. KIMMELMAN: That is generally correct.

ASSEMBLYMAN HERMAN: Can you tell me why, in this instance, you did? Why, in essence, you took the bull by the horns and had a joint press release?

MR. KIMMELMAN: Well, don't say that I took the bull by the horns. It is your words. But, I indicated earlier, in response to one of your questions as to why Director Snedeker felt that a meeting with the Chief of Staff was necessary, and I indicated to you that an arrangement such as this on a statewide basis for photo drivers' licenses was unique. It was a first. And, after a discussion, it was felt that the announcement should be a departmental announcement, rather than just by the Division.

ASSEMBLYMAN HERMAN: I just have one or two, if I may. Not-- I believe that you have been characterized as saying that after all this hit the public press, and that the Governor gave you a vote of confidence. I believe you testified that the Governor gave you a vote of confidence.

MR. KIMMELMAN: I don't want to characterize-- I don't know if I testified to that.

ASSEMBLYMAN HERMAN: Well, didn't you tell the press that the Governor gave you a vote of confidence?

MR. KIMMELMAN: I'd have to see what I told the press.

ASSEMBLYMAN HERMAN: But, don't you recall telling the press that you gave him a vote of confidence -- that the Governor gave you a vote of confidence?

MR. KIMMELMAN: I believe I read in the paper that the Governor made a statement to that effect.

ASSEMBLYMAN HERMAN: Well, did the Governor give you a vote of confidence in this matter, sir?

MR. KIMMELMAN: I do not disclose what my personal conversations are with the Governor.

ASSEMBLYMAN HERMAN: Well, again, the Governor-- Well, it may be that the Governor and you have a different point of view in that regard, and I would like to know. The Governor said that this was stupid and ill-conceived. I want to know whether he said to the public that he was going to communicate the message to you and Mr. Snedeker. I'm asking you, sir, was that communicated to you? Were you given a vote of confidence, or did he tell you your actions were stupid and ill-conceived, or words to that effect, sir?

MR. KIMMELMAN: You ask the Governor.

ASSEMBLYMAN HERMAN: He's not here, sir. I'm asking you.

MR. KIMMELMAN: You ask the Governor.

ASSEMBLYMAN HERMAN: So, you are not going to-- Just, just one last observation. If it becomes known -- if the public's business eventually becomes public -- that Mr. Snedeker was requested to resign over advice that he was taking, don't you think it only fair, sir, that whoever gave him that advice should also resign?

MR. KIMMELMAN: What advice are you talking about?

ASSEMBLYMAN HERMAN: The advice that the contact was appropriate and the right thing to do.

MR. KIMMELMAN: The answer to your question is no.

ASSEMBLYMAN HERMAN: Okay. Thank you for your opinion, sir.

ASSEMBLYMAN BOCCHINI: Any other questions?

ASSEMBLYMAN SCHUBER: Attorney General, as I understand it from your testimony, if we can pull this back again to what we are supposed to be here for, as I understand it, with regard to Assembly Bill 3610, which would extend the life of the time period for the implementation of photo drivers' licenses, that you would have no problem with that particular extension. Is that correct?

MR. KIMMELMAN: That is correct.

ASSEMBLYMAN SCHUBER: And with regard to the Assembly bill we discussed at the last session and your testimony today would be that-- that is the step in the right direction also?

MR. KIMMELMAN: That's correct.

ASSEMBLYMAN SCHUBER: And between yourself and Mr. Kline, it is my understanding that the whole genesis of this issue in the beginning was the fact that there was a problem with regard to implementing a statutory basis, as far as photo ID licenses being available to the public, was in the first place. Is that correct? Is that correct?

MR. KLINE: Yes.

ASSEMBLYMAN SCHUBER: And that is my understanding also that with the use of a store more convenient to the public such as Sears was the purpose of making that more accessible to the public. Is that not correct?

MR. KLINE: Yes.

ASSEMBLYMAN SCHUBER: So that the issue we are really here talking about today is the fact of the issue of Mr. Taggart's name not being put into a press release. Is that correct? Is that correct?

MR. KIMMELMAN: Yes. In the initial press release, yes.

ASSEMBLYMAN SCHUBER: In retrospect, as a result of what you heard, it would be fair to say that that was not correct? It was not proper to have done that? Is that correct?

MR. KIMMELMAN: It was an error in judgment, yes.

ASSEMBLYMAN SCHUBER: Right. But other than that, I find no other-- I find nothing since this testimony or any of the testimony I have heard on Wed-- last week, that would indicate any type of criminal role in doing other than a misjudgment in judgment.

MR. KIMMELMAN: That is correct.

ASSEMBLYMAN BOCCHINI: I don't think anybody has attempted to infer that, Pat, and we agree with you.

ASSEMBLYMAN SCHUBER: Well, Mr. Chairman, I am glad you agree with me, but the tone of the questioning has certainly not been that way, in my opinion.

ASSEMBLYMAN MARTIN: Mr. Attorney General, in light of whatever difficulties the public or this Committee or anyone else may decide occurs because of the attempt to have these motor vehicle agencies put into a large retail outlet such as Sears, do you-- are

you still of the opinion -- if you ever were -- that this type of process for the benefit of the public, that is, to have these licenses made available in some type of large outlet attempt to be continued?

MR. KIMMELMAN: It was a good idea at the time, and it remains a good idea.

ASSEMBLYMAN MARTIN: Thank you.

ASSEMBLYMAN BOCCHINI: Any other questions? Thank you, Attorney General.

ASSEMBLYMAN HERMAN: Thank you very much.

ASSEMBLYMAN BOCCHINI: Bob, could you remain because we may have a couple of more questions.

MR. KLINE: Sure. Sure.

ASSEMBLYMAN BOCCHINI: Excuse me.

ASSEMBLYMAN SCHUBER: Mr. Chairman, are these the last two witnesses?

ASSEMBLYMAN BOCCHINI: Yes. Actually for the most part, we are probably are only going to have a few questions of Mr. Kline, and they may be in conjunction with Mr. Snedeker, so we should be able to be out of here, we hope, within a half hour.

Cliff, it is good to see you this morning.

FORMER DIRECTOR CLIFFORD W. SNEDEKER: I would like to make a statement before I start, and that statement is very brief. I would like to clear up some articles that were read in the paper, some statements that I supposedly made. I would like to say now that the statement that I made in the paper which said that I want to-- I wanted a favorable story in the paper when we first started the program to announce the Sears program is incorrect. I never said that to a reporter at all. That was never said by me to any newspaper reporter or anyone else for that matter of fact.

I don't believe that the State Ethics Code has been violated. I think you have shown that today. I was told that the Code of Ethics was violated. I did not know about the Code of Ethics in the Department, my Division. I am sorry. That is my fault. However, it was not published. It never was published-- by required-- by law. And that is not a Code of Ethics as far as I am concerned. It holds-- I understand, legally, it holds no weight.

The Director does have the authority to appoint agents throughout the State of New Jersey. He is required to appoint one in every county or over 300,000 population.

I think that in appointing someone to do this for Sears or for any other major store is something that you ought to look into. Sears is still interested. In my last day in office, I talked to a representative of J.C. Penneys, who personally called on the phone and I answered the phone; they are interested. I suggest that you gentlemen and ladies continue in that effort. I think it's a viable way to have the public served in this State, by going to a major store.

If I could go back again, we would have announced Bill Taggart's name because it was not a secret as far as I was concerned. I knew about it. My staff knew about it. The Attorney General's Office knew about it. The Administration knew about it, in that I did talk to Greg Stevens about it, and he did know that. So, it was not a secret. There are many people in my Division.

The thing that I was concerned about -- and when I asked for that meeting with Mr. Stevens -- was I wanted to know, since it was a major project, as far as I was concerned-- I think it was a milestone in the Division; it took us a year to get Sears convinced to do this. But I thought maybe the Administration would want to make the announcement, and that was the only reason that that letter was sent to Mr. Stevens, not to try to hide Mr. Taggart's name, not to try to take Mr. Taggart's name out of the release, but only to say: Would the Governor like to announce this, through the Administration, or does he want to the Division of Motor Vehicles to announce this?

There is no contract required for appointment of any agencies. And I think that was brought out earlier. We, when we went in, found that there were simple letters stating that you are an agent and you can be removed at the authority of the Director as the statute says. We made a contract, only in the sense that we wanted to show that an agent had to do certain things. If we required you to hire people, you hired them. If you didn't hire them, we'd relieve you. So we wanted some sort of ground rules. And that is why the contract was made.

The question of why the contract with somebody that didn't exist— Well, Bill Taggart didn't exist. Maybe his corporation didn't and he wouldn't have gotten paid anything unless he signed that contract. And he did not sign that contract. So as far as I was concerned, the appointment was of that concern that was going to file as a corporation. And since they didn't file till after that date, the contract was not signed. And once the contract was signed, as far as I was concerned, then we could proceed with getting Mr. Taggart to go in and run the operations under the photo drivers' schools.

Our impact was to show the public that you could go to Sears. When we tell you to go to Bakers Basin Agency, we don't tell you to go to the Johns Hansbury Motor Vehicle Agency. We tell you to go up to Motor Vehicle at Bakers Basin. We don't announce the individual's names because they're not run by individuals; it's run by the State of New Jersey.

We feel that the Sears contract is a good contract. One, that you would go to Sears. It would serve the public and the State. I still say it is good for the public, and I hope that you'll follow up with it.

The reason for this meeting, I understand, is to decide whether or not you ought to— you ought to delay photo drivers' licenses. Ladies and gentlemen, if you don't, you're going to have mass confusion in the agencies. And the public has never been required to go to a motor vehicle agency before. Now they are required to go to get their picture taken. And if you want to go up there and stand in line -- and you are going to stand in line -- to get your picture taken, I suggest you delay this until you come up with a viable situation, as Sears or Penneys or Bambergers or whoever you want to, but get the public to go on a very convenient spot, in the evening hours, on Saturdays, and on weekends. I highly recommend that you delay this.

I know one other thing that came out of this, and I am very happy. I think that maybe if nothing else the future directors will have a way to go. Put this out to bid. I don't know how to do it. I think you ought to put it out to bid. Get it out of the political

arena. That is the way to go, gentlemen. But you put a burden upon the Director of Motor Vehicles that you have, since 1906. Every Director has had to make these appointments, and they have been political appointments. Let's not kid ourselves. We know that has think they performed a little better. But get it out of the political arena. Only make sure you give the Director a little leeway on how to do this because when an agent quits, it's not like closing a shoe store and saying, "We'll open another one in a week." You have to go out to bid. It is not quite that easy, so give them some time in how to do that and how to work up a system.

I will answer any questions you may have.

ASSEMBLYMAN HERMAN: Cliff, I have to ask you because, you know, I have-- I have this longstanding concern about the public's business being the public. There is-- I preface it with a comment that there was a recent-- recent story or an editorial in the Trenton paper that said that you were requested to resign, that Mr. Stevens asked you to resign. Is that so?

MR. SNEDEKER: Assemblyman, let me say to you that no one forced my hand to sign my signature and resign.

ASSEMBLYMAN HERMAN: That is not my question, sir.

MR. SNEDEKER: I know it is not, Assemblyman, but that is the way I am going to answer it. I resigned under my own free will. No one forced me to resign.

ASSEMBLYMAN HERMAN: Let me repeat the question, sir, and I hope I am not badgering, Mr. Schuber. I will ask you politely and quietly as I can. Given the fact -- just in my view -- that the public's business is the public's business, I am asking you whether you were requested by Mr. Stevens or anyone else in this Administration to resign before you actually did?

MR. SNEDEKER: I, again, have to say to you that that is my own free will and accord that I resigned. I signed that under no duress at all or under no threats. I signed that of my own free will.

ASSEMBLYMAN HERMAN: You are not going to answer my question, sir?

MR. SNEDEKER: No, sir.

ASSEMBLYMAN HERMAN: So you don't believe that the public is entitled to know?

MR. SNEDEKER: I am no longer a public official, Mr. Assemblyman, so I am here as a volunteer today. I really don't have to be here. I am here to answer the questions the way that I want to answer them.

ASSEMBLYMAN HERMAN: Well, I would hope that you would honestly— answer them honestly and directly because I had that type of respect for you.

MR. SNEDEKER: I know you do.

ASSEMBLYMAN HERMAN: And I hope that after you leave I still do.

MR. SNEDEKER: I know, Marty.

ASSEMBLYMAN HERMAN: And as a longstanding colleague, don't you think the public is entitled to know whether you were asked to resign?

MR. SNEDEKER: I think that is immaterial today. I think that I resigned because I did not know that the Code of Ethics existed. I was told that morning by the Attorney General that we violated the Code of Ethics. And I resigned under that basis because—

ASSEMBLYMAN BOCCHINI: (interrupting) For God's sake, Cliff, he didn't even know it existed.

MR. SNEDEKER: Well, I didn't know it existed, but I resigned because I was told that morning that I violated the Code of Ethics, and that is why I resigned.

ASSEMBLYMAN BOCCHINI: Maybe he should have resigned also, Cliff.

MR. SNEDEKER: Assemblyman, I can only do what I do.

ASSEMBLYMAN BOCCHINI: I'm sorry; go on, Marty.

ASSEMBLYMAN HERMAN: You know, I bothers me because we have been longstanding colleagues, and we fought from time to time, but every time we finished up a topic, I think we left as friends. And I think that I can say that every time I called your Department that you were helpful, and polite, and courteous. I'll say that publicly. I have always said that. We may have had policy differences from time to

time about how to implement things, but after we got through the hashing, the clawing, and the screaming, we always came out with some sort of mutual situation.

As a longstanding legislator and public official, quite frankly, I am somewhat surprised that you would take the position that the public is not entitled to be involved with the public's business. Don't you think that the public is entitled to know whether anybody in this Administration, including Mr. Stevens, asked you to resign before you did? Don't you think that is the public's business?

MR. SNEDEKER: I resigned of my own free will and accord, Assemblyman. That is the only thing I can tell you.

ASSEMBLYMAN HERMAN: You-- Cliff, you know--

ASSEMBLYMAN BOCCHINI: If I may, Marty--

ASSEMBLYMAN HERMAN: I am not going to ask anymore.

ASSEMBLYMAN BOCCHINI: Marty?

ASSEMBLYMAN SCHUBER: Mr. Chairman, he has answered the question.

ASSEMBLYMAN BOCCHINI: Marty. Mr. Snedeker--

ASSEMBLYMAN HERMAN: (interrupting) Excuse me. I hope the SCI asks you the same question under oath, Cliff.

ASSEMBLYMAN BOCCHINI: Mr. Snedeker, who has--

ASSEMBLYMAN SCHUBER: Mr. Chairman, many of these questions could have been asked by the SCI, and that is the reason I made the statement.

ASSEMBLYMAN BOCCHINI: I'm sure many of these probably will be and probably many, many others. But notwithstanding that, I have a question that relates to that meeting of the 11th and also the press announcement, Mr. Snedeker. Who made the decision to delete Taggart from the press announcement?

MR. SNEDEKER: The decision was made by the Division of Motor Vehicle and our staff, and we decided at that time that the impact would be Sears-- to go to Sears. It was not made by the Attorney General. The press release -- it was sent over to the Attorney General; the only one to my knowledge because I didn't see the one that

went over to him -- did not have Mr. Taggart's name in it. Or Drivers License School, Inc. was not in that release. It was made by the Division of Motor Vehicle because we were going to send you to Sears. And that was the impact of the release.

ASSEMBLYMAN BOCCHINI: That press release--

MR. SNEDEKER: Only on that basis.

ASSEMBLYMAN BOCCHINI: That press release went out subsequent to the meeting on the 11th? Excuse me, I mean meetings on the 11th, your first being, I believe, a meeting with you and Mr. Kline and the Attorney General and Mr. Stevens and then--

MR. SNEDEKER: It went after that, yes.

ASSEMBLYMAN BOCCHINI: Excuse me?

MR. SNEDEKER: It went out after that.

ASSEMBLYMAN BOCCHINI: Then, in addition, wasn't there a meeting with the two of you, Mr. Taggart, Mr. Smith--

MR. SNEDEKER: A release went out after that also. After both of those meetings. A release went out after the meeting with Mr. Stevens and after the meeting with Mr. Taggart and Kohms and Smith and Kline and myself. It went out after that. That is when the release went out. It was-- I don't know what time because it was not sent out by the Division. It was sent out by the Department. It went over to the General's Office and the release was rewritten there.

ASSEMBLYMAN BOCCHINI: Did Mr. Taggart request that his name be deleted?

MR. SNEDEKER: He expressed some concern, and we all did because-- Not to hide his name-- Only in the sense to express concern that the impact was Sears. Mr. Smith was directed to tell the public that it was Mr. Taggart who was involved. He was also directed to tell them that we are going to pay \$2.20. There was nothing to hide. It was-- If we were going to hide this we wouldn't have all the people that were involved into it. In fact, all, I guess all the licensing people in the Division were involved in it. My Assistant Division Director there, his staff had met with Mr. Taggart to tell him exactly what would have to be done. So it wasn't a secret, in that sense, as far as we were concerned. It was a misjudgment. There is no question

in my mind. If hindsight is better than foresight, I would go back again and put Mr. Taggart's name into it.

ASSEMBLYMAN BOCCHINI: Which attorneys for Taggart dealt with your Administration or your Division?

MR. SNEDEKER: I didn't talk to any attorneys. Mr. DelDeo, I believe is the name, and he talked to our staff and our legal staff and Mr. Kline. I didn't talk to any of the attorneys.

ASSEMBLYMAN BOCCHINI: Was Mr. DelDeo, Mr. Kline, the only attorney that dealt with his firm? Were they the only firm that dealt with the Division of Motor Vehicles?

MR. KLINE: Yeah, the only contact was with DelDeo's firm, and, again, that was basically through the mail in preparing draft agreement back and forth. Other than that, there was no contact.

MR. SNEDEKER: I believe there was an attorney from Sears that we discussed with, as we went along. But that was not representing Mr. Taggart.

ASSEMBLYMAN BOCCHINI: Is DelDeo Mr. Taggart's regular attorney?

MR. KLINE: I have no idea, Mr. Chairman.

MR. SNEDEKER: I don't know.

ASSEMBLYMAN BOCCHINI: On the 13th, the announcement was made, Cliff, and subsequent thereto, the Governor had some very harsh statements. Do you believe those statements, in fairness, all belong on the shoulders of Cliff Snedeker?

MR. SNEDEKER: I think the Governor made those statements that it was wrong not to release the name. It was stupid. I would agree with the Governor it was wrong not to release the name. Did we directed him to? You'll have to ask the Governor. But he never said to me personally that it was stupid on my part. I did talk to the Governor. He thought it was wrong that the name wasn't in there, when he talked to me that evening, and I agreed with him.

ASSEMBLYMAN BOCCHINI: Did— On the meeting of the 11th, to the best of your recollection, can you tell me what took place in there?

MR. SNEDEKER: Yes, in the meeting of the 11th, the reason that meeting on the 11th was set up, as far as I was concerned, was to decide whether or not the Administration wanted to make the announcement rather than the Division of Motor Vehicle. And that was the only direction. There was no-- no intention on my part, or Mr. Kline, I'm sure, and the Division, to ask whether or not Mr. Taggart's name should or should not be included in the release.

I think Mr. Stevens said it, and the Attorney General said it today, there was concern about the legality of it. Mr. Stevens, in fact, turned to the Attorney General and said, "Is it legal? Is it ethical?" And far as that concern, it was.

Mr. Stevens asked us, asked Mr. Kline and myself, whether or not Mr. Taggart was the only one who could do this. As far as we were concerned, he was the only one that we thought could do this at the time. We didn't go out to bid to look for other people, but we had our-- I didn't talk to anyone else; my staff did. My staff talked to three A's for quite some time and got nowhere. Then when we talked to Sears, they did express an interest. Sears delayed us for quite a bit of time before they would really get down and start discussing it with us.

Our staff, I understand -- I found out later, and I didn't know this at the time-- went to-- went to K-Mart and also, I think, talked to a Jefferson Ward and didn't follow-- They didn't come back to us, and we didn't follow up because then Sears expressed an interest that they were ready for a go and really wanted to get down and negotiate and talk to us.

Uh, but at that meeting, it was only for information purposes. Did the Governor's Office want to announce this or should the Division of Motor Vehicle and the Department of Law and Public Safety announce it?

ASSEMBLYMAN BOCCHINI: And the Governor, who usually likes to announce good news, such as the reduction in crime rate, and many other things, didn't want to have the announce-- take credit in the announcement of the first mercantile enterprise across the United States involving the distribution of photo drivers' licenses?

MR. SNEDEKER: Assemblyman, I personally didn't talk to the Governor on it. I never talked to the Governor—

ASSEMBLYMAN BOCCHINI: (interrupting) Was that Mr. Stevens—

MR. SNEDEKER: Mr. Stevens said that he thought that it should be done by the Department and the Division as a joint press release, yes.

ASSEMBLYMAN BOCCHINI: Was that-- At that time was Mr. Taggart's name discussed in relation to the press release?

MR. SNEDEKER: No, but Mr. Taggart was-- It was known that Mr. Taggart was involved. Mr. Taggart was discussed at that meeting on the legality of it.

ASSEMBLYMAN BOCCHINI: Was it also known by everybody in the room that Mr. Taggart was a good friend of the Governor?

MR. SNEDEKER: I would assume it would be, Assemblyman. I don't know if everybody knew that.

ASSEMBLYMAN BOCCHINI: Was there any speculation, Cliff, as to how Mr.-- how much Mr. Taggart would be able to make as a result of this?

MR. SNEDEKER: No, not really because we couldn't guarantee-- And this was one of the things we specifically indicated to him that there was no guarantee that he would get a 50%. It was a guesstimate of, you know, 50% might go to you. We could have said very well 70% or 60%. There is no way of really knowing because he was only issuing photo IDs, and that is after someone has a license.

It wasn't the initial license. It wasn't the young gentleman who would come in or the young lady who would come in and take a driving test and then get their license for the first time which would have to be a photo ID. He would not have the authority to issue any of those. It was a very limited contract. And that is the reason Mr. Taggart was paid \$2.20 rather than the normal \$1.80 because it was a limited contract, and he would have to reimburse Sears for the services that we normally would pay, such as cleanup, security, air conditioning, space and area. So, that was the reason that we came up with that figure. It think that was another question.

ASSEMBLYMAN BOCCHINI: Did anybody ever show you, Cliff, the language of the Code of Ethics or the Code of Conduct, which, as a result thereof, was the reason for the voiding of the contracts between the Division and Taggart's?

MR. SNEDEKER: After the fact, I saw that, yes. But I never saw that before, no. I never saw that. It was in the manual. It was in the agent's manual. In fact, in the manual, it was given to me after— I asked for a copy of the manual. It is not even in the index of the manual. It was put in by someone in the manual as a Code of Ethics.

I understand now, since I have researched this since that time, we have talked to the Ethics Committee, it's unenforceable. We have looked at the statute.

ASSEMBLYMAN BOCCHINI: Do you have a written opinion from the Ethics Committee that says it is unenforceable?

MR. SNEDEKER: No, I don't. I have an opinion from one of our attorneys stating that it would be unenforceable. I understand that they talked to the Ethics Committee. I understand that the Ethics Committee has asked, or is asking, the Attorney General's Office or someone for an opinion whether or not it would be enforceable. Whether that has officially been asked, I don't know.

ASSEMBLYMAN BOCCHINI: Mr. Attorney General, since you are still in the room, do you think you could make available to us the document that you based your decision on for the voiding or the nullifying of the proposed contract between Taggart's, vis-a-vis Sears, and the Division of Motor Vehicle?

MR. KIMMELMAN: (from audience) Yes.

ASSEMBLYMAN BOCCHINI: Could we have that some time today?

MR. KIMMELMAN: Yes, I believe you already have that. Do you want the entire document?

ASSEMBLYMAN BOCCHINI: I'd like to have the entire document.

MR. SNEDEKER: I have a copy of the Code of Ethics that I was given. This was the Code that I read, if you like to have that.

ASSEMBLYMAN BOCCHINI: We have that, but, you know, it's two pages with no reference, no citation.

MR. SNEDEKER: Well, this is what I based on resignation on — this Code of Ethics.

ASSEMBLYMAN BOCCHINI: That entire document there? May I see that?

MR. SNEDEKER: Yes, sir. (hands Chairman document)

ASSEMBLYMAN BOCCHINI: Somebody late gave you this Code of Ethics and gave you the opportunity to make your decision based on this?

MR. SNEDEKER: No, I was told that it violated the Code of Ethics, and then I got the Code of Ethics after I resigned. I saw what it was. I probably shot too fast, but that— sometimes that happens.

ASSEMBLYMAN BOCCHINI: So, if the Governor is any kind of a guy and he realizes you weren't wrong, he should probably be reappointing you. And I think the Senate is ready to confirm that reappointment. I am sure if you needed a resolution from Assembly — even though we don't do advice and consent — we would probably be very interested in supporting that.

But notwithstanding that, Mr. Snedeker, what, in relation to the voiding of the contract— Were you told that that contract must be voided? Did somebody call you?

MR. SNEDEKER: I talked to the Attorney General that morning, and we said to abort the contract because it did violate the Code of— our Code of Ethics.

ASSEMBLYMAN BOCCHINI: Did he give you a citation at that time?

MR. SNEDEKER: No, I didn't ask for a citation at that time, no. I was in the Attorney General's Office in the afternoon when I discussed this. I went over to the Attorney General's Office; he was not there, but I talked to the First Assistant, Mr. Cole. Didn't see the Code of Ethics at that time, but was talking to Mr. Cole and decided to resign after that period.

ASSEMBLYMAN HERMAN: Resigned on the basis—

ASSEMBLYMAN BOCCHINI: (interrupting) You decided to resign after your discussions with Mr. Cole?

MR. SNEDEKER: On the basis that I was told I had violated the Code of Ethics, that the contract with Taggart violated the Code of Ethics. And I resigned on that basis. That is the truth.

ASSEMBLYMAN HERMAN: That's all of it that you told us here today, Cliff. There's just a couple of questions you don't-- you don't want to-- want answer. But, you know, not answering the questions-- I'm not being disrespectful to you because we are friends. When you are asked a question and you avoid it and duck and don't answer it, that is not telling the truth. Okay?

MR. SNEDEKER: I'm sorry, but I just don't want to answer that question, Mr. Herman, please.

ASSEMBLYMAN HERMAN: You know, I'm not going to ask you to answer it. I just want to make an observation. You know I feel very strongly about the public's business being public. And the point-- and the point simple is that this matter is not going to go to rest if you don't think that there isn't people here that are not going to pursue why you resigned and whether somebody asked you to resign, because that is part of the public record and that is part of the process.

Very candidly you create the impression when witnesses come before this Committee, witnesses of high public esteem and high public position and say the public's business is none of their business and that they are not entitled to know, you can almost come up with the conclusion that you are stonewalling the truth. Now I don't want to come up with that conclusion.

But if you don't answer, if you don't answer-- Three or four people who have access to the truth refuse to tell the Legislature, an equal branch of government duly elected by the people of this State, who have convened a Committee hearing to inquire into this and other matters before this Committee what the truth is, what is the public going to expect? What is the public going to say? What are they going to expect of all of us? Because, let me tell you something, if your reputation is damaged, and the Attorney General's reputation is damaged by not saying anything, or the Chief of Staff by refusing to say it, they're not alone, they are including all of us, because today-- in

today's boat, when you pick on one public official and one public official is looked at negatively, it reflects badly on all of us. I think you would have to concur with that last observation.

MR. SNEDEKER: Assemblyman, I don't want anything to reflect on you, but I resigned because I was told I violated the Code of Ethics. And that's what I based my own opinion on and that is why I signed that resignation. It was a one paragraph resignation, which I am sure can be made public, that I resigned as a Division Director on the--

ASSEMBLYMAN HERMAN: (interrupting) Well, I hope the truth comes out sometime and that you do answer that question one of these days, Cliff.

ASSEMBLYMAN SCHUBER: But, Mr. Snedeker, it would appear that as a result of that, it was not really a violation of the Code of Ethics of our State but rather some internal standard that had been set up by the agency. Is that correct?

MR. SNEDEKER: That's correct, but I still, as Division Director, should still have known about that.

ASSEMBLYMAN SCHUBER: I appreciate that. And I can understand that very much, but, basically, what you are saying is that you resigned under an error of misconception of what you had thought the rules were. Is that correct? If that is the correct statement, I will join Mr. Bocchini's resolution, which I think would be bipartisan to have you reinstated as our Motor Vehicle Director. I think it is proper for this Assembly to have gone on record for that.

ASSEMBLYMAN HERMAN: Let me tell you something, I would join in that resolution if Mr. Snedeker told the truth and the whole truth here today. And by failing to answer a question, a public question, when someone who I respected and admired comes here before this Committee and refuses to answer a very basic bottom-line question with a yes or a no, I don't know if I could support that, Cliff, as much as I like you.

MR. SNEDEKER: Okay, Assemblyman, that's-- I appreciate that.

ASSEMBLYMAN BOCCHINI: Just a couple of more questions, Mr. Snedeker. In relation to your being advised that the contracts were nullified and that Taggart could not be a agent, was there ever a discussion prior to any of that as to how a limited agent operates or exists?

MR. SNEDEKER: No, but this is-- this is not unusual. We've had limited, and still have, limited agencies. We have agencies that are not computerized that cannot-- that cannot issue photo IDs. So, it is not an usual situation. You just can't issue a photo ID in a noncomputerized agency because you can't get it can't get it into the system.

ASSEMBLYMAN BOCCHINI: But, that is a different scenario.

MR. SNEDEKER: But that is a full agent. That is a full agent. And that is a limited agent because he can't issue photo IDs.

ASSEMBLYMAN BOCCHINI: However, in the relationship with Taggart and the State, he is a limited agent by the virtue he was only allowed to do a certain thing.

MR. SNEDEKER: Right.

ASSEMBLYMAN BOCCHINI: That being the issuing of photo drivers' licenses as opposed to a general agent, who isn't computerized, is limited in that he doesn't have the availability. So, I think there's already is a distinction between the two.

MR. SNEDEKER: Well, no--

ASSEMBLYMAN BOCCHINI: (interrupting) Did the AG's Office or anybody from within the legal community of the Department of Law and Public Safety advise you that, in fact, this type of operation was okay?

MR. SNEDEKER: No, we never asked-- I never asked for the opinion of the AG's Office.

ASSEMBLYMAN BOCCHINI: But there was a discussion of--

MR. SNEDEKER: (interrupting) But there was, I think, from the staff stating whether or not we could do this with a corporation, I believe. I don't think there was any opinion on whether it could be limited.

ASSEMBLYMAN BOCCHINI: There was a discussion of this on the 11th with Mr. Stevens; is that correct? Evidently Mr. Stevens--

MR. SNEDEKER: (interrupting) There was a discussion that it would be limited only to that, it would be limited to nothing else and nothing— The only legal opinion we had was that day that we thought it was legal and we were told it was legal.

ASSEMBLYMAN BOCCHINI: And the Attorney General was of the opinion that there would be nothing illegal about that?

MR. SNEDEKER: At that time, from the information he had, I'm sure, yes. I don't think the Attorney General either-- the Attorney General did not see this Code of Ethics, which I didn't see either, so I am sure that he did not review that nor did any member of his staff did they review that, a Code of Ethics.

ASSEMBLYMAN BOCCHINI: So, in one day you were given a two-page Code of Ethics, and your resignation was subsequent thereto?

MR. SNEDEKER: Yes, sir.

ASSEMBLYMAN BOCCHINI: Any other questions of Mr. Snedeker?

ASSEMBLYMAN SCHUBER: Yes, very briefly, if I may bring back to what we were here before. You have already indicated, I believe, sir, by your own testimony, that you would like to see the implementation on the photo licenses extended. Is that correct?

MR. SNEDEKER: I already have mine done, but I suggest, for your own benefit, so you don't get letters from constituents, that you delay this or you are going to be inundated with letters of people standing in lines. There is no question about it.

ASSEMBLYMAN SCHUBER: Okay. So that's A-3610. With regard to Assemblywoman Kalik's bill with regard to the bidding of motor vehicle agents, do you believe that to be a step in the right direction also?

MR. SNEDEKER: I think the bidding system is one that should be worked on. I'm not sure that that bill— I haven't personally reviewed that bill and had from my staff, before I left, information on the bill. But, I think that is the way that eventually, you gentlemen, should go, yes.

ASSEMBLYMAN SCHUBER: Right. Your testimony would be that's the right way that this-- this Committee should be going? Thank you.

ASSEMBLYMAN BOCCHINI: Cliff, do you think a six-month delay is going to be sufficient?

MR. SNEDEKER: I think in six months, with some encouragement that you can find another vendor, or maybe Sears-- Sears expressed an interest and J.C. Penneys, and I think there are many stores out there that, if you can work with them the right way, that you could get agencies on a limited basis for photo IDs in some commercial stores with better hours. And I think that is the way to go. Yes, six months would be enough.

ASSEMBLYMAN BOCCHINI: Do you think we need to make this mandatory for drivers throughout the State somewhere up the road?

MR. SNEDEKER: Well, you have made it mandatory. Every state in the nation has mandatory photo IDs, so New Jersey is not different than any other state. New Jersey and New York are the two last states.

ASSEMBLYMAN BOCCHINI: Thirty-eight states have photo IDs, I believe, presently.

MR. SNEDEKER: All of them has far as my knowledge-- to my knowledge they were all in. New York was the last state to do that last year. I understand in Florida they are doing it. Their delay, in Florida, is anywhere from three to six hours to wait in line to get your photo ID taken. They have appointments in Florida. We checked that out. So that, there are delays in states. They have the same headache. In fact, other states asked us, when we talked about Sears, that once we got Sears, they wanted to do the same thing and they were very interested in the program.

ASSEMBLYMAN HERMAN: I'm sorry--

ASSEMBLYMAN BOCCHINI: I'm sorry, Cliff. Mr. Pelly?

ASSEMBLYMAN PELLY: I have just two questions, Mr. Snedeker. I'm trying to understand how Motor Vehicle agents are paid. And as I understand it, they are paid on the number of transactions that occur during the period of a month or a certain num-- length of time. Is that accurate?

MR. SNEDEKER: Yes. They are paid by the volume that they do. Not in the money volume, but by item volume.

ASSEMBLYMAN PELLY: Item volume? How often are they paid?

MR. SNEDEKER: They are paid once or twice a month. I believe it was on a twice-a-month basis. It is reported with the computers. It is very easy to do now because we can just count the number of items. We don't care about the money value of those items, just the number of items that they do. And they are paid on that basis, I believe, twice a month.

ASSEMBLYMAN PELLY: Just one final question. Who prepared your letter of resignation?

MR. SNEDEKER: I did.

ASSEMBLYMAN PELLY: You did personally?

MR. SNEDEKER: I dictated my letter personally to my secretary.

ASSEMBLYMAN PELLY: Thank you.

ASSEMBLYMAN BOCCHINI: Cliff, I asked Bob before and the Attorney General: Did you ever see this? (hands material to Mr. Snedeker) Somebody gave this to me the other day regarding-- I'm still trying to put-- Bob, do you think you will be able to find out where that comes from?

MR. KLINE: I think it is from a personnel manual.

MR. SNEDEKER: No, never saw that.

ASSEMBLYMAN BOCCHINI: Because it is segments of it as opposed to--

MR. SNEDEKER: No, never saw that.

MR. KLINE: I think it is convoluted. You have one part of a job description and then you have something in there from personnel.

ASSEMBLYMAN BOCCHINI: Can I get that whole personnel manual? I'm just--

MR. SNEDEKER: No, I never saw it.

ASSEMBLYMAN BOCCHINI: I don't know why somebody would take the time to just scotch tape it to the back of our law office door, but if they took the time to do that, maybe I'll take the time to skim through the darn thing to see if I can find anything else out.

MR. KLINE: All right. Could I get a copy of that so I can piece it together?

ASSEMBLYMAN BOCCHINI: Yeah. Any other questions?

ASSEMBLYMAN SCHUBER: Mr. Chairman, I would recommend-- I think that we have a piece of legislation, Assemblywoman Kalik's bill-- I know A-3610 is listed this afternoon without reference. Assemblywoman Kalik's bill, I think, is a matter that we should take up-- up at another Committee-- another Committee-- I'll need a whole new set of papers here, Mr. Chairman-- at a regular Committee meeting, so that we can discuss the full ramifications, how much further we want to go with that bill.

ASSEMBLYMAN BOCCHINI: I agree.

ASSEMBLYMAN SCHUBER: There are a lot of things that we want to do with that to expand it.

ASSEMBLYMAN BOCCHINI: I agree with you. I am not so certain that even with one additional Committee that we will be able to put into the proper frame, unless we have some more substantive input from the Division of Motor Vehicle and other concerned parties, as far as Barbara Kalik's bill is concerned.

However, if I may, to the Committee, in relation to A-3610, is there any opinion from members of this Committee as to the language in that particular legislation at this point which delays it until January 2nd of 1982?

ASSEMBLYMAN SCHUBER: 1986.

ASSEMBLYMAN BOCCHINI: 86, thank you. 1986, and limits it to those persons, I believe, 21 and under.

ASSEMBLYMAN HERMAN: I would just like to note, because I think that many of us who worked on the legislation itself -- and I think there was an observation in Cliff's initial memo of March 6th -- that the public itself finds the license and the photos a positive thing, but the implementation difficult. Rather than taking a position on whether we ought to limit it to an age, I would offer a motion that we report to the General Assembly today that we extend the implementation date, at least, to Jan-- to June 30th, 1986, to give this Committee further time to explore the other areas of questioning, to give the Division time to look into some alternative suggestions because, as the Director noted in his March 6th memo to the Chief of Staff and others, a positive-- the program is positively perceived by

the public. It is the implementation that is the cause for concern. I am quoting you properly, aren't I, sir?

MR. SNEDEKER: Yes, sir.

ASSEMBLYMAN HERMAN: So, I would offer that my motion that we -- even if it takes an emergency vote today -- that if the bill on the floor is until January 1, 1986, I would suggest that that bill be amended to just be an extender of the existing implementation law to June 30, 1986, in order to allow this body to have a more extensive discussion in cooperation -- in conjunction with the other bill. I would offer that motion.

ASSEMBLYMAN BOCCHINI: Any discussion, besides mine? My concern is, if I may, Marty, if relation to that, I perceive delays sometimes, just total procrastination and nothing ever being accomplished. What I am driving it is if you have a six-month delay, hopefully, the Department or the Division will move as expeditiously as possible. Extending it to June says, "Well, we'll get around to it; we don't necessarily have to do it right now." I think possibly, if necessary, I would like to have the burden on the Division--

ASSEMBLYMAN HERMAN: I would amend that. But the point I do want to make, based on the memos I read and based on the numbers of us that worked on photo licensing and based on public perception, just leave it with the extender to January 1, 1986, and not change the substantive part of the law until you have an opportunity for further dialogue.

ASSEMBLYMAN BOCCHINI: Oh, I am very firm in my belief about limiting the age brackets on that.

ASSEMBLYMAN HERMAN: You have to remember that this is a two-House Legislature. I believe, at last look, that there was a sponsor of the bill in the other House.

ASSEMBLYMAN BOCCHINI: The sponsor in the other House, according to what I understand, indicated to me that he would like to see that -- and this, I would like to hear from the Committee -- that he would like to see it optional for those over the age of 21.

ASSEMBLYMAN HERMAN: I have no problem discussing that.

ASSEMBLYMAN BOCCHINI: We're speaking in reference to Senator Graves, who has placed similar legislation in the Senate, gentlemen.

ASSEMBLYMAN HERMAN: Mr. Photo Licensing.

ASSEMBLYMAN BOCCHINI: Mr. Photogenic. I mean Mr. Photo Licensing, that's correct.

ASSEMBLYMAN MARTIN: I am prepared to support the bill as it stands.

ASSEMBLYMAN BOCCHINI: Any thoughts, though, Bob, in relation to making it optional beyond 21?

ASSEMBLYMAN HERMAN: What does your bill say in making--

ASSEMBLYMAN BOCCHINI: (interrupting) Our-- my bill, under 21, is--

ASSEMBLYMAN HERMAN: Mandatory?

ASSEMBLYMAN BOCCHINI: Is mandatory.

ASSEMBLYMAN HERMAN: Over 21 is optional?

ASSEMBLYMAN BOCCHINI: Over 21 is nothing.

ASSEMBLYMAN MARTIN: I would support the optional factor.

ASSEMBLYMAN HERMAN: Amend the bill then.

ASSEMBLYMAN MARTIN: I think there may be individuals who well may feel that they want to go through whatever administrative problems that they have to get a license. I think it is fair to say that many people do use it as a form of identification, and if that is so, what they choose to, I would support the making it optional.

ASSEMBLYMAN HERMAN: As long as the bill says that, but I don't think we ought to take that right away.

ASSEMBLYMAN BOCCHINI: Frank, is that all right with you?

ASSEMBLYMAN PELLY: Yes.

ASSEMBLYMAN BOCCHINI: If that is the case, Aggie, will you have amendments prepared-- (confers with Committee) It's not because it is a delay, all right? Frank pointed out to me very adequately that that is, in effect, a adoption of Assemblyman Patero's bill. Patero-- Assemblyman Patero's bill does, in fact, provide for 21 with a option over. However, the difference being here is that this has the delay in it.

ASSEMBLYMAN HERMAN: We can amend the bills on the floor.

ASSEMBLYMAN BOCCHINI: No, that's a bill-- Excuse me?

ASSEMBLYMAN HERMAN: Let me withdraw my motion, making a more generic motion. Say that the bill that ought to be implemented, as a recommendation--

ASSEMBLYMAN BOCCHINI: (interrupting) I don't think I need a motion, Marty, because it is not in Committee for hearing.

ASSEMBLYMAN HERMAN: You can get up-- We have done it in other committees, but you can get up on the floor, as the Chairman of the Committee and make, under personal privilege, a report to the General Assembly as to what the motion is. I would make a motion that we so authorized, as a result of this hearing, to recommend--

ASSEMBLYMAN BOCCHINI: (interrupting) I would like to wrap this up as quickly as possible, Mr. Herman, without the benefit of the rules and procedure.

ASSEMBLYMAN SCHUBER: Mr. Chairman, my problem with this is you are asking us to implement Assemblyman Patero's bill, which is really not on our agenda today.

ASSEMBLYMAN BOCCHINI: I'm not. I am saying to you, in essence, when you make that amendment, you are in fact amending this bill to be similar to that of Assemblyman Patero's bill. They are not the exact same in substance because Assemblyman Patero's bill does not delay the implementation. They are two different bills.

ASSEMBLYMAN SCHUBER: I appreciate that. But it makes permanent, doesn't it, the issue of whether people over 21 will have--

ASSEMBLYMAN BOCCHINI: (interrupting) We are not discussing Assemblyman Patero's bill other than the parallel.

ASSEMBLYMAN HERMAN: Do you want to conclude?

ASSEMBLYMAN BOCCHINI: Yes.

ASSEMBLYMAN HERMAN: Do you mind if I offer the motion? I would motion that the Chairman be authorized to report to the General Assembly that the bills on the floor, in whatever fashion that they are, be amended to provide that there be-- there be a delay of the implementation date to January 1, 1986, and that there be age under-21 mandatory and over age 21 permissive, optional, however they would be on those two bills. I'll leave the drafting to the sponsors.

MR. KLINE: Mr. Chairman, if I could make one recommendation. I think one voice that has not been heard in these hearings that should, in regard to the photo license issue, is the law enforcement community. And I would just advise that possibly, if you do have time, you--

ASSEMBLYMAN BOCCHINI: (interrupting) This is a six-month delay, Mr. Kline.

MR. KLINE: All right.

ASSEMBLYMAN BOCCHINI: And the purpose for the delay is in order to allow us to gather information.

MR. KLINE: Fine.

ASSEMBLYMAN BOCCHINI: I will tell you that I did have a personal conversation with Tom Murphy, the president of the Trenton PBA, and he thinks that the licenses are absolutely terrible. He thinks they don't work well. He says his officers has designat-- looking at the things and he thinks that some other type of a license should be compiled for the purposes of law enforcement officials.

MR. KLINE: Well, as long as you take that into consideration. That was all I was trying to point out.

ASSEMBLYMAN BOCCHINI: They are some of the areas we will be looking into as a Committee, while you, at the same time, are looking into how the establishment-- how to establish the program.

ASSEMBLYMAN SCHUBER: Mr. Chairman, I will second Mr. Herman's motion.

ASSEMBLYMAN BOCCHINI: Fine.

MS. SZILAGYI: Which bill is he talking about it?

ASSEMBLYMAN BOCCHINI: In effect, he is saying make it like Graves' bill.

MS. SZILAGYI: Patero's and yours?

ASSEMBLYMAN BOCCHINI: No, no, you're-- Patero's bill is not a subject matter of this Committee. Nick, is-- A-3610, and conform it to Graves' present bill.

ASSEMBLYMAN SCHUBER: Right.

ASSEMBLYMAN HERMAN: That's what I said.

ASSEMBLYMAN BOCCHINI: (to Committee member) Over in the Senate. Okay? We need a vote on that? All in favor?

COMMITTEE MEMBERS: (in unison) Aye.

ASSEMBLYMAN BOCCHINI: Thank you. There being no— any other further— Is there any other further business? Let's not hear it right now, if there is.

Cliff, I would indicate to you I appreciate your being here. I would also indicate to Cliff, I think you really took the—

ASSEMBLYMAN HERMAN: (interrupting) The shaft.

ASSEMBLYMAN BOCCHINI: (continuing) —the shaft and the fall. And what goes around, comes around, and I can't wait till it comes around to the other guys.

MR. SNEDEKER: Thank you.

(HEARING CONCLUDED)

APPENDIX

NEW JERSEY STATUTES ANNOTATED (NJSA) 39:3-10g

39:3-10g. Rules and regulations; fee

The director is authorized, empowered and directed to promulgate rules and regulations governing the size, type and other essential characteristics of the color photograph and its affixation to the driver's license. The fee for such photograph shall be fixed by the director based upon the actual cost incurred by the Division of Motor Vehicles in the implementation and administration of this act, but shall not exceed \$1.50 for each license or renewal thereof, and shall be in addition to the fee presently authorized for the issuance of a driver's license pursuant to R.S. 39:3-10.

L.1979, c. 261, § 2.

39:3-3. Registration and licensing agents; fees

The director shall designate at least 1 person in each county for each 300,000 inhabitants or fraction thereof to be his agent for the registering of motor vehicles, issuing registration certificates and licensing of drivers, subject to the requirements of this subtitle and to any rules and regulations the director imposes. The agent shall so act until his authority is revoked by the director. All moneys received by such agents for registrations and licenses granted under the provisions of this chapter shall forthwith be deposited as received with the State Treasurer. The fee allowed the agent for registration certificates issued by him and for every license granted by him shall be fixed by the director on the basis of the registration or license fees collected by the agent. The director may limit the fee so paid to a maximum. Such fee shall be paid to the agent by the State Treasurer upon the voucher of the director in the same manner as other State expenses are paid.

Amended by L.1955, c. 8, p. 41, § 2; L.1959, c. 145, p. 587, § 1.



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET
TRENTON, NEW JERSEY 08666

CLIFFORD W. SNEDEKER
DIRECTOR

RWIN I. KIMMELMAN
ATTORNEY GENERAL

MEMORANDUM

TO: Greg Stevens
Chief of Staff

FROM: Clifford W. Snedeker
Director

RE: Photo Licensing

DATE: March 6, 1985

PROBLEM

In December 1981, the law implementing photo licenses for all New Jersey motorists was enacted. The law provided that all initial motor vehicle licenses issued to persons 21 years of age or older on or after May 1, 1982, would be photo licenses. It further provided that every renewal of a motor vehicle license issued to persons after January 1984, would be a photo license. According to the statute, the transition to the photograph on driver licenses was to occur in 1982 and 1983. In order to provide for an orderly implementation of this statute, DMV did not begin issuing photos with initial licenses until January 1984 and with renewals until March 1984. No photo licenses were issued as renewals in 1982 and 1983 as was provided for in the law because only eight motor vehicle agencies were computerized.

The sponsor of the photo license law, Senator Frank Graves, was extremely critical of the Division for not complying with the provisions of the statute concerning implementation. Senator Graves has repeatedly requested that the Division do everything possible to make the photo licensing program a success. Initial reaction by motorists who were selected to receive photo licenses was negative. These motorists were asked to go to the various motor vehicle agencies that were computerized in order to have their photos taken. Due to the fact that not all the agencies were computerized the motorists experienced, in many instances, long waiting times in obtaining their photo license. As a result, the Division decided to postpone any further selection of motorists for the photo licensing program until all of the motor vehicle agencies were computerized. The computerization process was delayed due to the lack of legislative approval of various agency leases. However, the Division did allow those motorists who voluntarily wanted their photo

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license to obtain them at computerized agencies. This has resulted in approximately 50,000 photo licenses being issued every month at State agencies.

INTERIM SOLUTION

The Division believes that New Jersey motorists prefer photo licenses. However, motorists do not like the manner in which they must acquire their photo license. To alleviate inconvenience, we have taken all steps necessary to ensure the computerization of all 50 agencies. By May 1, 1985, the computerization of the remaining seven agencies will be completed. Currently, 43 agencies are computerized.

It was determined that the 50 outlets for photo licenses were inconvenient because they did not provide night or weekend hours for the public. Therefore, DMV instituted evening hours one night a week and Saturday morning hours at all agencies. These hours have been very unpopular with the Agents. To alert the public to the evening and weekend hours, the Division placed advertisements in various newspapers during the past several months. This was done at a time when we were not selecting motorists for the photo licenses. The only photo licenses that were issued were to those motorists who wanted them. The foregoing steps were taken as measures to gear up for full implementation of the photo license program.

LONG TERM SOLUTION

In an effort to prevent persons selected for a photo license from being inconvenienced, the Division engaged in negotiations with Sears and Roebuck Company in order to have the various Sears outlets in New Jersey as photo licensing centers. Sears was chosen based upon the many locations that they have throughout the State. Their locations are in major malls that are accessible to the public with adequate parking facilities. Sears stores are open seven days a week, 9:30 a.m. to 9:30 p.m. It was determined that this type of retail operation would ensure that an individual could be selected for a photo license and have minimal inconvenience when being processed for that license.

After discussions with Sears, it was learned that they would handle this type of transaction as they do with various other services they provide -- through concession. The logical choice for implementing the photo licensing program at Sears was determined, by both the Division and Sears executives, to be the Sears Driving Schools.

The Sears Driving Schools are operated in New Jersey by Taggart International which is a commercial driving school. Both Sears and the Division agree that Taggart's reputation and performance record is one that would guarantee the success of this program. Accordingly, it was determined, after discussions with Sears and Taggart International, that initially, the Division would place photo

licensing centers in 18 of the Sears stores throughout the State. This will result in a total of 67 locations that the public will have to obtain their photo license.

The advantages of Sears outlets for photo licensing is that besides the hours, accessibility, and parking, the cost to the State is much less. The State will not have to pay rent, insurance, or the other costs associated with a leased facility as is currently the case with our agencies.

POLICY QUESTIONS

The administration must determine the manner in which they want to announce the implementation of this program. The Division is now in the process of getting the 18 Sears centers on-line by May 1, in order to begin issuing photo licenses for the June driver license renewals.

At this point, many individuals are working on this project and the need for a public announcement is obvious. A decision must be made as to how this type of program should be announced in order to avoid the likelihood of it being discovered by the press prior to its going on-line in May.

RECOMMENDATIONS

The Division recommends that an announcement be made as soon as possible concerning this program. It is our opinion that once the public is informed that it can go to a Sears location any day or evening seven days a week, the public will opt for the Sears stores over the motor vehicle agencies. There is still criticism of the photo licensing program by Senator Graves and other critics who have objected to it because of the inconvenience of the process rather than the photo license itself. It is our firm opinion that Sears' participation will turn the criticized photo license program into one that will be praised. It will be a model for other states which experience the same problems in administering photo licensing as New Jersey. New Jersey will be the first in the nation to implement this program with Sears. That fact alone should generate a lot of positive publicity.

Your prompt attention to this matter will be greatly appreciated. Please contact me should you have any questions concerning the foregoing.

A handwritten signature, possibly reading "C. H. S.", enclosed within an oval border.



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET
TRENTON, NEW JERSEY 08666

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER
DIRECTOR

M E M O R A N D U M

TO: Honorable Greg Stevens
Chief of Staff

FROM: Clifford W. Snedeker, Director
Division of Motor Vehicles

RE: Photo Licensing

DATE: April 11, 1985

Pursuant to your request, I am responding to your inquiry as to why both the Department of Law and Public Safety and the Division of Motor Vehicles failed to disclose the name of William Taggart when they announced the availability of Sears stores for photo licensing on March 13, 1985. Rather than recounting the year long negotiations between Sears and Mr. Taggart concerning this new program, I have decided to attach my March 6, 1985 memo to you which summarizes the rationale for appointing Mr. Taggart as the agent to run the photo licensing concessions to be located in the Sears stores.

The failure to disclose the involvement of Mr. Taggart in the operation of the proposed photo licensing network at the Sears stores was, in hindsight, poor judgment. However, there was never the intention on the part of the Division to deceive either the press or the public as to identity of the individual who would be appointed as the agent for this new program. Rather, it was the Division's intention to announce to the public a new program that would for all intents and purposes be identified as Sears Photo License Centers throughout the State with the involvement of the agent being invisible due to the manner in which these centers would be operated.

Currently, individuals may purchase items in Sears stores without ever realizing that they have been dealing with a vendor who is an approved concessionaire of Sears. This is true in the case of tobacco and other assorted purchases that one can make in a Sears store. Accordingly, it was the Division's opinion that the motoring public would only identify with the retailer not the agent concessionaire, because they would be transacting their business at a Sears store not at a Taggart store.

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Furthermore, Mr. Taggart's appointment as an agent can be differentiated from previous appointments by the fact that Mr. Taggart's approval by Sears to operate the photo licensing concession was necessary in order for him to be appointed as the motor vehicle agent for this unique program.

In conclusion, I hope that the Division's poor judgment in disclosing Mr. Taggart's involvement does not in any way diminish the significant programmatic improvement that both Sears and Mr. Taggart's involvement will make in the distribution of photo license to New Jersey motorists. Both Sears and Mr. Taggart are exceptionally well qualified to make this a successful program based upon their excellent reputations in the business community.

 S.