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part 3

**PUBLIC HEARING**

before

**ASSEMBLY LAW, PUBLIC SAFETY & DEFENSE COMMITTEE**

on

(DMV Computer System)

October 8, 1985  
Room 400  
State House Annex  
Trenton, New Jersey

**New Jersey State Library**

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman Joseph L. Bocchini, Jr., Chairman  
Assemblyman Frank M. Pelly  
Assemblyman William P. Schuber  
Assemblyman Thomas P. Foy,  
(Appointed to temporarily  
serve on Committee by  
Assembly Speaker Alan J. Karcher)

**ALSO PRESENT:**

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

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ASSEMBLYMAN JOSEPH L. BOCCHINI, JR. (Chairman): Good morning, ladies and gentlemen. This is the third public hearing held by the Assembly Law, Public Safety and Defense Committee in connection with the computer problems within the Division of Motor Vehicles. Among those who will testify today are representatives from Price Waterhouse; also, Clyde Folley, Frank Holman, ADR, Fletcher Creamer and, I believe, hopefully, this afternoon we will be able to reach representatives from OTIS.

I have some housekeeping. I received a letter, dated today, October 8, 1985, under the signature of Speaker Alan J. Karcher: "Dear Joe: I am appointing Assemblyman Thomas P. Foy to temporarily serve on the Assembly Law, Public Safety and Defense Committee on Tuesday, October 8. He will be substituting for Assemblyman Nicholas LaRocca."

Pat, do we have any idea how long it will be before Bob gets here?

ASSEMBLYMAN SCHUBER: We don't know if he is going to be able to make it or not, so I wouldn't wait for him. I would just let the record note, Mr. Chairman, if I may, my continuing objection to the continuation of a hearing at this time. As I stated at the beginning of the last hearing, I have utmost concern with regard to continuing this hearing at this time because of the letter we received from James Morley, Executive Director of the SCI, which really indicated to us that we should not continue. I appreciate that this is part of the record from the last hearing, but I think, as a result of that, that it is really improper to continue these hearings. I would note my continuing objection to it.

I am not saying we shouldn't; I am just saying we should wait until the proper time. The record should note my objection to this hearing continuing, based on Mr. Morley's letter of September 30. Mr. Morley is Executive Director of the State Commission of Investigation.

ASSEMBLYMAN BOCCHINI: Your comments are noted in the record. Thank you.

The first witnesses today will be representatives from Price Waterhouse. I believe Mr. Boylan and Mr. Driscoll are here.

FROM AUDIENCE: And John Singel.

ASSEMBLYMAN BOCCHINI: Please step forward.

**MATTHEW P. BOYLAN:** I don't know if you got that last name. It's John Singel.

**ASSEMBLYMAN BOCCHINI:** What position does Mr. Single hold at Price Waterhouse?

**MR. BOYLAN:** He is Co-Director of the National Information Services arm of Price Waterhouse. He is an expert witness, a man very knowledgeable in his field, who we thought you made reference to on September 24, Chairman, when we talked on that date about your desire to have us come back. I said, on Page 85: "Would you care to give us the questions ahead of time so we can prepare ourselves?" and you responded, "I think we can do that." Then, "Yes. I think we can probably forward them." Neither of us followed up on that exchange on Page 85, but at the bottom of Page 85, after that exchange, at the conclusion of the hearing, you indicated that you were interested in the COBOL and IDEAL language problem.

**ASSEMBLYMAN BOCCHINI:** Yes, sir.

**MR. BOYLAN:** So, Mr. Singel is here to address, within appropriate limitations, the issue that was raised on September 24 by you, Mr. Chairman.

In addition, we have supplementary documents here. By virtue of the direction of Price Waterhouse, these documents were prepared for the SCI as part of their subpoena and investigation. Price Waterhouse said that as long as they were prepared yesterday and submitted by four o'clock to the SCI, even though we believe Mr. Morley is correct in his judgment of September--

**ASSEMBLYMAN BOCCHINI:** That is not at issue here.

**MR. BOYLAN:** It is not an issue. Price Waterhouse has directed that since these documents were prepared and given to the SCI, they ought to be given to your Committee as well. Whether that is at issue here or not, Chairman Bocchini, it is part of the major and multiple responsibilities of Price Waterhouse and its personnel in remedying the situation, which poses a great problem for us, as you, an attorney, know.

So, in delivering these documents to you at the direction of Price Waterhouse, we are reserving to ourselves, the subpoena issue.

We accepted the subpoena. We told Mr. Marinari we would accept it, and we would review it. We happen to share the view of Albert Porroni, the legislative counsel, that there is a serious question about the subpoena power of the Committee. However, consistent with what I said on September 24, that we would produce witnesses on behalf of Price Waterhouse if we knew the areas which were of concern, we now know the areas of concern from my conversation with Mr. Marinari, and we have produced Mr. Driscoll and Mr. Singel. We still share and express to you our concern about discussing matters in the technical area that may be the subject of potential negotiation between us and other parties, other than the State.

As I have said, we have made our settlement with the State, as reflected in the letter from Mr. Cole, which we both discussed, in which Price Waterhouse committed to remedy the situation. But, having said that for purposes of setting the record straight as clearly as I can with respect to our position, both on the subpoena and on the appropriateness from a time and manpower perspective of responding to two separate agents -- one agency and one Legislature -- the Legislature created the SCI. The documents were there and, as I say, after a partial document review, we were directed to provide these documents to you.

ASSEMBLYMAN BOCCHINI: Mr. Boylan, the transcribers have requested, in relation to this particular hearing today, that although I enjoy watching you on your feet, that in the process of further comments, you are not being picked up.

MR. BOYLAN: Oh, you mean my comments are not being recorded? Well, every time I was here before, it was higher and I had to stand. I hope that I have not caused them any inconvenience by missing the microphone.

Basically, Chairman Bocchini, we are here, we have these documents. We were directed to produce them by the SCI. They were delivered to the SCI yesterday, and at the direction of Price Waterhouse, we are giving them to your Committee.

ASSEMBLYMAN BOCCHINI: Will you kindly indicate for the record what the documents are?

MR. BOYLAN: The documents are documents and memoranda relating to the driver/owner information management system. They consist of a series of extensive memoranda, chronicling the history, going back to the inception of the relationship between the State of New Jersey and the Division of Motor Vehicles.

ASSEMBLYMAN BOCCHINI: Will you bring them up to me, please?

MR. BOYLAN: I'm sorry that they are not--

ASSEMBLYMAN BOCCHINI: Mr. Boylan, if I may, just for the record, could you step back up here for a second? We received one, two, three parts entitled, "Price Waterhouse Driver/Owner Information Management System." It is not a formal hearing. I don't think we need to mark them in as exhibits, but I would think that--

MR. BOYLAN: We can send you a letter confirming and giving you an index. We were unable to prepare an index for them, even for the SCI, for that matter, for anyone. However, we can send you, Mr. Chairman, a copy of the index and identification for them. We do not need a receipt or anything of that nature. They are copies of what were given to the SCI.

ASSEMBLYMAN BOCCHINI: I will pass these over to Ms. Szilagyi. Aggie, if you would--

ASSEMBLYMAN SCHUBER: For the record, Mr. Boylan, they are not three duplicates, are they?

MR. BOYLAN: No, that is one set, three separate time periods. We didn't even have the equipment to reproduce, as we would have preferred to, eight or ten at one time.

ASSEMBLYMAN FOY: May I ask a question? Mr. Boylan, is this everything you supplied to the SCI regarding this transaction?

MR. BOYLAN: Everything that we have supplied to the SCI you now have, Assemblyman Foy. Originally we supplied, in your absence on September 24, a complete contract specifications.

ASSEMBLYMAN FOY: Right, I have all that. But this is what you have submitted in response to the SCI's inquiry on this matter. Is that correct?

MR. BOYLAN: Yes.

ASSEMBLYMAN FOY: All right. Well, I want to thank you on behalf of the Committee for the voluntary disclosure. We appreciate that. It is going to make our job a little easier. At our last hearing, we indicated that whatever we obtained in the way of documentation, we would be willing to make available to the SCI also. Since they already have this, we won't have to send it over to them. Thank you very much for bringing this material in.

MR. BOYLAN: Had we a place to deliver them at five o'clock, we probably would have delivered them here, but we sure weren't hot to do that. But, you are absolutely correct. I think you have more than the SCI because the SCI subpoena was focused in a different direction in some respects. You certainly have what they have, and you probably have more.

ASSEMBLYMAN FOY: Okay, fine. It was worth the wait.

ASSEMBLYMAN BOCCHINI: You may proceed.

MR. BOYLAN: Mr. Driscoll is here to answer questions, but first he has a short statement he would like to read, if he may.

ASSEMBLYMAN BOCCHINI: Before you enter your statement, Mr. Driscoll, at the last hearing we requested our witnesses to take an oath prior to their testimony. Do you have any objection to that?

WILLIAM J. DRISCOLL: I have no objection, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: All right. Simply raise your right hand and acknowledge that you understand that the testimony you are about to give today is being recorded and will be transcribed, and that the testimony you give will be the full truth, nothing but the truth, so help you God.

MR. DRISCOLL: Yes, I do.

MR. BOYLAN: Should he proceed, Mr. Chairman, to read his short statement?

ASSEMBLYMAN BOCCHINI: Yes. Do you have a copy of that statement with you?

MR. DRISCOLL: I will be distributing copies after I give the statement, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: Do you think you could supply us with it now so we can follow along, please?

MR. BOYLAN: Fine.

ASSEMBLYMAN BOCCHINI: Thank you. Mr. Boylan, could you give one to Ms. Szilagyi, please.

MR. BOYLAN: I'm sorry.

ASSEMBLYMAN BOCCHINI: In addition, you may want to leave one there for Mr. Martin, in the event of his arrival. I'm sorry, Mr. Driscoll.

MR. DRISCOLL: That's quite all right. Good morning, Mr. Chairman, members of the Committee, and other interested parties in the room.

Mr. Chairman, I have had an extremely busy two weeks since my last appearance before your Committee. First off, I have been trying to devote most of my time to the job of remedying the system, that is, time spent with the team of DMV, OTIS, and PW in the solution of the existing problems with the Motor Vehicle system.

Secondly, I have been busy reviewing numerous working paper files and documentation to be responsive to the SCI's subpoena to produce documentation.

Thirdly, I have an interest in, and have been reading, transcripts from the September 24 and October 3 hearings held by your Committee, as well as the press coverage which this matter has been receiving.

In this opening statement, I would like to deal with things which I have learned or which have come to my attention since my last appearance.

First, let me give you an update on the progress which we have to report on solving the existing problems: The bridge to the old data base was installed yesterday, which will give the State Police access to current driver licensing and registration data. Two of the major programs dealing with updating registration and title information have been coded in COBOL, are currently being production tested, and are scheduled for installation next week. Approximately 20 of our staff are well underway in recoding the remaining overnight processing programs, and these will be completed by mid-November. The overall system architecture is being reviewed with OTIS, and the longer-term total recovery plan is being developed.

One of the reasons we are here today is to dispel a rumor which I picked up last week that Price Waterhouse was weakening on its commitment and might possibly pull out after the election. I spent time with DMV and OTIS management to immediately squelch that rumor, and here again for this Committee, I repeat Price Waterhouse's commitment to the State to complete this project to everyone's satisfaction.

ASSEMBLYMAN BOCCHINI: If I may interrupt for a moment, Mr. Driscoll. That rumor, or whatever you heard-- I do not believe that in any way that could be associated with this Committee. I don't believe anything of that nature was discussed in this Committee.

MR. DRISCOLL: I do not intend to imply that it was associated with this Committee.

MR. BOYLAN: No. I think to answer your question more directly -- the commitment of Price Waterhouse is so extensive -- this thought is not attributed to you at all. Why would a company spend the time and resources that Price Waterhouse is doing to correct the problem? That goes back to my letter of October 3 regarding ancillary problems.

MR. DRISCOLL: In reviewing the files, I have come across some documentation which is relevant and expands upon Price Waterhouse's purchase of tickets to the Governor's Ball over the past three years. There are three documents in particular which we are submitting to you today, and which we also submitted to the SCI yesterday, dealing with this subject.

The first one, dated July 22, 1983, is the letter I sent to my partners asking if they had supported Governor Kean's campaign. It was the--

ASSEMBLYMAN BOCCHINI: Excuse me. Is that in the package we received?

MR. BOYLAN: Yes, it is.

ASSEMBLYMAN FOY: Mr. Driscoll, let me interrupt for a second. I apologize for doing this, but words sometimes have a lot of meanings. By "supported," you are talking about financially made contributions heretofore. Is that right? By "supported," you can't

mean, "Gee, we like Tom Kean and we will vote for him." You were soliciting--

MR. DRISCOLL: By support, I meant--

MR. BOYLAN: Financial support.

MR. DRISCOLL: Financial, or--

ASSEMBLYMAN FOY: You weren't soliciting the views regarding whether they liked Tom Kean or Peter Shapiro. You wanted to know whether they made any contributions up to that point.

MR. DRISCOLL: If they had actively worked for or financially supported Tom Kean.

ASSEMBLYMAN FOY: Fine, okay.

ASSEMBLYMAN BOCCHINI: Excuse me. Mr. Boylan, this is a rather cumbersome--

MR. BOYLAN: I will dig out copies of what is in there for you.

ASSEMBLYMAN FOY: If you could do all three. There are a letter and two memos mentioned. We would like to see them.

MR. BOYLAN: Okay. Go ahead.

MR. DRISCOLL: It was the basis -- the letter I referred to in a previous sentence -- of my advice to Deputy Director Robert Kline that, except for a couple of modest contributions, the Price Waterhouse partners did not support Governor Kean's campaign.

The second memo, dated August 18, 1983, covers the sequence of events leading to the subsequent decision by Price Waterhouse to participate in the Governor's Ball, and the level of participation. In summary, the memo states the following:

1. Price Waterhouse was contacted by a Republican Committee fund raiser relative to considering purchase of tickets to the Ball.

2. Not being familiar with this particular event and because of my earlier advice to Mr. Kline, I made mention of it to him and developed the following impressions: a) Although PW's attendance at the Ball would not impact our contract with the State, it probably would be a good business decision to do so; b) Other Big 8 accounting firms, as well as prominent law firms and investment firms, had committed to participate in the event; c) It was common practice for members of the Administration to attend as guests.

Price Waterhouse ultimately concluded to take three tables in 1983. We utilized at least 12 of the tickets ourselves, and made the rest available to the Committee as complimentary tickets.

The 1984 memo again describes circumstances surrounding our purchase of tickets. I noted that the word "insurance," used in one context by me in that memo, had also been used by Chairman Bocchini in another context on Page 88 of the transcript of last week's hearing. In my memo of September 6, 1984, I cited three reasons for maintaining the prior year's level of participation in the Governor's Ball, which boiled down to visibility and client relations. I had used the term "insurance" to be synonymous with the maintenance of good client relations with the State of New Jersey. It is common practice, and continues to be common practice, for us to participate with our clients in fund-raising dinners for a wide variety of community causes, in order to maintain a positive atmosphere in our ongoing client relationships and to have a presence among other members of the business community.

Let me emphasize again that our only interest continues to be satisfying our commitment to the State of New Jersey. We are devoting all of our efforts to that objective. Mr. John Singel, Co-Director of our National Information Services practice and the consulting technical partner on the DMV project, is here, and he is prepared to comment on the technical aspects of the project.

ASSEMBLYMAN BOCCHINI: Are there any questions in light of the opening statement?

ASSEMBLYMAN FOY: Yes, I have some that come to mind. I appreciate what I perceive to be a very frank and forthright disclosure of what happened.

I would like to see copies of the original memoranda and letters, if I might. Have we located them?

MR. BOYLAN: Yes, we have located them.

ASSEMBLYMAN FOY: May I see them, please?

MR. BOYLAN: Sure. I don't have that many; I'm sorry.

ASSEMBLYMAN BOCCHINI: We can share. Make sure that Mr. Schuber receives one, please.

MR. BOYLAN: I may have one more.

ASSEMBLYMAN FOY: If you don't mind, I am going to read these various documents into the record because I think the public will have interest regarding just how Price Waterhouse proceeded in this. I think what it is going to do -- at least I hope so -- is clear the air about a lot of this activity. So, this will be part of the record. I am going to read them, and then I will ask some questions about each one of them.

The first letter is directed to Mr. Howard G. Johnson, Price Waterhouse, 153 East 53rd Street, New York, New York. It is dated July 22, 1983. The subject is entitled, "Request for Information." It says: "Dear Howard: As you may know, Price Waterhouse was recently awarded a significant sole source contract by the State of New Jersey. Due to the noncompetitive nature of the award, the contract, when announced, may cause certain members of the Legislature or the press to raise questions regarding any political ties between Price Waterhouse and the present State government Administration.

"Therefore, I am soliciting your response to the enclosed questionnaire. It is imperative that you answer the questions and return the form as quickly as possible. If you feel it is desirable to expand in any way about your past political support for Governor Kean, please call me at your earliest convenience.

"Thank you in advance for your prompt response to this request. Sincerely, Bill -- W. J. Driscoll" The enclosures were a questionnaire and a return envelope.

Now, I don't see the questionnaire.

MR. BOYLAN: If I may address that issue, Assemblyman Foy.

ASSEMBLYMAN FOY: Certainly.

MR. BOYLAN: It was with great difficulty that we found one of the 40 addressees who had this copy. We do not have the questionnaire; we are still looking for the questionnaire. However, we have a longtime employee of the company, a secretary, who went back through the same process she did originally, taking the questionnaires and tabulating the results. The results were given to this Committee by Mr. Driscoll on the day you were not here, September 24, 1985. So, the answer to your question is, if we find the questionnaire, you will get it.

ASSEMBLYMAN FOY: That's fine.

MR. BOYLAN: But we spent an awful lot of time looking for this copy.

ASSEMBLYMAN FOY: You don't put things like this on your computer, do you?

MR. DRISCOLL: No.

ASSEMBLYMAN FOY: My question regarding this, Mr. Driscoll, is, what was the genesis of this, other than your concern for the sensitivity of having received a rather large no-bid contract? Had you been solicited by Mr. Kline to purchase tickets to the Governor's Ball at the time this memo was written?

MR. DRISCOLL: No, I had not.

ASSEMBLYMAN FOY: Okay. Were you subsequently solicited by Mr. Kline to purchase tickets?

MR. DRISCOLL: No, I was never solicited by Mr. Kline to purchase tickets to the Governor's Ball.

ASSEMBLYMAN FOY: Okay. Why then did you -- to use a lawyer's term -- sua sponte, on your own, decide to advise Mr. Kline regarding the past support of Price Waterhouse executives for the Kean Administration?

MR. DRISCOLL: That letter was written in response to a request that was made of me sometime in June or July by Mr. Kline to ascertain if any of the partners in Price Waterhouse had been active, financially or otherwise, in Governor Kean's campaign.

ASSEMBLYMAN BOCCHINI: Did Mr. Kline tell you why he wanted that information?

MR. DRISCOLL: I think there were two facets of that concern. One apparently generated from the Governor's office with regard to a potential feeling of contributions having some impact on the waiver. The second, I think, was anticipation of the press release that would be given out the day that the contract -- or not the contract -- the waiver was approved, and that Mr. Kline would be in a position to respond to that question, should it be raised by the press.

ASSEMBLYMAN FOY: Do you know whether Mr. Kline made any contact with either the Republican State Committee or the Governor's

Ball Committee to determine from their records whether or not your executives had made prior contributions to the Kean Administration?

MR. DRISCOLL: I do not know whether he--

ASSEMBLYMAN FOY: You do not know what the extent of his fact-finding mission was with respect to your prior giving record. Is that correct?

MR. BOYLAN: As of July 22, or whatever--

MR. DRISCOLL: As of the date of that letter, that is correct.

ASSEMBLYMAN FOY: Okay, fine. The next item in the package is the second memo, which is dated August 18, 1983. It is addressed to Mr. D. F. Chandler from Mr. Driscoll, and the subject is, "N.J. Governor's Ball Committee." It reads as follows: "On Friday, August 12, I received a call from Gary Dornbush, who in turn had been called by Clyde Folley. Clyde said, J. Fletcher Creamer, head of a large construction company headquartered in Bergen County, and an active member of the New Jersey Republican Committee, had called to find out whom to contact at PW" -- Price Waterhouse -- "regarding possible participation in the Governor's Ball, scheduled for August 27, 1983.

"Creamer's office sent me the attached letter requesting PW's support for this function. After speaking with you (both Luhmann and Cadematori being on vacation) about the desirability of PW's purchase of one table (\$5,000), I spoke with DMV Deputy Director Robert Kline, our primary contact on the DMV engagement. Kline, a candid, young lawyer, who demonstrated he is a masterful strategist in dealing with the State government bureaucracy during the process which resulted in our sole source contract, made the following points:

ASSEMBLYMAN BOCCHINI: One second; excuse me, Mr. Foy. In relation to the sentence, "Kline, a candid, young lawyer who demonstrated he is a masterful strategist in dealing with the State government bureaucracy during the process which resulted in our sole source contract," would you care to expand on that about what you meant?

MR. DRISCOLL: Mr. Chairman, how can I expand on those eloquent words?

ASSEMBLYMAN BOCCHINI: All right, fine. Continue, Mr. Foy.

ASSEMBLYMAN FOY: I'll ask some questions about the memo afterwards. I want to read the whole thing so as not to break the continuity.

"1. Although PW's participation in the Governor's Ball would have no impact on the present DMV contract with the State, because of the size of the contract he thought, as a practical matter," -- he, meaning Kline -- "it would be good business to do so.

"2. After researching the question, he identified three CPA firms (P&M"-- I don't know who that is; Peat, Marwick and somebody, I guess.

MR. DRISCOLL: Peat, Marwick & Mitchell.

ASSEMBLYMAN FOY: Mitchell, okay. (Assemblyman Foy continues to read memo.) --"(DH&S" -- Deloitte, Haskins & Sells -- "and TR)" Who's TR?

MR. BOYLAN: Touche Ross.

ASSEMBLYMAN FOY: Touche Ross. "who had already reserved two tables each, in addition to a number of prominent law firms and investment firms.

"3. He also commented it was common practice, if one purchased tickets, to include as guests, acquaintances who are members of the Governor's Administration.

"Taking all this into consideration, on August 17 (in your absence), I made the following recommendation to J. F. Williams:

"1. PW should and would stand out with the purchase of three tables (\$15,000.00).

"2. The preliminary guests to be invited from the State would include: C. Snedecker, Director DMV; R. Kline, Deputy Director DMV; H. Gluck, Director of the New Jersey Lottery; and perhaps two or three more, yet to be determined.

"3. From PW the initial list should include: Driscoll, Dornbush, Singel, Advani, Nardolillo (friendly with Cary Edwards, Governor's Counsel), and Rich Pye (MAS Manager, knows Governor Kean personally)

"Williams agreed with my recommendation, suggesting for internal bookkeeping purposes, we should split the cost equally between

Morristown, Hackensack, and New York." I assume those are your office locations.

MR. BOYLAN: That is correct.

ASSEMBLYMAN FOY: "I processed and sent a check for \$15,000 to the Governor's Ball Committee on Wednesday, August 17, 1983. Attachment - As above, carbon copy to: Mr. Luhmann, Mr. Cadematori, and Mr. Williams"

Let me ask some questions. Again, this is a rather candid exposure of what the process was internally with respect to your company, and I appreciate your willingness to share this with us. However, it raises some questions in my mind about the conversations you had with Mr. Kline, who is an individual with whom you have been dealing for some time with respect to the contract, and would be dealing with for some further time. As you can appreciate, it raises some inferences, just as you thought it might, in the minds of the public and the press. I think it is best to clear the air here today and to get to the heart of this matter.

ASSEMBLYMAN BOCCHINI: Assemblyman Foy, if I may for one second. The memo was addressed to one D. F. Chandler. Who is D. F. Chandler, Mr. Driscoll?

MR. DRISCOLL: He is one of our area partners at Price Waterhouse, and a member of our Policy Board. He has responsibility for the metropolitan area of Price Waterhouse.

ASSEMBLYMAN BOCCHINI: Continue, Mr. Foy.

ASSEMBLYMAN FOY: First, with respect to Price Waterhouse's internal structure, do you normally have an annual budget for political contributions of all types?

MR. DRISCOLL: I would like to take time right now to make a distinction in our minds. You may find it a very slim distinction, but I think in the mind-set of Price Waterhouse, it is a very great distinction. Price Waterhouse, as a practice, does not make political contributions. Price Waterhouse, as a practice, does participate in fund-raising dinners and the like. We make that distinction primarily because of the objectives which we see are fulfilled by participating in fund-raising dinners, and the like. To make a political

contribution by virtue of a check given to a committee supporting a particular candidate, does nothing more than to register your name with a given amount of money on a list. As far as we are concerned, the two objectives we try to accomplish through participating in fund-raising dinners, are one that addresses visibility, the visibility of Price Waterhouse participating in a particular event. The second aspect of that is what we call client relations; that is, developing an ongoing relationship with a client in an environment that is off the job site, so to speak.

So, in that sense, the participation in a fund-raising activity or dinner accomplishes those objectives. It's the visibility; we have people there; they are present; they are observed. And secondly, either because people are seated at the same table, or you see them throughout the evening, you have an opportunity to also accomplish the second objective of client relations. I want to make that differentiation because, in fact, that is, in our perception, the perception of Price Waterhouse, there is a clear distinction between contributions and support of fund-raising events and affairs.

ASSEMBLYMAN FOY: When you purchased the tickets for three tables, at \$15,000, which would help you stand out, obviously, in the Governor's mind, did you know that that money was going to be used for political purposes? I mean, this wasn't Catholic Charities, was it?

MR. DRISCOLL: No, it wasn't Catholic Charities.

ASSEMBLYMAN FOY: It is not like Bishop Garrity called you up, saying, "Hey, Price Waterhouse, we need some help. We need you to buy three tables, and the money is going to go to famine relief." This was a political contribution, was it not?

MR. DRISCOLL: I still maintain that there is a differentiation between a contribution and the fact that we are participating in an affair, that we are physically present during the activity, have the opportunity to pursue the objectives for making such a payment, and buying tickets to participate.

ASSEMBLYMAN FOY: But, when you buy tickets to the Heart Fund, the Catholic Charities, or the United Jewish Appeal, you are an accountant, that is a tax deduction, isn't it?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: There is no tax decution involved in contributing \$15,000 to the Governor's Ball.

MR. DRISCOLL: In New Jersey it is legal to make such a purchase of tickets.

ASSEMBLYMAN FOY: It is not a tax deduction though, is it?

MR. DRISCOLL: I am not a tax expert.

ASSEMBLYMAN FOY: Okay. Perhaps someone in Price Waterhouse is, and you might want to consult with him about it. The fact of the matter is, political contributions are not deductible up \$250 on your Federal income tax. You get a \$100 credit if you make that election. So, at least \$14,900 of this had no positive economic impact, other than its value of helping you stand out. Isn't that correct?

MR. DRISCOLL: That is correct. That is consistent with the objectives I stated before, visibility and client relations.

ASSEMBLYMAN FOY: Do you know whether or not Price Waterhouse took a tax deduction for this \$15,000?

MR. DRISCOLL: I'm certain they didn't, if you tell me that it was not a legitimate deduction.

ASSEMBLYMAN FOY: You're confident in your accounting branch anyhow. Okay.

MR. DRISCOLL: Without question.

ASSEMBLYMAN FOY: All right. In terms of Mr. Kline, you indicated he was, "a masterful strategist in dealing with State government bureaucracy during the process which resulted in our sole source contract." Did you experience a lot of difficulty in dealing with the State regarding negotiating that contract?

MR. DRISCOLL: I personally did not experience-- I did not negotiate that waiver.

ASSEMBLYMAN FOY: All right.

MR. DRISCOLL: I provided information and documentation to the Division of Motor Vehicles, and I knew that there were discussions going on beyond that. However, all I did was provide information and documentation.

ASSEMBLYMAN FOY: Did you negotiate the contract?

MR. DRISCOLL: I did negotiate the contract subsequent to the award of the waiver.

ASSEMBLYMAN FOY: Was Mr. Kline involved in the contract negotiations?

MR. DRISCOLL: He, with others, was involved, yes.

ASSEMBLYMAN BOCCHINI: Excuse me, will you repeat that comment in relation to the waiver?

MR. DRISCOLL: Pardon me?

ASSEMBLYMAN BOCCHINI: Can you repeat your statement in relation to the waiver? You said you did not negotiate the waiver. Is that correct?

MR. DRISCOLL: No, no. I am trying to draw a fine line, as I have seen done in prior testimony, between waiver and contract, and the negotiations that went on between those two phases.

ASSEMBLYMAN BOCCHINI: What do you mean by "fine line?"

MR. DRISCOLL: I was not involved in negotiations of the waiver; I was involved in providing information with regard to Price Waterhouse proposing on the job that was to be done. So, I did not negotiate or was not involved in anything to do with the mechanics and the waiver process.

ASSEMBLYMAN BOCCHINI: Who was?

MR. DRISCOLL: I was heavily involved in the contract negotiations, along with several others from Price Waterhouse, and several people from the State.

ASSEMBLYMAN BOCCHINI: Who was involved in the waiver process for your company?

MR. DRISCOLL: As I mentioned before--

ASSEMBLYMAN BOCCHINI: Mr. Boylan, please allow your client to testify on his own.

MR. BOYLAN: Fine.

MR. DRISCOLL: I submitted outlines of proposals and proposals, and information, but I was not involved in -- nor was anyone else involved in -- the waiver process.

ASSEMBLYMAN FOY: How did you come to conclude that Mr. Kline was "a masterful strategist in dealing with the State government bureaucracy"? What gave rise to those conclusions on your part in terms of your being of effusive in praise to one of your senior partners? What made you think that Bob Kline was such a masterful strategist?

MR. DRISCOLL: Well, Chairman Bocchini was kind enough to refer to me as being forthright and candid in my prior appearance, and I will continue to be so. Through this process, from the time of our being involved in the requirements definition study and then the surfacing of the requirement to put up a surcharge and the ongoing desire to build a comprehensive system, the fact or even the possibility that this would culminate in a large contract under a waiver, was something that was astonishing to me. I could see that we were prepared to do the job. We could do the job-- I think I have said enough.

ASSEMBLYMAN FOY: But the characterization that he is a masterful strategist in dealing with State government bureaucracy-- Wasn't he, in fact, part of that State government bureaucracy? He was Deputy Director; he was one of the taxpayers' representatives. He evidently assisted you in the negotiations, did he not? He made the negotiations for both the waiver and the contract a lot easier, didn't he?

MR. DRISCOLL: I told you before that I was not involved in negotiations for the waiver.

ASSEMBLYMAN FOY: How about for the contract? You did negotiate the contract. Did Mr. Kline assist you in negotiating the labyrinths and the shoals of State government?

MR. DRISCOLL: No. I would not say he assisted me. The contract negotiation period, which lasted a couple of months, was more-- The State prepared the initial contract. We reviewed and revised that contract, and there was a back and forth negotiation for a period of weeks, and a few meetings. I would say that, quite to the contrary, Mr. Kline did not assist me in that negotiation process. In fact, the first time I provided Price Waterhouse's version of the revised contract, Mr. Kline dramatically tore it up and said it was unacceptable.

ASSEMBLYMAN FOY: Well, you certainly appreciate some of his skills and his demeanor, evidently. The memo goes on to advise that he was your primary contact and you wanted his advice regarding the Governor's Ball. Now, let me ask you a question. Why did you seek his advice regarding the Governor's Ball specifically?

MR. DRISCOLL: As noted by my letter of July 22, where I solicited my partners with regard to their support of Governor Kean's campaign, there had been a concern expressed about how active Price Waterhouse or Price Waterhouse partners were. Within a couple of weeks of that date, being asked to purchase tickets to the Governor's Ball-- Quite candidly, I was a novice at this; I was not aware of such an event as the Governor's Ball. I commented about this to Mr. Kline and, you know, asked, "Does this present a problem?" because before we had been concerned about having been involved with the political campaign, and now we had this request to participate in a fund raiser.

ASSEMBLYMAN FOY: Did you ask him if it would be a problem if you didn't buy any tickets to the Governor's Ball?

MR. DRISCOLL: To my recollection, we discussed this briefly. As far as how important it was, things, at the moment, are important to one person, but may not be important to another. It was important to me for me to record these events in a memorandum so that would provide support and justification to my partners as to why we went ahead and made this expenditure. I'm sure that this brief discussion was not very important to Mr. Kline at that time.

ASSEMBLYMAN FOY: Was it a telephone conversation or was it a personal conversation?

MR. DRISCOLL: I have to go by a recollection that goes back to two years ago, and I have to rely on what I recorded in writing in this memorandum, which you have in front of you.

ASSEMBLYMAN FOY: Do you recall if it was a face-to-face meeting with Mr. Kline or a telephone conversation?

MR. DRISCOLL: I do not recall.

ASSEMBLYMAN BOCCHINI: All right. You also indicated that you didn't think it was very important to Mr. Kline, advising someone about purchasing \$15,000 worth of tickets to a political affair. For someone who had a job in that same Administration, you didn't think it was very important to Mr. Kline?

MR. BOYLAN: I object to the question. You assume that the \$15,000 was in the discussion. I am not sure that is so, sir.

ASSEMBLYMAN FOY: Well, now, it says here that he advised you on three points. You sought his advice and he said, "Although PW's participation in the Governor's Ball would have no impact on the present DMV contract with the State, because of the size of the contract he thought" -- he, Kline -- "as a practical matter, it would be good business to do so."

Now, what did he mean by that? What do you think he meant? How did you take that?

MR. DRISCOLL: Well, I think, first of all, if my recollection serves me, that this was not a lengthy discussion we had.

ASSEMBLYMAN FOY: Okay.

MR. DRISCOLL: Secondly, I have been guilty on occasion of expanding on the basis of a few words and being a little bit verbose, both with my mouth, and sometimes with the pen.

ASSEMBLYMAN FOY: That's why we have lawyers.

MR. DRISCOLL: Pardon me?

ASSEMBLYMAN FOY: I said, that is why we have lawyers, to keep you from being verbose. Go ahead.

MR. DRISCOLL: That is correct. It is quite clear to me that he made a couple of comments, and I drew from those comments my impressions of them, translated them -- I'm a great one for organization, one, two, three -- and came up with those points.

ASSEMBLYMAN FOY: Well, buying a certain amount of tickets. At the top of the memo, it talked about--

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy, one moment.

ASSEMBLYMAN FOY: I'm sorry.

ASSEMBLYMAN BOCCHINI: In relation to the statement, "It would be good business to do so," does that stand out in your mind as being the actual source of the conversation, or part of the conversation -- "It would be good business to do so," to buy these tickets?

MR. DRISCOLL: I look at that comment as being a judgment that I made with regard to--

ASSEMBLYMAN BOCCHINI: So you got that feeling then?

MR. DRISCOLL: Pardon me?

ASSEMBLYMAN BOCCHINI: If it wasn't said, you at least got that feeling distinctly?

MR. DRISCOLL: It was a judgment I made, taking all the facts in total: "Is this a good business judgment that Price Waterhouse should buy tickets to the Governor's Ball?"

ASSEMBLYMAN FOY: All right. So, Kline advised you of that. Again, you originally indicated you did not think the conversation was very important to Mr. Kline, but Item 2 says, "After researching the question, he identified three CPA firms (PM&M, DHE&S and TR) who had already reserved two tables each, in addition to a number of prominent law firms and investment firms." Now, did he go to the library for that research? Did you think he went to the stacks or the carrels and was working on a thesis? I mean, come on. He thought it was important, didn't he? He went to the Republican State Committee, or to the Governor's Ball Committee and he found out who else was buying, didn't he?

ASSEMBLYMAN SCHUBER: I object to that, Mr. Chairman. I don't think there has been any testimony with regard to that at all. I think that is pure supposition on Mr. Foy's part.

ASSEMBLYMAN FOY: Your objection is noted.

ASSEMBLYMAN BOCCHINI: If I may, your objection is noted. I would suggest, Mr. Foy, in relation to that--

ASSEMBLYMAN FOY: I won't draw any more conclusions. I'll let everyone else do that. I will confine it to specifics.

ASSEMBLYMAN BOCCHINI: We can probably proceed with Mr. Kline, possibly a little later, outlining some of those things. Please continue.

ASSEMBLYMAN FOY: Did he tell you how he researched the question?

MR. DRISCOLL: He probably said, "I will look into it," and that was the end of the matter as far as I was concerned after he--

ASSEMBLYMAN FOY: He came back and advised you that of the Big 8 accounting firms in the United States, at least three other ones -- major competitors of yours in New Jersey, doing business with the State of New Jersey -- were reserving two tables each. Now, that's \$10,000 apiece, right?

ASSEMBLYMAN SCHUBER: Mr. Chairman, I don't think there has been any judgment of whether those firms do business with the State or not. We don't know; I don't know.

ASSEMBLYMAN FOY: Oh, I do. I do. Every one of those firms does business with the State of New Jersey.

MR. BOYLAN: And did in 1983.

ASSEMBLYMAN FOY: Yes. They operate on a continual basis on a number of grant programs in the Department of Labor, and elsewhere. They certainly all do business with the State of New Jersey. And, they are major competitors of yours, are they not?

MR. BOYLAN: We will accept both of those statements. They are major competitors.

ASSEMBLYMAN FOY: Okay. Now, each of them bought \$10,000 worth. Is that right? That is what he indicated they were buying.

MR. BOYLAN: Pardon me, may I speak to this?

ASSEMBLYMAN FOY: Sure.

MR. DRISCOLL: Excuse me.

ASSEMBLYMAN FOY: Okay. My question was, Bob Kline, Deputy Director of Motor Vehicles, did his research, found out from someone that three of your major competitors were purchasing two tables -- \$10,000 worth of tickets each -- to the Governor's Ball. Did that have any impact upon you?

MR. DRISCOLL: Yes, it did.

ASSEMBLYMAN FOY: You were concerned because your competitors were going to be there. Is that right?

MR. DRISCOLL: I wouldn't say I was concerned. I was interested in the fact that they were participating, and I was interested in the level at which they had decided to participate.

ASSEMBLYMAN BOCCHINI: Mr. Foy, one moment, please. In relation to-- TR is Touche Ross, I believe.

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: Once again, if you could help me with--

MR. DRISCOLL: Would you like me to recite the Big 8 again?

ASSEMBLYMAN BOCCHINI: No, not the Big 8, but if you could at least indicate to me who PM&M are for the record.

MR. DRISCOLL: Peat, Marwick & Mitchell.

ASSEMBLYMAN BOCCHINI: And DH&S?

MR. DRISCOLL: Deloitte, Haskins & Sells, and Touche Ross, and PW is Price Waterhouse.

ASSEMBLYMAN FOY: Right.

ASSEMBLYMAN BOCCHINI: I'm sure we will do a lot better if we are not necessarily cute. It was not a cute comment by me to you, Mr. Driscoll. I appreciate your help in letting me know who PW is.

ASSEMBLYMAN FOY: Now, the third comment that Mr. Kline made to you in response to your inquiry about whether or not there was an appropriateness to doing what you did-- "He also commented it was common practice, if one purchased tickets, to include as guests, acquaintances who are members of the Governor's Administration." Did you ask him what he meant by "acquaintances"?

MR. DRISCOLL: No, I didn't.

ASSEMBLYMAN FOY: Did you happen to have heretofore any personal acquaintances who worked for the State of New Jersey and who were considered part of the Governor's Administration?

MR. BOYLAN: Do you mean in 1983?

ASSEMBLYMAN FOY: In 1983; that's right.

MR. DRISCOLL: Would you restate that question, please?

ASSEMBLYMAN FOY: He said, "It is common practice to include,"--

MR. DRISCOLL: No, that part I understand. Please restate just your question.

ASSEMBLYMAN FOY: -- "as guests, acquaintances who are members of the Governor's Administration." Did you have any friends in the Governor's Administration at that time?

MR. DRISCOLL: There were people whom Price Waterhouse had done work for, and was doing work for at that time in the State, yes.

ASSEMBLYMAN FOY: In the State, on other contracts you have with the State?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: You might have been familiar with a director of some division somewhere in State government, or someone on the Governor's staff, or something like that.

MR. DRISCOLL: Personally, I was not familiar with anyone in the Governor's office or on the Governor's staff.

ASSEMBLYMAN FOY: What did you take him to mean then? Did you take any inference from what he said: "It was common practice to do so"? Did you believe he was suggesting that you offer some tickets to him, or other people?

MR. DRISCOLL: My initial understanding, or impression, of that was, you could invite people to join you, and they would sit at your table. Further on, in having contact with the Ball Committee, I was told that that was not the practice. In fact, if you look at the names that were listed of people who I thought would be guests of mine at the Governor's Ball, in 1983, they were not guests of Price Waterhouse at the Ball. None of them sat at any of the Price Waterhouse tables. It was at that point in time that I became aware of the practice of the Committee to make available, and to assign people to your table.

ASSEMBLYMAN FOY: Okay. So, the tickets you purchased that you were not going to use were to be turned back to the Republican State Committee, Governor's Ball Committee, for their provision to people they wanted to have at your table. Is that correct?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: All right. Now, the next thing says, "Taking all of this into consideration," which was at least three paragraphs of Bob Kline's advice to you about how to handle the Governor's Ball situation, you say, "I made the following recommendation to J. F. Williams: "1) PW should, and would, stand out with the purchase of three tables." Is that because you purchased 50% more -- I'm sorry -- one-third more tickets than any of your competitors? Did you believe that would make you stand out?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: All right. You indicated who the preliminary guests were, and two of those preliminary guests were people you were actively in the process of doing business with. Is that correct?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: All right. At the time, did Price Waterhouse have a contract with the Lottery?

MR. DRISCOLL: I can't be sure. It may have been at that time or not. We have had a number of contracts with the Lottery.

ASSEMBLYMAN FOY: All right. It says "in perhaps two or three more yet to be determined." Were those two or three ever determined?

MR. DRISCOLL: Not by me.

ASSEMBLYMAN FOY: Okay. In terms of-- You indicated the various people who were going to attend. Didn't you, in fact, personally attend?

MR. DRISCOLL: Yes, I did.

ASSEMBLYMAN FOY: Did Mr. Dornbush personally attend?

MR. DRISCOLL: Yes, he did.

ASSEMBLYMAN FOY: What is his title and function in your organization?

MR. DRISCOLL: Mr. Dornbush is a partner in our Hackensack office.

ASSEMBLYMAN FOY: All right. Mr. Singel is here; we know what he does. Mr. Advani? -- Or Miss Advani?

MR. DRISCOLL: Mr. Advani is a partner in our New York office.

ASSEMBLYMAN FOY: Mr. Nardolillo, friendly with Cary Edwards, the Governor's counsel. Is that Pat Nardolillo from the Teamsters?

MR. DRISCOLL: No, that is not. That is--

ASSEMBLYMAN FOY: Who is it then?

MR. DRISCOLL: Mr. Nardolillo is a former partner, a tax partner, in Price Waterhouse in the New York office.

ASSEMBLYMAN FOY: And what does he do now? Do you know?

MR. DRISCOLL: He is a tax partner in another accounting firm.

ASSEMBLYMAN FOY: A competitor of yours?

MR. DRISCOLL: It is a smaller firm. It is not a member of the Big 8.

ASSEMBLYMAN FOY: Not a member of the Big 8. And how did you know he was friendly with Cary Edwards, the Governor's counsel?

MR. DRISCOLL: During my solicitation, from that letter, that was one of the additional comments that came back--

MR. BOYLAN: The letter of July 22nd, (year is inaudible -- speaks away from microphone)

MR. DRISCOLL: The July 22nd letter. Mr. Nardolillo, although he worked in New York, was a resident of New Jersey.

ASSEMBLYMAN FOY: It was mentioned to you by someone in Price Waterhouse, that Mr. Nardolillo was friendly with someone in the Governor's office?

MR. DRISCOLL: No, it was mentioned to me by Mr. Nardolillo that--

ASSEMBLYMAN FOY: Oh, that he was friendly with Cary--

MR. DRISCOLL: Yes. He received one of the letters--

ASSEMBLYMAN FOY: I see. And the--

MR. DRISCOLL: --and he called me to tell me that he was a friend or a neighbor of Cary Edwards.

ASSEMBLYMAN FOY: Does he, Mr. Nardolillo, live in Bergen County?

MR. DRISCOLL: No, he lives in Morris County.

ASSEMBLYMAN FOY: Morris County. Okay.

You went on to say, "Williams agreed with my recommendation, suggesting for internal bookkeeping purposes, we should split the cost equally between Morristown, Hackensack, and New York." Why was that?

MR. DRISCOLL: Well, from the standpoint of visibility, and client relations, we were geographically identifying those tables. Mr. Dornbush sat at one table, I and another partner of mine, Mr. Ruffing, from the Morristown office, sat at another table, and Mr. Singel, and I guess Mr. Nardolillo and Mr. Advani, sat at a table that was New York.

ASSEMBLYMAN FOY: You said, "I processed and sent a check for \$15,000 to the Governor's Ball Committee on Wednesday, August 17, 1983." And you had indicated earlier that it was your perception that this was really client relations, visibility, community relations, to a certain extent. You draw a fine line in that respect.

MR. DRISCOLL: I draw a wide line--

ASSEMBLYMAN FOY: As opposed to a direct, political contribution.

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: You did not view this as a direct political contribution?

MR. DRISCOLL: No, I didn't view this as a--

ASSEMBLYMAN FOY: Because of the fine line that you have internally, regarding your perception of what it was?

MR. DRISCOLL: I think that I characterized it-- You would probably call it a fine line--

ASSEMBLYMAN FOY: Well--

MR. DRISCOLL: --But I think that it is a rather wide division, because there is a difference between being physically present and partaking, or participating, in the affair, as opposed to writing out a check and sending it to a committee.

ASSEMBLYMAN FOY: Well, you wrote out a check for \$15,000, but only used about \$3,000 worth of tickets for physical participation by your people. What about the other 10 or 12 people whose tables--

MR. DRISCOLL: Well, the-- No, no. Each one-- This is a husband and wife, or husband and--

ASSEMBLYMAN FOY: Two, four, six, eight, ten, twelve. So you only had three that you turned back.

MR. DRISCOLL: I had-- Well, representing 12 couples, or six couples here representing 12 people, and in fact, I mentioned Mr. Ruffing, who is from the Morristown office, also joined us. So we used approximately half of the tickets.

ASSEMBLYMAN FOY: All right. In terms of the fine line, my grandfather once told me, "Even a dog knows the difference between being kicked and being tripped over." So, you have to be careful about fine lines.

Now, let's look at the next document in the packet. It is a letter from the New Jersey Republican State Committee -- with their elephant -- Philip D. Kaltenbacher, Chairman; Lawrence E. Bathgate II, General Chairman, Governor's Ball Committee. It is dated August 12,

1983. It is addressed to you, at Price Waterhouse, 65 Madison Avenue, Morristown. (reads from letter)

"Dear Mr. Driscoll: In honor of the Governor and Mrs. Thomas H. Kean, the New Jersey Republican State Committee has begun preparations for the Governor's Ball to be held on Saturday, August 27, 1983.

"The black-tie gala even will be held on the grounds of the National Guard Training Center in Sea Girt, New Jersey, under a new, blue-and-white striped 250 by 200 foot tent first used at the Williamsburg Summit.

"The cocktail reception begins at 7:00 p.m., with dinner at 8:30 p.m. Lester Lanin and his twenty-piece orchestra will provide continuous music throughout the evening for your dancing pleasure.

"A table of ten is \$5,000. Both personal and corporate checks are acceptable. You may be sure your participation will be very much appreciated.

"Additional information may be obtained by calling Governor's Ball Headquarters at (201) 364-0101.

"Very truly yours, J. Fletcher Creamer, for the Committee."

Let me ask you a question. When you got this, and you saw the logo--

ASSEMBLYMAN BOCCHINI: Mr. Foy? If I may.

ASSEMBLYMAN FOY: Sorry.

ASSEMBLYMAN BOCCHINI: Mr. Driscoll, in relation to your conversations with Acting Director Kline, or then-Assistant Kline, were they -- prior to this August 12th letter-- In relation to the letter that Assemblyman Foy was previously reading, the August 18th memo, which says "on Friday, August 12th, I received a call" -- When did you speak to Kline, in relation to--

MR. DRISCOLL: The exact day, I don't know; but it is after August 12th because I was not aware of this prior to-- As I noted in the memo, on Friday, August 12, I received the initial phone call to forewarn me that I was going to get this letter in the mail from Mr. Creamer.

ASSEMBLYMAN BOCCHINI: All right, but when did you have your conversation with Mr. Kline, where he indicated to you that he thought that because of the size of the contract, as a practical matter it would be good business to buy these tickets?

MR. DRISCOLL: Sometime between August 12th and August 17th.

ASSEMBLYMAN SCHUBER: Mr. Chairman, may I follow just your question up?

Mr. Driscoll, let me ask you-- This memo that is dated August 18th, you state as the Chairman has indicated, that on Friday, August 12th you had received a call from Mr. Dornbush, concerning solicitation of the Governor's Ball. Is August the 12th, 1983, the first indication that you had ever had that you were being solicited for the Governor's Ball?

MR. DRISCOLL: Yes, that is correct. That is the first knowledge I had of the event, ever.

ASSEMBLYMAN SCHUBER: Thank you.

ASSEMBLYMAN PELLY: Mr. Chairman? I have a question along those same lines, with respect to the August 18th memorandum: "The preliminary guests to be invited from the State would include," and you list Mr. Snedeker, Mr. Kline and Mrs. Gluck. How did you arrive at that preliminary list, or did you arrive at that? Was that your--

MR. DRISCOLL: That was my preliminary list, and that was based on my interpretation of acquaintances in State government.

ASSEMBLYMAN PELLY: All right. You formulated that preliminary list, and submitted it to Mr. Chandler.

MR. DRISCOLL: I included it on this memo, and this memo was written before I was aware of the procedure that was actually followed with regard to assignments of people to tables.

ASSEMBLYMAN PELLY: Did you have any relationship with Mr. Snedeker during any of your contract negotiations-- the Director of the Department of Motor Vehicles?

MR. DRISCOLL: Now, let's-- Here again, I wish you would be clear between the waiver and the contract.

ASSEMBLYMAN PELLY: I was. With the contract.

MR. DRISCOLL: Okay. I just want to make sure I understand that.

ASSEMBLYMAN PELLY: Yes.

MR. DRISCOLL: Did I have any dealings with Mr. Snedeker during the negotiations of the contract?

ASSEMBLYMAN PELLY: Yes sir.

MR. DRISCOLL: It is my recollection that only in concert with the rest of the group that would sit down periodically, two or three of us from Price Waterhouse, and Mr. Snedeker and others from Motor Vehicles.

ASSEMBLYMAN PELLY: Who were some of the others who negotiated the contract-- Do you remember the names of those others?

MR. DRISCOLL: Well, Mr. Snedeker, Mr. Kline, Mr. Herman, Mr. Meybohm of Systems and Communications participated; Maureen Adams-- I think I have covered the people from the State who participated in those negotiations. From Price Waterhouse, there was myself, there was Mr. Singel, there was Mr. Williams, Mr. Advani, a Mr. Sullivan, who is in-house counsel-- I believe that that would (confers with Mr. Singel)-- I think that covers pretty much who represented Price Waterhouse in that negotiation.

MR. SINGEL: The main players, anyway.

ASSEMBLYMAN PELLY: Is it Miss Adams, Mrs. Adams-- Do you remember? Maureen Adams.

MR. DRISCOLL: Maureen Adams was from the AG's office, yes.

ASSEMBLYMAN PELLY: From the Attorney General's office.

Okay, and you sought not to include them, obviously, in your list to be invited to the State. So--

MR. DRISCOLL: Well, this, I think if you keep the sequence or chronology of dates, probably precedes the real getting down to contract negotiations. The contract negotiations really don't get underway until September, with the first exchange of paper of a draft or something like that, but we did not sit down and go nose-to-nose on that until September and October.

ASSEMBLYMAN PELLY: I understand.

Did you physically-- Did you or your company invite Mr. Snedeker, Mr. Kline and Mrs. Gluck?

MR. DRISCOLL: Did I extend a personal invitation--

ASSEMBLYMAN PELLY: Did you or your company extend an invitation to-- Pardon?

MR. DRISCOLL: No.

ASSEMBLYMAN PELLY: No, you did not. How did you-- Had you anticipated that someone would be extending an invitation to those three persons?

MR. DRISCOLL: I assumed that is what the Committee would do, the Ball Committee. But as I say, I was not aware of the procedure or practice--

ASSEMBLYMAN PELLY: How did you communicate that to the Ball Committee?

MR. DRISCOLL: I spoke with members of the Committee, at their office.

ASSEMBLYMAN PELLY: And suggested that these people be invited?

MR. DRISCOLL: Yes. I suggested that there were people that I would like to have sit at my table, and that is when I was informed that is not the practice.

ASSEMBLYMAN PELLY: Thank you.

ASSEMBLYMAN FOY: Yes, I have a couple of questions along those lines. First, getting back to my original question regarding the stationery-- When it came in and you saw the elephant, you kind of knew then that it was not the United Jewish Appeal, or Muscular Dystrophy, or anything like that? Didn't you at that point realize that it was a political contribution? Something clicked? You knew what the elephant stood for, didn't you?

MR. DRISCOLL: I did understand what the elephant stood for.

ASSEMBLYMAN FOY: So at that point in time, you recognized that you were making a rather large political contribution to the Kean administration?

MR. DRISCOLL: I would phrase it differently.

ASSEMBLYMAN FOY: How would you phrase it?

MR. DRISCOLL: I would say that I looked at the elephant and thought it was a political contribution, but when I read the text, I found out that it was a fund-raising affair.

ASSEMBLYMAN FOY: A fund-raising affair. Well, you distinguish between a political contribution in terms of, if I don't get a meal, or Lester Lanin, or a tent or some attention like that, therefore it is a political contribution. If I don't show up, it is a contribution; if I go there and have a good time, it is a fund-raiser?

MR. DRISCOLL: That is correct. You may find that that perception--

ASSEMBLYMAN FOY: That is the dog that got kicked or tripped over. Okay.

MR. DRISCOLL: --That your perception of that is quite different than ours. But then, you are sitting up there in that chair, and I have a perception sitting down here--

ASSEMBLYMAN FOY: All right, look; beauty is in the eyes of the beholder, there is no question about that.

MR. DRISCOLL: --and being part of a fine organization like Price Waterhouse.

ASSEMBLYMAN FOY: Fund raisers and contributions or whatever you conclude they can be in your own mind, I agree with you there.

ASSEMBLYMAN BOCCHINI: Mr. Foy? Along those lines, the Governor has characterized this strictly as a social event, so you are correct, it could be viewed in many ways. Please continue, Assemblyman.

ASSEMBLYMAN FOY: Did you take Maureen Adams to this party? Do you know whether she got a ticket to this party from the Republican Governor's Ball?

MR. DRISCOLL: I haven't the slightest idea.

ASSEMBLYMAN FOY: You don't remember seeing her at the party?

MR. DRISCOLL: I don't--

ASSEMBLYMAN FOY: How about other people from the--

MR. DRISCOLL: I go back to the chronology. I don't believe I even had met Maureen Adams at that point.

ASSEMBLYMAN FOY: How about other people who either heretofore of this date, or subsequently, were involved in the expected negotiations? Did you see some of them at this party? Did you see Cliff there?

MR. DRISCOLL: I did, yes.

ASSEMBLYMAN FOY: Did you see Bob Kline there?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: Did you see Jane Burgio there?

MR. DRISCOLL: Jane Burgio sat at my table, okay?

ASSEMBLYMAN BOCCHINI: Is this the 1983 or 1984--

MR. BOYLAN: 1983.

ASSEMBLYMAN FOY: 1983. Did you see Don Bianco there?

MR. DRISCOLL: No, I did not.

ASSEMBLYMAN FOY: Okay, did you see Irwin Kimmelman there?

MR. DRISCOLL: I-- Across a crowded room. (Laughter)

ASSEMBLYMAN FOY: Very crowded.

Now, the letter does not mention what the price of a single ticket is, does it?

MR. DRISCOLL: Mr. Creamer's letter?

ASSEMBLYMAN FOY: Yes. I am not going to fault the Republican State Committee for being big thinkers; that is terrific. But--

MR. DRISCOLL: Well--

ASSEMBLYMAN FOY: It does not say you can buy eight tickets for \$500, does it?

MR. BOYLAN: That is correct.

ASSEMBLYMAN FOY: It says a table of 10 is \$5,000. Now, on anybody's standard, that is a pretty heavy rap, isn't it?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: You took the rap voluntarily three times, didn't you?

MR. DRISCOLL: As I mentioned before, I think that it is important for you to understand my particular mind-set, which represents a practice that we have in business, which is the participation in events of this nature. It is not unusual for us to support clients who are involved in various causes.

ASSEMBLYMAN FOY: Well, that is quite a cause. I'll say, self-preservation is a wonderful cause.

Let's go to the next memo. It's to Mr. Luhmann and to Mr. Williams; it is from you and the subject is the Governor's Ball, 1984-- September 6th, 1984. Now we are going to deal with that one. (Reads from letter)

"In early August, after reaching an agreement with you both on the level of support which I thought was appropriate for Price Waterhouse for this affair, we made a contribution of \$10,000 (two tables), to be shared 50/50 between Morristown and New York offices. I had also discussed with Ken Cadematori the possibility of Hackensack participation in this affair, which he declined. I proceeded to fill the two tables as follows:

From Price Waterhouse -- "Art Ruffing, John Singel, Bill Driscoll, Henry Fryd, and Rich Pye. State Government Guests: Cliff Snedeker, Director of the DMV; Bob Kline, Deputy Director of the DMV; Jane Burgio, Secretary of State; Don Bianco, Director of Management Services, Treasury; and Alan Kline, Attorney General's Office.

"On Wednesday, September 5th, I received a call from Mark Husik (spells out name), Executive Director of the Governor's Ball Committee. He told me that the final tally was with regard to participant/support by the Big 8 firms as follows:

Firm: Peat, Marwick and Mitchell, two; Firm, AA-

MR. DRISCOLL: That's Arthur Anderson.

ASSEMBLYMAN FOY: -- that's Arthur Anderson, two; Firm, TR-- Touche Ross, two; Firm, DHS-- Deloitte, Haskins and Sells, one; Firm, Arthur Young, one; Firm, Coopers and Lybrand, one; and Firm, E&W-- Who is that?

MR. DRISCOLL: Ernst and Whinney.

ASSEMBLYMAN FOY: Ernst and Whinney, zero. That is-- one, two, three, four, five, six, seven-- And you were eight, so you were the biggest of the Big 8.

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: Okay.

"He reminded me that PW led the list last year with three tables, and could repeat this year if we believed it was a good business decision to do so." Now, this is Husik telling you that if you believed it was a good business decision, you could repeat again.

Okay. "I suggested to him that, if we bought three tables again this year, he might very well be using up next year's allocation for support. He replied that we would worry about next year when it

rolls around." Now, I asked earlier if you had any accounts that you prescribed specifically for political purposes. Let me ask you, do you have accounts that you specifically delineated for goodwill purposes?

MR. BOYLAN: That's different than political, you mean, for political purposes.

ASSEMBLYMAN FOY: Yes. In other words, not a political contribution but a--

MR. BOYLAN: Promotion and allowances, or--

ASSEMBLYMAN FOY: Something like this, yes; promotional activities.

ASSEMBLYMAN BOCCHINI: Fund raising.

ASSEMBLYMAN FOY: Fund raising. Do you have a fund raising account? That is the word I was looking for. Thank you, Mr. Chairman. Do you have a fund raising account that you allocate funds to?

MR. DRISCOLL: Yes, we have a budgetary process at Price Waterhouse in which offices budget individually for expense items and I really do not know the chart of accounts in each office. I can't answer that.

ASSEMBLYMAN FOY: Well, you indicated that you would be using-- You might be using up next year's allocation; he said, "Well, we'll worry about that next year." Let me ask you a question. There was a 1985 Governor's Ball, did Price Waterhouse participate?

MR. DRISCOLL: Yes, Price Waterhouse participated.

ASSEMBLYMAN FOY: How many tables did you buy?

MR. DRISCOLL: We had one table.

ASSEMBLYMAN FOY: One. So you used up part of this year's allocation.

MR. DRISCOLL: We used up part of this year's allocation.

ASSEMBLYMAN FOY: Did you make a personal contribution? Did you buy the tickets yourself?

MR. DRISCOLL: No, I did not.

ASSEMBLYMAN FOY: Do you know if any of your other executives or partners did?

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy.

I notice that in response to Mr. Foy's question, you indicated that you had used up part of your allocation. In fact, did you look at purchasing these tickets as a necessary allocation as part of doing business?

MR. DRISCOLL: I think the phraseology of "using up the allocation" is probably interpreted in a very strict sense. And I, in the discussion with Husik, mentioned you are probably using up what we might be willing to-- The level of participation we might be willing to have next year, and that, in fact, has been the case.

ASSEMBLYMAN FOY: This became a yearly event for you from 1983 on, is that correct?

MR. DRISCOLL: Thus far.

ASSEMBLYMAN FOY: From the time that you got the contract on to the present, major contributions to the Governor's Ball have been an annual activity of Price Waterhouse, have they not?

MR. DRISCOLL: In 1983, we purchased three tables. In 1984, we purchased three tables. In 1985, we purchased just one table.

ASSEMBLYMAN FOY: Fine.

It continues, "Unable to reach Luhmann (on vacation) and Williams (out of town), I called Don Chandler to discuss whether we should reconsider maintaining last year's level of participation. We decided it could not hurt to repeat last year's level of support in order to: 1) lead the list of Big 8 firms" -- which you accomplished -- "2) perhaps buy some insurance on the DMV job" -- which I don't know whether you got that or not -- "and 3) continue for one more year a highly visible roll (sic) in this event.

"Chandler gave me a go-ahead to purchase an additional table, which I did on September 6. An allocation of \$3,000 to New York and Morristown seemed reasonable and will be booked through interoffice journal entry." And a carbon copy goes to Donald W. Chandler, Price Waterhouse, New York. Now--

ASSEMBLYMAN BOCCHINI: Mr. Foy, if I may, for a moment, please.

ASSEMBLYMAN FOY: Sure.

ASSEMBLYMAN BOCCHINI: Mr. Driscoll, in your opening statement on page 3, you did indicate in the first paragraph -- second paragraph -- "The 1984 memo again describes the circumstances surrounding our purchase of tickets. I noted that the word 'insurance' used in one context by me in that memo had also been described in the transcript of last week's hearings." And you are correct. On page 88 of last week's hearings, in a colloquy with Mr. Kline, I referred to the contributions from 1983 through 1984, actually through 1985, and my last comment to him was, "Do you think it has any type of insurance effect for Price Waterhouse?" Mr. Kline goes on to indicate, "The contributions-- Is that what you are referring to?" I indicated to him that that was my question -- "Yes, sir" -- and Mr. Kline went on to indicate, "It is absolutely ludicrous-- It is ludicrous, it is slanderous, and I suggest that, Mr. Chairman," and it stopped at that point.

Notwithstanding that, you refer into your own memo, in the 1984 memo -- excuse me -- in the letter that Mr. Foy was just reading--

ASSEMBLYMAN FOY: The September 6 memo to Luhmann.

ASSEMBLYMAN BOCCHINI: --perhaps, "we decided it could not hurt to hurt to repeat last year's level of support in order to 1) lead the Big 8, 2) perhaps buy some insurance on the DMV job..." Now, I know you explained what you thought insurance meant, and in obtaining the Random House College Dictionary, on page 691, insurance is defined as number 1, "the act, system or business of insuring property, life, one's person against loss or harm in consideration for payment proportionate to the risk involved; 2. coverage by contract in which one party agrees to indemnify or reimburse another for any loss that occurs under the terms of the contract; 3. the contract itself set forth in written or printed agreement or policy; 4. the amount for which anything is insured; 5. rare -- an insurance premium.

You referred in your opening statement-- Pardon me a second. "I had used the term 'insurance' to be synonymous with the maintenance of good client relationships with the State of New Jersey." Now--

MR. BOYLAN: The "I" being Mr. Driscoll?

ASSEMBLYMAN BOCCHINI: Excuse me?

MR. BOYLAN: The "I" being Mr. Driscoll?

ASSEMBLYMAN BOCCHINI: That is correct. I am presuming-- Yes, Mr. Driscoll was the one who made the statement.

Now, I don't see how the word "insurance" -- I am trying to get a thesaurus over here to see, if as a synonym, it would fit in anywhere, and I am inclined to think that you may not even see that. What bothers me-- You had a contract with the State, or you have a contract with the State, you contribute, and then you speak in terms, in an in-office letter, about insurance, not in a business sense, but in relation to a job -- the DMV job. Did you see a problem coming down the road with the DMB job, at that point?

MR. DRISCOLL: Mr. Chairman, I think that-- The first comment I will make is that it was a very poor choice of words on my part, and regardless of how you want to characterize it and draw some further implications, the implications just are not present.

ASSEMBLYMAN BOCCHINI: I don't know what implications I have drawn. If you care to expound on that, or expand on that, please feel free to.

MR. DRISCOLL: Well, the implications I drew were from your reading of the dictionary definition of the word "insurance."

ASSEMBLYMAN BOCCHINI: Would you care to redefine for me your meaning of "insurance?"

MR. DRISCOLL: I said it was a poor choice of words, and what I had read in my opening statement was where I come down with the context of that statement, where I am focusing on visibility and client relations as being the primary objectives that we are attempting to fulfill by participating in fund-raising activities, or fund-raising dinners.

ASSEMBLYMAN FOY: Well, you have three objectives now. Tell me which ones you fulfilled. Certainly, you stood out--

ASSEMBLYMAN SCHUBER: Mr. Chairman-- Hold on one second. The Chairman asked a question, which I don't think I saw an answer to. Mr. Driscoll--

ASSEMBLYMAN BOCCHINI: I am satisfied that his response was one that he was not sure what he wanted to say, and unless he cares to expand on that, Mr. Foy--

ASSEMBLYMAN SCHUBER: I don't--

MR. BOYLAN: The question was, did he see any problems coming, but I think--

ASSEMBLYMAN BOCCHINI: If I may for a moment, gentlemen. You will respond through the Chair.

Mr. Schubert, if you are not satisfied with Mr. Driscoll's answer and you care to expand on the questioning, please feel free to do so.

ASSEMBLYMAN SCHUBER: I think that I am trying to find out-- Did you see any problems coming down the pike with regard to-- With your job at that point, as a result of your memo?

MR. DRISCOLL: Well, first of all let me make a comment that as far as I am concerned, there has never been any connection with the job at Motor Vehicles and its progress, and our participation and buying tickets to the Governor's Ball. A job of the size and complexity of the comprehensive system is one that has day to day problems of certain magnitude, month to month problems of greater magnitude, but I foresaw no clouds on the horizon in the summer of 1984, that would suggest that we were going to be in the position that we are today.

ASSEMBLYMAN SCHUBER: Had anyone at that point-- Had anyone from the Administration or from the Governor's Ball Committee threatened your contract as a result of potential--

MR. DRISCOLL: Certainly not.

ASSEMBLYMAN SCHUBER: Thank you.

ASSEMBLYMAN FOY: Let me go back to my question regarding your objectives in terms of making 40-some thousand dollars worth of contributions over three years to the Republican Governor's Ball Fund raiser. "To lead the list of Big 8 firms"-- In fact, you led the list of Big 8 firms, didn't you?

Two, "perhaps buy some insurance on the DMV job." What really did you mean regarding that? I am not sure yet I understand what-- Sure, it was a poor choice of words; I mean, there is an old Hudson County saying, "Never put in writing what you can cover with a wink." (Laughter) What did you mean by this?

MR. DRISCOLL: I wish I had--

MR. BOYLAN: It's much better than the dog.

MR. DRISCOLL: I wish I had known that saying.

I stated already, in testimony here, that I said that that was a poor choice of words.

ASSEMBLYMAN FOY: That still does not explain what was in your mind.

MR. DRISCOLL: Yes, I will explain what is in my mind. I would put that in the context of client relations. There are two ways that I would like to expound on this term "client relations." In my testimony, given September 25th, I made a point of the fact that the bid process in New Jersey over the past several years has not always been an advertisement to bid, but there have been selected bid lists.

Quite often, in business conferences that I have attended, the majority of those who were present, be they 10, 12, 15 people-- The majority of those people who are present represent CPA management consulting firms, hence the visibility and the knowledge that you want to be known in Trenton, or by State people in order that your name comes to mine when they decide that they are going to pick 15 people to attend a bidder's conference, that you will be included on that list.

From a client-relation standpoint, I-- Prior to coming on to the Motor Vehicles job, I had just completed an over two year assignment on a \$4.5 million job in another government jurisdiction. One of the gravest difficulties that one has in trying to control and manage a job of that scope and magnitude is the tendency on the part of the client to want you to add this and add that and add that, and it's--

ASSEMBLYMAN FOY: And not pay for it?

MR. DRISCOLL: And not pay for it-- as part of the broad umbrella. That, of course, is always a concern in a large contract. I think it is important from a client-relations standpoint that you have an ability to discuss and understand that not everything that comes down the pike is part of that umbrella, and it is an ongoing thing to have an atmosphere that is conducive to running a successful project.

ASSEMBLYMAN FOY: So, you felt that by a) contributing in excess-- \$40,000 over a three-year period in which you were involved in

the contract, to the Republican Governor's Ball fund raiser, and b), indicating to the Republican State Committee that there were people in the Department with whom you were doing business on an ongoing basis, and who, in effect, had control over the payment of some \$6.5 million dollars to your firm, you felt that by buying those tickets and recommending them to break bread with you, at this munificent affair, that that, in fact, would make for better client relations. I agree with you. Absolutely. Absolutely.

MR. BOYLAN: Except that is not a fair summary of what he said.

ASSEMBLYMAN FOY: Oh, well, you have a-- Look, fairness, like beauty, is in the eye of the beholder, Mr. Boylan. It is like the perceptions that Mr. Driscoll talks about. Some things are very fuzzy and some things are absolutely crystal-clear. What's clear to me may be a little fuzzy to you; what is a little fuzzy to me may be clear to you. I think the ultimate judgment of what is clear and fuzzy is going to be a determination of what ultimately happens, with respect to this contract. I want the job to be done; that is the bottom line. And if there was a poor choice of words, and an unfortunate set of circumstances, I don't want to have to see New Jersey suffer as a result of that.

MR. BOYLAN: New Jersey will--

ASSEMBLYMAN FOY: I think it is important to have the people who contracted with you do their job in terms of enforcing that contract, and not be subject to influence because they work for members of a political organization. I mean, I go down this list and everybody is on there. Everybody is on there. They have contracts with the State; they either now have, or had, or will have contracts with the State. All the major accounting firms. You were forced. You were pressured to be involved in this because your competition was there in big numbers. So what did you choose to do? Exceed your competition, to stand out, to be first. You have succeeded, much to the chagrin of the people of the State of New Jersey, in my opinion.

I don't have any further questions.

ASSEMBLYMAN BOCCHINI: Mr. Driscoll, in the August 18th memo to Mr. Chandler, you make reference-- Your itemized numbers, number 2: "After researching the question, he identified" -- and I presume you are referring to Mr. Kline -- "three CPA firms (P&M, DH&S and TR) who had already reserved two tables each..." Would you feel, if they only bought one table each, would you have thought it was only necessary to buy two tables, then?

MR. DRISCOLL: I presume-- I-- Those were not the facts, so I really can not answer that question.

ASSEMBLYMAN BOCCHINI: The facts-- They are the facts of your memo, that you were advised by Mr. Kline that those companies purchased two tables each. And in one-upsmanship, I gather, you went to three tables.

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: And my question was, if they had bought one table, would it have been sufficient for you to buy just two tables?

MR. DRISCOLL: I can not answer that question because I was not posed with that decision.

ASSEMBLYMAN BOCCHINI: And if they bought less than one table, would you possibly have thought that buying less than three would have been sufficient?

MR. DRISCOLL: I have the same response--

ASSEMBLYMAN BOCCHINI: Let me-- Okay, I am sorry. I did not mean to cut you off.

MR. DRISCOLL: --to that question.

ASSEMBLYMAN BOCCHINI: If they bought one or less tables, in some instances, might you feel that you had been had by Mr. Kline or those persons soliciting you, if the others had bought less than what he had indicated?

MR. DRISCOLL: I don't know; I don't understand what you are talking about. I would not feel like I was had; I made a decision that, based on what I understood the Governor's Ball activity was, that Price Waterhouse wanted to be highly visible and in that first year, each of our three offices in the area decided to participate and buy a table each.

ASSEMBLYMAN BOCCHINI: The information I have -- and I will have to do some more looking into this, I'm not quite sure -- it appears that in 1983, DH&S bought \$2,000 worth of tickets; and in 1983, T&R bought the two tables. I don't see anything available for PMSM, on the information that was given to me. And if I do get that, I will certainly appraise you, just so you know where you stand in lines with your competition.

ASSEMBLYMAN FOY: Mr. Chairman, on another line-- This will lead into our next witness. Who is Clyde Folley? Who is Clyde Folley?

MR. DRISCOLL: Clyde Folley is a former partner of Price Waterhouse.

ASSEMBLYMAN FOY: All right. And what was his involvement in the solicitation of tickets for the Governor's Ball?

MR. DRISCOLL: I think it is clearly stated in the first two sentences of the August 18th, 1983 memorandum.

ASSEMBLYMAN FOY: I just want to make sure it is clear. He approached you and said that Fletcher Creamer had contacted him. You got a telephone call from Clyde Folley, your former partner. Was he considered a boss of yours, or just a partner? Was Folley higher up in your organization than you?

MR. DRISCOLL: Clyde Folley was the partner in charge of our Hackensack office.

ASSEMBLYMAN FOY: Did you work for him at one time?

MR. DRISCOLL: I had responsibility for the consulting practice in Hackensack at that time, so I did have some reporting relationship to him.

ASSEMBLYMAN FOY: To Clyde Folley, okay. And he subsequently retired and left Price Waterhouse, right?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: And when he made a contact on behalf of Fletcher Creamer, and the Republican State Committee, he was not an employee of Price Waterhouse?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: He was a former partner and employee, is that right?

MR. DRISCOLL: That is absolutely correct.

ASSEMBLYMAN FOY: How long had he been out of your company?

MR. DRISCOLL: I would say a year or two, but I am not certain.

ASSEMBLYMAN FOY: Did he maintain continuing contact with friends and acquaintances in the company?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: You heard from him from time to time?

MR. DRISCOLL: I would see him periodically at social functions.

ASSEMBLYMAN FOY: Had Clyde been the political man in your operation? Did he handle fund raising things in the past, in relationship to Price Waterhouse?

MR. DRISCOLL: Clyde has always been a very active member of the Committee, Bergen County.

ASSEMBLYMAN FOY: That included the Republican Party?

MR. DRISCOLL: I don't think he has any particular ties to Republicans.

ASSEMBLYMAN FOY: Now, he told you on the telephone that "Clyde said that J. Fletcher Creamer, head of a large construction company headquartered in Bergen County"-- Does Price Waterhouse do any accounting work for Fletcher Creamer?

MR. DRISCOLL: I don't believe so.

ASSEMBLYMAN FOY: Does Price Waterhouse--

MR. DRISCOLL: They are not a client of ours, no.

ASSEMBLYMAN FOY: Does Price Waterhouse do any accounting work for Elizabethtown Water and Gas, or any of its subsidiaries?

ASSEMBLYMAN SCHUBER: I am going to object to that question. I think it is out of line, Mr. Chairman.

ASSEMBLYMAN FOY: Well, I don't know why it's out of line, I am just trying to determine-- They seem to have an acquaintanceship with Cary Edwards--

ASSEMBLYMAN SCHUBER: Mr. Foy--

ASSEMBLYMAN FOY: --I want to find out what relationship they have to the Governor.

ASSEMBLYMAN SCHUBER: Mr. Foy, I am still waiting for the questions that I thought were originally supposed to be proposed to these witnesses, which is, what happened to the language that went into these computers that caused these foul-ups in the first place. And I have not even heard that. All I have heard is a fishing expedition today, and that is the worst bait that I have ever seen put out.

ASSEMBLYMAN FOY: We have obviously landed a whale here. If this is--

ASSEMBLYMAN SCHUBER: You have landed nothing--.

ASSEMBLYMAN FOY: --a fishing expedition, I am going to win a prize.

ASSEMBLYMAN SCHUBER: All you have landed is a witch hunt, that is all you are doing here, Mr. Foy.

ASSEMBLYMAN FOY: A witch hunt? Is that how you catch witches? We are about the people's business, not about this monkey business.

ASSEMBLYMAN SCHUBER: You are not about people's business. This is a political charade, that is all it was--

ASSEMBLYMAN FOY: We are not? What are we about?

ASSEMBLYMAN SCHUBER: --from the beginning.

ASSEMBLYMAN FOY: Are we about macing of contractors, or shakedowns? What are we about?

ASSEMBLYMAN BOCCHINI: Gentlemen. Gentlemen.

ASSEMBLYMAN SCHUBER: You tell me about the political witch hunt that has gone on here yesterday, that is going on here today, and that has gone on for two other hearings.

ASSEMBLYMAN BOCCHINI: Mr. Schubert-- If we can re-address this through the Chair, I would enjoy listening to your opinions.

ASSEMBLYMAN FOY: Now, let's get back to business.

ASSEMBLYMAN BOCCHINI: Continue, Mr. Foy.

ASSEMBLYMAN SCHUBER: It's about time.

ASSEMBLYMAN FOY: In your statement, you indicate that Mr. Folley spoke to Fletcher Creamer, and Fletcher Creamer was soliciting from you the purchase -- through Mr. Folley -- the purchase of tickets to this event. Did you have any direct dealings with J. Fletcher Creamer?

MR. DRISCOLL: The memo really describes what happened. Clyde Folley called a partner, Gary Dornbush, in Hackensack. And Clyde said, "Who should Fletcher Creamer deal with in Price Waterhouse with regard to buying tickets?" Gary Dornbush called me; hence I received the letter that is attached to that memo directly from Mr. Creamer, and that is the extent of my involvement or connection with Mr. Creamer.

ASSEMBLYMAN FOY: Do you have the original of this letter, or did you supply it to the SCI? I am talking about the letter from Mr. Creamer to you.

MR. DRISCOLL: I have a Xerox copy. I believe that the SCI has a reproduction also. I don't believe that-- I don't have the original.

ASSEMBLYMAN FOY: Did you see the original letter from Mr. Creamer to you? You got an original in the mail, didn't you?

MR. BOYLAN: Back in August of 198--

MR. DRISCOLL: I assume, but I don't even--

ASSEMBLYMAN FOY: Do you remember whether it was a form letter or whether it was a letter written personally to you?

MR. DRISCOLL: This is the letter. This is a facsimile of the letter that I received, either--

ASSEMBLYMAN FOY: It went directly to you-- Did it look like just your address was typed by a computer, or did it appear to be a letter written personally to you? Do you recall?

MR. DRISCOLL: I don't recall.

ASSEMBLYMAN FOY: I was just curious to see if it was a form letter, or whether there was an actual, specific letter directed to your attention. It looks like it is directed to you.

MR. DRISCOLL: Well, it says "Dear Mr. Driscoll." The rest of it looks pretty boiler-plate to me.

ASSEMBLYMAN FOY: Now, other than the letter, did you have any direct telephone or personal contact with Mr. Creamer?

MR. DRISCOLL: No.

ASSEMBLYMAN FOY: So--

MR. DRISCOLL: Only with his office.

ASSEMBLYMAN FOY: Pardon?

MR. DRISCOLL: I talked to his secretary or somebody with regard to, you know, what do I do next?

ASSEMBLYMAN FOY: But you never personally met him.

MR. DRISCOLL: No, I did not.

ASSEMBLYMAN FOY: Did you have any personal meetings regarding this matter with Clyde Folley?

ASSEMBLYMAN FOY: No.

ASSEMBLYMAN FOY: And you did not seek either of their advice for the Ball or who to give tickets to or anything else like that, did you?

MR. DRISCOLL: No.

ASSEMBLYMAN FOY: All right. Even though you could have gotten information by calling the telephone number at the bottom? If you have any questions, it says-- right here, "Additional information may be obtained by calling Governor's Ball." You got your additional information from the Deputy Director of Motor Vehicles, is that correct?

MR. DRISCOLL: That was my initial exploration.

ASSEMBLYMAN FOY: All right. I don't have anything further.

ASSEMBLYMAN BOCCHINI: Who contacted you in 1985 concerning the purchase of tickets?

MR. DRISCOLL: Well, as a result of my participation in 1983 -- my Price Waterhouse participation in 1983 -- I was named as a member of the Governor's Ball Committee, and hence I got a letter early on in both 1984 and 1985 with respect to having been a member in the prior year -- would you like to be a member in the current year -- of the Committee, and notifying me when the event was to be held, and--

ASSEMBLYMAN BOCCHINI: You became a member of the Governor's Ball Committee in 1985? How about 1984?

MR. DRISCOLL: No, I was a member in 1983 and 1984.

ASSEMBLYMAN BOCCHINI: As I understand it -- and please correct me if I am wrong -- you were solicited the first time in 1983. Is that correct?

MR. DRISCOLL: That is correct.

I can see the confusion, and let me straighten it out for you. Simply as a result of Price Waterhouse having purchased the number of tables that they did, I became a member of the Governor's Ball Committee. I was not aware of that great honor until I arrived at the Ball and found that in the listing of those who were there, I appeared as a member of the Committee. So that took place unbeknownst to me, and it became known to me when I arrived at the 1983 Ball. In 1984, I received a letter directly from the Committee as the advance guard, so to speak, to tell me that the arrangements were getting underway, and that I could be a Committee member again if Price Waterhouse-- If I sold two tables. That is really what it boils down to.

ASSEMBLYMAN FOY: So, for \$10,000, you could be a member of the Committee.

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: What benefits did the Committee confer on you--

ASSEMBLYMAN BOCCHINI: Wait a second. You were a--

ASSEMBLYMAN FOY: --by virtue of becoming a member?

ASSEMBLYMAN BOCCHINI: Excuse me. Before, you were a member in 1985 as well, is that correct?

MR. DRISCOLL: No, I was not.

ASSEMBLYMAN BOCCHINI: Because you only bought \$5,000 worth of tickets?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: Sorry.

What benefits did being a member of the Governor's Ball Committee confer upon you, in those two years?

MR. DRISCOLL: The benefits of that -- One, that I am listed in the program as a member of the Committee; and--

ASSEMBLYMAN FOY: Listed in the program, that is one. Anything else?

MR. DRISCOLL: I believe that there is--

ASSEMBLYMAN FOY: Do you get a cocktail party with the Governor sometime?

MR. DRISCOLL: I believe there is one event attached to that.

ASSEMBLYMAN FOY: And do you have to pay for that also, or is that an invitation, because you are a Committee member, you get to have a drink with the Governor and the Administration?

MR. DRISCOLL: No, you--

ASSEMBLYMAN FOY: You don't have to pay extra?

MR. DRISCOLL: No, I did not pay for that.

ASSEMBLYMAN BOCCHINI: Did you go to that?

ASSEMBLYMAN FOY: Wait a minute, excuse me, Joe.

ASSEMBLYMAN BOCCHINI: I'm sorry.

ASSEMBLYMAN FOY: You get a cocktail party, and you get your name in the program. That is the sum and substance of what you got for \$40,000 worth of contributions to the Republican Governor's Ball.

MR. DRISCOLL: That is a-- Well, we had an attendance at the Ball and we are able to partake in the festivities, and pursue the objectives that I outlined before--

ASSEMBLYMAN FOY: You got Lester Lanin--

MR. DRISCOLL: --visibility and client relations.

ASSEMBLYMAN FOY: --and you got a good meal. Listed in the program, a cocktail party-- Was the meal good, by the way? I drew a conclusion, I apologize.

MR. DRISCOLL: Pardon me?

ASSEMBLYMAN FOY: Was the meal good?

MR. DRISCOLL: The quality varies.

ASSEMBLYMAN FOY: The quality varies. Okay. You have a variably good meal, and Lester Lanin's music, and a tent that was involved in the Williamsburg Summit. Did all of that-- I mean, you are a businessman. Now, there is price, there is quality, and they equal value. You pay the price, \$40,000. There has to be some quality you attach to what occurred. Did that give you the value of what you were after?

MR. DRISCOLL: Let me correct one thing. The number of \$40,000-- I don't understand.

ASSEMBLYMAN FOY: Oh, \$35,000. Sorry, sorry. That is \$15,000 and \$15,000--

MR. DRISCOLL: You have used that \$40,000 figure on a number of occasions, so let the record show that we are talking about \$35,000: two years at \$15,000, and one year at \$5,000.

ASSEMBLYMAN FOY: Okay, \$35,000. I apologize. My numbers were wrong; I was still thinking you were going to pick up that extra table.

MR. DRISCOLL: It is too late, the Ball is over.

ASSEMBLYMAN FOY: Too late. The \$35,000, in your mind, was client development. Is that a good way to put it?

MR. DRISCOLL: I would use that term; that is in--

ASSEMBLYMAN FOY: Would you put it in the same league as, say, having a box at the Meadowlands and taking people to baseball games or football games? Is that what you kind of view this as?

MR. DRISCOLL: As one aspect of it. The visibility is a different facet. I don't get much visibility when I go to the Giants game, in terms of Price Waterhouse.

ASSEMBLYMAN FOY: Well, now, let's talk about visibility. You made a corporate management decision to contribute \$35,000 to a thing called the Governor's Ball, which you come to find out was actually a political fund-raising event. And the purpose of that was to be visible. Visible to whom? I mean, you are visible to the whole world now. Who did you want to be visible to? Whose interests were you attempting to seek? Whose attention did you want turned upon you for \$35,000?

MR. DRISCOLL: I think there are probably two aspects to that. And one, I mentioned the visibility in the context of that people in the State know who Price Waterhouse is, and that Price Waterhouse does work for the State and in this particular instance, is involved in a very significant job.

I think the other element of it is one that I don't believe I have touched on, up to this point, and that is, there are numerous other business associates and business people that I run into at an affair like that, some of whom are clients of ours, some of whom are in other professions that are allied to ours, to the accounting profession. But I believe that visibility in that sense, in terms of

the business community, is of importance also, and we accomplished that.

ASSEMBLYMAN FOY: And you wanted people from your firm to become acquainted with people who were either actual clients or prospective clients? Isn't that correct?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: All right. But you did not use several of the tickets. You turned them back to the Republican State Committee. Why? Because they asked you to turn them back, didn't they?

MR. DRISCOLL: No, they did not ask me to turn them back.

ASSEMBLYMAN FOY: Did they suggest it?

MR. DRISCOLL: No, they did not.

ASSEMBLYMAN FOY: Bob Kline never did?

MR. DRISCOLL: No, he did not.

ASSEMBLYMAN FOY: And nobody from the Committee did? Mr. Husik did not suggest it?

MR. DRISCOLL: No one suggested that I turn any tickets back. If I could have filled those tables with all Price Waterhouse people, I was fully able to do that.

ASSEMBLYMAN FOY: All right. But you did not, you gave them to the Republican State Committee on your own.

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: On your own. You did not give them any direction as to who you would like to see use those tickets?

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy.

You gave them back to the Republican State Committee to disseminate of your own free accord, is that correct?

MR. DRISCOLL: Would you repeat that question, please?

ASSEMBLYMAN BOCCHINI: You gave the excess tickets back to the Republican State Committee to utilize for their own purposes, is that correct?

MR. DRISCOLL: Well, when we talk about giving tickets back, I mean, I never received physically, in my hands, tickets. I-- We subscribed to three tables one year, three tables the second year, and I would tell the Committee that "x" number of seats, 30 seats, we were going to use so many seats. I did not always know right at the beginning how many we would use.

ASSEMBLYMAN BOCCHINI: Did you ever-- Excuse me, Mr. Foy.

MR. DRISCOLL: And that the seats we didn't use would be available to the Committee.

ASSEMBLYMAN BOCCHINI: Correct me if I'm wrong, because I haven't picked it out in the first hearing of the 24th. You made reference, or at least statements, to the extent that we were a full participant. We went. We were there. In your mind, does only sending five or six people categorize yourself as a full participant?

MR. DRISCOLL: Certainly.

ASSEMBLYMAN BOCCHINI: Thank you. Mr. Foy?

ASSEMBLYMAN FOY: Yes, you said you never received--

MR. DRISCOLL: Five or six couples, I might add.

ASSEMBLYMAN FOY: I'm sorry. You never received actual tickets? You didn't get the printed invitation?

MR. DRISCOLL: Oh, I received printed invitations, yes.

ASSEMBLYMAN FOY: You said there were no tickets. Are you distinguishing a fine line between a ticket and an invitation?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: Okay.

MR. DRISCOLL: I can get a ticket without paying for it.

ASSEMBLYMAN FOY: Okay.

MR. DRISCOLL: Excuse me, I mean I can get an invitation.

ASSEMBLYMAN FOY: All right. So the invitation is really just solicitation to come.

MR. DRISCOLL: It is an invitation.

ASSEMBLYMAN FOY: Right, so to come you can't just walk in there without paying?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: So they're soliciting money by virtue of that invitation.

MR. DRISCOLL: They are inviting me to buy tickets to a ball.

ASSEMBLYMAN FOY: Ah.

ASSEMBLYMAN BOCCHINI: You are welcome for \$500 a head.

ASSEMBLYMAN FOY: All right.

MR. DRISCOLL: Correct.

ASSEMBLYMAN FOY: So you got an invitation. I can add that to the list of things you got for the \$35,000. But you didn't get any tickets. How did they know you when you went there? Past history? You didn't have to have tickets to get in. Wasn't there any security there? I've never been to one of these things. I can't afford \$500 tickets. Tell me what it is like.

MR. DRISCOLL: As you walk in the entrance there are tables of which there are listings and you find your name and indicate the table.

ASSEMBLYMAN FOY: They already received a check from you and they knew who your guests were going to be, is that correct?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN FOY: When you arrived, did you know who was going to be sitting at your table?

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: And how did you know that?

MR. DRISCOLL: Because I had been informed. You can see from the September 5, 1984 memo that I knew who was going to be sitting at our table because I believe it was two or three days beforehand that I had been informed by the Committee that was who they had assigned.

ASSEMBLYMAN FOY: They, the Republican State Committee, assigned these people to sit with you. Alan Kline, from the AG's Office-- He sat with you?

MR. DRISCOLL: That memo was incorrect by calling him from the AG's Office. That was--

ASSEMBLYMAN FOY: Who was it, Maureen Adams?

MR. DRISCOLL: No, no. It was Alan Kline, who is Robert Kline's brother. I, for some reason or other thought that there was a connection with the AG's Office. But that is not the case.

ASSEMBLYMAN FOY: Robert Kline's brother? Does he work for the Division of Motor Vehicles?

MR. DRISCOLL: No, not that I know of.

ASSEMBLYMAN FOY: Did you know Robert Kline, I mean Alan Kline prior to this?

MR. DRISCOLL: No.

ASSEMBLYMAN FOY: You never met him prior to that night?

MR. DRISCOLL: No.

ASSEMBLYMAN FOY: Okay. He doesn't work for Price Waterhouse, does he?

MR. DRISCOLL: No he does not.

ASSEMBLYMAN FOY: Okay. Now, Clifford Snedeker, Bob Kline, Jane Burgio, Don Bianco, and Alan Kline were the guests. Were their wives also with them?

MR. DRISCOLL: Well, yes.

ASSEMBLYMAN FOY: So it is really ten free tickets for each of these individuals and their wives or husbands.

MR. DRISCOLL: Yes.

ASSEMBLYMAN FOY: Okay. Do you recall how many tickets you returned to the Republican State Committee for their random assignment of people to your table that year?

MR. DRISCOLL: Probably 16, I guess.

ASSEMBLYMAN FOY: So, approximately \$9,000 or \$8,000 worth of tickets went unused by Price Waterhouse executives, but used by guests of the Republican State Committee. Is that right? And the guests that sat at your table were either individuals actively involved in State Government overseeing contractual relations with you or relatives of those high State Government officials with whom you were then doing business. Is that correct?

MR. DRISCOLL: Some of them, yes.

ASSEMBLYMAN FOY: Were you doing business with the Secretary of State?

MR. DRISCOLL: No I do not.

ASSEMBLYMAN FOY: So you don't know how Jane Burgio got assigned to your table? Did you ask to have her there?

MR. DRISCOLL: No, I didn't.

ASSEMBLYMAN FOY: You don't know how she came to be assigned to the table of Price Waterhouse.

MR. DRISCOLL: Well she had been assigned there the previous year, and I guess she enjoyed our company.

ASSEMBLYMAN FOY: I think they enjoyed your company. All right, I don't have anything further.

ASSEMBLYMAN BOCCHINI: Mr. Driscoll, Don Bianco, Director of Management Services, the Treasury-- Do you know from your own knowledge if he is any relation to Matthew Bianco, the Executive Director of OTIS?

MR. DRISCOLL: Well, it is Donald J. Bianco. He is the Executive Director of OTIS, yes. He's one in the same.

ASSEMBLYMAN BOCCHINI: One in the same. The one we had in our last transcript showed Matthew.

MR. DRISCOLL: I don't know who Matthew Bianco is.

ASSEMBLYMAN BOCCHINI: Maybe the transcribers picked it up inaccurately. So it would be the same person?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: At that time, wasn't he assigned to what is commonly known as SAC?

MR. DRISCOLL: No. He was a member of the OMB in the Department of Management Services.

ASSEMBLYMAN PELLY: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Yes sir.

ASSEMBLYMAN PELLY: Just one question Mr. Driscoll. Throughout all of this scenario -- let me once again get it clear in my mind -- when did you first realize the State of New Jersey was having problems with its computer system?

MR. DRISCOLL: Excuse me, can I consult with--

ASSEMBLYMAN PELLY: Take your time.

MR. DRISCOLL: As I testified before, a job of this magnitude and complexity has problems all the way, challenges I like to call them. We have challenges from day one all the way through the project. When did the first challenge arise?

ASSEMBLYMAN PELLY: No, when did--

MR. DRISCOLL: It arose on day one.

ASSEMBLYMAN PELLY: When did the first substantial challenge come to light?

MR. DRISCOLL: In January 1984 when we put the surcharge system up. And we successfully met that challenge with the help of DMV and SAC.

ASSEMBLYMAN PELLY: When did you realize that the Department of Motor Vehicles was having a substantial problem with the computers? When was that first communicated to your organization?

MR. DRISCOLL: I don't know how you define substantial.

ASSEMBLYMAN PELLY: So, it is fair to assume, then, Mr. Driscoll, that you are saying from day one throughout this entire project, you put the State of New Jersey -- that is the Department of Motor Vehicles or others -- on notice that you are having problems.

MR. DRISCOLL: That is a very inaccurate characterization of what I said.

ASSEMBLYMAN PELLY: Very inaccurate characterization of what you said. Did you not say that you were having problems from day one with the computer system? On the first day you started the project? Was that not your testimony?

MR. DRISCOLL: I said they were challenges.

ASSEMBLYMAN PELLY: Okay, excuse me. We strike the word problems, and insert the word challenges. Would you mind if I reverse that and use the word problems rather than challenges? Do you have any objections to that?

MR. DRISCOLL: Yes, I would, because I am looking at it differently, and I think it would be helpful if you would try and describe more specifically what you have in mind in terms of a substantial problem. My knowledge of that job and my intimate participation in that job makes things come out in different proportions and perspectives than your perspective of that same job, having heard most of it from descriptions in testimony or what you have read in documents.

ASSEMBLYMAN PELLY: I would have thought that somewhere throughout this whole scenario that Price Waterhouse would have noticed that it was going to have a problem with the system, wherein this system would not be functioning on the date it was supposed to be functioning to capacity. Is that accurate?

MR. BOYLAN: I think that is Mr. Singel's question. Answer it if you wish.

JOHN SINGEL: Do you want me to swear first or something? You made him.

ASSEMBLYMAN FOY: Yes, you can be sworn by me as an attorney, and Vice Chairman in the absence of the Chairman. Do you swear the testimony you give will be the whole truth, the full truth, and nothing but the truth, so help you God? Affirm.

MR. SINGEL: Yes.

ASSEMBLYMAN FOY: Proceed.

MR. SINGEL: Your question was, when were we aware-- Why don't you repeat the question, I just lost my train of thought.

ASSEMBLYMAN PELLY: When was Price Waterhouse aware of the fact that the State of New Jersey was going to be having substantial problems with the computer system? That is problems to the point where, perhaps, maybe alternatives would have to be considered to the plan.

MR. SINGEL: Okay, the-- Up until approximately November of '84, -- as these jobs go -- things were going relatively smoothly. As Bill said, there are always some day-to-day problems, but by and large, things were nicely on track and everything looked good. And, in fact, at that point things looked good. I'm sorry I can't pin the time down any better than that, but it was around late October or early November of '84. We were having one of our periodic meetings with ADR and some of the DMV people, and one of the ADR people made a casual comment to the effect that, "Well, gee you guys might have some response time problems if you try to hook on a lot of terminals."

ASSEMBLYMAN PELLY: When was that?

MR. SINGEL: That was right around the end of October of '84, or early November-- Sometime in that vicinity.

ASSEMBLYMAN PELLY: And the problem being response time?

MR. SINGEL: Response time if you hooked on a lot of terminals.

ASSEMBLYMAN PELLY: By a lot, you mean more terminals than were provided for in the specifications or the numbers--

MR. SINGEL: No, he just said a lot, and we asked that question immediately thereafter-- "What do you mean by a lot."

ASSEMBLYMAN PELLY: Yeah.

MR. SINGEL: Okay. And he said, well--

ASSEMBLYMAN BOCCHINI: Excuse me, would you mind pressing that red button?

MR. SINGEL: Oh, sure. He said essentially, "Well the job I'm working on we've had problems, you know, something like 80." And I said, "Well, have you ever tried to run it at more than 80?" "No." "What size box are you running it on?" And, he described the equipment and it was substantially smaller equipment than we were planning to use in New Jersey, but we developed a concern at that point.

ASSEMBLYMAN PELLY: In October of '84. Or November of '84.

MR. SINGEL: Late October of '84 we developed a concern, so we decided at that point to run for the part of the system-- At that point a good piece of the system had already been developed, you know, something like 50% of the programing was completed and over 75% had been started, so we were pretty far down the road at this point.

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Singel, I hate to interrupt, have you been sworn in?

MR. SINGEL: Yes, Mr. Foy did.

ASSEMBLYMAN PELLY: About 50% was completed. And--

MR. SINGEL: 50%. Roughly 50% was completed and another 25% or 30% had been started.

ASSEMBLYMAN PELLY: Okay. 50% plus and additional 25% had been started--

MR. SINGEL: Right.

ASSEMBLYMAN PELLY: (continued) --so you were in the--

MR. SINGEL: 50% was done and another 25% to 30% had been started, so we had something like at least 75% to 80% at least started.

ASSEMBLYMAN PELLY: Okay, I understand.

MR. SINGEL: Okay, you know, in round numbers. So what we decided to do was take part of the system that was in system tests at that point, because we were planning-- You have to remember this system was installed over a long period of time. We brought up the first piece of the system -- the licensing -- as early as January 4 of '85, and the system was phased in in ten pieces between January and July. The first piece that was scheduled up was licensing and then there was another piece and another and another, and we had half a

dozen or four or five pieces already completed. So what we did was we staged a dress rehearsal/stress-test, initially using just--

ASSEMBLYMAN PELLY: When was that-- Excuse me, Mr. Singel?

MR. SINGEL: I could get you the exact dates, but it took us a while to set it up and I think it was late November.

ASSEMBLYMAN PELLY: You staged a stress-test.

MR. SINGEL: Stress-test of the system.

ASSEMBLYMAN PELLY: Would you ordinarily stage a stress-test during that part of the process if you saw that things were working as you had anticipated? Was there something that initiated--

MR. SINGEL: At some point we would have staged a stress-test, although probably we staged it earlier than we might otherwise have, yes.

ASSEMBLYMAN PELLY: You staged it earlier than you would have otherwise, under ordinary conditions?

MR. SINGEL: Yes.

ASSEMBLYMAN PELLY: In this case.

MR. SINGEL: Yes, because of the comment that this fellow made which raised some concerns in the back of our heads. At that point, we had no actual objective evidence that said there was any kind of a problem. All we had was this statement, but we decided to take it seriously. So what we did was we brought up a set number of terminals, and a set transaction menu, and we tried running the transactions through the system as rapidly as we possibly could, just to see what the transaction mode was--

ASSEMBLYMAN PELLY: Yes.

MR. SINGEL: (continuing) --the system could support. We got fair, but not terrific, results from the test, but on the other hand there were a couple of things that could very easily be tuned up where it was pretty obvious the test didn't represent real production conditions, so we weren't concerned about those things. Mainly, we had-- Because we were running on a test machine at the time, all of the systems software had been loaded on a single device, and we were getting heavy device retention on that one device and we had to spread that across several devices. Then there was some indication that some

time was being lost in the network, because all the terminals were hooked onto a single line, and again, there were some delays experienced in the network.

Those problems were resolved when we re-ran the test and it ran fine. We then subsequently expanded the number on subsequent tests, from 40, to 70, to 110, and I think one final number was all the way out at 150, which was about all we could get in terms of operators to drive the thing. Now on those tests we did notice a problem with the sign-on, which had subsequently become somewhat troublesome. The--

ASSEMBLYMAN PELLY: When was that, Mr. Singel?

MR. SINGEL: Well we noticed the sign-on problem right away.

ASSEMBLYMAN PELLY: No, can you tell us an approximate date of that occurring.

MR. SINGEL: We knew that-- We saw the sign-on problem for the first time?

ASSEMBLYMAN PELLY: Yes.

MR. SINGEL: Late November '84 or early December, something like that.

ASSEMBLYMAN PELLY: Did you communicate any of this to anyone in the Department of Motor Vehicles?

MR. SINGEL: Oh, sure.

ASSEMBLYMAN PELLY: Who?

MR. SINGEL: Sure. We submitted regular status reports to, I guess, Chris Cox, and she forwarded them to various other people.

ASSEMBLYMAN PELLY: Okay.

MR. SINGEL: Those things are documented in excruciating detail. In any event, continuing on, we noticed a sign-on problem, but on the other hand, that--

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Singel. You indicated you submitted regular status reports to the Division?

MR. SINGEL: Yes.

ASSEMBLYMAN BOCCHINI: To--

MR. SINGEL: Under the contract, we were obligated to submit monthly status reports by the tenth day or fifteenth day of the month or something like that. And we submitted those regularly.

ASSEMBLYMAN BOCCHINI: You submitted them to whom?

MR. SINGEL: Well they were addressed, I guess, to-- I don't know. I think they were addressed to Bob Kline, but I think we actually handed them to Chris Cox, because she did the distribution.

ASSEMBLYMAN BOCCHINI: Do you know who the project manager was?

MR. SINGEL: Yes, Bob Kline was the project manager.

ASSEMBLYMAN BOCCHINI: I'm sorry, continue.

MR. SINGEL: We got together to discuss those things periodically, as well, so I--

ASSEMBLYMAN PELLY: On a personal basis also; on a head to head basis, also, rather than through documentation.

MR. SINGEL: That is correct. Yes, we had regular meetings of various types sitting around the table and discussing these issues. In any event, we ran the test. The sign-on problem was not considered a priority problem at that point because a sign-on is only something that has to happen once at the beginning of the day. So we decided if we were going to have a problem, to have it one time at the beginning of the day maybe isn't so bad, and frankly, we focused in on the rest of the issue.

In point of fact, we collected a variety of data from those tests, and we made a projection, based on that data, as to how many terminals we thought could be attached and what kind of transaction volumes could be handled by the system. Quite interestingly enough, one of the places where we were a bit fooled was-- In fact, in at least one of the tests we ran through transaction volumes, which were very very close to estimated actual production volumes, and successfully pushed the volumes through. It turns out that one of the things that is unusual about the IDEAL language is it has a tremendous sensitivity to terminal count, much more so than transaction volume, which is a bit of an unusual characteristic.

In any event, we took that data from those tests, and then we constructed a couple of fall-back plans saying, "Gee, if we have this problem, how do we still get the system up and running in a satisfactory way and maintain the time line that we are agreed to?"

ASSEMBLYMAN PELLY: You mean with respect to the completion of the contract?

MR. SINGEL: Yes, exactly. That is where we got to the letter, which I think is somewhere in the package, which outlines possible alternative implementation approaches.

ASSEMBLYMAN PELLY: And that was in January of 1985?

MR. SINGEL: That is correct. Yes. And it took us from the time that we originally thought there might be a problem that much time to run the requisite tests. Those things are not easy to set up. It takes about two weeks of preparation to set one of those tests up, and then some analytical time to try to decide what to do in response to the test.

ASSEMBLYMAN PELLY: Okay, so, you first realized that problems were occurring as early as late October or early November-- About a year.

MR. SINGEL: No. We first realized that we might have a problem in late October.

ASSEMBLYMAN PELLY: Yeah, so it was about a year ago.

ASSEMBLYMAN BOCCHINI: It was in '84.

ASSEMBLYMAN PELLY: '84.

MR. SINGEL: Right.

ASSEMBLYMAN PELLY: You realized that you might have a problem at that time.

MR. SINGEL: We might have a problem.

ASSEMBLYMAN PELLY: And you communicated--

MR. SINGEL: We had no objective data at that point. All we had was a concern because of some casual remark somebody made in a meeting.

ASSEMBLYMAN PELLY: By ADR.

MR. SINGEL: Right.

ASSEMBLYMAN PELLY: And then, between that period of time you had run some tests and found that--

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Pelly.

ASSEMBLYMAN PELLY: Yes.

ASSEMBLYMAN BOCCHINI: In releasing of those casual remarks, what meeting and what casual remarks are you referring to?

MR. SINGEL: I would have to go back and check in documentation. It was not a meeting that I was present at.

ASSEMBLYMAN PELLY: Why would you term them casual?

MR. SINGEL: That was the way they were described to me by people who attended the meeting.

ASSEMBLYMAN BOCCHINI: Maybe I was out of the room. What casual remarks are we referring to?

MR. SINGEL: Oh! There was a remark made at one of our periodic meetings with the Department and ADR by some systems engineer -- frankly I don't recall who it was -- who commented that there may be a problem in handling large volumes of terminals, which was the first we had heard that there might be such a problem.

ASSEMBLYMAN BOCCHINI: Is that in reference to the use of the IDEAL language?

MR. SINGEL: Yes.

ASSEMBLYMAN BOCCHINI: And that was in a meeting with the Department and some of your representatives?

MR. SINGEL: I think there were Department people. I wasn't at the meeting. It was reported to me by phone five minutes later.

ASSEMBLYMAN BOCCHINI: Do you know who reported to you by phone five minutes later?

MR. SINGEL: No. But I'm sure there is documentation--

ASSEMBLYMAN BOCCHINI: Was it a representative of your company?

MR. SINGEL: Yes, sure.

ASSEMBLYMAN BOCCHINI: You are aware of the fact that it has been indicated, at least through media representations, that ADR has stated that they advised you and the State that the IDEAL language was not the proper language for the computer? Is that correct?

MR. BOYLAN: I would--

MR. SINGEL: The media--

MR. BOYLAN: Mr. Singel. I would, as I said in my letter of October 3rd, Mr. Chairman, would prefer not to discuss whatever was represented in the media in the context that I mentioned before we attended here. I would direct the witness--

ASSEMBLYMAN BOCCHINI: Do you see that as a matter of litigation?

MR. BOYLAN: It is a matter of sensitivity in terms of the ongoing relationship that exists among these people in solving the problem. Do you follow what I am saying?

ASSEMBLYMAN BOCCHINI: Oh, I can appreciate that, Mr. Boylan.

MR. BOYLAN: Besides if its in the media I don't know that we should be accountable for that.

ASSEMBLYMAN BOCCHINI: If I may, the ongoing relationship and your working relationship, I'm sure is of importance to each of you. Notwithstanding that, at the same time, there is great deal of concern by this Committee if there was in fact a representation, at any point in time, from one of the parties involved in this matter to another of the parties involved in this matter, and also to the extent that the State was aware of it, that we were utilizing the wrong language.

MR. BOYLAN: Well, I think you missed the beginning of the sequence, sir, because--

ASSEMBLYMAN BOCCHINI: That is why, when I interrupted--

MR. BOYLAN: Assemblyman Pelly -- what really developed -- I believe was developing that sequence. Is that correct, sir?

ASSEMBLYMAN PELLY: Yes, that is correct.

ASSEMBLYMAN BOCCHINI: Were you discussing the IDEAL language, Frank?

ASSEMBLYMAN PELLY: No, not specifically. No specific language. The IDEAL versus the COBOL was not discussed. I was developing the sequence, but not to the degree of which language was used or preferred. We had not reached that point in our discussion. Is that a fair evaluation?

MR. SINGEL: Yes. Go ahead.

ASSEMBLYMAN BOCCHINI: Well then, if I may, getting back to the comment that was made to you. Was Price Waterhouse ever advised by ADR that the IDEAL language was, in fact, the improper language to be using? Mr. Boylan?

MR. BOYLAN: If I may, sir.

ASSEMBLYMAN BOCCHINI: Please.

MR. BOYLAN: I think the answer that was given while you were absent was -- and you correct me Assemblyman Pelly -- that in late October a remark--

ASSEMBLYMAN BOCCHINI: Which year, please?

MR. BOYLAN: Pardon me?

ASSEMBLYMAN BOCCHINI: Which year?

MR. BOYLAN: 1984.

ASSEMBLYMAN BOCCHINI: Thank you.

MR. BOYLAN: In October of '84 a remark was made at a meeting that Mr. Singel wasn't at but was informed of immediately thereafter--

ASSEMBLYMAN PELLY: This is the casual remark that you are referring to.

MR. BOYLAN: (continuing) --that the number of terminals in use in connection with the system might raise a problem. Is that correct, Mr. Singel?

ASSEMBLYMAN PELLY: Yes, response time was the issue.

MR. SINGEL: Yes.

MR. BOYLAN: And that is when you came in at that point, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: Fine, then as far as the Chair is concerned, I think my line of questioning still is proper and remains to be answered. Mr. Singel, to your knowledge, was ADR ever advised or informed, or communicated to-- Excuse me, was Price Waterhouse advised, communicated to, or contacted by ADR as to -- and I'm speaking language -- terminals, and if they're to be used synonymously please correct me -- but as far as the language is concerned, were you advised by ADR that you should not be entering into that type of language, but something else. If you need to, confer with Mr. Boylan. I see you looking at him so please feel free to.

MR. SINGEL: I don't know whether he wants me to answer the question or not. I mean I know the answer.

MR. BOYLAN: Answer the question for the Chairman.

MR. SINGEL: Okay. No, we were not so advised. Other than the exception that I mentioned, the October 1984 meeting.

ASSEMBLYMAN BOCCHINI: And the October '84 meeting only dealt in the context of terminals?

MR. SINGEL: That is correct.

ASSEMBLYMAN BOCCHINI: Pardon me. I see--

MR. BOYLAN: I don't know-- That is correct. He has answered the question.

MR. SINGEL: That is correct.

ASSEMBLYMAN BOCCHINI: So there was no discussion as to language?

MR. BOYLAN: He wasn't--

MR. SINGEL: Well, no, he was-- The comment--

ASSEMBLYMAN BOCCHINI: I'm sorry, you weren't at the meeting. I withdraw the question.

MR. SINGEL: (continuing) --was the use of the IDEAL might limit the number of terminals that was--

MR. BOYLAN: He wasn't there.

ASSEMBLYMAN BOCCHINI: Mr. Singel, you weren't there, and, if you would kindly research your recollection, and obviously you may not be able to do that at this moment, but within the next day or so if you can recall who you had that conversation with from your company I would appreciate knowing the name of the person so we could possibly discuss this subject with them, as to what impact it has. I personally think it has a very large impact.

Mr. Pelly, I know I interrupted you. If you have a line of questioning that you were pursuing and you wish to continue it, please do so. If not, I will proceed with some other questions.

ASSEMBLYMAN PELLY: No, I think we've got it pretty well firmed up that there was, in fact, a letter of January 8, 1985 which proposed some implementation alternatives because of the problems that were occurring and, correct me if I am inaccurate, and then the use of an alternative to the IDEAL system.

MR. SINGEL: Yes, that is correct.

ASSEMBLYMAN PELLY: On January 8th.

MR. SINGEL: That is correct.

ASSEMBLYMAN PELLY: Subsequent to that date, had you at Price Waterhouse then moved forward with another language or considered another language, or proceeded to implement another language to resolve the problem?

MR. SINGEL: The-- In looking at the time line, in point of fact--

ASSEMBLYMAN PELLY: The what? The time--

MR. SINGEL: The timing of the various events. By that point virtually all of the programing had essentially been done. These system development efforts go in phases where you do some requirements definition, and you do some design work, and once you have designed you start programing and then you have to do testing, and training, and pre-implementation work, and conversion, and stuff like that. Now, we actually installed the system in ten steps between January and June 24th, which I think was the last piece. June 24, 1985, right. For a June 24th implementation, you have to back up around two months to say when that would have had to have been programed. So you are talking March or April was, in effect, the completion of the programing entirely. So, when we were talking about alternatives, we were talking about replacement of existing code, and you--

ASSEMBLYMAN PELLY: So that I understand your role in this project, you are the person responsible for the technical aspects of this project?

MR. SINGEL: I am a technical advisor to the project, yes.

ASSEMBLYMAN PELLY: Specifically to this project?

MR. SINGEL: Yes, I was.

ASSEMBLYMAN PELLY: Tell us what you are doing now to address the issue and what you propose will be occurring and what we can anticipate.

MR. SINGEL: Okay, what we're doing is we are first focusing in on the-- The system has two pieces; a batch portion and an on-line portion. Batch portion because that has the most visible day-to-day impact in terms of the publicized backlog and so on and so forth. What we have done there is we have -- well, Bill reported what the status was in the beginning of his statement -- converted certain programs. In fact, his status, as of yesterday, was--

ASSEMBLYMAN BOCCHINI: So it is pretty well current.

MR. SINGEL: So it is pretty well current in his statement as to what is going on. Just to give you an idea of what is going to happen going forward, the reason for the conversion of the two major programs and the production testing-- Well there are a couple of thing

at work here. All of these systems obey a phenomenon which is called "Pareto's Law", which is, 20% of the programs use 80% of the resource and take 80% of the time.

ASSEMBLYMAN BOCCHINI: Let me interject for one moment. Speaking of 20% and 80%. It is my understanding that you have received 80% of the \$6.5 million. I think, Mr. Driscoll, your company has received \$5.4 million at this point.

MR. BOYLAN: We'll accept that roughly as correct.

ASSEMBLYMAN BOCCHINI: If I may, just for the record, by way of a letter dated October 4, 1985, sent to our staff aid, Aggie Szilagy--

MR. BOYLAN: From whom?

ASSEMBLYMAN BOCCHINI: Under the signature of Mark S. Gallela, Executive Assistant to Mr. Kline. We had requested at the last hearing a breakdown of moneys paid out, and it appears that in July of '83, \$78,681; August, \$212,000, plus September \$243,000, plus October, etc. etc. etc., to the point where it indicates that there has been a grand total paid of \$5,483,102. Also, checks that have been processed and held for \$929,428 and April and May bills held of \$515,904, for a total of \$1,445,332. I also note for the record, Mr. Boylan, or excuse me, gentlemen from Price Waterhouse, that this includes what has been classified as the extra work enhancements, which apparently are in the area of around \$700,000.

MR. BOYLAN: I think you should note, Chairman, that the insurance adjustment program, which is included in that total amount of money, went on line and is totally functioning as of January 1984.

ASSEMBLYMAN BOCCHINI: Oh, that is a fact that we acknowledged at the last hearing.

MR. BOYLAN: Right, so that it is 80% of 20% and that part is functioning and derives the funds from which that money was paid.

ASSEMBLYMAN BOCCHINI: Correct. In line with Mr. Pelly's questioning-- If I may inject for a moment, Mr. Pelly, we are discussing, I believe, the comprehensive programing at this point--

MR. SINGEL: The question that I was asked was what the plan would be going forward--

ASSEMBLYMAN PELLY: Yes.

MR. SINGEL: (continuing) --from this point.

MR. BOYLAN: Which is a comprehensive program.

MR. SINGEL: And that is a comprehensive system, yes.

ASSEMBLYMAN BOCCHINI: How many components of the comprehensive plan were there? In other words, the surcharge program--

MR. SINGEL: I depends upon your definition of a component. We broke into four major and ten minor.

ASSEMBLYMAN BOCCHINI: Could you recite them?

MR. SINGEL: Sure. The four majors were licensing, registration, violation, and accounting.

ASSEMBLYMAN BOCCHINI: And accounting.

MR. SINGEL: Accounting.

ASSEMBLYMAN BOCCHINI: That's--

MR. SINGEL: Keeping track of the payments for license renewals and stuff like that.

ASSEMBLYMAN BOCCHINI: And the minors?

MR. SINGEL: Keeping track of the revenues. Well, the minors are sub-divisions of those. Under licensing you actually have the license issuing process, and then there was the driver testing process.

ASSEMBLYMAN BOCCHINI: Would you be kind enough to supply to us a written breakdown of the four majors with their appropriate minors?

MR. DRISCOLL: Mr. Chairman, that has been included as part of the documentation that was submitted on September 25th.

ASSEMBLYMAN BOCCHINI: Thank you.

MR. BOYLAN: We'll give you an index on that, as I said earlier, so that--

ASSEMBLYMAN BOCCHINI: Yes, if you will help me in locating it within that--

MR. BOYLAN: We'll give you an index on both the early and that.

ASSEMBLYMAN BOCCHINI: Now, between the surcharge system and the comprehensive system, there was testimony here last week, and you have the transcripts-- I represented that 20% of the total package would appear to be the surcharge system and 80% would appear to have

been the comprehensive. Is that a fair representation by your estimation?

MR. SINGEL: It is a good round number, yes.

ASSEMBLYMAN BOCCHINI: At the same time you have completed 20% of the work, and received 80% of the remuneration at this junction. Is that a fair representation?

MR. SINGEL: No.

ASSEMBLYMAN BOCCHINI: What percent of the work would you indicate you think you have completed at this point?

MR. SINGEL: That is difficult to say, but the--

ASSEMBLYMAN BOCCHINI: You're the expert.

MR. SINGEL: (continuing) --work that was done on the comprehensive system through the detail design is still valid, and though detail design is at least 50% of the comprehensive system, plus some of the test planning, what you have is probably still good, so at a minimum of, I'd say, 70% to 75%-- 70% of it is probably done.

MR. BOYLAN: Of the comprehensive system.

MR. SINGEL: Of the comprehensive system.

MR. BOYLAN: They have been working on redoing the rest since June 24th up to the present.

MR. SINGEL: In other words we don't have to start over.

ASSEMBLYMAN BOCCHINI: I understand that, I understand that.

MR. SINGEL: Okay.

ASSEMBLYMAN BOCCHINI: The microfilming that is involved in this-- I spent some time yesterday at one of the Division's locations over at Quakerbridge Mall, or excuse me, Quakerbridge Plaza-- When they were microfilming the processing of registrations and some other documents in conjunction with, I believe, Legal Research, Inc. and J & S-- Are they sub-contractors of yours?

MR. SINGEL: No. We did some work in the microfilming, but I believe it was merely to assess the feasibility of trying to reduce some of the volume of paper in the building by translating that paper to microfilm, and also helped them prepare an RFP to find a vendor to do the microfilming.

ASSEMBLYMAN BOCCHINI: You said to find the vendors to do the microfilming?

MR. SINGEL: No, I said we helped them prepare and RFP for microfilming services.

ASSEMBLYMAN BOCCHINI: I know we discussed this previously, Mr. Driscoll, and I hate to be redundant, however, I find it necessary to the extent that I don't believe-- Oh, I'm sorry.

ASSEMBLYMAN PELLY: I'm sorry, Mr. Chairman, I just wanted to ask Mr. Singel one final question before you move onto Mr. Driscoll.

MR. SINGEL: I didn't answer your previous ones, so--

ASSEMBLYMAN PELLY: Which leads up to what I was getting to. You had not completed the questioning. What I am actually looking for, so that we can save some time here, is when can we advise the people of the State of New Jersey that we can anticipate that we can have a system in operation that is indeed in operation as we have projected it or as you had anticipated it to be operating?

MR. SINGEL: It is difficult to say at this time--

ASSEMBLYMAN PELLY: I understand.

MR. SINGEL: One of the things that we are doing right at the moment with the programs that have been converted from IDEAL to COBOL is, we are running a series of tests to see, in fact, on the production program what is the conversion really by us, and how big a job is it to get it done. Once we have that information we will be able to lay out a program that says this was what gets converted and when and in what sequence. We may, because of the conversion, have to make certain architectural changes to the system.

ASSEMBLYMAN PELLY: You are pretty well committed to the fact that you are going to abandon the IDEAL system and go to the COBOL-- Go back to COBOL?

MR. SINGEL: Not necessarily. The thing that I was pointing out before is, for example, on the batch system all of these systems are subject to something called "Pareto's Law" which says that 10% of the programs are going to use up 90% of the resources, and if there is 100 batch programs, there are going to be 6 that use 90% of the machinery and there are going to be another 94 that use all the rest. Well, working on those 94 doesn't buy you much. It doesn't buy you anything to speak of. If I have a program that runs in two minutes and

I can make it run in one minute, it doesn't buy me very much. What I want is to go after the ten hour program and make it work in two hours.

So what we are doing is focusing on the high priority, high consumption transactions first -- well transactions and jobs -- and improving those. So, what you will see is you will not see a sudden dramatic improvement in performance. What you will see is a curve that, in fact, goes like that (indicates slope of curve with hand gesture)-- the performance of the system will improve most rapidly at first, because you still have your biggest opportunities available. But then you start getting diminishing returns from each additional program because it isn't consuming as much to begin with.

ASSEMBLYMAN PELLY: When will that big burst of happiness occur?

MR. SINGEL: The big burst of happiness, well, at least in terms of the batch system, we are looking at mid-November completion.

ASSEMBLYMAN PELLY: And then, on a gradual basis until perhaps next--

MR. SINGEL: On a gradual basis until-- It may never be necessary to convert some of them. IDEAL does have the advantage that it is relatively easy to maintain and fairly easy to change. So from a sheer maintenance point of view, if I have got a three minute program, I'm probably better off having it in IDEAL. The key is focusing on the big resource consumption part of the system. Where does the resource go?

ASSEMBLYMAN PELLY: Okay. Thank you, I appreciate your comments.

ASSEMBLYMAN BOCCHINI: Mr. Singel, it was indicated by Mr. Driscoll in his opening comments, that the bridge to the old data base was installed yesterday which will give the State Police access to current driver licensing and registration data. With that being implemented, gentlemen, either you Mr. Driscoll or you Mr. Singel, does that mean that the 1.4 million transactions that are backlogged are no longer backlogged?

MR. SINGEL: As a practical matter-- In principal no, but in practice yes. In essence, if a motorist gets stopped by a policeman, the paper and what the policeman gets in response to his query should be the same. We were concerned-- The problem previously was not that the motorist didn't have the paper, it was that the paper and what the computer was telling the policeman wasn't the same as what the paper was telling the policeman. Now they should be the same.

ASSEMBLYMAN BOCCHINI: How about the people who haven't gotten their license notifications and registrations renewals in the mail? What does that do to that?

MR. SINGEL: Nothing as far as I know.

ASSEMBLYMAN BOCCHINI: Isn't that intended to be part of the package?

MR. DRISCOLL: As far as my understanding of the backlog and the incidents of renewals not received in the mail is they are really unrelated.

MR. BOYLAN: They are two separate problems.

MR. DRISCOLL: They are separate issues. The backlog result from-- Registrations, primarily, have been processed through the mail, and the driver/owner has a valid registration document in hand. The difficulty is when he-- And that has been run through the remittance processor, so that the cash has been accounted for, the driver/owner has a legal document in his hand that says he has registered, but the backlog represents the transactions that have not been input to the data base so that the data base reflects the same valid document that the driver/owner has in hand.

ASSEMBLYMAN BOCCHINI: Fine. If I were to go down to a Motor Vehicle Agency and pay for either a registration or a license, the agencies, I believe, each have their own terminals there or computers.

MR. SINGEL: That is correct.

ASSEMBLYMAN BOCCHINI: Is that being fed on line properly so when they leave there-- If I were stopped by the State Police, and they do a look-up, will they be able to ascertain that yes he is on line with valid driver's license?

MR. DRISCOLL: That segment of the system is not on line. The bridge does not cover that. The bridge will, in fact, continue to-- That transaction you are talking about gets into an agency file, which is not on line and never has been on line, but that file will eventually be put into the data base. But in the interim that will become part of the backlog, and the backlog is read in conjunction with the old data base. And that is how you have current information available. It is not a current data base.

ASSEMBLYMAN BOCCHINI: I don't understand a damn thing you said. I hate to admit it, but if you could back it up and do it for me one more time, I will try.

MR. BOYLAN: But must you?

MR. SINGEL: Let me give it a shot, Bill. The system has two basic kinds of entities of concern. There is the data base, which is like the master filing cabinet, and then there are the transactions, which is like the stack of today's invoices sitting on somebody's desk. What we have got is we are issuing legitimate invoices, we are just not up to date in getting them filed into the filing cabinet, okay? Now what we have done is we have changed the look-up for the State Police, so that when the State Police ask what the status is of this motorist, the system looks two places, the filing cabinet and also on the desk. As opposed to previously when it just looked in the filing cabinet. So for the purposes of that particular State Police function, the fact that the thing hasn't been filed doesn't have any effect on the motorist because the system, in fact, is smart enough to look. That is what the bridge does. That is, the system is smart enough to look in the filing cabinet and on the desk.

MR. BOYLAN: And that is what went into effect yesterday?

MR. SINGEL: Yes.

ASSEMBLYMAN BOCCHINI: But if the system is going to look into the filing cabinet, is that where the microfilming comes in?

MR. SINGEL: No. Microfilming is an entirely separate process which is just simply designed to remove a backlog of filed physical documents. It hasn't got really much of anything directly to do with the operation of the system. It is just a matter of-- The

place is buried in paper, and it is just a question of getting rid of some of the old paper.

ASSEMBLYMAN BOCCHINI: In relation to violations and suspensions, when will that be on line with the computer system? Is that part of this bid also? We have had reports at the various police agencies that in doing their look-ups they are not being able to-- They are not getting current data, and at the same time in relation to people who are coming in front of the local municipal courts for those things that still are available, who may be suspended, were not being able to pick up the update on the rundown of the person's driving record. They are part of the comprehensive plan as well, are they not?

MR. DRISCOLL: Yes. Let me-- If might be helpful to differentiate. First of all, the bridge -- and I should give credit where credit is due -- has primarily been the responsibility and the efforts of OTIS that have worked on building the bridge from the old system to what was installed. Secondly, with regard to violations, the changes to that program are in the testing phase and that is going to be implemented within a couple of weeks. You are concerned with the violations update.

ASSEMBLYMAN BOCCHINI: I am. Many of the municipal prosecutors across the State are concerned about it from the standpoint of we have police officers coming to us and saying, hey Joe, I'm writing to DMV-- And as a matter of fact, as a rule of thumb, where I prosecuted I told the Court and the Clerk, do not list something before eight weeks, because it is taking a minimum of six to eight weeks to get this information back, if we are getting it at all. And, as Mr. Boylan will be able to advise you, very simply, a lawyer marches into court after we give him a court date we haven't provided him with the discovery and we don't have the valid abstract, etc. and he looks at the judge and says, "Your honor, I move for dismissal for the State's ability to be able to prosecute," and the judge goes (indicates gavel pounding) "dismissed."

MR. BOYLAN: He shouldn't. I'm sure he does, but--

ASSEMBLYMAN BOCCHINI: Well it is happening.

MR. BOYLAN: I'm sure he does, but he shouldn't. But that is neither here nor there.

MR. DRISCOLL: That is, obviously, one of the high priority tasks on our work plan, and one that we expect is going to be rectified in the near future, within the next couple of weeks.

ASSEMBLYMAN BOCCHINI: The next couple of weeks?

MR. DRISCOLL: Yes.

ASSEMBLYMAN BOCCHINI: On the \$6.5 million dollars -- I am looking for something here--

Mr. Driscoll, in relation to the \$700,000 contract you had entered into, and also the implementation that you are presently involved in, I believe it was your testimony that you are charging the same hourly rates in relation to both of those contracts. Correct?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: That would be a manager at \$850 a day?

MR. BOYLAN: I don't recall what the daily rates are. I also--

ASSEMBLYMAN BOCCHINI: Let me identify this, which is in the package we received in relation to the request for waiver of advertising or a bid waiver. Exhibit 1-A therein indicates, "P.W. Workdays," Manager: \$850 a day; Senior Manager: \$1000 a day; Partner: \$1200 a day. I imagine when you show up on the job, you are getting \$1200 a day, or the State is being billed \$1200 a day. Is that correct?

MR. DRISCOLL: It says, "Billed by the hour." It is billed on a per-diem basis.

ASSEMBLYMAN BOCCHINI: So, it is \$150 an hour then? I don't know. I am just trying to ascertain this. Do you care to take a look at this?

MR. BOYLAN: It might help. This is a request for waiver of advertising filed by the State. Was it Exhibit 1-A?

ASSEMBLYMAN BOCCHINI: Yes, sir. I had it opened to it when I handed it to you.

MR. BOYLAN: Yes. What does that sheet say or mean?

ASSEMBLYMAN BOCCHINI: That is what I am trying to ascertain.

MR. BOYLAN: Regardless of whether that is an accurate representation or not, it is a State document filed in 1983, and you read from it. It is not prepared by us, or is it prepared by us?

MR. DRISCOLL: Okay, I'll tell you.

ASSEMBLYMAN BOCCHINI: I think that is from the \$700,000 contract, Mr. Driscoll.

MR. DRISCOLL: Yes, now I recognize where we are in the chronology of events, Mr. Chairman. This represents a September 27, 1982 proposal in which the rates were quoted. I believe in the proposal itself, it says that these rates were included in another proposal that we had given circa that date in a competitive. Also, in the material I submitted on September 25, there is a letter that is dated sometime in December of 1982 in which I confirmed with the Division of Purchase and Property an adjustment of these rates back to the rates that were in effect in 1981 when we received the contract originally for the master plan. You have a copy of those records, or of that letter.

MR. BOYLAN: The Chairman's question is, is that an hourly rate, a daily rate, or a weekly rate, as I understood it.

MR. DRISCOLL: The point I am making is that the rates that are reflected in here are not the rates--

ASSEMBLYMAN BOCCHINI: They are less.

MR. DRISCOLL: Actually they were adjusted up and down. The partner rate, in fact, is higher than the one that is shown here. That was my original confusion. My rate is \$165 per hour, not \$1200 per day.

There is a letter I turned over to the Committee on September 25 that clearly spells this out. It is an agreement that adjusts those rates back to 1981. They become the base rates for the surcharge and the comprehensive system proposal.

ASSEMBLYMAN BOCCHINI: Thank you.

MR. BOYLAN: Thank you, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: I haven't been able to quite understand how we came up with the number. I understand how we got \$500,000 of this \$6.5 million. Presumably it is spelled out in one of the documents that you gave us. If you could help me to that extent-- Even prior to going to that document, after you advised me what document it is, how did the number \$6 million-- There was nothing else

to work with. There were no other bids; there were no other discussions; there were no other representations by any other companies. It was your ball game, your ball of wax. Between you, the Division of Motor Vehicles, and the State of New Jersey, the number \$6 million was the number which was evidently agreed on. How did the State and Price Waterhouse derive the figure of \$6 million for this program?

MR. DRISCOLL: Mr. Singel pointed out something that we have mentioned before, that this is a not-to-exceed \$6.5 million contract. Basically, it is time and materials.

ASSEMBLYMAN BOCCHINI: Well, we have exceeded that if everything is paid.

MR. DRISCOLL: I understand that. I understand that. We at Price Waterhouse, when the request was first made of us by the Division of Motor Vehicles to consider acceleration of the master plan implementation sometime during February or March of 1983, did some very, very gross preliminary cuts at what that cost might be. It was something very substantially higher than \$6 million.

Later on, when it appeared that this possibility of DMV having funding and going ahead with accelerating the master plan, we were asked to make another cut at that to take a closer look at it. Then we got down to this number of \$6.5 million.

ASSEMBLYMAN BOCCHINI: Is there--

MR. DRISCOLL: I might add that in the final negotiations, in the final proposal that Price Waterhouse submitted, the surcharge wasn't included in that number. Originally, the surcharge had not been included in the proposal.

MR. BOYLAN: The Surcharge Insurance Program that went into effect in January, 1984 was folded in -- I think that is the term you used -- to that number.

MR. DRISCOLL: That is correct.

MR. BOYLAN: So, the functioning system that generates the revenue we have been paid comes out of that \$6.5 million.

ASSEMBLYMAN BOCCHINI: If the contract was not to exceed \$6.5 million, how did we end up with close to three-quarters of a million dollars in extras or enhancements?

MR. DRISCOLL: The agreement-- The contract provides for change orders.

MR. SINGEL: The contract was the delivered--

ASSEMBLYMAN BOCCHINI: Mr. Boylan, what did you indicate was rolled over in the contract?

MR. BOYLAN: As I understood the testimony from September 24, these two systems -- one that started out as the \$700,000 system in January of 1983--

MR. SINGEL: No.

MR. BOYLAN: No? He says no. Deal with the witnesses; I'll deal with the law.

MR. SINGEL: You misunderstood. To answer your question about how it got over \$6.5 million, it was through the result of change orders. I'll give you an example. Around mid-year -- about a year ago, maybe a little more than a year ago -- there was law passed by the Legislature that said, "Starting in 1985, we have to be ready to title boats, and DMV will do the titling for boats." Okay?

Our original agreement said that we will implement the system--

ASSEMBLYMAN BOCCHINI: That was outside of the scope.

MR. SINGEL: Our original agreement said, "We will develop the system and specify in such and such a requirements document for \$6.5 million." All of a sudden they get this problem and say, "Gee, we've got to handle boats. Can we put boats into the system?" So, they came to us and said, "Well, what would it take to put boats into the system?" That is an example of a change order, and there were lots of those -- miscellaneous things like that.

ASSEMBLYMAN BOCCHINI: I have a sign that hangs in my law office, right of the receptionist, who usually hands out receipts for checks and so forth, which says, "A lawyer's time and advice are his stock and trade." I assume it is the same case to a large degree with Price Waterhouse and much of the Big 8, in addition to your technical expertise.

In relation to your time and advice, is there a particular memorialization that I can go to -- that you can identify to me -- which, other than the contract? The contracts we have here keep referring to other dates -- as of such and such a date, and as of such and such a date -- of amendments and incorporations into the contracts. What I am trying to find out is, where do we find this package? I want to find those pages, as specified in that inaccurate bid waiver, what the amounts of moneys were which were going to be paid -- the \$6 million.

MR. DRISCOLL: In the proposal document dated July 12, 1983, which is a rather thick document that I supplied to you on September 25 -- a sky blue cover with white plastic binding -- there are schedules which show, by task, the hours and extended rates per hour, and the total amounting to \$6.5 million.

ASSEMBLYMAN BOCCHINI: When you billed the State, there were monthly billings, are they itemized as to what were partners' hours, managers' hours, etc., etc.?

MR. DRISCOLL: Not only as to their classification, but as to individual.

ASSEMBLYMAN BOCCHINI: Mr. Galella, are you in the room?

MR. GALELLA: Yes, I am.

ASSEMBLYMAN BOCCHINI: Will you kindly see to it that copies of all of the billings by Price Waterhouse through the memorandum or the letter you sent us dated October 4 are provided to this Committee, please?

MR. GALELLA: I'll see to that.

ASSEMBLYMAN BOCCHINI: On Page 7 of the contract, in relation to the comprehensive system -- you may want to look at this, Mr. Boylan and Mr. Driscoll -- there are certain project dates that are scheduled. I believe we discussed this briefly at the last hearing. What I would like to know is -- it is on Page 7 -- did the Project Manager, Mr. Kline, sign off on each phase of these dates?

MR. BOYLAN: Is that a question?

ASSEMBLYMAN BOCCHINI: Yes.

MR. DRISCOLL: He, or his representative.

ASSEMBLYMAN BOCCHINI: Is that included in the documents you gave us today?

MR. DRISCOLL: Yes, it is.

ASSEMBLYMAN BOCCHINI: That will be included in your index?

MR. DRISCOLL: Yes, sir.

ASSEMBLYMAN BOCCHINI: Thank you. Mr. Driscoll, you testified earlier this morning--

MR. DRISCOLL: I might add, Mr. Chairman, that Items 2, 3, 4, and 5 were provided to you on September 24 at the hearing, or prior to that in the earlier submission.

ASSEMBLYMAN BOCCHINI: The actual sign-offs with Mr. Kline or some other representation?

MR. DRISCOLL: No, no, the actual documents themselves, which under the contract were required.

ASSEMBLYMAN BOCCHINI: My question was, in each phase, was there a sign-off by the Project Manager?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: So, while you supplied the documents, you didn't necessarily supply me with the sign-off by Mr. Kline, did you?

MR. DRISCOLL: I believe that the monthly progress reports will reflect that the system was signed off and accepted by whomever.

ASSEMBLYMAN BOCCHINI: Okay, thank you.

MR. DRISCOLL: Or that facet in that phase.

ASSEMBLYMAN BOCCHINI: Previously, when Mr. Foy was discussing some of the contribution-related matters, you testified that after you bought two tables for \$10,000 for the Ball, you became a member of the Ball Committee. As a result of becoming a member of the Ball Committee, you attended a special cocktail party with the Governor. Is that correct?

MR. DRISCOLL: Well, there were a few other people besides myself, yes.

ASSEMBLYMAN BOCCHINI: I understand that. Who?

MR. DRISCOLL: There were several hundred people at the Hyatt.

ASSEMBLYMAN BOCCHINI: Who attended this special cocktail party for the Committee members?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: Were the members of the Administration there?

MR. DRISCOLL: Well, there were some, I guess.

ASSEMBLYMAN BOCCHINI: Were other contributors there?

MR. DRISCOLL: As far as I know. It was a large group of people.

ASSEMBLYMAN BOCCHINI: We are talking about the Committee. You said a few people, and now you are saying several hundred. Was it a few or was it several hundred?

MR. DRISCOLL: There were several hundred people. It was held at--

ASSEMBLYMAN BOCCHINI: Or, is several hundred, in your estimation, a few?

MR. DRISCOLL: There were several hundred people, I would guess. It was held at the Hyatt in Princeton.

ASSEMBLYMAN BOCCHINI: Was that in 1983 or 1984?

MR. DRISCOLL: It was in 1983 that I attended; I didn't attend the same function in 1984.

ASSEMBLYMAN BOCCHINI: Were you invited in 1984?

MR. DRISCOLL: I believe so, yes.

ASSEMBLYMAN BOCCHINI: Who invited you in 1983?

MR. DRISCOLL: It is a invitation that is received directly from the Governor's Ball Committee.

ASSEMBLYMAN BOCCHINI: The Committee that you are a member of?

MR. DRISCOLL: Yes.

MR. BOYLAN: Was a member of.

ASSEMBLYMAN BOCCHINI: When did you receive the-- When was it held? Was it prior to or subsequent to the Ball in 1983?

MR. DRISCOLL: It was subsequent to. It is usually sometime during the holiday season.

ASSEMBLYMAN BOCCHINI: Were the people who sat at your table at the Governor's Ball in 1983 in attendance at the Committee cocktail party in 1983?

MR. DRISCOLL: In 1983, Walt Weschler and Jane Burgio were the two people who sat at my table. I don't recall if they were at that reception in 1983.

ASSEMBLYMAN BOCCHINI: Was Mr. Kline there?

MR. DRISCOLL: I don't recall.

ASSEMBLYMAN BOCCHINI: Was Mr. Snedeker?

MR. DRISCOLL: I don't recall. I didn't make a list of people who were at that party.

ASSEMBLYMAN BOCCHINI: If your response is, "I don't recall," that is sufficient.

MR. DRISCOLL: No, I didn't run into them there, no.

MR. BOYLAN: He didn't run into them; that is what he means by his answer.

ASSEMBLYMAN BOCCHINI: You didn't notice them then.

MR. DRISCOLL: That is correct. I didn't register that.

ASSEMBLYMAN BOCCHINI: Do you recall anyone from the Administration that you had any specific conversation with at the cocktail party.

MR. DRISCOLL: No, I don't.

ASSEMBLYMAN BOCCHINI: Did you speak to the Governor that day?

MR. DRISCOLL: I shook his hand.

ASSEMBLYMAN BOCCHINI: Did you speak to him?

MR. DRISCOLL: Pardon me?

ASSEMBLYMAN BOCCHINI: Did you speak to him?

MR. DRISCOLL: Well, I was introduced to the Governor for, you know, 10 seconds. (Mr. Boylan confers with Mr. Driscoll)

ASSEMBLYMAN BOCCHINI: Mr. Boylan, if I may, if you wish to advise your client, please advise me. If you want to respond for him, please advise me. I will allow you to do so.

MR. BOYLAN: I appreciate that. I won't in the future.

ASSEMBLYMAN BOCCHINI: I know that sometimes it is built in inside to want to do it, but if you will refrain, I would really appreciate it.

MR. BOYLAN: You have my word of honor.

ASSEMBLYMAN BOCCHINI: Thank you. Was it just a matter of saying hello to the Governor? "Hi, Tom. Hi, Governor. I'm Bill Driscoll, Committeeman." -- \$15,000 worth?

MR. DRISCOLL: Well, I don't think the discussion was as lengthy as that.

ASSEMBLYMAN SCHUBER: I that is unfair, Mr. Chairman. Please, Mr. Chairman, I think that is unfair. If you are going to ask him a question, ask him a question. But, please don't characterize it.

ASSEMBLYMAN BOCCHINI: I'm sorry, Mr. Driscoll. In relation to your conversation with the Governor, was it more than a mere salutation to each other?

MR. DRISCOLL: Nothing more than that.

ASSEMBLYMAN BOCCHINI: How long were at the cocktail party?

MR. DRISCOLL: An hour and a half to two hours.

ASSEMBLYMAN BOCCHINI: An hour and a half to two hours?

MR. DRISCOLL: I was not the first to arrive, nor was I the last to leave.

ASSEMBLYMAN BOCCHINI: So, in an hour and a half to two hours, you don't necessarily recall who you spoke to, nor who you saw.

MR. DRISCOLL: Nothing stands out in my mind, other than the fact that I shook hands with the Governor. That does stand out in my mind.

ASSEMBLYMAN BOCCHINI: Is that the first time you met the Governor?

MR. DRISCOLL: No, it isn't.

ASSEMBLYMAN BOCCHINI: When was the first time you met the Governor?

MR. DRISCOLL: I shook hands with him at the Governor's Ball in 1983.

ASSEMBLYMAN BOCCHINI: And that was the first time you met the Governor?

MR. DRISCOLL: Yes, that was the first time I met the Governor.

ASSEMBLYMAN BOCCHINI: You said you had no part in the negotiations of the bid waiver. Is that correct?

MR. DRISCOLL: That is correct.

ASSEMBLYMAN BOCCHINI: Initially, Exhibit A shown in one of these bid waivers, which is evidently outdated-- Wasn't that prepared by you? Didn't those numbers come from you?

MR. DRISCOLL: Yes.

ASSEMBLYMAN BOCCHINI: Didn't you have to supply the Division with various documentation and numbers in order to allow them to prepare the bid waiver?

MR. DRISCOLL: My testimony reflected that. Yes, I provided information and documentation; however, I was not involved in negotiations for the bid waiver process.

ASSEMBLYMAN BOCCHINI: You didn't attend the cocktail party in 1984 for the Committee?

MR. DRISCOLL: That is correct; I did not.

ASSEMBLYMAN BOCCHINI: Did you attend the Governor's Ball in 1985?

MR. DRISCOLL: Yes, I did.

ASSEMBLYMAN BOCCHINI: Did you speak to the Governor there?

MR. DRISCOLL: No, I did not.

ASSEMBLYMAN BOCCHINI: So, you've only had two conversations with the Governor over the last three years -- "Hello, Governor Kean," the cocktail party, and at the Governor's Ball in 1983.

MR. DRISCOLL: No, I shook his hand on two or three other occasions.

ASSEMBLYMAN BOCCHINI: There was a meeting, I believe-- Was it June of 1983? Let me have that memo. One moment, please. I think I have it here. In the documentation supplied to us last week by Mr. Cole, First Assistant Attorney General, dated October 2, 1985-- I see you reaching for something. I believe you have the document.

MR. BOYLAN: We have a copy of it.

ASSEMBLYMAN BOCCHINI: On Page 8, it makes reference to a meeting that was held on June 28, 1983 concerning the proposed contract and utilization of the bid waiver procedure: "The participants at the meeting were Chief of Staff Stevens, Merin, the Attorney General, Tom Greelish, First Assistant Attorney General, Clifford Snedeker, Director, and Robert Kline, Deputy Director." Then there is a memorialization of that in a memorandum from Mr. Kimmelman and Mr. Snedeker to the Chief of Staff Stevens dated the 29th. Were you aware of that meeting?

MR. DRISCOLL: Was I aware of the meeting before it was held or subsequent to it?

ASSEMBLYMAN BOCCHINI: Either.

MR. DRISCOLL: I don't recall whether I was aware of it beforehand, but I know that subsequent to the meeting, I was made aware of it, yes.

ASSEMBLYMAN BOCCHINI: You don't recall if you were aware of it beforehand, the implication meaning that you may have been or you may not have been; you are not sure. You are not denying it.

MR. DRISCOLL: I don't deny knowledge that I may have known that.

ASSEMBLYMAN BOCCHINI: The memo in front of you, did we supply that to you?

MR. BOYLAN: Did you supply this memo to us?

ASSEMBLYMAN BOCCHINI: I don't think we did.

MR. BOYLAN: We got it from the press, I believe.

ASSEMBLYMAN BOCCHINI: Yes. Okay. To your knowledge, did any member of your company-- Were they privy to this meeting, or take part in this meeting?

MR. DRISCOLL: No, they would not have. I was the lead person involved at this phase.

ASSEMBLYMAN BOCCHINI: Did you have any conversations prior to that meeting with Greg Stevens or anyone else within the Administration concerning the June 28 meeting?

MR. DRISCOLL: No.

ASSEMBLYMAN BOCCHINI: How about concerning the bid waiver?

MR. DRISCOLL: No.

ASSEMBLYMAN BOCCHINI: On the 28th of July, I believe it was announced that you were going to be the recipient, and that there was a bid waiver. From that point, going back to the 18th of June, did you have any personal conversations with Mr. Stevens regarding the bid waiver?

MR. DRISCOLL: No.

ASSEMBLYMAN BOCCHINI: Did you have any conversations with anyone concerning the bid waiver within the Administration?

MR. BOYLAN: Within what Administration?

ASSEMBLYMAN BOCCHINI: That was a little too general.

MR. DRISCOLL: Yes.

MR. BOYLAN: Within the Division of Motor Vehicles, yes. That is within the Administration.

ASSEMBLYMAN BOCCHINI: Outside of the Division -- more particularly, the Attorney General or any representative of the Attorney General, such as Mr. Cole?

MR. DRISCOLL: No.

ASSEMBLYMAN BOCCHINI: Anyone within the Treasurer's office?

MR. DRISCOLL: The Office of Data Processing and Telecommunications. I had a meeting with Mr. Leroy Weber, the Director, and his Deputy, Hank Murray.

ASSEMBLYMAN BOCCHINI: How about Mr. Bianco?

MR. DRISCOLL: I don't really recall whether I had any discussions with him between those two dates.

ASSEMBLYMAN BOCCHINI: How about prior to the 28th, regarding the potential contract and the bid waiver?

MR. DRISCOLL: Prior to the 28th of what? Which month?

ASSEMBLYMAN BOCCHINI: Of June, 1983.

MR. DRISCOLL: Yes.

ASSEMBLYMAN BOCCHINI: You spoke to Mr. Bianco regarding the contract and the bid waiver prior to June 28 of 1983?

MR. DRISCOLL: I spoke with Mr. Bianco with regard to-- Mr. Bianco was the Director of SAC at the time we received the \$700,000 waiver.

MR. BOYLAN: In January of 1983.

MR. DRISCOLL: And, would have been the Director of SAC when this first -- at the time when I was first asked to provide information to DMV in connection with their negotiations or discussions of whatever it was that was going on with the waiver.

ASSEMBLYMAN BOCCHINI: I'm speaking in relationship to the final \$6.5 million contract, the November 9, 1983 contract. My reference of point in time and discussions with Mr. Bianco at or just prior to the 28th of June, 1983 or framed in that reference.

MR. DRISCOLL: I understand. If my answer is confusing, it is because there were some changes in organization at that point in time. I am not absolutely certain at what time Mr. Bianco organizationally moved from SAC over to OMB, and at which time he did, Mr. Meybohm became Acting Director of SAC. I didn't have discussions with Mr. Meybohm, so there are some changes of the players and responsibilities which occurred somewhere around those dates. I am not sure exactly when I became -- when I was dealing with one versus the other.

ASSEMBLYMAN BOCCHINI: I have no further questions. Thank you for being here.

MR. DRISCOLL: Thank you, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: Mr. Bianco, we will be asking you to testify next, and then the representative from ADR. We are going to take a 10-minute break.

(10-MINUTE RECESS)

AFTER RECESS:

ASSEMBLYMAN BOCCHINI: Mr. Bianco? Mr. Bianco, for the record, will you give us your name, the Department you work with, and your title?

DONALD J. BIANCO: Donald J. Bianco, the Department of the Treasury, and I am the Executive Director of OTIS.

ASSEMBLYMAN BOCCHINI: Will you raise your right hand, please? Do you understand that the testimony you are giving today is being recorded and will be transcribed?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: And, the testimony that you give before this Committee will be the truth and nothing but the truth, so help you God?

MR. BIANCO: Yes, sir. I understand that.

ASSEMBLYMAN BOCCHINI: Now, you are the Executive Director of OTIS?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: Prior to that, did you work for SAC?

MR. BIANCO: Yes, there was a job in-between. Yes, I did work for SAC prior to that, and between those two jobs, I was with the Office of Management and Budget as Director of their Management Services.

ASSEMBLYMAN BOCCHINI: How many years of State government do you have, Mr. Bianco.

MR. BIANCO: Fifteen.

ASSEMBLYMAN BOCCHINI: What did you do prior to entering State government?

MR. BIANCO: I'm sorry?

ASSEMBLYMAN BOCCHINI: What did you do prior to entering State government?

MR. BIANCO: I was with a firm called University Computing, and I was the Chief Executive Officer of their Microfilm Division. It was computer on to microfilm automation manufacturing.

ASSEMBLYMAN BOCCHINI: What role did OTIS play in negotiating or reviewing and commenting on the Price Waterhouse contracts of January 1, 1983 and also the November 9 contract of 1983?

MR. BIANCO: First of all, OTIS wasn't in existence then, so you really mean SAC, I believe.

ASSEMBLYMAN BOCCHINI: Yes.

MR. BIANCO: Okay.

ASSEMBLYMAN BOCCHINI: You were with SAC at that time.

MR. BIANCO: Yes, I was Director of that Division. In the contracts of 198-- Say them again.

ASSEMBLYMAN BOCCHINI: In January, the \$700,000 contract.

MR. BIANCO: Okay, the \$700,000 one. We'll take that one first?

ASSEMBLYMAN BOCCHINI: Yes, sir.

MR. BIANCO: That was a contract that I recommended very strongly to the people, in general, which was a direct result of the DMV master plan and our appraisal of how we would build a comprehensive Motor Vehicle system. That would be the next step.

ASSEMBLYMAN BOCCHINI: In relation to the November 9, 1983 contract -- the \$6 million, or the \$6.5 million, as has been commonly referred to -- what activity did you take in relation to that contract with the Division?

MR. BIANCO: When you say in relation to the contract, none, or minimal. I really don't have any recollection of having anything to do with that contract.

ASSEMBLYMAN BOCCHINI: All right. Subsequent to the contract, as far as participating in relation to-- Obviously, Mr. Kline is the project manager, as referred to under the contract. I don't believe Mr. Kline has the expertise or the background and knowledge concerning the installation of a computer system of this nature. Is that a correct statement?

MR. BIANCO: I would agree. Yes, I would agree to that.

ASSEMBLYMAN BOCCHINI: And, OTIS -- it is my understanding in testimony from both Mr. Kline and Mr. Driscoll -- was actively involved in working with Price Waterhouse in the implementation of the system. Is that correct?

MR. BIANCO: Yes, but in a very defined manner.

ASSEMBLYMAN BOCCHINI: Would you kindly tell this Committee what that defined manner was?

MR. BIANCO: Yes, I think has been previously testified to that we would were to supply technical support. I think Mr. Kline made a very good representation of technical support. We were supposed to provide access and enough equipment and hardware for them to do their testing. We were to provide an environment. We were to provide conversion programs from one data base to another. We were to provide them with space. We were to provide them with tools so they would be

able to carry out their job -- a creative environment so they could carry out their job.

ASSEMBLYMAN BOCCHINI: The \$700,000 contract -- wasn't that for SAC or OTIS to implement the system?

MR. BIANCO: Yes. OTIS came into existence about one year ago at this time, so everything prior to that was SAC. Now, the question about the \$700,000, we were to administer that contract. Yes, that is correct. I was the project manager of that, yes.

ASSEMBLYMAN BOCCHINI: Now, you were the project manager, and if based under that program, you would have -- SAC would have -- implemented the computer system for the Division. Is that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: As the project manager, did you feel that SAC was in a position to be able to do that?

MR. BIANCO: I would like to give you just a plain "yes," but I can't. Obviously, I felt that we could administer the contract. If you take a look at that-- I think you have that contract. If you take a look for the substantiation of that contract, it was \$700,000, I think, over a four-year period. I think the first year-- I forget the exact numbers, but that was spread out over a four-year period. I believed at that time, over that longer period time -- four years -- we could be the prime contractor, SAC, and we would need outside help of various kinds.

ASSEMBLYMAN BOCCHINI: Such as?

MR. BIANCO: We would need some management consulting help of the type that Price Waterhouse had been giving us. We would plan to continue that, as a matter of fact, obviously for the \$700,000 contract. I also envisioned other resources that we would have to reach out for. I think we would have needed some more technical resources. We didn't have enough to do a program like this with everything else. We would have had to contract out for more technical resources. I envisioned contracting out for programing support, and many things of that nature.

ASSEMBLYMAN BOCCHINI: Do you know what the budget was for your office in 1983?

MR. BIANCO: In round numbers?

ASSEMBLYMAN BOCCHINI: Round numbers, yes.

MR. BIANCO: In 1983?

ASSEMBLYMAN BOCCHINI: Give or take \$100,000.

MR. BIANCO: Well, I'm not so sure I could get that close, Mr. Chairman, but if you want to get that close, then I'll have to refer you to--

ASSEMBLYMAN BOCCHINI: As close as you can at this point, and then if you could give them--

MR. BIANCO: In 1983, I think, SAC, which was a division that serviced Law and Public Safety-- \$10 million to \$12 million, in that area.

ASSEMBLYMAN BOCCHINI: That is in 1983. How about in 1984? You were OTIS in 1984, weren't you?

MR. BIANCO: No.

ASSEMBLYMAN BOCCHINI: You became OTIS in 1984.

MR. BIANCO: OTIS was an amalgamation of many SACs, so if you want the SAC budget of 1984, it probably grew by 10% perhaps. These figures could be-- They are accurate, but not precise.

ASSEMBLYMAN BOCCHINI: Does OTIS have its own budget now?

MR. BIANCO: We have a budget; yes, we do. Yes.

ASSEMBLYMAN BOCCHINI: Do you know what that number is without us having to go to the budget?

MR. BIANCO: Well, we operate-- Our budget is an aggregation of the budgets of those people that we serve. So, if you take all of the data processing line items and the budgets of the various departments, and lump them together, then that becomes our budget. Our services are allocated to the different departments, and they pay us for those services.

But, in round numbers, this year, OTIS' budget is \$97 million, or \$90 million. I can confuse that figure if you want me to, but there are more funds that are around that ultimately will end up for services that we will perform.

ASSEMBLYMAN BOCCHINI: So, it is \$90 million.

MR. BIANCO: At least, yes.

ASSEMBLYMAN BOCCHINI: Plus additional--

MR. BIANCO: There are moneys-- I don't see any members of the JAC, but there are moneys that are identified as the data processing initiatives, which I believe are given to the departments. Those moneys will eventually find their way and be spent by us for services.

ASSEMBLYMAN BOCCHINI: Now, Mr. Kline being the project manager -- did he request in the various stages that you analyze the progress of Price Waterhouse?

MR. BIANCO: Well, you know, I left the Department of Law and Public Safety in the fall -- late summer, early fall -- of 1983, two years ago, a little bit over two years ago. So, I can answer what our role was going to be, and that was to provide this technical support. Is your question, did he ask us to analyze?

ASSEMBLYMAN BOCCHINI: When you left, where did you go?

MR. BIANCO: Where did I go?

ASSEMBLYMAN BOCCHINI: Yes.

MR. BIANCO: The Treasury Department in a different role.

ASSEMBLYMAN BOCCHINI: And then you went back to SAC.

MR. BIANCO: No. Then we formed OTIS.

ASSEMBLYMAN BOCCHINI: OTIS rather. When were you made head of OTIS?

MR. BIANCO: Executive Director. In October of 1984.

ASSEMBLYMAN BOCCHINI: Who appointed you to that position?

MR. BIANCO: The Treasurer.

ASSEMBLYMAN BOCCHINI: Are you a Civil Service title?

MR. BIANCO: My current title isn't Civil Service, no. I have had a non-classified title for the years I have been here.

ASSEMBLYMAN BOCCHINI: Mr. Driscoll, I believe, indicated that his company worked hand-in-hand with SAC and OTIS in testing, etc. Is that correct?

MR. BIANCO: I believe there were tests about a year or so ago where they would have had to participate. That is true.

ASSEMBLYMAN BOCCHINI: What were those test?

MR. BIANCO: What were they?

ASSEMBLYMAN BOCCHINI: Yes.

MR. BIANCO: There is another person that could more accurately describe them, but there were tests where you try and model the environment that you are going to be operating in in the future, and try and predict some results based upon the tests.

ASSEMBLYMAN BOCCHINI: So, the reason for those tests was -- stop me if I'm wrong -- based on your answer, I perceive the tests to have been a trial to ascertain if what Price Waterhouse was going to implement would, in fact, in the long range, be able to accomplish what the Division was looking for under the scope of the surcharge and the comprehensive plan. Is that correct?

MR. BIANCO: I would say that is correct, yes. It was trying to predict how well the system would work, how well the computer system would work, using the software that was being used, yes.

ASSEMBLYMAN BOCCHINI: And, this was about a year ago?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: October of 1984.

MR. BIANCO: Approximately a year ago, yes.

ASSEMBLYMAN BOCCHINI: What did your test results show you? Do you recall?

MR. BIANCO: They indicated caution. There was some reason for concern, which is not unusual.

ASSEMBLYMAN BOCCHINI: What were the dates of those tests?

MR. BIANCO: Approximately?

ASSEMBLYMAN BOCCHINI: Approximately.

MR. BIANCO: A year ago -- October of 1984.

ASSEMBLYMAN BOCCHINI: It would have been in October?

MR. BIANCO: October or November of 1984. I could be off by a month or so.

ASSEMBLYMAN BOCCHINI: Do you have someone with you who has that information available?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: You may bring him up.

MR. BIANCO: I just told him that if I said anything wrong, he was to correct me -- feel free to correct me. He said it was November or December, rather than October.

ASSEMBLYMAN BOCCHINI: The gentlemen seated to your left is Mr--

ROBERT MEYBOHM: Robert Meybohm.

ASSEMBLYMAN BOCCHINI: And, your title?

MR. MEYBOHM: My present title is the Director of Network Services for OTIS. I was the Assistant Director for the Division of Systems and Communications.

ASSEMBLYMAN BOCCHINI: And also the Acting Director of OTIS before the appointment of Mr. Bianco?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN BOCCHINI: Were you the Acting Director of SAC?

MR. MEYBOHM: I was the Acting Director of SAC after Director Bianco left.

ASSEMBLYMAN BOCCHINI: Okay. Are you familiar, Mr. Bianco-- You indicated that the tests were to see how the program would operate in the future. Correct?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: And, if it could sustain the need. Is that a correct thought?

MR. BIANCO: I think you would get a more precise answer from Mr. Meybohm. I heard the results and the description of these tests from Mr. Meybohm, so I am really telling you what he told me.

ASSEMBLYMAN BOCCHINI: Mr. Meybohm, would you raise your right hand, please? Do you understand that the testimony you are giving today is being recorded and will be transcribed?

MR. MEYBOHM: Yes, sir.

ASSEMBLYMAN BOCCHINI: And do you promise to tell the whole truth, so help you God?

MR. MEYBOHM: Yes, sir.

ASSEMBLYMAN BOCCHINI: In response to Mr. Bianco's statement, will you kindly describe that testing process for us?

MR. MEYBOHM: Traditionally, in the development of data processing systems, there are a number of different tests that are performed. Can you hear me?

ASSEMBLYMAN BOCCHINI: Yes, sir.

MR. MEYBOHM: Normally, a system is made up of a number of different programs. The normal way in which data processing systems are put together is that the programs are written as individual units, and then tested as a unit. That is a reiterative process until that particular unit functions properly.

When all of the given units are functioning properly, they are put together, and what is normally considered the system-- You conduct a system test where you attempt to simulate the real environment.

So, in November and December of 1984, there were a number of system tests done for the first portion of the Motor Vehicle system that was being implemented by Price Waterhouse.

In order to do a systems test, it is kind of a major effort, and it requires a considerable amount of coordination in the sense that you have to have-- You can't just run from one terminal; you have to run from all of the terminals. In order to do the systems test, basically, the Division of Motor Vehicles, arranged to have employees shut down their work stations early -- at 3 o'clock in the afternoon -- and then prepared to work overtime until 8 o'clock at night. Then we shut down our normal activities at the Department of Law and Public Safety Data Center, and in essence, brought up the new system, and attempted to have, in a controlled environment, the employees of the Division of Motor Vehicles, plus members from the Price Waterhouse team, plus members from the SAC technical team, enter different types of transactions to see how they would interact with the system.

So, there were two of those tests conducted. One in November of '84 and one in December of '84.

ASSEMBLYMAN BOCCHINI: What were the result?

MR. MEYBOHM: The results of the systems test, basically, were that it seemed as though the system functioned satisfactorily, in the sense that registrations were created properly, licenses were created properly--

ASSEMBLYMAN BOCCHINI: How about time?

MR. MEYBOHM: I didn't finish. From the standpoint of the functionality of the test, they seemed to produce all the different

functions they were supposed to; it seemed to do the right things. As far as the time concerned -- now this is a personal opinion -- I thought it was very subject to question in the sense that having been the Assistant Director for Law and Public Safety since 1974, we had attempted to have response times less than five seconds in that environment. The response time did not-- A very small portion of total number of transactions tested were satisfied in less than five seconds. So, in my opinion, the tests were something less than successful.

ASSEMBLYMAN BOCCHINI: A very small portion were less than five seconds. How many units are we talking about in testing. In other words, the percentage-- You said a very small percentage--

MR. MEYBOHM: During that period of time there would be a number-- In other words this was a control test and they would say, "Okay starting now we are going to do such and such and we have this system configured at a certain way," and they would run it for a particular length of time, and then say, "Okay everybody stop what you are doing," and they would reconfigure the system a little bit differently and then we would start again. On each one of those occasions there were multiple iterations of tests, but there were a couple of thousand transactions that would occur during the test period. Those results are documented, and there are-- I don't have those right off the top of my head.

As a matter of fact, at the time that these tests were taken, I was no longer involved at SAC, but having been there for a long time I was interested and I went back and asked people how they went? As a matter of fact, in one particular situation I physically went to observe the test.

ASSEMBLYMAN BOCCHINI: To your knowledge, what was the average response time?

MR. MEYBOHM: Average response time? Average is not a good denominative term.

ASSEMBLYMAN BOCCHINI: All right, give me a description of what your opinion of the response time, if you can, a little more explicitly than unsatisfactory.

MR. MEYBOHM: Less than 10% of the transactions were handled in less than ten seconds.

ASSEMBLYMAN BOCCHINI: Do you know what percentage were handled in-- Did you say ten seconds?

MR. MEYBOHM: Ten seconds.

ASSEMBLYMAN BOCCHINI: Less than 10% were handled in less than ten seconds. And the response time that you are looking for is less than five seconds to begin with, is that correct?

MR. MEYBOHM: In other words, that was a goal; an objective that we attempted to drive that division with. It was that we would provide response times for our user community of less than five seconds.

ASSEMBLYMAN BOCCHINI: Do you want to say something Mr. Bianco?

MR. BIANCO: I just said I hated to surprise him like this but I thought we would get this technical. I was apologizing for getting him out of a meeting so abruptly. That's all.

MR. MEYBOHM: I would-- The actual test results are available and are documented. I am probably remiss for attempting to quote. What I can say unequivocally, in my opinion--

ASSEMBLYMAN BOCCHINI: Can you have these for us by tomorrow?

MR. MEYBOHM: Yes sir.

ASSEMBLYMAN BOCCHINI: Would you please see that Aggie Szilagyi receives this information, and Aggie, would you kindly disseminate it to the Committee? Evidently, without the SAC testing times being available, you came to a conclusion -- I direct this to both of you or either of you, whoever is more suitable to answer and respond -- that the response times you were looking for under this comprehensive package, were not going to be able to be achieved. Is that correct, Mr. Bianco?

MR. BIANCO: Well, I think, more accurately, they were unsatisfactory at that time. Whether or not they could be improved upon was another question.

ASSEMBLYMAN BOCCHINI: Were you ever able to ascertain that they weren't going to be improved on based on the direction they were going?

MR. BIANCO: I don't think I understand. Would you say that again, please, Mr. Chairman?

ASSEMBLYMAN BOCCHINI: You would ask that while I'm-- (laughter) (speaker is chewing candy)

MR. BIANCO: I have a small one in my mouth.

ASSEMBLYMAN BOCCHINI: Why don't I just get right to the heart of what I am talking about. When did you decide-- Did ADR work with you?

MR. BIANCO: We worked -- Mr. Meybohm and that group -- with ADR over a long period of time. We had a long history with ADR which far preceded this, or somewhat preceded this.

ASSEMBLYMAN BOCCHINI: I am aware of that, but I'm talking about in relation to this, did you work with ADR?

MR. BIANCO: Did they work with ADR? Yes, they did.

ASSEMBLYMAN BOCCHINI: There have been revelations that-- Or indications as to ADR, they advised the State and Price Waterhouse that they believed the IDEAL language was not suitable for this project. Are you aware of that?

MR. BIANCO: I think I have heard that stated. I am not aware that they did that. I don't know that. I'm aware that they said that they did it. That was reported in the press.

ASSEMBLYMAN BOCCHINI: Did you ever have any conversations with the representative from ADR concerning--

MR. BIANCO: No I did not.

ASSEMBLYMAN BOCCHINI: (continuing) --concerning the IDEAL language?

MR. BIANCO: No I did not.

ASSEMBLYMAN BOCCHINI: Did you, yourself, ever formulate any opinion concerning the IDEAL language in this program?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: And that is?

MR. BIANCO: Based upon all the evidence that I had available at the time, and I'm looking back with 20/20 hindsight, it is my opinion that the ADR language is a useful tool--

ASSEMBLYMAN BOCCHINI: Not the ADR, I am talking about the IDEAL language.

MR. BIANCO: The IDEAL language is a useful tool in some circumstances, but this was a circumstance in which it proved unuseful.

ASSEMBLYMAN BOCCHINI: When did you come to that conclusion?

MR. BIANCO: That is hard-- Slowly over a long period of time.

ASSEMBLYMAN BOCCHINI: When did you first begin to get the feeling?

MR. BIANCO: Well, as I say, you know some time early this year or late last year I heard questions, and concerns, and cautions. But that is not unusual in our business, to hear concerns and cautions, and there are differences of opinion in our business. Some people are more conservative than others. I had heard there was concern and worry about it for a long period of time. And languages mature and get better as time goes on, so my level of interest and concern grew as time passed. Okay?

ASSEMBLYMAN BOCCHINI: Did you ever suggest to the Division or to Price Waterhouse -- did you ask them -- if they ran any type of survey across the United States to see what was being used or what the state of the art was in various states, the other 49 states?

MR. BIANCO: Concerning the--

ASSEMBLYMAN BOCCHINI: Concerning a computer program within a Division of Motor Vehicles.

MR. BIANCO: Do you mean a computer program or do you mean the entire comprehensive?

ASSEMBLYMAN BOCCHINI: Yes, a comprehensive program.

MR. BIANCO: No, I never suggested that.

ASSEMBLYMAN BOCCHINI: Did Price Waterhouse ever indicate to you why they selected the use of IDEAL?

MR. BIANCO: I don't believe so. I don't believe so.

ASSEMBLYMAN BOCCHINI: Did you ever question Price Waterhouse as to why they selected the use of IDEAL?

MR. BIANCO: I don't believe I did.

ASSEMBLYMAN BOCCHINI: Did anybody ever question Price Waterhouse, to your knowledge, within your Department about the use of IDEAL? You are shaking your head yes.

MR. BIANCO: Yes, let me tell you what I did do, and I was about to--

ASSEMBLYMAN BOCCHINI: Okay, fine, I'm sorry.

MR. BIANCO: Those kinds of interrogations wouldn't really happen on my level, okay, they really wouldn't. But let me tell you that I told Price Waterhouse -- I told Bill Driscoll -- many months ago, and I don't remember exactly when, but a long time ago I said, "Talk to Meybohm, and listen to him." And I cautioned him to do that, and he said he would, and, as a matter of fact, I know he did. At least they conversed and they had conversations and I specifically directed him, or asked him, to take a look at the language they were using, the software problem. And what was going on was, I was hearing rumblings and they ought to get it straightened out.

ASSEMBLYMAN BOCCHINI: When was that? Many many months are what?

MR. BIANCO: I'll tell you it was at least a year ago, because I remember I was in an office downtown, and that is about a year ago. That's when I did this.

ASSEMBLYMAN BOCCHINI: So it was at least a year ago you advised Mr. Driscoll to speak to Mr. Meybohm.

MR. BIANCO: Yes. We always talked, and I'm sure they talked a lot, but I said listen to him, talk to him and listen to him. I gave him specific eyeball to eyeball instructions to do that, as best I could instruct him. I mean, I asked him to do that.

ASSEMBLYMAN BOCCHINI: Would that have been October of 1984?

MR. BIANCO: Just about that time. It could have been September or November, but around that time.

ASSEMBLYMAN BOCCHINI: Was it before Labor Day or after Labor Day?

MR. BIANCO: You know, I don't know. Around that time and maybe before, maybe after.

ASSEMBLYMAN BOCCHINI: Was it before Thanksgiving?

MR. BIANCO: Around that time, Mr. Chairman, I'm not trying to avoid it, really--

ASSEMBLYMAN BOCCHINI: No, I am just trying to--

MR. BIANCO: Recognize one thing for me--

ASSEMBLYMAN BOCCHINI: To recognize-- To isolate a point of time where--

MR. BIANCO: Time frame. Yes, I think it was around-- Let me say I can be relatively certain it would be between Thanksgiving and Christmas, in that area.

ASSEMBLYMAN BOCCHINI: Would you have any memo as to discussion with Mr. Driscoll regarding your advice to him to speak to Mr. Meybohm?

MR. BIANCO: Can I stop now? I just said it was between Thanksgiving and Christmas of last year-- No I remember now it would be before that and why I'm tying that in is that the location I remember the conversation taking place was in my old office downtown in Trenton, and that would have been no later than-- That would have been October or earlier of last year. So it was September or so of 1984; in that area, okay.

ASSEMBLYMAN BOCCHINI: This is even prior to the testing that we had just previously discussed.

MR. BIANCO: About that time. About that time. One thing I think you should know is that I did have a different job and I was only tangentially involved in this, but I was very interested in it and so, no there were no memos, but I-- Okay.

ASSEMBLYMAN BOCCHINI: All right. So, Mr. Meybohm, you would have been the Acting Director at that time, is that correct?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: All right. So, you spoke with Mr. Driscoll.

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: And you had problems with the system, is that correct? With the direction that the system was heading in.

MR. MEYBOHM: In the Spring of '84, as the contract between Price Waterhouse and the State of New Jersey required that the Division of Systems and Communications create a specific environment in order for the implementation of that system. That environment included the insulation of the MBSSP operating system, CICS on line communications handler, the implementation of Datacom DB, which is the data base

manager, and the implementation of IDEAL. By the contract, those were to be accomplished by April 1, 1984.

ASSEMBLYMAN BOCCHINI: The implementation of IDEAL?

MR. MEYBOHM: Well, in other words, to create at the data center those software packages installed so that the vendor, in this case Price Waterhouse, could use MBS, CICS, Datacom DB, and IDEAL, to build the Motor Vehicle system.

ASSEMBLYMAN BOCCHINI: Okay.

MR. MEYBOHM: And it was at that point in time that we -- some of my technicians -- experimented with IDEAL. And as a result of those benchmark experiments, I felt very uneasy with IDEAL, using the IDEAL language for that particular environment. If you might bear with me for a moment, the reason I say that is people must understand that the Law and Public Safety Data Center is more than the Data Center for the Division of Motor Vehicles. In other words, my mandate was to support the Division of State Police, the Law Enforcement community for the State of New Jersey, the Gaming Enforcement Division, the Casino Control Commission, the Appellate Court for the State of New Jersey, the Department of Corrections, the Division of Law, the Division of Criminal Justice-- So I had many customers.

In other words, this was a large service bureau, only one of which was Motor Vehicle. In that environment, we were unusual as compared to other data centers in the State, in the sense that we had a mandate to operate 24 hours a day, 7 days a week, and not be out of business. So it is in that context that I had some reservation with IDEAL in the sense that, in our opinion, IDEAL was not a mature enough product to be installed in that environment.

ASSEMBLYMAN BOCCHINI: Does that mean, that you are telling me that IDEAL couldn't operate fast enough?

MR. MEYBOHM: At the time, we thought IDEAL used too much of the computer resources to do a given task, as compared to--

ASSEMBLYMAN BOCCHINI: Is that time?

MR. MEYBOHM: That's time, yes sir.

ASSEMBLYMAN BOCCHINI: So, computer resources-- Too much of computer resources means it was using too much time?

MR. MEYBOHM: It translates to time. Yes sir.

ASSEMBLYMAN BOCCHINI: If I wanted to process a license or a license look-up, instead of doing it in less than five seconds, it was taking five plus X amount of seconds, is that correct?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: What was X?

MR. MEYBOHM: I don't know.

ASSEMBLYMAN BOCCHINI: It varied.

MR. MEYBOHM: Yes. In other words, this is not the perfect science, and depending on the particular kind of transaction, some transactions take X-- Even today, in existing systems, an on line fingerprint search for the State Police can do tens of thousands of disc IO's and take many computer seconds, whereas, a pure vanilla look-up on a registration file might take only three hundredths of a second and three disc IO's. Depending upon the particular function, the IDEAL language took more time, more computer resources, then other available software languages.

ASSEMBLYMAN BOCCHINI: But you formed this opinion in the Spring of 1984?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: Who did you communicate this opinion to, if anyone?

MR. MEYBOHM: Price Waterhouse.

ASSEMBLYMAN BOCCHINI: Price Waterhouse, in the Spring of 1984?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: How did you-- Do you recall what time in the Spring of 1984, March, April, May?

MR. MEYBOHM: No, it was May/June time frame.

ASSEMBLYMAN BOCCHINI: May/June. Who did you inform within the Price Waterhouse structure?

MR. MEYBOHM: Bill Driscoll.

ASSEMBLYMAN BOCCHINI: You told Bill Driscoll. Was that in writing?

MR. MEYBOHM: No it was not.

ASSEMBLYMAN BOCCHINI: Did that have anything to do with the-- Were you in here earlier when Mr. Singel testified and made reference to a comment--

ASSEMBLYMAN PELLY: Casual conversation.

ASSEMBLYMAN BOCCHINI: Casual conversation concerning the IDEAL language-- No it was terminal, wasn't it?

ASSEMBLYMAN PELLY: No, it was ADR he spoke of.

ASSEMBLYMAN BOCCHINI: Oh, he spoke of ADR. I'm sorry. What did you tell Mr. Driscoll?

MR. MEYBOHM: Basically, I reviewed with Bill some of the findings that we had had, some of the opinions of our technical people, and basically, gave him my professional judgment that there was considerable risk associated with going forward with the implementation, using IDEAL.

ASSEMBLYMAN BOCCHINI: What was his response to you?

MR. MEYBOHM: He listened. And I think, however, in his eyes, and based on his--

ASSEMBLYMAN BOCCHINI: I just want to know what his response was.

MR. MEYBOHM: Well, we didn't have a meeting of the minds, obviously.

ASSEMBLYMAN BOCCHINI: What did he say to you?

MR. MEYBOHM: In his opinion, as per his technical advisors who had dealt directly with people from ADR, they felt that there were going to be between the Spring of '84 and the time that the system would go live-- There would be some additional enhancements and some additional releases of these software products, and that, in their opinion, it was a prudent risk.

ASSEMBLYMAN BOCCHINI: What do you mean by enhancements?

MR. MEYBOHM: Well, the software products are living things in the sense that they are constantly evolving. There have been computers around going back into the mid-fifties, and even with your most sophisticated computers, IBM continually -- every year -- comes out with new and enhanced versions of software. So, in other words, it is software that provides to the user additional functional

capabilities, which is an enhancement. Sometimes there are enhancements to improve performance, sometimes there are enhancements to improve ease of use. So there are different types of enhancements, but this is not at all unusual in the soft-- This is a practice of the software industry.

ASSEMBLYMAN BOCCHINI: Did he advise you as to what he thought those enhancements might be, or was that a "just trust me, things are going to get better"?

MR. MEYBOHM: Well, understand, Mr. Driscoll and Price Waterhouse had the responsibility--

ASSEMBLYMAN BOCCHINI: Look, let me make something clear. I am not in any manner, way, shape, or form trying to point the finger at you saying "Hey you know it is your fault that IDEAL was used and we had this snafu," and so forth. You didn't enter into any \$6.5 million contract with the State. You were, at least at the juncture I perceive it, as associated help for Price Waterhouse in following through in the implementation of the contract. I would like to know, and this Committee would like to know what the people within SAC, and eventually OTIS, were telling the people that the taxpayers of the State were paying \$6.5 million. Because if there is something that you told them which should have been, in fact, noticed by them, or given them ample reason to think that they were going in the wrong direction and they chose to ignore it-- We want to know why.

So, your candor with this would be greatly appreciated, and don't be reluctant at all to tell us everything you know about this because it is very very important. Extremely important. There are millions of people sitting out there who are watching this everyday who are wondering what is going to happen to them when their license pops up, or what is going to happen with them when their registration pops up, what is going to happen with them when the police officer stops them? And the bottom line is they are always pointing their fingers at the State.

I know you don't like it, and I know a lot of people within the Division of Motor Vehicles, especially employees down there who are getting beaten up-- Probably ones that shouldn't be. And it's the

people in the top echelon who are overseeing who are the ones who have to answer to it. So to that extent, in relation with your conversation with Mr. Driscoll and keeping in mind the enormity of this problem that we are faced with, I would simply like to know what you said to Mr. Driscoll.

MR. MEYBOHM: They best I can paraphrase it-- Basically, what I said to Mr. Driscoll was that--

ASSEMBLYMAN BOCCHINI: You can use the big technical terms with me because after you say them and we get them on the record I'll get somebody to define them for me. I'll go back and ask them. But I would like to know what you said as best as you recall.

MR. MEYBOHM: What I said to Mr. Driscoll is that I've been in this business since 1960, and I've been with the State since 1974. I've been building and running on line real time computer systems. That the Division of Systems and Communications had a history of successful on line systems. That -- in the eyes of my technicians, who, as far as I was concerned were as good as anybody that Price Waterhouse or outside vendors had -- based on their benchmark tests of IDEAL, that IDEAL was not a mature enough product to be installed in the SAC environment, and that Price Waterhouse would do this at some considerable risk to both themselves, the Division of Systems and Communications, to the Attorney General, and to the State of New Jersey. That, basically, paraphrased is what I said to Mr. Driscoll.

ASSEMBLYMAN BOCCHINI: That is pretty heavy stuff. What was his response besides, you know, the discussion of enhancements?

MR. MEYBOHM: Understand, this is a professional judgment. This is a judgment call on my part.

ASSEMBLYMAN BOCCHINI: I understand that. It appears at this juncture your judgment call on your part was a very professional and accurate one. I am trying to find out why a \$6.5 million contractor with the State of New Jersey saw it differently, and I would like to know what their representation to you was. Obviously, if I have to call them back to hear it from them, at the same time I intend to do that, but I would like, at least at this point, to hear what his representation to you was.

MR. MEYBOHM: To the best of my recollection, in the eyes of his technicians and based on conversations with the vendor, and based on visitations to the vendor's home office, they felt that the problems we had observed in our benchmarks could be, and would be, corrected, so that that degree of exposure that I was concerned with would not be there.

ASSEMBLYMAN BOCCHINI: The vendor being ADR?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: Did ADR work in conjunction-- What is ADR's part in this? Did they work on this testing with you?

MR. MEYBOHM: The testing that was done in November and December?

ASSEMBLYMAN BOCCHINI: No, in the Spring of '84.

MR. MEYBOHM: No. The testing that was done in the Spring of '84 was done by my technicians.

ASSEMBLYMAN BOCCHINI: And the testing that was done in November?

MR. MEYBOHM: ADR was present and witnessed those tests.

ASSEMBLYMAN BOCCHINI: Were they State employees who did them, or were they Price Waterhouses people?

MR. MEYBOHM: Well the tests were a combination of DMV employees, Division of Systems and Communications employees manning terminals and entering data, some Price Waterhouse employees--

ASSEMBLYMAN BOCCHINI: After you advised Mr. Driscoll, in the Spring of '84, did you tell anybody within the Division of Motor Vehicles that you didn't think that this was going to work?

MR. MEYBOHM: Yes, sir.

ASSEMBLYMAN BOCCHINI: And who might that be?

MR. MEYBOHM: Deputy Director Kline.

ASSEMBLYMAN BOCCHINI: This is in the Spring of '84?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: You told Kline that you didn't think it would work?

MR. MEYBOHM: No, I think I told Kline the same kind of statement that I said to Driscoll, that in my professional opinion I thought there was a risk.

ASSEMBLYMAN BOCCHINI: What was Mr. Kline's response?

MR. MEYBOHM: He was concerned.

ASSEMBLYMAN BOCCHINI: If they had taken your advice at that point in time, and gone back and reexamined the wheel, so to speak, could the problem that we have experienced this past June, July, and August, have been avoided?

MR. MEYBOHM: Possibly.

ASSEMBLYMAN BOCCHINI: Did you ever suggest to Mr. Driscoll-- Before I get to that point, in addition to Mr. Kline, did you speak to anybody else within the Administration about the problem with the IDEAL language?

MR. MEYBOHM: Basically, Mr. Kline and Chris Cox, at the same time.

ASSEMBLYMAN BOCCHINI: Ever discuss it with Mr. Cole from the Attorney General's Office?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN BOCCHINI: And you were Acting Director at this time, is that correct?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: Did-- I'm sorry--

MR. MEYBOHM: If I might add something, I was not the Director of this project.

ASSEMBLYMAN BOCCHINI: I understand that.

MR. MEYBOHM: That project--

ASSEMBLYMAN BOCCHINI: That project director was Mr. Kline, or is that--

MR. MEYBOHM: That project was taken out of and away from the Division of Systems and Communications and given to the Division of Motor Vehicles, so from the standpoint of that project, I reported to Director Kline.

ASSEMBLYMAN PELLY: Were you surprised by that move?

MR. MEYBOHM: Yes.

ASSEMBLYMAN PELLY: You were surprised by that change. You had not anticipated that to be forthcoming, had you?

MR. MEYBOHM: No I hadn't.

ASSEMBLYMAN PELLY: Did you express that surprise to anyone, ask why, all of a sudden, is this occurring?

MR. MEYBOHM: Yes.

ASSEMBLYMAN PELLY: To whom?

MR. MEYBOHM: Well, at the time when this actually happened, I was the Assistant Director, and I might defer to the boss, but to answer your specific question, to the Attorney General and the First Deputy Attorney General at that time.

ASSEMBLYMAN PELLY: You expressed surprise to the Attorney General and to the Assistant Attorney General at that time, that suddenly you were not responsible for a system that you would ordinarily anticipate your Department to be responsible for, is that correct? Which Deputy Attorney General?

MR. MEYBOHM: At that time it was Greelish.

MR. BIANCO: Tom Greelish.

ASSEMBLYMAN PELLY: And, Mr. Kimmelman, the current attorney General. I assume you predicated, and correct me if I am wrong, your surprise over this sudden turn of events upon the fact that you had, in fact -- your Department -- previous to this, been responsible for the computer systems within the State of New Jersey in the various Departments -- Law and Public Safety, the Division of Criminal Justice, and other Departments. Basically, the other Departments within the State of New Jersey, is that correct?

MR. MEYBOHM: Other Divisions within the Department of Law and Public and Safety.

ASSEMBLYMAN PELLY: Other Divisions. Yes, I'm sorry. Were those computer systems over which you had been responsible for, and I might add responsible for in a very responsible fashion, in the past, as complex or more complex or less complex than the one that is presently being initiated into the Division of Motor Vehicles?

MR. MEYBOHM: There would be some as complex and some considerably less complex.

ASSEMBLYMAN PELLY: So, to your way of thinking, it seems reasonable that you folks, under ordinary circumstances, would have been given the task of doing the job that in fact was awarded to Price Waterhouse?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN PELLY: That is correct. Did you express that surprise to anyone, other than the Attorney General, the Deputy Attorney General? And I think I interrupted you at that point.

MR. MEYBOHM: I think I really have to defer, because at that time I was the Assistant Director and Director Bianco would have been interfacing with the Attorney General.

ASSEMBLYMAN PELLY: Did I misunderstand you? Didn't you say that you expressed that surprise to the Attorney General and you expressed that concern and surprise to the Deputy Attorney General?

MR. MEYBOHM: I should really say, colloquially, in other words, the Division of Systems and Communications. In my capacity, I didn't have personal interfaces with the Attorney General.

ASSEMBLYMAN PELLY: I see.

MR. MEYBOHM: I think Director Bianco had best answer that.

ASSEMBLYMAN PELLY: Mr. Bianco, would you concur with Mr. Meybohm's testimony?

MR. BIANCO: That what, what he expressed? Yes, I guess, yes. You know you could either talk for ten minutes or one second, the answer is yes, I expressed some surprise.

ASSEMBLYMAN PELLY: Who communicated with the Attorney General, and with his Deputy Attorney General at that time?

MR. BIANCO: I did.

ASSEMBLYMAN PELLY: You did.

MR. BIANCO: Yes.

ASSEMBLYMAN PELLY: Directly, or through who?

MR. BIANCO: Directly. I communicated with a lot of parties, the Attorney General, the First Assistant Greelish, and others.

ASSEMBLYMAN PELLY: Did you send a memo up to that effect?

MR. BIANCO: There were-- You see the problem with me answering your question is you are acting like it all of a sudden happened in one day. There was a history that led up to this. If you remember--

ASSEMBLYMAN BOCCHINI: A history of memos?

MR. BIANCO: There are probably a lot of memos around, you know that--

ASSEMBLYMAN BOCCHINI: Will you get them for us?

MR. BIANCO: Sure. I think they have all been-- I think Cole turned a lot of them over to you, and I think we turned everything over to Cole that we have on the subject, but we can dig them out-- Anything we have you will have.

ASSEMBLYMAN BOCCHINI: I would like to see everything that you sent to the Attorney General--

MR. BIANCO: Okay.

ASSEMBLYMAN BOCCHINI: Or his Office, or the DMV. Forget what Mr. Cole and the AG may have given us, I want to see what you have sent in the last two years regarding this project, to them. I would like to have that in hand by 4 o'clock tomorrow.

MR. BIANCO: Do you mean two years or three years?

ASSEMBLYMAN BOCCHINI: Three years.

ASSEMBLYMAN PELLY: So then--

MR. BIANCO: So there were-- If you take a look at what we started to talk about earlier when the Chairman was questioning the \$700,000 contract we had planned. This is important, I think, for the Committee-- That went over a longer period of time and used many resources. So there was a debate on which way to go. And we represented that way to go, and there was another avenue; another approach.

ASSEMBLYMAN PELLY: See, understand, gentlemen, that we are surprised and shocked over the fact that all of a sudden SAC and/or OTIS was suddenly not responsible for the computer system within the Division of Motor Vehicle-- That is the developing of a new and better computer system within that Division. Particularly in light of the fact of your past history, and the fact that you had been doing the job in the past and you had been doing it successfully in all of the other Divisions that you have. So we wanted to be absolutely certain that we were accurate in our concern and shock over that new occurrence.

MR. BIANCO: Assemblyman, I think that it would be misleading if I were to say that all of a sudden it happened because it didn't happen all of a sudden. It was quite a bit of discussion and different points of view were put forth, okay, and different approaches. So it

didn't happen all of a sudden on an afternoon, you know, it happened over a period of time.

ASSEMBLYMAN PELLY: Right. I understand that. Over several years because they did some of the other--

MR. BIANCO: No, no, it was really the discussion on the contract that you are concerned with, I believe, right now and that is the \$6.5 million contract, and the termination of the \$700,000 contract. That took a number of meetings, a number of explanations, a number of representations and predictions, and costings, and it didn't happen all of a sudden. There were varying points of view, and the decision was made on which one to follow. So it took a long time. And I think the other thing that had to come-- You know, when you use the word "surprise", it was not a surprise to the extent-- We were surprised it went that way and not our way, and not in the effect that it was something that popped up in two hours. It didn't work that way.

ASSEMBLYMAN PELLY: No, I understand. Did you express that?

MR. BIANCO: Which?

ASSEMBLYMAN PELLY: Did you express to anyone the fact that perhaps that award should not have been given to Price Waterhouse, and that you could do it in-house?

MR. BIANCO: During the time when there was discussion with the First Assistant Attorney General, primarily, and others in the Department, including the then Director of Motor Vehicle, and others, I expressed an opinion in the direction of how to go.

ASSEMBLYMAN PELLY: And what was that opinion?

MR. BIANCO: Essentially it was a continuation of the \$700,000 contract, perhaps with a speed-up and a different approach, a different approach of using different resources and sub-contracting out in a different manner.

ASSEMBLYMAN PELLY: And with respect to the \$6.5 million contract or the \$7.1 million contract, did you address that issue?

MR. BIANCO: Well, when the decision was made that the other approach would be taken, no, I didn't question the contract because then the--

ASSEMBLYMAN PELLY: Who made that decision, Mr. Bianco?

MR. BIANCO: Which decision, now?

ASSEMBLYMAN PELLY: To go with the Price Waterhouse \$6.5 million or \$7.1 million contract?

MR. BIANCO: I think it was a consensus of people who evaluated the different proposals and decided that all the things taken into consideration--

ASSEMBLYMAN PELLY: Do you know for certain?

MR. BIANCO: Pardon me?

ASSEMBLYMAN PELLY: Do you know for certain?

MR. BIANCO: I don't think it was one individual that made that, to tell you the truth, Assemblyman. I think there was a consensus.

ASSEMBLYMAN PELLY: Who would you expect would have participated in that consensus?

MR. BIANCO: I think Director Snedeker participated. Obviously, he participated. Snedeker, Kline, probably management in DMV, I certainly participated in it, the Attorney General, and the First Assistant. The First Attorney General at that time was very much involved and traced the progress of the differences of opinion quite thoroughly.

ASSEMBLYMAN PELLY: Were there any others?

MR. BIANCO: Probably. You know it escapes-- I think, oh, the GMIP people were involved and had some consultants from there who were involved in that. I know they were.

ASSEMBLYMAN PELLY: The Governor's Management Improvement--

MR. BIANCO: Improvement, yes. They received some documentation. I know they did. And they expressed an opinion, as a matter of fact. Which is probably--

ASSEMBLYMAN PELLY: What was their opinion, if you recall?

MR. BIANCO: Yes, I can give you the exact letter, it was part of the package. It was kind of a hybrid between the two opinions that were put forth. One side, you might say, was that the then-Division of SAC would take this on and follow it through, and the other opinion was there would be a turn-key operation and it would be given to Price Waterhouse, and if my memory serves me correctly, the GMIP said, well, hold off a second, don't do it all at once, do it in stages. So it was kind of a hybrid.

ASSEMBLYMAN BOCCHINI: Did ADR ever agree with your position that IDEAL was the improper language to be used? Did they voice that opinion to you? It appears, Mr. Meybohm, you were the first one to come to that conclusion. When did, if to your knowledge, ADR concur with your opinion?

MR. MEYBOHM: I don't know that they did or did not.

ASSEMBLYMAN BOCCHINI: Mr. Bianco, you heard Mr. Driscoll testify that you were a guest at one of his tables at the Governor's Ball. Is that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: What year was that? Was it the '83 Ball or the '84?

MR. BIANCO: I've been to two of them, and it had to be the '84 Ball.

ASSEMBLYMAN BOCCHINI: Were you there as his guest?

MR. BIANCO: I was there-- No, not as his guest. I received notification that I would sit at that table through the Committee, whatever it is, and I never had an invitation, but I was there sitting with Driscoll at the table.

ASSEMBLYMAN BOCCHINI: You received notification from the Committee that you would sit at Mr. Driscoll's table.

MR. BIANCO: Yes. Well, when I got there my name was on the list and it directed me to that table.

ASSEMBLYMAN BOCCHINI: How did you know that you were going to the Ball?

MR. BIANCO: I guess Driscoll told me I was going to the Ball. I really forget.

ASSEMBLYMAN BOCCHINI: Excuse me, your comment was you guess that Mr. Driscoll told you that you were going to the Ball?

MR. BIANCO: I can't remember exactly how I know he told me. The Ball was in '84, and I believe he asked me if I would like to attend and I said that I would, and that's it.

ASSEMBLYMAN BOCCHINI: What about 1983?

MR. BIANCO: I wasn't there in '83.

ASSEMBLYMAN BOCCHINI: So you were there in '84 and '85, but not in '83?

MR. BIANCO: And this past year, yes. A couple months ago I was there.

ASSEMBLYMAN BOCCHINI: Who presented the ticket to you for '84?

MR. BIANCO: I didn't get a ticket.

ASSEMBLYMAN BOCCHINI: You just showed up and Mr. Driscoll called you?

MR. BIANCO: There were communications -- you know, I used to see him relatively often -- prior to the Ball, and--

ASSEMBLYMAN BOCCHINI: What kind of communications?

MR. BIANCO: Both face to face and telephone.

ASSEMBLYMAN BOCCHINI: Anybody else from the Committee ever speak to you?

MR. BIANCO: The Governor's Ball Committee?

ASSEMBLYMAN BOCCHINI: Yes.

MR. BIANCO: I don't believe so. I don't think so.

ASSEMBLYMAN BOCCHINI: Anybody else from the Division of Motor Vehicles speak to you?

MR. BIANCO: About that subject?

ASSEMBLYMAN BOCCHINI: About attending the Ball.

MR. BIANCO: Certainly when we were there they did, and I don't believe I had any significant conversation prior to the Ball.

ASSEMBLYMAN BOCCHINI: What do you mean by, certainly when you were there?

MR. BIANCO: I saw Snedeker and Kline at the Ball.

ASSEMBLYMAN BOCCHINI: I mean prior to that.

MR. BIANCO: Nothing that I remember; nothing of any significance.

ASSEMBLYMAN BOCCHINI: So to the best of your recollection the best you had was a phone call from Mr. Driscoll or a conversation with Mr. Driscoll regarding your being a guest of his at the Ball.

MR. BIANCO: Yes. I don't remember him saying be a guest, or would you like to go to the Ball.

ASSEMBLYMAN BOCCHINI: How about in '85?

MR. BIANCO: This past year?

ASSEMBLYMAN BOCCHINI: Yes, sir.

MR. BIANCO: It didn't work that way this past year. There are a number of invitations that are available, and a number of invitations to go the Ball. The Treasurer issued a directive this past year to all of the people in the Department to just refuse those and to refer any desire to go to the Ball to whatever the Committee is called-- The Governor's Ball Committee, I guess. And that is what I did. And I did not end up sitting with Driscoll or Price Waterhouse. And, I'm sorry, I went this year.

ASSEMBLYMAN BOCCHINI: Who did you sit with this year?

MR. BIANCO: Arthur Anderson. (laughter)

ASSEMBLYMAN BOCCHINI: The-- Is your Division or OTIS involved with any work with Arthur Anderson, presently?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: What kind of work is that?

MR. BIANCO: They are doing some systems work in a couple of agencies which we oversee. We'd be involved with almost any systems work by him.

ASSEMBLYMAN BOCCHINI: Do you know which agencies?

MR. BIANCO: Treasury, Department of Transportation, the Department of Labor.

ASSEMBLYMAN BOCCHINI: Who else sat at your table with you with Arthur Anderson?

MR. BIANCO: This year?

ASSEMBLYMAN BOCCHINI: This year.

MR. BIANCO: From the State?

ASSEMBLYMAN BOCCHINI: Yes.

MR. BIANCO: My wife is not included in the State. I think the rest of the people were either from Arthur Anderson's or someplace. I don't remember anybody else from the State at my table. I could be wrong; I don't remember.

ASSEMBLYMAN BOCCHINI: Do you know how many tables the firm of Arthur Anderson had?

MR. BIANCO: I haven't the foggiest notion.

ASSEMBLYMAN BOCCHINI: Now, in 1983, Mr. Driscoll personally asked you--

MR. BIANCO: In 1984.

ASSEMBLYMAN BOCCHINI: Excuse me, in 1984, Mr. Driscoll personally asked you. In 1985-- Excuse me, let's go back to-- In 1984, it had already been determined -- am I correct Mr Meybohm -- at least in your estimates, that there was a problem with the IDEAL language. Is that correct?

MR. MEYBOHM: The Spring of '84.

ASSEMBLYMAN BOCCHINI: The Spring of '84. And, for the '85 dinner, you were advised-- Could you repeat that one more time for me, and how you--

MR. BIANCO: There is a letter that the Treasurer sent to all the people in the Department of Treasury, and I'm sure there is a copy available, that directed anybody not to accept any invitations, but if we wanted to go to the Ball to let them know -- them being the Treasury Department -- and we would get invitations, if they were available, through the Committee. And so, that is what happened this past year.

ASSEMBLYMAN BOCCHINI: So you advised the Treasurer's Office that you wanted to attend the Ball.

MR. BIANCO: That is right.

ASSEMBLYMAN BOCCHINI: Aggie, would you request the Treasurer's Office to supply us with a copy of that letter? When did you receive that letter?

MR. BIANCO: Sometime in August.

ASSEMBLYMAN BOCCHINI: Once you sent the letter to the Treasurer's Office--

MR. BIANCO: I didn't send any letter to the Treasurer's Office.

ASSEMBLYMAN BOCCHINI: You made a request. Did you pick up the phone and call?

MR. BIANCO: It was orally. I got the letter and I said, "How do you work this, what do you want to do," and--

ASSEMBLYMAN BOCCHINI: Excuse me, you said, "I got this letter, how do you work this, what do you want to do." Who did you say that to?

MR. BIANCO: One of the Treasurer's Assistants, Stuart Weiss.

ASSEMBLYMAN BOCCHINI: Stuart Weiss?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: So, you called him, or did you go to see him?

MR. BIANCO: Called.

ASSEMBLYMAN BOCCHINI: What did Mr. Weiss say to you in response to your "How do you do this?"

MR. BIANCO: Don't accept any invitations to the Governor's Ball. If you would like to attend, let us know, and we will take that into consideration, or words to that effect.

ASSEMBLYMAN BOCCHINI: Did Weiss call you back?

MR. BIANCO: I don't know whether he called me or I called him, but, yes, there was further communication.

ASSEMBLYMAN BOCCHINI: What did that communication consist of?

MR. BIANCO: I don't know; maybe, "Am I going to sit with Arthur Anderson?" or something like that, and, "Where am I going to sit?" and I think he said, "Don't worry about it."

ASSEMBLYMAN BOCCHINI: Wait a second, you know, you either remember or you don't, and if you don't you are at liberty to say you don't, but if you do I would certainly like to know it. Now you called Mr. Weiss--

MR. BIANCO: Weiss, yes.

ASSEMBLYMAN BOCCHINI: And you told him you had the memo--

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: And you would like to know how you go about being able to go to the Governor's Ball this year.

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: And, did he say, "I'll let you know"?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: And then he let you know?

MR. BIANCO: Right.

ASSEMBLYMAN BOCCHINI: How did he let you know?

MR. BIANCO: Phone call.

ASSEMBLYMAN BOCCHINI: You got the memo in August.

MR. BIANCO: Right.

ASSEMBLYMAN BOCCHINI: Now early in October-- October 8th. So I presume, in less than two months from the time of the memo to today. So within the last two months, after getting the memo, and you discussed with Mr. Weiss, and then you got it back-- And then you got a phone call back from him, and what did he say when he called you back?

MR. BIANCO: Words to the effect-- Can I summarize and paraphrase it? You know you are going to the Ball, you show up, at the van and you'll get your seat assignment or your assignment when you get there. And it probably wasn't that, you know, cool, but that is what he said: "When you get there, go to the place and see where you are sitting." And really, that is what it was.

ASSEMBLYMAN BOCCHINI: Did you know who you were going to be sitting with at that time?

MR. BIANCO: Did I know? Yes. I requested to sit with Arthur Anderson.

ASSEMBLYMAN BOCCHINI: You requested to sit with Arthur Anderson?

MR. BIANCO: Yes. If it was at all possible, yes.

ASSEMBLYMAN BOCCHINI: Why not Price Waterhouse?

MR. BIANCO: Well, there's a good reason. I didn't really know the people from Arthur Anderson at all, and it just seemed to be more productive if I sat with Arthur Anderson so I would get to know them better.

ASSEMBLYMAN BOCCHINI: When you attended the dinner in 1984 with Price Waterhouse, did you sit at Mr. Driscoll's table?

MR. BIANCO: Yes, I did.

ASSEMBLYMAN BOCCHINI: Were there any discussions concerning the contract and the continuing implementation of the system?

MR. BIANCO: I don't remember. There probably would have been some general references, but not about the contract. I'm sure that during the night we talked about what was going on, but I do not remember any specific references.

ASSEMBLYMAN BOCCHINI: When were you absent from SAC, for what period of time?

MR. BIANCO: I was not at SAC at this time. At the time you are referring to, I was--

ASSEMBLYMAN BOCCHINI: In 1983, were you at SAC?

MR. BIANCO: I left SAC two and a half years ago, which would be the Fall of 1983. So I had been gone almost a year from SAC at that time, at the time you are referring to.

ASSEMBLYMAN BOCCHINI: Two years ago would have been the Fall of 1983. Two and a half years ago would have been the Winter of 1983.

MR. BIANCO: Okay. Fall of 1983, early Fall or late Summer of 1983 was when I left SAC.

ASSEMBLYMAN BOCCHINI: So, you were there when it was announced that they were going to be taking the project over?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: What were your feelings about it when it was announced?

MR. BIANCO: Well, I had known it for some time when it was announced, so my feeling was, you know, let's get on with it. The decision had been made.

ASSEMBLYMAN BOCCHINI: I don't have any further questions. Mr. Schuber, do you have any questions?

ASSEMBLYMAN SCHUBER: No questions.

ASSEMBLYMAN BOCCHINI: Mr. Pelly?

ASSEMBLYMAN PELLY: No questions.

ASSEMBLYMAN BOCCHINI: Gentlemen, thank you. Could you please arrange to have the information we requested concerning the memos to Ms. Szilagyi by four o'clock tomorrow afternoon? Regarding the Treasurer's memo, Aggie is going to contact the Treasurer's office. Do you have a copy of the Treasurer's memo?

MR. BIANCO: Not with me.

ASSEMBLYMAN BOCCHINI: Back at your office?

MR. BIANCO: I'm sure there is one in the file. We will get you one.

ASSEMBLYMAN BOCCHINI: Right. You can supply us with that at the same time, please.

ASSEMBLYMAN SCHUBER: Mr. Chairman, I notice that Mr. Kline is in the audience, and I know there have been some statements made with regard to some of his statements today. I think it would only be fair to ask him to come up. I think he should be asked some questions with regard to this--

ASSEMBLYMAN BOCCHINI: I think, Mr. Schuber-- This is the third time we have requested ADR to be here. The second time, they sat here through the whole process. At this point in time, I would like to call ADR.

ASSEMBLYMAN SCHUBER: Well, I don't think ADR is the only one that has been inconvenienced by some of these hearings.

ASSEMBLYMAN BOCCHINI: I understand that.

ASSEMBLYMAN SCHUBER: I think there have been some statements made with regard to Mr. Kline. Mr. Kline is here, and I think it only appropriate that he be asked some of the questions that probably would come to mind, and be able to testify.

ASSEMBLYMAN BOCCHINI: Mr. Schuber, we are going to reconvene at 10:30 on Friday morning. The last witness for today will be the ADR representative.

ASSEMBLYMAN SCHUBER: Then, Mr. Chairman, I am going to make one last request of you. I think that Mr. Kline is here, and he should be given the courtesy of this Committee to testify with regard to statements that were made this morning.

ASSEMBLYMAN BOCCHINI: Mr. Kline will be given every extended opportunity that he so desires before this Committee. I will allow him to do that. The agenda for the Committee has been set. In a conversation with Mr. Kline yesterday, I told him that he would not be needed today. In light of some of the testimony that was given today, obviously I think Mr. Kline should be given the opportunity to respond, and he will be given that opportunity, and ample time, on Friday.

**ROBERT S. KLINE (speaking from audience; not near microphone):** I cannot understand why I was told I would not be needed today. Based upon reports I received, I just came over here as quickly as I did. I would like the opportunity to address the Committee. I testified for four hours before and there were certain allegations made here that I

would like to respond to to set the record straight and to set the public record straight.

I would ask that courtesy of this Committee.

ASSEMBLYMAN BOCCHINI: Mr. Kline, I think you deserve every opportunity. I also believe that the comments that may have been made by Price Waterhouse, etc.--

MR. KLINE: I am not necessarily referring to those. I am referring to some that were made by members of this Committee. There were inferences made by this Committee that I would like to address.

ASSEMBLYMAN BOCCHINI: Mr. Kline, I will allow you to be the first witness on Friday morning.

MR. KLINE: Well, Mr. Chairman, I would just like to note that I am here; I am available.

ASSEMBLYMAN BOCCHINI: Mr. Kline, I am aware of the fact that you are here. I am also aware of the fact that there was testimony given back and forth this morning. When I spoke to you yesterday, I did not ask you to stay away, Mr. Kline. You asked me, "Mr. Bocchini, do I need to be there?" I acknowledged the fact to you, Bob. I said, "Bob, I know you have been here two days in a row. Send Mark, send Mrs. Cox. If we need you, we will certainly call you."

MR. KLINE: That's right. Actually, we're dealing with different issues, different things, before this Committee. I testified for four hours, and I do have to run a Division. We do certain things--

ASSEMBLYMAN BOCCHINI: I understand that.

MR. KLINE: But now I am here, and I am willing to address the issues that were raised. I learned of the issues. I have come back from what I was doing, and I would like to address the Committee. I think it is only fair that you allow--

ASSEMBLYMAN BOCCHINI: I am not preventing you from addressing this Committee, Mr. Kline. However, the next witness before this Committee will be from ADR. If there is sufficient time after ADR, I will allow you to address the Committee. But, if ADR is not finished with us by 4:15 or 4:30 -- that is as far as we are going -- this Committee is adjourning, and we will reconvene at 10:30 on Friday, Mr. Kline.

MR. KLINE: But we can stay beyond 4:15.

ASSEMBLYMAN BOCCHINI: I believe the comments you want to make are probably comments you can present to the members of the media, who are still sitting here. Anything you want to preserve for this record, you will have the opportunity to present on Friday. I am not adjourning this hearing and saying we are never coming back. I am telling you right now that we are going to be here on Friday, Bob, at 10:30.

MR. KLINE: Mr. Chairman, I defer to your judgment, but I did want the opportunity. I just wanted to ask--

ASSEMBLYMAN BOCCHINI: Absolutely. Had I known a little sooner, Mr. Kline, we may have been able to do something with the schedule. But you're in here now at a quarter to four. I have heard nothing said thus far in this Committee--

MR. KLINE: I have been here for about 45 minutes.

ASSEMBLYMAN BOCCHINI: --that cannot be addressed by you properly on Friday morning. Will the representative of ADR kindly step forward, please?

ASSEMBLYMAN SCHUBER: Mr. Chairman, note for the record my protest with regard to the treatment of Mr. Kline in this particular matter. I am not going to participate any further this afternoon.

ASSEMBLYMAN BOCCHINI: You're welcome, Mr. Schubert. You did advise me that you had to leave by four o'clock anyway.

ASSEMBLYMAN SCHUBER: I'll remember that, Mr. Bocchini, thank you.

ASSEMBLYMAN BOCCHINI: May we have your name for the record, please?

JOSEPH FARRELLY: My name is Joseph Farrelly.

ASSEMBLYMAN BOCCHINI: Mr. Farrelly, okay. What is your position with ADR?

MR. FARRELLY: My position is Director of Research and Development at Applied Data Research. In that capacity, I am responsible for the development of ADR software products. I have a brief opening statement I would like to make to the Committee.

ASSEMBLYMAN BOCCHINI: Before you get into that, Mr. Farrelly, would you kindly raise your right hand -- as soon as I find the oath here. Do you understand that the testimony you are giving today is being recorded and will be transcribed, and may be used as evidence in other proceedings?

MR. FARRELLY: Yes, I do.

ASSEMBLYMAN BOCCHINI: Do you promise to tell the whole truth, nothing but the truth, so help you God?

MR. FARRELLY: Yes, I do.

ASSEMBLYMAN BOCCHINI: For the record, how long have you been with ADR?

MR. FARRELLY: I have been with Applied Data Research for five years now, sir.

Mr. Chairman and members of the Committee: My name is Joseph Farrelly. I am Director of Research and Development at Applied Data Research in Princeton. I am here in response to your request for information about the use of ADR's products, specifically the use of the IDEAL software program in the development of the Division of Motor Vehicles' new computer application.

ASSEMBLYMAN BOCCHINI: Excuse me. Mr. Farrelly, do you have additional copies of that?

MR. FARRELLY: Yes, I have submitted them to your Committee Aide.

ASSEMBLYMAN BOCCHINI: I'm sorry. Please continue.

MR. FARRELLY: Applied Data Research, known as ADR, designs, markets, and supports a family of computer software products in the United States and in more than 40 countries. ADR was founded in 1959, and is one of the leading suppliers of systems software.

Software is a set of instructions directing a computer's operation. Systems software are programs used as tools to build computer applications that support daily business activities.

The Department of Law and Public Safety has been a client of ADR since 1980. In February, 1982, the Office of Telecommunications and Information Systems, OTIS, then known as the Division of Systems and Communications, or SAC, acquired ADR's data base management

products, including Datacom-DB, a data base management program that acts as a central file of information, data dictionary, a program that keeps track of data in a data base management system, data query, a program used to query the data base for information, and ADRDL, an application development program for the COBOL language.

On August 31, 1983, OTIS acquired ADR's IDEAL product, which is commonly referred to as a four-generation application development system, or 4GL. IDEAL is designed to be used with ADR's data base management products. These products are commonly used as tools to design and build computerized systems, such as those used by the Division of Motor Vehicles.

OTIS is our principal contact with the State of New Jersey. As I am sure you are aware, the Division of Motor Vehicles is one of the agencies that uses OTIS' data processing services. In the course of our dealings with OTIS, we met on occasion with members of the Division of Motor Vehicles, and with representatives from their consulting firm, Price Waterhouse, which was retained by the Division of Motor Vehicles to design and implement the computer applications.

Price Waterhouse selected IDEAL as the tool to build the Division of Motor Vehicles' computer application. We fully agree with that choice. IDEAL has been installed by more than 600 clients throughout the world, and is widely accepted as one of the premier products or programs of its kind. When questions arose concerning the use of IDEAL in all applications throughout the system, we were asked to make recommendations. We suggested that the majority of the application be implemented using IDEAL, but that selected portions, those that constituted high volume processing, be programed in COBOL, using ADRDL.

Our recommendation to use more than one programming language is a technique often employed in building large-scale systems. OTIS is a highly valued client of ADR. We are continuing to work with OTIS, and at their direction, Price Waterhouse, to ensure the completion of this project.

I will now try my best to answer any questions you may have.

ASSEMBLYMAN BOCCHINI: Bear with me for a moment, Mr. Farrelly.

MR. FARRELLY: Excuse me?

ASSEMBLYMAN BOCCHINI: Bear with me for one moment, sir. I have to do a little bit of housekeeping here. My papers have gotten somewhat disheveled.

Mr. Farrelly, how long has your company been involved in this work?

MR. FARRELLY: In the work of developing software products?

ASSEMBLYMAN BOCCHINI: Yes.

MR. FARRELLY: We were founded in 1959, and we first got into the software products business around the late 1960s. So, for approximately 15 or 16 years, we have been developing, marketing, and supporting systems software products.

ASSEMBLYMAN BOCCHINI: Will someone please close the door in the back? There is a discussion that is interrupting the hearing here. What is your present relationship with DMV and Price Waterhouse?

MR. FARRELLY: Well again, principally OTIS has been our client. OTIS is the organization which has purchased our software products to build the Division of Motor Vehicles' applications. In dealing with OTIS, which is our client, we have been called in to have meetings and offer our advice on the most effective use of our products. In so doing, we occasionally met with Price Waterhouse personnel and, maybe on a couple of occasions, personnel from the Division of Motor Vehicles. Again, when I say OTIS, whenever OTIS was SAC, we were dealing with SAC.

ASSEMBLYMAN BOCCHINI: Okay. In relation to this present project--

MR. FARRELLY: Yes, sir.

ASSEMBLYMAN BOCCHINI: --when were you first contacted on this matter?

MR. FARRELLY: By first contact, do you mean ADR or myself, sir?

ASSEMBLYMAN BOCCHINI: ADR.

MR. FARRELLY: ADR, okay. I believe that once Price Waterhouse won the contract and was awarded the contract, we started to have maybe incidental contact with them in the use of our products. As

the project continued, they continued to need more support for the use of our products. There were more questions to be answered, and things of this nature. The more they completed the project and brought it to some of the initial testing phases that were introduced in previous testimony, then we began to work with both OTIS personnel and with Price Waterhouse personnel in those efforts.

ASSEMBLYMAN BOCCHINI: Do you know why your company was contacted by Price Waterhouse, as opposed to some other potential software company?

MR. FARRELLY: OTIS had already acquired ADR's products, and they were being used within OTIS. I would assume that they were contacting us because they were going to use us as the products that were the tools with which they were going to build the new computer application. Again, our products were acquired by OTIS in February, 1982.

ASSEMBLYMAN BOCCHINI: Who paid you in relation to this project?

MR. FARRELLY: OTIS purchased ADR's products. Maybe it could be better said that the Department of Law and Public Safety purchased our products, but OTIS is the data processing organization where the products are installed on the computer and used.

ASSEMBLYMAN BOCCHINI: OTIS purchased--

MR. FARRELLY: OTIS purchased our products and were using our products. Price Waterhouse got a contract to build a new system for the State of New Jersey. They decided to use the products that were installed at OTIS to build the new application, and as a result of using our products, ended up conferring with us on the most effective way to use our products, asking questions about them, and sometimes giving--

ASSEMBLYMAN BOCCHINI: Did Price Waterhouse pay any fees directly to you?

MR. FARRELLY: No, sir.

ASSEMBLYMAN BOCCHINI: Your contractual relationship with the State is simply through OTIS, and nothing with the Division of Motor Vehicles.

MR. FARRELLY: That is absolutely correct.

ASSEMBLYMAN BOCCHINI: Did you -- you meaning your company -- ever make any political contributions in the last three years to the Governor's Ball?

MR. FARRELLY: To the best of my knowledge, none at all, sir -- none.

ASSEMBLYMAN BOCCHINI: Yourself personally?

MR. FARRELLY: None.

ASSEMBLYMAN BOCCHINI: Mr. Farrelly, you were reported in the September 27, 1985 edition of The Star-Ledger as saying: "We told both the State and Price Waterhouse that IDEAL could do the majority of the job, but not all. We suggested the State use a mix of software language to guarantee that the system works. It turns out that we gave them the right advice, and it beats me why they didn't listen to us in the first place." Was that a correct representation made in that newspaper accounting?

MR. FARRELLY: Yes, that is a correct conceptual representation, except for some of the terms like, "It beats me." It is essentially what I said in my opening remarks; that is, as we, ourselves, became aware of some of the information developed from the testing, some of the individual programs which were run and the operating performance characteristics of those computer programs were brought to our attention. We said, again borrowing from some of the other information that has already been given today, that if 90% of the traffic in the new system was going to be handled by 10% of the modules, or the programs developed as part of the new application, then those should be coded in COBOL. That is what we meant by, the majority of the system should be done in IDEAL, which would be the 80% or 90%, but the 10% to 20% which was going to get the largest portion of the traffic in the system, should be done in COBOL. It seems that that is a typical technique used in building large-scale applications.

ASSEMBLYMAN BOCCHINI: So, it is a combination then?

MR. FARRELLY: Yes.

ASSEMBLYMAN BOCCHINI: The combination you spoke to, actually excluding the comment, "It beats me"-- The inference then is that you told them it should be a combination of several languages, or two languages. That is a correct representation.

MR. FARRELLY: Yes, sir.

ASSEMBLYMAN BOCCHINI: When was that representation made?

MR. FARRELLY: That representation was made in the general time period of October, November, December of 1984. The reason I mention multiple months is because as the system was being tested, as referred to in previous information given by Mr. Meybohm, we participated in some of those tests; we participated in some of the meetings which occurred following those tests, which were to sort of analyze how well the system had performed, and so on. We offered our commentary on the overall situation, suggesting, again, that the portions of the system which were considered to be critical modules, or the high performance modules, be written in the COBOL language.

We also summarized those points in a letter of February 19, 1985.

ASSEMBLYMAN BOCCHINI: To whom?

MR. FARRELLY: To OTIS. That was referred to at previous hearings.

ASSEMBLYMAN PELLY: Mr. Chairman, may I ask one question relative to that? Did you set forth your concern in writing?

MR. FARRELLY: On February 19, 1985.

ASSEMBLYMAN PELLY: But not in writing any time prior to that?

MR. FARRELLY: No. Let me explain the nature of ADR's participation in the meetings. Essentially, what we tried to offer was our advice on the best use of our products. As you have heard from a number of other people today, the system is extremely large. It is a complex system. There are a number of different factors which determine how well the system is going to perform. The language used in the programs is only one of those considerations. So, when we were asked questions about our product, we gave the best advice we could about our product at any point in time.

ASSEMBLYMAN PELLY: Going back to the original time you were experiencing problems, which was October, November, and December, 1984, who did you communicate those problems to in the State government?

MR. FARRELLY: The method of communication of these was in the meetings that were held. It is best for me to tell you who participated in the meetings. There were representatives from both OTIS and Price Waterhouse.

ASSEMBLYMAN PELLY: Were you involved in those meetings?

MR. FARRELLY: I was personally involved in maybe 75% of those meetings, sir.

ASSEMBLYMAN PELLY: Was Acting Director Kline involved at any of those meetings?

MR. FARRELLY: No.

ASSEMBLYMAN PELLY: Who was involved from the Division of Motor Vehicles?

MR. FARRELLY: We always looked at Price Waterhouse as being the representative for the application from the Division of Motor Vehicles.

ASSEMBLYMAN BOCCHINI: Did you know Mr. Kline was the Project Manager?

MR. FARRELLY: To tell you the truth, I have come more to know that he was considered the Project Manager during the hearings, as opposed to during my participation in those activities. I certainly knew who Mr. Kline was, and that the application was being developed for the Division of Motor Vehicles.

ASSEMBLYMAN BOCCHINI: Mr. Farrelly, you say, "Mr. Kline was considered to be the Project Manager." How would you distinguish that? Why would you say, "considered to be the Project Manager," rather than he was, in fact, the Project Manager? Was there any reason for your saying "considered to be"?

MR. FARRELLY: Well, because our principal interaction was with Price Waterhouse. If you define the project of putting up this new application, one could characterize one subset as being the computerized application that was built. Maybe there had to be deployment of further personnel in the Division of Motor Vehicles, and so on and so forth. Our interaction was strictly limited to the computerized application. Therefore, the person who we interpreted as being responsible for the computerized application, being Price Waterhouse-- They were our principal contact.

We had a summary sort of meeting in December in Mr. Kline's office, but he was not available that particular day. But the intent of that meeting which we were invited to participate in was similar to status meetings -- to see where we were, to see how we were doing -- and there were representatives there from OTIS, Price Waterhouse, and the Division of Motor Vehicles.

ASSEMBLYMAN BOCCHINI: Were there any representatives from the Attorney General's office?

MR. FARRELLY: No, sir, not to the best of my knowledge.

ASSEMBLYMAN PELLY: Who in the Division of Motor Vehicles do you recall being there? You said someone from the Division.

MR. FARRELLY: Chris Cox was the person representing Mr. Kline at the time.

ASSEMBLYMAN PELLY: May I continue?

ASSEMBLYMAN BOCCHINI: Yes.

ASSEMBLYMAN PELLY: Mr. Farrelly, have you had any previous experience with Price Waterhouse with respect to computer systems?

MR. FARRELLY: No. To the best of my knowledge, neither ADR nor myself have had any previous experience working with Price Waterhouse.

ASSEMBLYMAN BOCCHINI: Were you surprised when Price Waterhouse was given the job of doing a computer system at the Division? Let me rephrase that. Were you surprised when an accounting firm, such as Price Waterhouse, was given the job of implementing a computer system for the Division of Motor Vehicles, or did you consider that to be a normal routine operation for an accounting firm?

MR. FARRELLY: I don't know if I am qualified to respond to that. I could tell you impressions I might have had, which were along the lines--

ASSEMBLYMAN PELLY: You could do what?

MR. FARRELLY: I could tell you some of my impressions of the fact, but I do not consider myself an expert in the letting of those kinds of contracts.

ASSEMBLYMAN PELLY: You have been with ADR for how many years?

MR. FARRELLY: Five years.

ASSEMBLYMAN PELLY: Have you experienced an accounting firm doing computer work, or implementation work of that nature prior to Price Waterhouse?

MR. FARRELLY: I would say as part of my employment at ADR, I do not come in contact with a lot of our field activities. I am a developer of the products and I work inside the corporation, as opposed to any aspect of our field organization.

ASSEMBLYMAN PELLY: But you are knowledgeable of those operations and activities, are you not?

MR. FARRELLY: I am generally knowledgeable about those operations and activities.

ASSEMBLYMAN PELLY: What were your impressions of an accounting firm, such as Price Waterhouse, doing a computer system for the Division of Motor Vehicles?

MR. FARRELLY: Sure. Let me tell you my basic understanding of how the industry operates, and that may--

ASSEMBLYMAN PELLY: Your industry, the software industry?

MR. FARRELLY: I would say the data processing industry, which is the use of computers and the development of software programs for computers.

Most Big 8 firms, which found their initial practice being accountants and auditors, have branched into a lot of data processing practices. Some of the names which were mentioned today have large numbers of people employed in their firms who perform data processing consulting and, therefore, provide--

ASSEMBLYMAN PELLY: To do what?

MR. FARRELLY: Who provide consulting in data processing. Therefore, they are no longer characterized as accounting firms. So, I was not unusually surprised that a firm of this type would get such a contract. I was generally aware from just reading trade journals and other information about developing these types of applications in our industry, which clearly showed me that firms which we would characterize as Big 8 firms got involved in building applications.

So, I was not surprised. What I want to clarify is that I wasn't even close in any way, shape, or form to the activities of the

State at that time. Therefore, I wasn't surprised; I wasn't even knowledgeable about what was going on.

ASSEMBLYMAN PELLY: You were not knowledgeable?

MR. FARRELLY: Right.

ASSEMBLYMAN PELLY: Okay. Thank you.

ASSEMBLYMAN BOCCHINI: You had a meeting with Mr. Kline in his office in December, 1984.

MR. FARRELLY: Correct, sir.

ASSEMBLYMAN BOCCHINI: Was part of that discussion the fact that the IDEAL in and of itself was insufficient to handle the entire process?

MR. FARRELLY: That was a general status meeting on, I think, the most recent test that had occurred, as was referred to in previous information given to the Committee. It was an overall status review of how the test had gone. Certainly, one of the things that was discussed was ADR's products. At that time, we expressed concerns about the use of IDEAL for the entire system, and we again made our opinions known about the potential use of COBOL for a subset of the system, or a portion of the system.

ASSEMBLYMAN BOCCHINI: I failed to make note of the date you originally advised them that Mr. Kline and the Division--

MR. FARRELLY: That was the first meeting I had with anyone from the Division of Motor Vehicles in December. My previous--

ASSEMBLYMAN BOCCHINI: December, 1984?

MR. FARRELLY: That is correct. My previous interaction was with Price Waterhouse personnel and OTIS personnel. I think that started -- to the best of my recollection, sir -- in September, carried through to October or November, and ended up in a summary meeting in December, which was the one you just referred to in Mr. Kline's office. It also resulted in my writing a summary memo in February on what ADR's position was.

ASSEMBLYMAN BOCCHINI: In December, 1984, there were discussions with Price Waterhouse and OTIS concerning your concerns with the total use of IDEAL.

MR. FARRELLY: That is correct. As was referred to earlier by Mr. Meybohm and by Price Waterhouse, they got to the point that a large enough portion of the system had been completed. They had gone from their unit testing of the individual programs to integrated system testing, where they could bring enough together to have the system operate. Then they expressed concern to ADR about the performance characteristics of IDEAL. We recommended, for the portion of the system which might be considered time-critical, with the same kind of a discussion you had earlier with the use of computer resources where you asked if that would equate the time-- Well, that is the way we refer to it also. If it was time-critical, or was a critical module of the system, we recommended that those be written in COBOL. It was our feeling at the time that that represented -- although we were not involved in the detail aspects of the application -- a portion of the system, or a subset, not the entire system.

ASSEMBLYMAN BOCCHINI: In September, 1984, that was discussed between you, OTIS, and Price Waterhouse.

MR. FARRELLY: No, no. Let me clarify this. Our discussions-- The issues were brought to our attention by Price Waterhouse initially. That is who presented the issues to us. We had a couple of meetings with Price Waterhouse. Then it grew into including SAC personnel through October, November, and into December.

ASSEMBLYMAN BOCCHINI: With some specificity, can you indicate to this panel when you advised Price Waterhouse and OTIS, or SAC--

MR. FARRELLY: I would say the first time would be--

ASSEMBLYMAN BOCCHINI: --that IDEAL, in and of itself-- I think there may have been a misunderstanding that IDEAL was totally improper. It appears you said that IDEAL, percentage-wise, to a certain degree, was proper; however, there were certain functions where COBOL would be the more appropriate mode of science for us to be involved with.

MR. FARRELLY: That is exactly correct. The first time we advised Price Waterhouse, to the best of my knowledge, was late September.

ASSEMBLYMAN BOCCHINI: Of 1984?

MR. FARRELLY: That is correct.

ASSEMBLYMAN BOCCHINI: Were any representatives of any department within the State government advised at that time?

MR. FARRELLY: No, sir. Again, the only qualification I give to that, sir -- which was one of the things I tried to clarify earlier -- was, who is ADR's client in this? Our products are owned by OTIS, but the company who was building the application for the Division of Motor Vehicles was Price Waterhouse. So, when you ask me was anyone in the State notified, whenever we worked with Price Waterhouse, we considered them representatives of the Division of Motor Vehicles.

ASSEMBLYMAN BOCCHINI: You consider them an agent of the Division of Motor Vehicles.

MR. FARRELLY: That is correct. If they weren't working for the Division of Motor Vehicles, we would not be conversing with them at all.

ASSEMBLYMAN BOCCHINI: Prior to December, 1984, and subsequent to your meeting with Price Waterhouse, do you recall the date of the meeting with Price Waterhouse?

MR. FARRELLY: I'm sorry, I do not. I am quite sure it was the latter half of September.

ASSEMBLYMAN BOCCHINI: Before the December meeting in 1984 in Mr. Kline's office, were there any further discussions with Price Waterhouse and/or OTIS?

MR. FARRELLY: Yes. We had, I would say roughly, monthly meetings.

ASSEMBLYMAN BOCCHINI: When was the first time, to your recollection, that you can say with assurity that there were representatives of both OTIS and Price Waterhouse gathered in the same setting where you advised them?

MR. FARRELLY: I would say that was late October, sir. That might be the reference to casual remark you heard earlier. In other words, at this meeting that was being conducted to review tests of how the system was going, representatives from ADR said, in response to questions directed to us-- They asked us, "What size terminal network will this system be able to handle?" And our response was, "What size is it going to be? What size is it going to be when?"

ASSEMBLYMAN BOCCHINI: Was that ever memorialized in some type of written form?

MR. FARRELLY: No, it was not, sir.

ASSEMBLYMAN BOCCHINI: So, the first memorialization, or writing, concerning this was February 19, 1985?

MR. FARRELLY: That is correct, sir. Let me characterize the meetings for you. The nature of our interaction, again, was, as we were put questions about the use of our products, we responded with the best advice we could. In other words, the prerogatives for deciding whether our advice was followed, what approach was taken, and so on, was left to the firm responsible for the entire system, which was Price Waterhouse.

ASSEMBLYMAN BOCCHINI: At the December meeting in Mr. Kline's office, who was there?

MR. FARRELLY: A representative from the Division of Motor Vehicles, Chris Cox; a representative from Applied Data Research, myself; Mr. Dick Kaufman; Mr. Victor Castillo; I believe Mr. Meybohm was the representative from OTIS; Mr. Al Bochese; and for Price Waterhouse, it was Ron Advani. I believe Mr. Driscoll was there, and I think there was another gentlemen from Price Waterhouse. It may have been the gentleman who was here earlier.

ASSEMBLYMAN BOCCHINI: Did you point out at that meeting that the COBOL should also be incorporated into this process?

MR. FARRELLY: I don't think we particularized it at that meeting. I think the basic--

ASSEMBLYMAN BOCCHINI: Was it referenced?

MR. FARRELLY: Excuse me?

ASSEMBLYMAN BOCCHINI: Was it referenced?

MR. FARRELLY: I do not believe that ADR referenced it, no. The nature of the meeting was, "Is this system going to hold up the way it is?" I think we had just been through maybe one of our more successful tests at the time. ADR was asked for assurances, such as, "Will IDEAL handle the intended large volume?" Our response was, "We cannot answer that at this point in time. We will continue to work with Price Waterhouse, OTIS, and the Division of Motor Vehicles in

tuning the overall system, we will continue to provide support for our products to ensure their most effective use," and so on, but we were not prepared at that time to give a definitive answer concerning the use of IDEAL.

ASSEMBLYMAN BOCCHINI: However, in your letter of February 19, you indicated, in the third paragraph, second sentence: "During development of initial applications, the State and Price Waterhouse examined IDEAL performance that is below expectations. ADR has participated in tuning Datacom, IDEAL, and the operating environment, has suggested some restructuring of IDEAL applications in order to gain better throughput, and has suggested that some critical programs be implemented using lower-level COBOL language that will probably execute more efficiently."

MR. FARRELLY: Yes, sir. The intent of that letter was to summarize ADR's overall position, some of which may have been given in September, October, November, December, and so on. But we wanted to make sure, certainly, that our client understood what ADR's position was relative to our products.

ASSEMBLYMAN BOCCHINI: Are you aware that First Assistant Attorney General Michael Cole's October 2, 1985 memo to Cary Edwards, Counsel to the Governor, states: "No such advice appears anywhere in documentation that we reviewed. DMV personnel deny any such advice was forthcoming from ADR." I believe that was said in the context of the COBOL language. We have that memo here, Page 20.

MR. FARRELLY: I would appreciate a copy to review also, sir.

ASSEMBLYMAN BOCCHINI: If you want to take a look at this, it is the memo from First Assistant Attorney General Michael Cole to Cary Edwards.

MR. FARRELLY: (Mr. Farrelly looks at memo) I think I have reviewed this.

ASSEMBLYMAN BOCCHINI: He says in here: "Recent media accounts have carried a story in which Mr. Joseph Flaherty," and I assume they are incorrectly referring to you, "of ADR is quoted as saying that ADR advised both Price Waterhouse and DMV that IDEAL would not support the DMV comprehensive system, but only certain segments of

that system. No such advice appears anywhere in any documentation we have reviewed. DMV personnel deny any such advice was forthcoming from ADR, as does Price Waterhouse." It refers to, "The files do contain a letter from Mr. Flaherty dated February 19, which is attached," and he makes reference to it.

Now, do you recall in your mind-- Do you think you have advised the State and Price Waterhouse that the system--

MR. FARRELLY: I think what it refers to is that there is no written documentation, right? There is no written documentation to Price Waterhouse; there is no written documentation to the Division of Motor Vehicles. This letter is directed to OTIS. That is the only reason I can give you, drawing my own conclusions, as to why Mr. Cole might say that. But this is certainly written documentation. I don't know if it is in the Division of Motor Vehicles' files.

ASSEMBLYMAN BOCCHINI: Did you have any discussions with representatives from DMV or Price Waterhouse, or both, between that February 19, 1985 letter and the December meeting, concerning COBOL and its need to be brought into the system?

MR. FARRELLY: No, I did not.

ASSEMBLYMAN BOCCHINI: Any members of your company?

MR. FARRELLY: There may have been continuing discussions, but I was not involved. I think the time frame between January and February was consumed with putting the first part of the system up. That may have been the major emphasis at the time, as opposed to reconsidering implementing parts of the system in COBOL.

ASSEMBLYMAN BOCCHINI: Who are John Bennett, Marty Goetz, Dick Kaufman, and Ed Millsap?

MR. FARRELLY: Okay. John Bennett is the Chairman of the Board of Applied Data Research; Marty Goetz is the President of Applied Data Research; Dick Kaufman's title is Vice President for Application Development Products. He is the gentleman whose personnel developed IDEAL. Mr. Ed Millsap is a Vice President in charge of the other products I referred to, the data base product, Datacom-DB, dataquery, and data dictionary. Those are all Applied Data Research personnel. Those are internal copies, internal cc's.

ASSEMBLYMAN BOCCHINI: Mr. Bochese was an employee of OTIS?

MR. FARRELLY: That is correct. He was the director at the time I wrote the letter.

ASSEMBLYMAN BOCCHINI: I do not have any further questions. Assemblyman Pelly?

ASSEMBLYMAN PELLY: I have no questions.

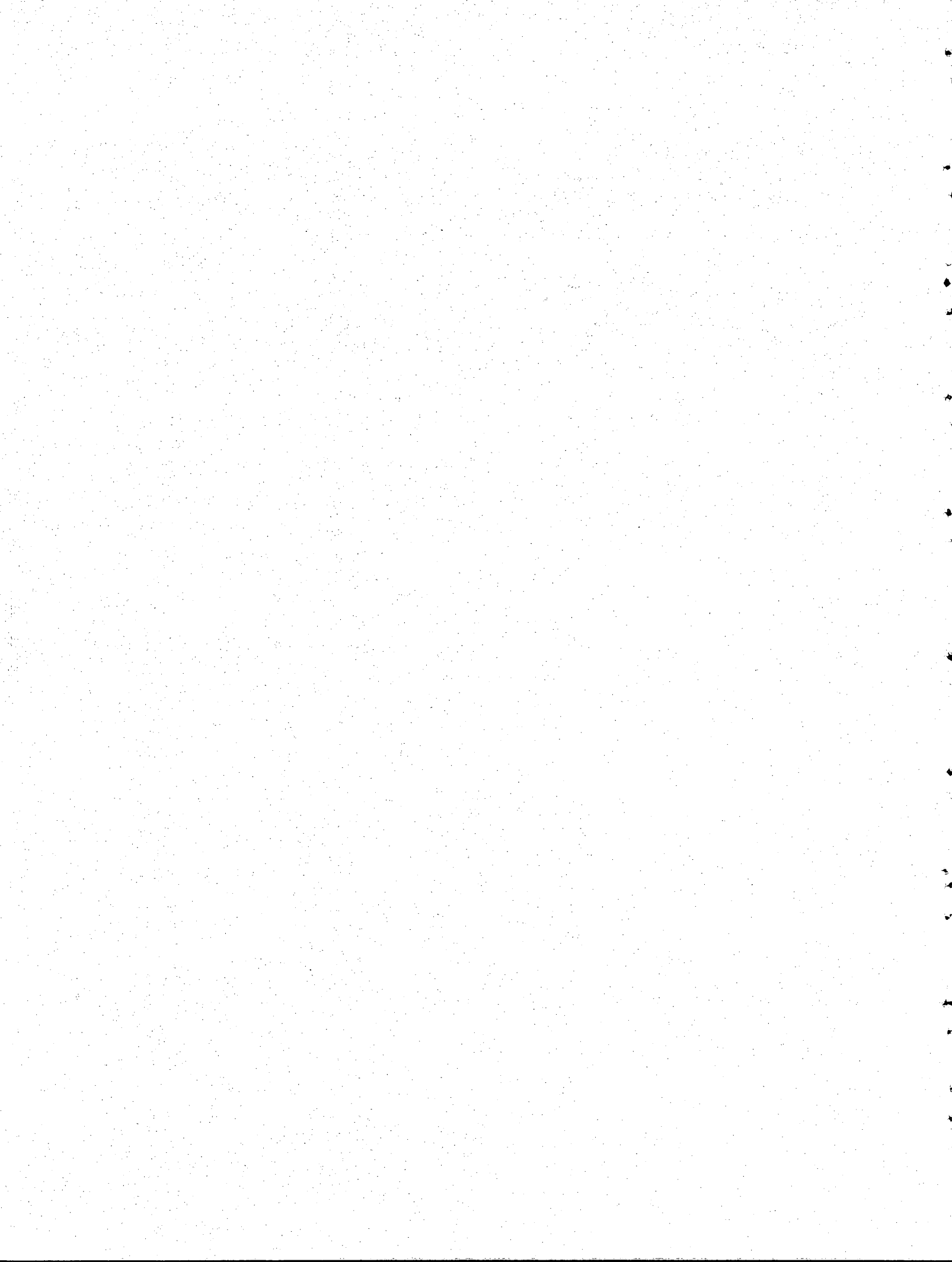
MR. FARRELLY: In summary, I would just like to tell you that we are continuing to work toward the successful completion of this project. We are continuing to interact with OTIS personnel, and we are going to see that our products are used effectively.

ASSEMBLYMAN BOCCHINI: Mr. Farrelly, I appreciate your testimony. I think it shed some light on the status of these hearings, and on who knew what. I appreciate that. I'm sorry for the extended period of time you had to wait. You worked with us, and we appreciate it. At the same time, there may be some additional information we will need from you. If so, Ms. Szilagyi will contact you.

For the benefit of those here, we will adjourn now and reconvene at 10:30 on Friday morning, at the same place.

(HEARING CONCLUDED)

**APPENDIX**





GENERAL ASSEMBLY  
OF NEW JERSEY  
TRENTON

SPEAKER  
ALAN J. KARCHER  
ASSEMBLYMAN, DISTRICT 19 (MIDDLESEX)  
61 MAIN STREET  
SAYREVILLE, N. J. 08872  
TEL. 201-238-8745  
609-292-6411

October 8, 1985

Honorable Joseph L. Bocchini, Jr.  
Chairman  
Assembly Law, Public Safety and Defense  
State House  
Trenton, New Jersey 08625

Dear Joe:

I am appointing Assemblyman Thomas P. Foy to temporarily serve on the Assembly Law, Public Safety and Defense Committee, on Tuesday, October 8th. He will be substituting for Assemblyman Nicholas LaRocca.

Sincerely,

Alan J. Karcher

gm

3 RUFENI  
DELIVERY

65 MADISON AVENUE  
MORRISTOWN, NEW JERSEY 07960  
P.O. BOX 2168  
201 540-8880

Price  

---

Waterhouse

July 22, 1983

Mr. Howard G. Johnson  
Price Waterhouse  
153 East 53rd Street  
New York, New York 10022

Reply sent  
7/26  
K

Dear Howard:

Request for Information

As you may know, Price Waterhouse was recently awarded a significant sole source contract by the State of New Jersey. Due to the noncompetitive nature of the award, the contract, when announced, may cause certain members of the legislature or the press to raise questions regarding any political ties between Price Waterhouse and the present State government administration.

Therefore, I am soliciting your response to the enclosed questionnaire. It is imperative that you answer the questions and return the form as quickly as possible. If you feel it is desirable to expand in any way about your past political support for Governor Kean, please call me at your earliest convenience.

Thank you in advance for your prompt response to this request.

Sincerely,

*Bill*  
W. J. Driscoll

Enclosures -  
Questionnaire  
Return Envelope

2x

*Area Partner*

*W. J. Driscoll*

To: D. F. CHANDLER  
From: W. J. DRISCOLL  
Subject: N. J. GOVERNOR'S BALL COMMITTEE  
Date: AUGUST 18, 1983

On Friday, August 12, I received a call from Gary Dornbush, who in turn had been called by Clyde Folley. Clyde said, J. Fletcher Creamer, head of a large construction company headquartered in Bergen County and an active member of the New Jersey Republican Committee, had called to find out whom to contact at PW regarding possible participation in the Governor's Ball, scheduled for August 27, 1983.

Creamer's office sent me the attached letter requesting PW's support for this function. After speaking with you (both Luhmann and Cadematori being on vacation) about the desirability of PW's purchase of one table (\$5,000), I spoke with DMV Deputy Director Robert Kline, our primary contact on the DMV engagement. Kline, a candid, young lawyer, who demonstrated he is a masterful strategist in dealing with the State Government bureaucracy during the process which resulted in our sole source contract, made the following points:

1. Although PW's participation in the Governor's Ball would have no impact on the present DMV contract with the State, because of the size of the contract he thought, as a practical matter, it would be good business to do so.
2. After researching the question, he identified three CPA firms (PM&M, DH&S and TR) who had already reserved two tables each in addition to a number of prominent law firms and investment firms.
3. He also commented it was common practice, if one purchased tickets, to include as guests acquaintances who are members of the Governor's administration.

Taking all this into consideration, on August 17 (in your absence), I made the following recommendation to J. F. Williams:

1. PW should and would stand out with the purchase of three tables (\$15,000.00).
2. The preliminary guests to be invited from the State would include:

- |              |                               |
|--------------|-------------------------------|
| C. Snedecker | - Director DMV                |
| R. Kline     | - Deputy Director DMV         |
| H. Gluck     | - Director New Jersey Lottery |

*3X*

and perhaps two or three more, yet to be determined.

*to pay... contract*  
*C. Snedecker*  
*1/17/83*

3. From PW the initial list should include:

Driscoll  
Dornbush - *Pat*  
Singel  
Advani - *N.Y.*  
Nardolillo (friendly with Carey Edwards, Gov.'s Counsel) *Frank*  
Rich Pye (MAS Manager, knows Gov. Kean personally)

Williams agreed with my recommendation, suggesting for internal bookkeeping purposes, we should split the cost equally between Morristown, Hackensack and New York.

I processed and sent a check for \$15,000 to the Governor's Ball Committee on Wednesday, August 17, 1983.

Attachment -

As above

cc: (w/att.) R. E. Luhmann  
K. E. Cadematori  
J. F. Williams



**New Jersey  
Republican  
State  
Committee**

**PHILIP D. KALTENBACHER**  
Chairman

**LAWRENCE E. BATHGATE, II**  
General Chairman  
GOVERNOR'S BALL COMMITTEE

August 12, 1983

Mr. William J. Driscoll  
Price, Waterhouse & Company  
65 Madison Avenue  
Morristown, New Jersey 07960

Dear Mr. Driscoll:

In honor of the Governor and Mrs. Thomas H. Kean, the New Jersey Republican State Committee has begun preparations for the Governor's Ball to be held on Saturday, August 27, 1983.

The black-tie gala event will be held on the grounds of the National Guard Training Center in Sea Girt, New Jersey, under a new, blue and white striped 250 x 200 ft. tent first used at the Williamsburg Summit.

The cocktail reception begins at 7:00 p.m., with dinner at 8:30 p.m. Lester Lanin and his twenty-piece orchestra will provide continuous music throughout the evening for your dancing pleasure.

A table of ten is \$5,000. Both personal and corporate checks are acceptable. You may be sure your participation will be very much appreciated.

Additional information may be obtained by calling Governor's Ball Headquarters at (201) 364-9101.

Very truly yours,

  
G. FLETCHER CREAMER  
FOR THE COMMITTEE

5x

To: R. E. LUHMANN  
J. F. WILLIAMS

From: W. N. DRISCOLL

Subject: GOVERNOR'S BALL - 1984

Date: SEPTEMBER 6, 1984

In early August, after reaching an agreement with you both on the level of support which I thought was appropriate for Price Waterhouse for this affair, we made a contribution of \$10,000 (two tables), to be shared 50/50 between Morristown and New York offices. I had also discussed with Ken Cadematori the possibility of Hackensack participation in the affair, which he declined. I proceeded to fill the two tables as follows:

PW

Art Ruffing  
John Singel  
Bill Driscoll  
Henry Fryd  
Rich Pye

State Govt. Guests

Cliff Snedecker, Director DMV  
Bob Kline, Deputy Director  
Jane Burgio, Secretary of State  
Don Bianco, Director of Management  
Services, Treasury  
Alan Kline, A. G.'s Office

On Wednesday, September 5<sup>th</sup>, I received a phone call from Mark Husik, Executive Director of the Governor's Ball Committee. He told me that the final tally was with regard to participant/support by the big eight firms as follows:

Tables

2  
2  
2  
1  
1  
1  
0

Firm

PMM  
AA  
TR  
DHS  
AY  
C&L  
E&W

He reminded me that PW lead the list last year with three tables, and could repeat this year if we believed it was a good business decision to do so. I suggested to him that, if we bought three tables again this year, he might very well be using up next year's allocation for support. He replied that we would worry about next year when it rolls around.

Unable to reach both Luhmann (on vacation) and Williams (out of town), I called Don Chandler to discuss whether we should

reconsider maintaining last year's level of participation. We decided it could not hurt to repeat last year's level of support in order to: 1) lead the list of Big 8 firms, 2) perhaps buy some insurance on the DMV job, and 3) continue for one more year a highly visible roll in this event.

Chandler gave me a go ahead to purchase an additional table, which I did on September 6. An allocation of \$3,000 to New York and \$2,000 to Morristown seemed reasonable and will be booked through interoffice journal entry.

cc: Donald B. Chandler (PW-N.Y.)

Morristown, N. J.

**Lawrence E. Bathgate, II**

ONE AIRPORT ROAD  
LAKEWOOD, NEW JERSEY 08701

October 7, 1985

Mr. Joseph L. Bocchini, Jr.  
Chairman  
ASSEMBLY LAW, PUBLIC SAFETY AND  
DEFENSE COMMITTEE

State House Annex  
Trenton, NJ 08625

Dear Mr. Bocchini:

Please accept this letter as documentation of my efforts to oblige the Assembly Law, Public Safety and Defense Committee by testifying in connection with the Division of Motor Vehicles computer system.

I had cleared my calendar to be available for the originally scheduled date of Thursday, October 3, at 11AM. This was cancelled per Aggie Szilagy, Committee Aide, on Wednesday afternoon. Unfortunately, the new date assigned to me (Tuesday, October 8, at 10:15AM) conflicts with previous business commitments which, due to their serious nature and the involvement of several other people, cannot be rescheduled.

Please know that I am willing to testify in this matter if the Committee still would like me to do so. In the meantime, I respectfully suggest that for the Public Hearing on October 8, any questions intended for me be addressed to Frank Holman, Chairman of the New Jersey Republican State Committee, as I operate under his auspices in connection with that Committee.

Yours very truly,

LEB/baf

cc: Frank Holman



8x



