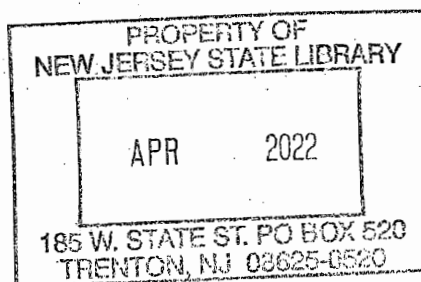


NEW JERSEY  
STATE COMMISSION OF INVESTIGATION

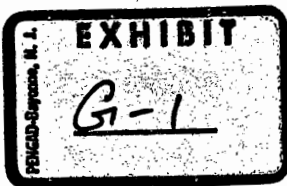
REPORT  
on the  
DIVISION OF MOTOR VEHICLES  
HANDLING OF THE  
SEARS-TAGGART  
PHOTO LICENSE PROPOSAL

EXHIBITS



## INDEX TO EXHIBITS

- G - Documents obtained from the Governor's Office
- AG - Documents obtained from the Attorney General's Office
- DMV - Documents obtained from the Division of Motor Vehicles
- T - Documents obtained from William F. Taggart
- HAS - Documents obtained from H. Arthur Smith, 3rd
- WJK - Documents obtained from William J. Kohm
- RLT - Documents obtained from Rudolph L. Torlini
- S - Documents obtained from Sears, Roebuck & Co.
- C - Documents obtained from other public sources



## State of New Jersey

### DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

#### MEMORANDUM

IRWIN I. KIMMELMAN  
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

TO: Greg Stevens  
Chief of Staff

FROM: Clifford W. Snedeker  
Director

RE: Photo Licensing

DATE: March 6, 1985

#### PROBLEM

In December 1981, the law implementing photo licenses for all New Jersey motorists was enacted. The law provided that all initial motor vehicle licenses issued to persons 21 years of age or older on or after May 1, 1982, would be photo licenses. It further provided that every renewal of a motor vehicle license issued to persons after January 1984, would be a photo license. According to the statute, the transition to the photograph on driver licenses was to occur in 1982 and 1983. In order to provide for an orderly implementation of this statute, DMV did not begin issuing photos with initial licenses until January 1984 and with renewals until March 1984. No photo licenses were issued as renewals in 1982 and 1983 as was provided for in the law because only eight motor vehicle agencies were computerized.

The sponsor of the photo license law, Senator Frank Graves, was extremely critical of the Division for not complying with the provisions of the statute concerning implementation. Senator Graves has repeatedly requested that the Division do everything possible to make the photo licensing program a success. Initial reaction by motorists who were selected to receive photo licenses was negative. These motorists were asked to go to the various motor vehicle agencies that were computerized in order to have their photos taken. Due to the fact that not all the agencies were computerized the motorists experienced, in many instances, long waiting times in obtaining their photo license. As a result, the Division decided to postpone any further selection of motorists for the photo licensing program until all of the motor vehicle agencies were computerized. The computerization process was delayed due to the lack of legislative approval of various agency leases. However, the Division did allow those motorists who voluntarily wanted their photo

RECEIVED MAR 6 1985

license to obtain them at computerized agencies. This has resulted in approximately 50,000 photo licenses being issued every month at State agencies.

#### INTERIM SOLUTION

The Division believes that New Jersey motorists prefer photo licenses. However, motorists do not like the manner in which they must acquire their photo license. To alleviate inconvenience, we have taken all steps necessary to ensure the computerization of all 50 agencies. By May 1, 1985, the computerization of the remaining seven agencies will be completed. Currently, 43 agencies are computerized.

It was determined that the 50 outlets for photo licenses were inconvenient because they did not provide night or weekend hours for the public. Therefore, DMV instituted evening hours one night a week and Saturday morning hours at all agencies. These hours have been very unpopular with the Agents. To alert the public to the evening and weekend hours, the Division placed advertisements in various newspapers during the past several months. This was done at a time when we were not selecting motorists for the photo licenses. The only photo licenses that were issued were to those motorists who wanted them. The foregoing steps were taken as measures to gear up for full implementation of the photo license program.

#### LONG TERM SOLUTION

In an effort to prevent persons selected for a photo license from being inconvenienced, the Division engaged in negotiations with Sears and Roebuck Company in order to have the various Sears outlets in New Jersey as photo licensing centers. Sears was chosen based upon the many locations that they have throughout the State. Their locations are in major malls that are accessible to the public with adequate parking facilities. Sears stores are open seven days a week, 9:30 a.m. to 9:30 p.m. It was determined that this type of retail operation would ensure that an individual could be selected for a photo license and have minimal inconvenience when being processed for that license.

After discussions with Sears, it was learned that they would handle this type of transaction as they do with various other services they provide -- through concession. The logical choice for implementing the photo licensing program at Sears was determined, by both the Division and Sears executives, to be the Sears Driving Schools.

The Sears Driving Schools are operated in New Jersey by Taggart International which is a commercial driving school. Both Sears and the Division agree that Taggart's reputation and performance record is one that would guarantee the success of this program. Accordingly, it was determined, after discussions with Sears and Taggart International, that initially, the Division would place photo

licensing centers in 18 of the Sears stores throughout the State. This will result in a total of 67 locations that the public will have to obtain their photo license.

The advantages of Sears outlets for photo licensing is that besides the hours, accessibility, and parking, the cost to the State is much less. The State will not have to pay rent, insurance, or the other costs associated with a leased facility as is currently the case with our agencies.

#### POLICY QUESTIONS

The administration must determine the manner in which they want to announce the implementation of this program. The Division is now in the process of getting the 18 Sears centers on-line by May 1, in order to begin issuing photo licenses for the June driver license renewals.

At this point, many individuals are working on this project and the need for a public announcement is obvious. A decision must be made as to how this type of program should be announced in order to avoid the likelihood of it being discovered by the press prior to its going on-line in May.

#### RECOMMENDATIONS

The Division recommends that an announcement be made as soon as possible concerning this program. It is our opinion that once the public is informed that it can go to a Sears location any day or evening seven days a week, the public will opt for the Sears stores over the motor vehicle agencies. There is still criticism of the photo licensing program by Senator Graves and other critics who have objected to it because of the inconvenience of the process rather than the photo license itself. It is our firm opinion that Sears' participation will turn the criticized photo license program into one that will be praised. It will be a model for other states which experience the same problems in administering photo licensing as New Jersey. New Jersey will be the first in the nation to implement this program with Sears. That fact alone should generate a lot of positive publicity.

Your prompt attention to this matter will be greatly appreciated. Please contact me should you have any questions concerning the foregoing.





## State of New Jersey

### DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

IRWIN I. KIMMELMAN  
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

#### POSSIBLE PRESS QUESTIONS CONCERNING SEARS PHOTO CENTERS

Q. Why Sears?

A. Because Sears has 18 stores strategically located around the State in the most easily accessible and popular shopping malls. The stores are opened seven days a week and during evening hours, which will afford motorists, a convenient, pleasant and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time.

Q. Why not some other business firm?

A. Sears has stores in the prime, high density areas where we need help. In addition, they have the drawing power to attract large numbers of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make the photo license necessity less painful and easier to accomplish.

Q. How much are you paying Sears?

A. A photo license cost \$17.50 and is valid for four years. Sears will receive \$2.20 from that amount for each license it issues. That is slightly more than we currently pay our other Agents. However, those Agents pay no rent, utility or janitorial expenses. The State picks up those bills in addition to paying the Agents a commission on each transaction ranging from 90 to 40¢, depending on the volume of business they have done. In Sears' case, those expenses will be borne by Sears. The State will not have to pay rent or utility and janitorial costs. The only compensation to Sears will be the commission.

Q. Is this just a gimmick to get customers into Sears?

A. No. Judging by the volume of business Sears does, they already have plenty of customers. What we are doing is making photo licenses available where they are convenient to secure and where the public can get them with as little difficulty as possible. The Sears stores also have unlimited parking and easy access for handicapped motorists.

Q. Is this being done because of Assemblywoman Barbara Kalik's bill to have Agents selected by competitive bid?

A. No! This has been under negotiation for nearly a year. We realized when we began the conversion to photo licenses last year that we did not have enough computerized agencies to handle the transactions without creating an unreasonable inconvenience for the public. We realized we needed a better delivery system. One that would be easier and less time consuming for the motorists of New Jersey. Sears is the answer to that problem. With Sears' 18 stores, we now have 61 photo license centers in the State. That number will increase to 68 once the last seven manual agencies are computerized in the coming year. That means no one will have to travel more than a mile or so to secure a photo license.

Q. Is this the first step in a move to do away with the agency system?

A. No. This is just a logical expansion of the agency system. We need more agencies to handle the transition conveniently and Sears gives us 18 at one time. It would have taken two to three years to open that many new agencies under the old system with the Department of Treasury locating sites and negotiating individual leases.

Q. Is there any conflict of interest in having a driving school issuing driver licenses?

A. No. Taggart's is only issuing the licenses. It is not testing the individual's ability to drive or authorizing the issuance of the license. The State does that. No one can get a photo license at Sears or any other agency without prior approval and authorization from the State.

Q. Is it right to put this responsibility in private hands?

A. Of course, we do that now. All our Agents are private contractors.

Q. Will the Sears or Taggart employees be able to alter driving violation records?

A. No! No Agent has access to driving violation records. They can only enter information to the license record and that is subject to review by DMV on a daily basis.

Q. Why do we need photo licenses?

A. The photo license requirement was approved by the Legislature in 1981 and signed into law by then Governor Brendan Byrne. The conversion program was to begin in 1982, but we had to delay implementation because we lacked sufficient computerized agencies. Sears has eliminated that problem.

Q. How will customers pay for the photo licenses?


A. By cash, check, or by Sears credit card. That is another advantage this move offers the public.

Q. Will the Sears photo centers also issue titles and registrations?

A. No. They will only issue photo licenses. All other motor vehicle transactions will be handled exclusively by the 50 appointed Motor Vehicle Agents.

Q. How much will it cost the State to computerize the Sears stores?

A. Approximately \$700,000. However, that is not an additional expense to the State. We would have had to spend that and more in order to open enough new agencies to successfully handle the conversion program. The conversion is going to take three to four more years to complete with approximately 1.25 million motorists being selected for photo licenses each year.

Submitted by   
H. Arthur Smith III  
Public Information Officer





## State of New Jersey

### DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

IRWIN I. KIMMELMAN  
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

#### M E M O R A N D U M

TO: Honorable Greg Stevens  
Chief of Staff

FROM: Clifford W. Snedeker, Director  
Division of Motor Vehicles

RE: Photo Licensing

DATE: April 11, 1985

Pursuant to your request, I am responding to your inquiry as to why both the Department of Law and Public Safety and the Division of Motor Vehicles failed to disclose the name of William Taggart when they announced the availability of Sears stores for photo licensing on March 13, 1985. Rather than recounting the year long negotiations between Sears and Mr. Taggart concerning this new program, I have decided to attach my March 6, 1985 memo to you which summarizes the rationale for appointing Mr. Taggart as the agent to run the photo licensing concessions to be located in the Sears stores.

The failure to disclose the involvement of Mr. Taggart in the operation of the proposed photo licensing network at the Sears stores was, in hindsight, poor judgment. However, there was never the intention on the part of the Division to deceive either the press or the public as to identity of the individual who would be appointed as the agent for this new program. Rather, it was the Division's intention to announce to the public a new program that would for all intents and purposes be identified as Sears Photo License Centers throughout the State with the involvement of the agent being invisible due to the manner in which these centers would be operated.

Currently, individuals may purchase items in Sears stores without ever realizing that they have been dealing with a vendor who is an approved concessionaire of Sears. This is true in the case of tobacco and other assorted purchases that one can make in a Sears store. Accordingly, it was the Division's opinion that the motoring public would only identify with the retailer not the agent concessionaire, because they would be transacting their business at a Sears store not at a Taggart store.

Furthermore, Mr. Taggart's appointment as an agent can be differentiated from previous appointments by the fact that Mr. Taggart's approval by Sears to operate the photo licensing concession was necessary in order for him to be appointed as the motor vehicle agent for this unique program.

In conclusion, I hope that the Division's poor judgment in disclosing Mr. Taggart's involvement does not in any way diminish the significant programatic improvement that both Sears and Mr. Taggart's involvement will make in the distribution of photo license to New Jersey motorists. Both Sears and Mr. Taggart are exceptionally well qualified to make this a successful program based upon their excellent reputations in the business community.

 R.S.



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF LAW

MEMORANDUM

DATE: December 4, 1984

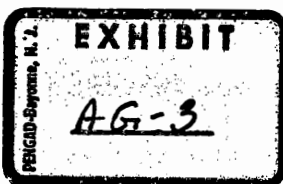
TO: John Bender, DAG  
FROM: Theodore Winard, AAG  
SUBJECT: M84-6357-Whether the Division of Motor Vehicles has the authority to appoint commercial entities as its agents.

The Division of Motor Vehicles is exploring the feasibility of the appointment of Sears through all of its branches statewide as its agents for licensure to include photo identification as well as possibly registration. I assume that Sears will be compensated on a fee per transaction basis and the Division of Motor Vehicles will provide the necessary terminals with capacity to access the Division of Motor Vehicles's central computer storage facilities. We do not believe there is any statutory impediment to such a procedure. However, there is some question as to whether the legislation contemplated the Director could appoint a commercial entity as his agent or designate as his agent some person or entity conducting at the same time some profession or business other than exclusively the licensing and registration of motor vehicles. The attached memo from Assistant Director Torlini to Deputy Director Kline dated November 20, 1984 is somewhat sketchy but is designed to apprise us there has been some past practice for the use of a commercial agent. This administrative practice in the past with apparent legislative acquiescence is evidential of a legislative intent that the use of a commercial entity would be permissible under the Motor Vehicles Laws.

Please prepare a proposed opinion as soon as possible as to whether the Division has the authority to designate an entity such as Sears under Title 39.

T.A.W.  
T.A.W.

TAW/ad  
Att.



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY

DIVISION OF LAW

ENVIRONMENTAL PROTECTION SECTION

RICHARD J. HUGHES JUSTICE COMPLEX

CN 112

TRENTON 08625

IRWIN I. KIMMELMAN  
ATTORNEY GENERAL

MICHAEL R. COLE  
ST ASSISTANT ATTORNEY GENERAL  
DIRECTOR

THEODORE A. WINARD  
ASSISTANT ATTORNEY GENERAL  
DEPUTY DIRECTOR

LAWRENCE E. STANLEY  
DEPUTY ATTORNEY GENERAL  
SECTION CHIEF

JOHN M. VAN DALEN  
DEPUTY ATTORNEY GENERAL  
ASSISTANT SECTION CHIEF

Tel. 609-984-1067

December 13, 1984

Clifford W. Snedeker, Director  
Division of Motor Vehicles  
25 South Montgomery Street  
Trenton, New Jersey 08625

Re: M84-6357: Whether the Division of  
Motor Vehicles Has Authority to  
Appoint Commercial Entities as Agents

Dear Director Snedeker:

You have asked for our advice as to whether or not there would be any impediment to the appointment of a commercial entity, such as a retail store chain, to serve as a motor vehicle agent. For the following reasons, it is our opinion that the Director has sufficient authority to appoint such a commercial entity as a motor vehicle agent.

N.J.S.A. 39:3-3 provides that the Director of the DMV:

. . . shall designate at least 1 person in each county for each 300,000 inhabitants or fraction thereof to be his agent for the registering of motor vehicles, issuing registration certificates and licensing of drivers, subject to the requirements of this subtitle and to any rules and regulations the director imposes. The agent shall so act until his authority is revoked by the director. All

moneys received by such agents for registrations and licenses granted under the provisions of this chapter shall forthwith be deposited as received with the State Treasurer. The fee allowed the agent for registration certificates issued by him and for every license granted by him shall be fixed by the director on the basis of the registration or license fees collected by the agent. The director may limit the fee so paid to a maximum. Such fee shall be paid to the agent by the State Treasurer upon the voucher of the director in the same manner as other State expenses are paid.

It is also provided in N.J.S.A. 39:10-25 that:

The director may designate any person to be his agent for the issuing and filing of certificates of origin and certificates of ownership in accordance with the provisions of section 39:10-11 of this Title, subject to the requirements of chapter 10, and to any rules and regulations the director shall impose.

It is noteworthy that both statutory sections either expressly or by clear implication provide that the Director may designate any "person" as a motor vehicle agent. "Person" is defined to include natural persons, firms or copartnerships, associations and corporations. N.J.S.A. 39:1-1, 10-2. Therefore, a facial review of these authorizing statutes does not reveal any impediment to the appointment of a commercial entity to serve as a motor vehicle agent.

This conclusion is consistent with the established relationship between the Director and his agents and the unusually broad powers vested in the Director to regulate the operations of the respective motor vehicle agents. Each agency functions as a profit-making enterprise for the agent with the state reimbursing the agents for operating expenses, except wages, and guaranteeing a minimum net profit. The agent is unsupervised with regard to the

number, salary, hours and qualifications of his or her employees. The agent pays wages from his commissions and must provide at his or her own expense a public performance bond to protect against the loss of monies collected. Moreover, appointed agents are not required to be present in the agency during business hours and a large percentage do, in fact, maintain other full-time employment by delegating day to day operational responsibilities to others. This recitation of some of the important elements of the relationship between the Director and his or her agents is evidential of significant operational autonomy by which agents conduct their responsibilities.

This view of motor vehicle agents has been affirmed in several recent cases. In Carluccio v. Ferber, 18 N.J. Super. 473 (App. Div. 1952), the court held an agent is not a person holding employment with the state within the intent of the Veterans Tenure Act. Also, in In Re Fitzgerald, 188 Super. 476 (App. Div. 1983), the court stated "by their nature, motor vehicle agencies are independently run operations managed by independent contractors who are not subject to the benefits and protection of the state's pension and tenure statutes and who are remunerated on a commission basis." A motor vehicle agent was held to be outside of the tenure protection normally provided to the holder of an exempt firemen's certificate. More recently, in Horn v. Kean, U.S. District Court, decided September 27, 1984, a motor vehicle agent was held to be an independent contractor and not subject to the constitutional protections established against patronage dismissals. In view of the

broad autonomy of the motor vehicle agent in carrying out a state responsibility, it would be unreasonable to assume that the legislature intended to prohibit or limit their commercial activities while at the same time acting as the state's agent in the absence of an express statement to that effect. Rather, the legislature has provided pervasive administrative discretion to the Director to adopt such rules and regulations as may be necessary to enable him to carry out his licensing, registration and other duties through these appointed agents.

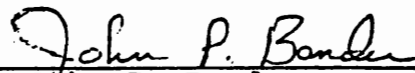
Another indication that the legislature did not intend to prohibit or limit the business enterprise in which duly appointed agents may engage is found in historical practice. We are informed that on a number of occasions during the late 1940's and early 1950's the Director has in fact appointed agents who were engaged in commercial activities in addition to their agency operations. These agents have not been prohibited from either maintaining full time employment outside of their agencies nor have their commercial business activities being conducted in or adjacent to the agency been curtailed. We are further informed that this practice has traditionally been part of the program both before and after amendments made to the Motor Vehicle Agents statute in 1955 and 1959. A longstanding administrative interpretation and implementation of the statute without any legislative interference is persuasive that those practices were consonant with the legislation intent. Lane v. Holderman, 23 N.J. 304, 322-23 (1957).

In conclusion, you are advised that the Director may appoint commercial entities such as a retail store chain to serve as a motor vehicle agent or agents and that there is no statutory prohibition against such agents engaging in business enterprises simultaneously, apart from their agency responsibilities. You are further advised, however, that as a consequence of the broad regulatory authority vested in the Director, he may adopt such rules and regulations as may be necessary to safeguard licensing and registration information to insure such information is not used for commercial purposes by the agent or any other person.

Very truly yours,

IRWIN I. KIMMELMAN  
Attorney General of New Jersey

By:

  
John P. Bender  
Deputy Attorney General



Finally, as suggested earlier, the Commission as a result of this limited inquiry is more than ever convinced that its decision on April 30 to investigate the entire D.M.V. motor vehicle agency system is absolutely necessary. For reasons that this report makes obvious, the Commission is conducting its wider inquiry with a valid prejudgment that the system is notoriously disreputable and inefficient due to the partisan political influences and dictates that control the process.

These criticisms have been made on a number of occasions by previous inquiries into the agency setup, yet the system persisted. The Commission's investigative objective will be to demonstrate once and for all the absolute venality of the setup and to propose a depolitization of it that will merit immediate and official public endorsement and legislative implementation.

The Commission believes that the citizens of this state deserve a more efficient, courteous and honest motor vehicle administration of their motoring requirements than presently exists and is determined to see that such an essential reform will at long last, take effect. This particular review, limited

as it was, has not only confirmed the attitude with which the Commission embarks on its more substantive probe but also has sharpened the Commission's resolve to attain its investigative objectives.



FROM THE DESK OF:

5/11/85



CLIFF W. SNEDEKER  
DIRECTOR  
Division of Motor Vehicles

Attorney General Kimmelman:

Pursuant to your request, attached  
is memorandum to Greg Stevens, dated  
March 6, 1985, and a list of Possible  
Press Questions.

*Handwritten signature/initials inside an oval.*

*Just rec AG & Snedecker  
Thurs PM or Wed*

*innovative car.*

- 1st in CO, going to  
prototype in coming  
- trend is for state govt  
to restrict sales of priv. and  
pub. sec for convenience  
of pub.  
- If private sect can serve  
public best, should apply*

*- Expressional. So  
leave work as is  
and be terminated*

*- Hrs. 7 days/week*

*- Phy. <sup>meeting</sup>  
convenience to pub.*

*- Sers picked to assist  
throughout state*

*- Many services other ones can  
use private for pub*



## State of New Jersey

### DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

IRWIN I. KIMMELMAN  
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#### M E M O R A N D U M

TO: Greg Stevens  
Chief of Staff

DATE: March 6, 1985

FROM: Clifford W. Snedeker  
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#### PROBLEM

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At this point, many individuals are working on this project and the need for a public announcement is obvious. A decision must be made as to how this type of program should be announced in order to avoid the likelihood of it being discovered by the press prior to its going on-line in May.

#### RECOMMENDATIONS

The Division recommends that an announcement be made as soon as possible concerning this program. It is our opinion that once the public is informed that it can go to a Sears location any day or evening seven days a week, the public will opt for the Sears stores over the motor vehicle agencies. There is still criticism of the photo licensing program by Senator Graves and other critics who have objected to it because of the inconvenience of the process rather than the photo license itself. It is our firm opinion that Sears' participation will turn the criticized photo license program into one that will be praised. It will be a model for other states which experience the same problems in administering photo licensing as New Jersey. New Jersey will be the first in the nation to implement this program with Sears. That fact alone should generate a lot of positive publicity.

Your prompt attention to this matter will be greatly appreciated. Please contact me should you have any questions concerning the foregoing.





## State of New Jersey

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IRWIN I. KIMMELMAN  
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A. Sears has stores in the prime, high density areas where we need help. In addition, they have the drawing power to attract large numbers of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make the photo license necessity less painful and easier to accomplish.

Q. How much are you paying Sears?

A. A photo license cost \$17.50 and is valid for four years. Sears will receive \$2.20 from that amount for each license it issues. That is slightly more than we currently pay our other Agents. However, those Agents pay no rent, utility or janitorial expenses. The State picks up those bills in addition to paying the Agents a commission on each transaction ranging from 90 to 40¢, depending on the volume of business they have done. In Sears' case, those expenses will be borne by Sears. The State will not have to pay rent or utility and janitorial costs. The only compensation to Sears will be the commission.

Q. Is this just a gimic to get customers into Sears?

A. No. Judging by the volume of business Sears does, they already have plenty of customers. What we are doing is making photo licenses available where they are convenient to secure and where the public can get them with as little difficulty as possible. The Sears stores also have unlimited parking and easy access for handicapped motorists.

- Q. Is this being done because of Assemblywoman Barbara Kalik's bill to have Agents selected by competitive bid?
- A. No! This has been under negotiation for nearly a year. We realized when we began the conversion to photo licenses last year that we did not have enough computerized agencies to handle the transactions without creating an unreasonable inconvenience for the public. We realized we needed a better delivery system. One that would be easier and less time consuming for the motorists of New Jersey. Sears is the answer to that problem. With Sears' 18 stores, we now have 61 photo license centers in the State. That number will increase to 68 once the last seven manual agencies are computerized in the coming year. That means no one will have to travel more than a mile or so to secure a photo license.
- Q. Is this the first step in a move to do away with the agency system?
- A. No. This is just a logical expansion of the agency system. We need more agencies to handle the transition conveniently and Sears gives us 18 at one time. It would have taken two to three years to open that many new agencies under the old system with the Department of Treasury locating sites and negotiating individual leases.
- Q. Is there any conflict of interest in having a driving school issuing driver licenses?
- A. No. Taggart's is only issuing the licenses. It is not testing the individual's ability to drive or authorizing the issuance of the license. The State does that. No one can get a photo license at Sears or any other agency without prior approval and authorization from the State.
- Q. Is it right to put this responsibility in private hands?
- A. Of course, we do that now. All our Agents are private contractors.
- Q. Will the Sears or Taggart employees be able to alter driving violation records?
- A. No! No Agent has access to driving violation records. They can only enter information to the license record and that is subject to review by DMV on a daily basis.
- Q. Why do we need photo licenses?
- A. The photo license requirement was approved by the Legislature in 1981 and signed into law by then Governor Brendan Byrne. The conversion program was to begin in 1982, but we had to delay implementation because we lacked sufficient computerized agencies. Sears has eliminated that problem.

Q. How will customers pay for the photo licenses?

A. By cash, check, or by Sears credit card. That is another advantage this move offers the public.

Q. Will the Sears photo centers also issue titles and registrations?

A. No. They will only issue photo licenses. All other motor vehicle transactions will be handled exclusively by the 50 appointed Motor Vehicle Agents.

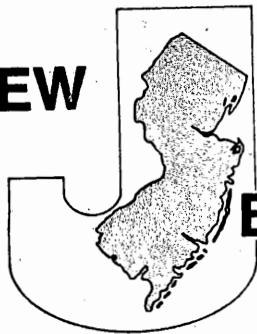
Q. How much will it cost the State to computerize the Sears stores?

A. Approximately \$700,000. However, that is not an additional expense to the State. We would have had to spend that and more in order to open enough new agencies to successfully handle the conversion program. The conversion is going to take three to four more years to complete with approximately 1.25 million motorists being selected for photo licenses each year.

Submitted by   
H. Arthur Smith III  
Public Information Officer



NEW



ERSEY

## DRIVER LICENSE REQUIREMENTS

New Jersey is changing from the old system of issuing two-year licenses to a system of four-year photo driver licenses. However, it will take four years to accomplish the transition in a smooth and orderly fashion.

Therefore, you have been selected to receive another two-year license. However, if you would prefer to receive a four-year photo license you may do so by visiting any of the computerized agencies listed in this folder, or you may continue to renew the two-year license by mail.

With the addition of the operator's photo, the new license will be a true identification card in all respects and far more valuable to New Jersey motorists. You will find it helpful in transacting everyday business and more convenient, since it need only be renewed once every four years.

Thank you for your cooperation in this program.

Clifford W. Snedeker  
Director, N.J. Division of Motor Vehicles

Sea Isle City  
42nd & Park Road

Somerville  
Union & Roosevelt Place

EXHIBIT

AG-5



IRWIN I. KIMMELMAN  
ATTORNEY GENERAL

FOR FURTHER INFORMATION CONTACT:  
Art Smith, (609) 292-5203

Kimmelman announced today an innovative motorists will be able to renew driver licenses by visiting any of the 21 major centers located in large shopping malls

Centers will open July 1 and will

New Jersey Division of Motor Vehicles'

the state.

ative," the Attorney General said,

department store chain to help discharge

literally touches millions of New Jersey

forerunner of future involvement by other

governmental operations aimed at

ently and more economically. In that

st attractive experiment for us and, if

become a prototype for similar private

enterprise involvement across the nation."

"I think the addition of the Sears stores to the photo license conversion program will be a great convenience to the motorists of New Jersey," Kimmelman said. "The Sears stores are open until 9:00 or 9:30 P.M. Monday through Saturday and 15 of them are open for five to six

hours on Sundays. The photo license centers will maintain the same hours.

"We selected Sears for the licensing program because these 21 stores are strategically located around the State in the most easily accessible and popular shopping malls," Kimmelman said. "They are open seven days a week and at night, which will afford motorists a convenient, pleasant, and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He or she can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time," Kimmelman said.

According to Clifford W. Snedeker, Director of the Division of Motor Vehicles, "The State has been committed to photo licensing since 1981 when the Legislature and then-Governor Brendan Byrne approved the law. The conversion was to have started in 1982 but had to be delayed because we lacked sufficient computerized agencies to handle the nearly 5.2 million transactions without creating an unreasonable inconvenience for the public."

"We realized we needed a better delivery system, one that would be easier and less time consuming for the public. The use of the Sears stores was an obvious solution to the problem and we have been negotiating for nearly a year to bring this about.

"The Sears stores are in prime, high density areas where we need help with the conversion program," Snedeker continued. "In addition, they have the drawing power to attract a large number of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make

the photo license necessity less painful and easier to accomplish," Snedeker said. "The Sears stores also have unlimited parking and easy access for handicapped motorists," he said.

Unlike the Division's other privately operated agencies, the Sears Photo Centers will only issue photo driver licenses. They will not handle vehicle titling or registration transactions or the issuance of driver permits. Those transactions must be performed at a regular motor vehicle agency. (A list of those agencies and Sears store locations are attached for your convenience.)

The conversion to photo licenses was started on January 3, 1984, but no currently licensed driver was selected for such a license until March of that year. The conversion program was initially scheduled to take four years and be completed by March 1988. To date, some 800,000 photo licenses have been issued, leaving roughly 4 million conversions to be accomplished within the next three years.

"With 21 Sears stores we will now have 64 photo license centers in the State," Snedeker said. "That number will increase to 71 once the last seven manual agencies are computerized in the next few months. That means no one will have to travel more than a few miles to secure a photo license."

By the end of the conversion program, anyone under the age of 60 will be required to carry a photo license. Those 60 years of age or older have the option of selecting a four-year photo license or a two-year non-photo license. The four-year photo license costs \$17.50, while the two-year license is \$8.00.

Any motorist whose license is up for renewal may select a photo license by visiting one of the computerized agencies or Sears Photo

Centers. Also, anyone who has lost or misplaced a license can elect to receive a photo license in replacement for a fee of \$4.50. (See licensing requirement flier attached.)

"Sears gives us the best possible solution to the photo license conversion program," Snedeker said. He also noted that motorists will be able to use their Sears credit cards to pay the photo license fee.

"We think the motoring public will find the Sears stores a Motor Vehicle Division convenience whose time has come," Snedeker said.

###

SEARS LOCATIONS AND HOURS

NORTH JERSEY STORES

HOURS

BRIDGEWATER  
Somerset Shopping Center  
Bridgewater, N.J. 08807  
201-722-0180

Monday, Thursday & Friday 9:00 a.m. - 9:00 p.m.  
Tuesday, Wednesday & Saturday 9:00 a.m. - 5:30 p.m.  
Sunday 12:00 p.m. - 5:00 p.m.

HACKENSACK  
436 Main Street  
Hackensack, N.J. 07601  
201-342-0400

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday CLOSED

LIVINGSTON  
Livingston Mall  
Livingston, N.J. 07039  
201-994-9350

Monday through Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 12:00 p.m. - 5:00 p.m.

MIDDLETOWN  
1500 S. Highway 35  
Middletown, N.J. 07748  
201-671-3800

Monday through Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 12:00 p.m. - 5:00 p.m.

NEW BRUNSWICK  
U.S. Highway #18 & #1  
New Brunswick, N.J. 08901  
201-937-7355

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday 11:30 a.m. - 5:00 p.m.

OCEAN  
Seaview Square Mall  
State Highway #66 & #35  
Ocean, N.J. 07712  
201-922-8800

Monday through Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 12:00 p.m. - 5:00 p.m.

PARAMUS  
Paramus Park Mall  
Paramus, N.J. 07652  
201-967-0300

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday CLOSED

POMPTON LAKES  
14 Wanaque Avenue  
Pompton Lakes, N.J.  
201-839-3033

Monday through Thursday 9:00 a.m. - 5:30 p.m.  
Friday 9:00 a.m. - 8:00 p.m.  
Saturday 9:00 a.m. - 5:30 p.m.  
Sunday CLOSED

NORTH JERSEY STORES (cont'd)

ROCKAWAY  
Dover-Rockaway Mall  
Rockaway, N.J. 07866  
201-328-1600

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday 12:00 p.m. - 5:00 p.m.

TOMS RIVER  
1201 Cooper Avenue  
Toms River, N.J. 08753  
201-240-4500

Monday through Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

UNION CITY  
3196 Kennedy Boulevard  
Union City, N.J. 07087  
201-348-5490

Monday through Friday 9:00 a.m. - 9:00 p.m.  
Saturday 9:00 a.m. - 6:00 p.m.  
Sunday CLOSED

WAYNE  
Willow Brook Mall  
Wayne, N.J. 07470  
201-256-9100

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday 12:00 p.m. - 6:00 p.m.

WATCHUNG  
U.S. Highway #22  
& Terrill Road  
Watchung, N.J. 07060  
201-755-2772

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday 12:00 p.m. - 5:00 p.m.

SOUTH JERSEY STORES

BURLINGTON  
Burlington Center Mall  
Rt. #541 & I 295  
Burlington, N.J. 08010  
609-387-8500

Monday through Thursday 10:00 a.m. - 9:00 p.m.  
Friday and Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

DEPTFORD  
Deptford Mall  
Deptford, N.J. 08096  
609-848-3100

Monday through Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

GLASSBORO  
Collegetown Shopping Cntr.  
Glassboro, N.J.  
609-589-0110

Monday through Thursday 9:30 a.m. - 6:00 p.m.  
Friday 9:30 a.m. - 9:00 p.m.  
Saturday 9:00 a.m. - 5:00 p.m.  
Sunday CLOSED

SOUTH JERSEY STORES (cont'd)

LAWRENCEVILLE  
300 Quakerbridge Mall  
Lawrenceville, N.J. 08648  
609-799-8400

Monday through Saturday 9:30 a.m. - 9:30 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

MOORESTOWN  
State Highway #384 &  
Lenola Road  
Moorestown, N.J. 08057  
609-778-5200

Monday through Saturday 10:00 a.m. - 9:30 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

PLEASANTVILLE  
Black Horse Pike  
Pleasantville, N.J. 08233  
609-646-4500

Monday through Saturday 10:00 a.m. - 9:00 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

VINELAND  
8 West Landis Avenue  
Vineland, N.J. 08360  
609-692-2000

Monday through Saturday 9:30 a.m. - 9:00 p.m.  
Sunday 11:00 a.m. - 5:00 p.m.

WRIGHTSTOWN  
Ft. Dix-McGuire Shopping  
Plaza  
Wrightstown, N.J.  
609-723-5020

Monday through Thursday 9:30 a.m. - 6:00 p.m.  
Friday 9:30 a.m. - 9:00 p.m.  
Saturday 9:00 a.m. - 5:00 p.m.  
Sunday CLOSED

AGENCY LIST

(A) Bakers Basin Brunswick Pike Rt. 1 Trenton (Mercer Co.) 08648	609-896-1375 896-1376 896-1765	Wed.
(A) Bayonne Rte. 440 & Kennedy Blvd. City Line Plaza 07002 (Hudson County)	201-436-6970 436-6974	Tues.
(A) Bergenfield 108 South Washington Ave. (Bergen County) 07621	201-387-0130 387-0131	Thurs.
Berlin Greenway Shopping Ctr. Rte. 73, W. Berlin, NJ 08091 (Camden County)	609-767-0317 767-3433	Wed.
(A) Bridgeton 22 S. Laurel Avenue (Cumberland County) 08302	609-455-1773 455-8565	Thurs.
(A) Burlington K-Mart Plaza, Rt. 541 08016 (Burlington County)	609-386-4688 386-1364	Mon.
(A) Camden 2101 Ferry Avenue (Camden County) 08104	609-962-6500 962-7626	Wed.
Cherry Hill Rte. 70-2167 Marlton Pike (Camden County) 08002	609-663-1399 663-1347	Tues.
(A) Clifton 1117 Main Avenue (Passaic County)	201-365-0778 365-0602	Thurs.
(A) Dunellen 419 North Avenue (Middlesex County) 08812	201-968-0145 968-0373	Tues.
(A) East Brunswick American Office Mall 271 Rt. 18 08816 (Middlesex County)	201-257-7163 257-6525	Mon.
(A) East Orange 514 Main Street 07018 (Essex County)	201-673-6482 673-2385	Thurs.
(A) Eatontown State Highway #36 (Monmouth County) 07724	201-542-5454 542-5522	Tues.



AGENCY LIST

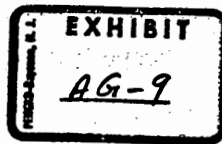
(A) Edison Tano Mall Amboy Avenue 08837 (Middlesex County)	201-549-0081 549-9421	Wed.
(A) Elizabeth 655 Newark Avenue (Union County) 07208	201-351-4715 351-4010	Tues.
(A) Flemington Cinema Plaza Route 31 Flemington (Hunterdon County)	201-782-1210 782-2676	Mon.
(A) Freehold Park Plaza Shopping Center 600 Park Avenue (Monmouth County) 07728	201-462-4467 462-4466 462-4561	Mon.
(A) Haddon Heights 120 White Horse Pike (Camden County) 08035	609-546-8023 546-8024	Thurs.
(A) Haledon 217 Belmont Avenue (Passaic County) 07508	201-942-4659 942-7893	Tues.
Irvington 1295 Springfield Ave. (Essex County) 07111	201-375-2311 372-1014	Mon.
(A) Jersey City 202 Central Avenue (Hudson County)	201-963-4066	Mon.
(A) Ledgewood Route #10 Ledgewood Mall (Morris County) 07801	201-927-0020 927-0035	Tues.
(A) Lodi 8 Mill Street off Garibaldi (Bergen County) 07644	201-778-3945 778-3946 773-0098	Wed.
(A) Manahawkin Ocean County Resource Center Recovery Road (Ocean County) 08050	609-597-8661 597-8664	Tues.
(A) Matawan Route 34 and Broad Street (Monmouth County) 07747	201-583-9674 583-9678	Wed.

AGENCY LIST

(A) Montclair 695 Bloomfield Ave. (Essex County) 07042	201-783-7833 783-7834	Thurs.
(A) Morristown 186 Speedwell Ave. (Morris County) 07960	201-538-4338 538-4339 538-0712	Wed.
(A) Newark 228 Frelinghuysen Ave. (Essex County) 07114	201-648-2950 648-2869	Wed.
(A) Newton 106 Sparta Ave. (Sussex County) 07860	201-383-6969 383-4140	Mon.
(A) North Bergen 6045 Kennedy Blvd. (Hudson) 07407	201-869-9670 869-9671 869-1153	Wed.
North Plainfield 359 Somerset St. (Somerset County) 07066	201-756-1575 756-1576 756-8890	Mon.
(A) Northfield Center Point Plaza 4B Tilton and New Roads (Atlantic County) 08255	609-641-4630 641-4636	Wed
(A) Paterson 251 Market Street (Passaic County) 07505	201-684-6462 684-8265	Mon.
Pemberton 825 Route 38, Hainesport (Burlington County) 08060	609-261-3003 261-3004 261-3241	Wed.
(A) Pt. Pleasant 718 Arnold Avenue (Ocean County) 08742	201-892-8910 892-9498	Fri.
(A) Rahway E. Hazelwood Ave & 1140 Woodbridge Rd. (Union County) 07065	201-574-2809 574-1220 574-2701 574-1266	Mon.
Ridgefield 742 Bergen Blvd. (Bergen County) 07657	201-943-8938 943-8971	Tues.
Rutherford 300 Union Ave. 07070 (Bergen County) (Temp. Address, 151 Park Ave.)	201-939-7676 939-7683	Wed.

AGENCY LIST

(A) Salem 18 Woodstown Rd. (Salem County) 08079	609-935-1900 935-4338	Wed.
(A) Sea Isle City 42nd & Park Road Sea Islander Plaza 08243 (Cape May County)	609-263-2563 263-2693	Mon.
(A) Somerville Union & Roosevelt Place (off Rt. 28) (Somerset County) 08876	201-231-0700 231-0701 231-0702	Thurs.
(A) Springfield 246 Morris Avenue (Union County) 07081	201-376-1322 376-3576	Thurs.
(A) Toms River 1873 Hooper Avenue (Ocean County) 08753	201-255-8220 255-8221	Wed.
(A) Trenton #1 25 S. Montgomery St. (Mercer County) 08666	609-292-7030 984-7106	
(A) Vineland 64 Delsea Drive (Cumberland County) 08360	609-692-7155 692-6611	Mon.
(A) Washington 251 Washington Ave. (Warren County) 07882	201-689-2454 689-6652	Wed.
(A) Wayne 481 Route 46 07470 (Passaic County)	201-256-9352 256-4572	Mon.
(A) Williamstown Trader's Lane Shop. Ctr. Black Horse Pike (Gloucester County) 08094	609-629-4607 629-4674	Mon.
Woodbridge 114A Main Street 07095 (Middlesex County)	201-636-4434 636-4437	Thurs.
(A) Woodbury Route 45 Southwood Shop Ctr. (Gloucester Co.) 08096	609-845-2642 845-0020	Wed.
(A) Wyckoff 430 Greenwood Ave. (Bergen County) 07481	201-891-5147 891-0357	Thurs.



AGREEMENT

THIS AGREEMENT entered into this \_\_\_\_ day of \_\_\_\_\_, between the State of New Jersey, Department of Law and Public Safety, Division of Motor Vehicles, (Division) and Driver License Service, Inc., (Agent).

WHEREAS, the Division desires to designate the Agent pursuant to N.J.S.A. 39:3-3 to be its agent at large at Photo Driver License Centers (Centers) located at various retail sites owned by Sears, Inc. (Sears) within the State, for the issuance of photo driver licenses, subject to the requirements of Title 39 of the New Jersey Statutes and to any regulations, instructions and performance standards the Division of Motor Vehicles may impose; and

WHEREAS, the Agent desires to accept said designation and to perform said duties in accordance with such statutes, regulations, instructions and performance standards, and with the terms hereinafter stated; and

WHEREAS, the Agent is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein;

NOW THEREFORE, it is mutually agreed by and between the parties as follows:

ARTICLE I

1. The Agent will faithfully perform the services covered by this Agreement in accordance with the laws of this State and the regulations, instructions and performance standards of the Division pertaining to Motor Vehicle Agents.
2. In the performance of such services, the Agent will adhere to the policies and procedures contained in the Agents Manual which is included by reference and incorporated herein as part of this Agreement, and as it may be amended or supplemented from time to time and as otherwise communicated by authorized Division personnel.
3. The Agent will issue and report to the Division the issuance of all photo driver licenses, including all duplicates thereof, in accordance with the instructions of the Division.

4. The Agent will account to the Division on a daily basis and in the manner prescribed by the Division for all charges, fees and taxes collected or which should have been collected by the Agent on behalf of the Division.
5. The Agent will not release any information contained on driver licenses, applications or any other Division records or documents to any person and will take all reasonable steps to assure that such information is not released.
6. The Agent will undertake all measures necessary to prevent the embezzlement, conversion, theft and/or misuse of any and all motor vehicle documents, monies, equipment and/or supplies in its possession.

## ARTICLE II

1. The Agent agrees to perform its functions only in premises used by Sears for the retail sale of merchandise and approved by the Division.
2. The Agent shall be responsible to contract with Sears for premises suitable for such purposes, which premises will be subject to the express approval of the Division and in accordance with terms and conditions set by the Division.
3. The Agent assumes the responsibility to pay all monies due and owing to Sears pursuant to any agreement between the Agent and Sears. The Agent agrees to reimburse the Division for any monies paid by the Division to Sears by reason of any default as to payment by the Agent.
4. In the event this Agreement is terminated pursuant to Article V herein, Agent agrees to cooperate fully with the Division in any attempt by the Division to obtain from Sears any concession, lease or approval necessary to continue operation of the agency function.
5. The Division shall provide the Agent with all office supplies, computers, printers, terminals, office furnishings and camera equipment, including telephone service needed to perform the services covered by this Agreement. All telephone accounts shall be placed and shall remain at all times in the name of the Division. All office supplies, computers, printers, terminals, office furnishings and camera equipment provided to the Agent under this Agreement shall at all times remain the

property of the Division. The Agent shall not mar, deface, remove or conceal any insignia or state property identification tag on such property.

6. The Agent shall be responsible for the payment of any utility charges, taxes or other charges as mandated by any agreement with Sears.

#### ARTICLE III

1. The Agent's status shall be that of an independent contractor and not that of an employee of the Division.
2. Neither this Agreement, nor any monies due hereunder are assignable or delegable.
3. The Agent will ensure that no person other than the Agent will have a financial interest or share in the consideration accruing to the Agent under the terms of this Agreement.
4. The Agent agrees that in the performance of this Agreement, it will obey, abide and comply with all applicable Federal and State laws and regulations.
5. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of New Jersey including the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

#### ARTICLE IV

1. The Agent will exercise the degree of control over and supervision of the operation of the various Centers as is necessary to ensure the provision of thorough, efficient and courteous service to the public at all times.
2. The Agent is responsible for the hiring of responsible, competent and sufficient personnel to perform the work required to produce the services covered by this Agreement and in accordance with the performance standards set by the Division.
3. The Agent will designate such persons, subject to the approval of the Division, to supervise the operation of the Centers. The Division

shall have the right to withdraw its approval of any such person at any time. A list of the names, addresses and telephone numbers of such persons shall be filed with the Division and shall be immediately updated upon any change.

4. The parties to the Agreement do hereby agree that the provisions of N.J.S.A.10:2-1 through 10:2-4 dealing with discrimination in employment on public contracts, and the rules and regulations promulgated pursuant thereunder, are hereby made a part of this Agreement and are binding on them.
5. There shall be no discrimination against any employee engaged in the work required to produce the services covered by this Agreement, or against any applicant for such employment because of race, creed, color, national origin, ancestry, sex, marital status or physical handicap. The provision shall include, but not be limited to the following: employment upgrading, demotion, transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship.
6. The parties to the Agreement do hereby agree that the provisions of N.J.S.A. 2C:51-2 dealing with the forfeiture to public office are hereby made a part of this contract and are binding on them.
7. The Agent shall suspend the employment of any person charged with a crime specified in N.J.S.A. 2C:51-2 pending disposition of said criminal charges.
8. Subject to the approval of the Division, the Agent shall keep the Centers open to the public on such days and hours as are maintained by the Sears Stores where each Center is located.
9. The Agent shall file and periodically update a schedule of the service days and hours for each of the various Centers. No Center shall be open to conduct business other than as indicated on said schedules. The Agent shall notify the Division in writing of any changes to the service days and hours at least 24 hours in advance of said change.

ARTICLE V

1. The Division has the discretion to terminate the Agent at any time with or without cause.
2. Notice of such termination shall be provided in writing to the Agent at least 180 days prior to the effective date of termination, unless the Division, in its discretion, determines that a lesser period of notice is appropriate.
3. Following notification of termination, the Agent shall:
  - a. At the option of the Division, continue to perform functions as Agent under the terms of this Agreement until the effective date of termination;
  - b. At the option of the Division, vacate the Centers on the date instructed by the Division and cease functioning as Agent;
  - c. Promptly account <sup>for 2nd</sup> any payover to the Division and in the manner specified by the Division, ~~for~~ all fees, charges and photo driver licenses, collected or which should have been collected by the Agent in the performance of the services covered by this Agreement;
  - d. Transfer to the Division or to any person designated as successor all office supplies, office equipment, computers, printers, terminals, office furnishings, camera equipment and any other motor vehicle forms or materials in its possession to which the Division has retained title;
  - e. Release employees from any and all contractual obligations they might have with the Agent so as to permit the Division, if it chooses, to offer them employment on a provisional basis, subject to all applicable Civil Service statutes, rules and regulations, to perform the same work for which they had been engaged by the Agent to produce the services covered by this Agreement, and not to interfere with any such attempt on the part of the Division to employ such persons.



#### ARTICLE VI

1. In full consideration of all services performed under this Agreement, the Agent shall be compensated by payment on the first and sixteenth of each month a fee in the amount of \$2.20 for each motor vehicle item satisfactorily completed and reported to the Division.

For this purpose, the term "items" is used to refer only to the issuance of photo driver licenses and duplicates thereof.

2. The Division will not pay, and the Agent agrees not to seek the payment of, any penalty, such as interest, for late payments to the Agent for services covered under this Agreement.
3. The Agent agrees to maintain a sufficient staff, as indicated by the Division, to effectively serve the public at all times.

#### ARTICLE VII

1. The Agent shall obtain and maintain at its own cost a public performance bond in the amount of \$250,000.00 from a company licensed to issue surety bonds in this State.
2. The Agent shall obtain and maintain at its own cost:
  - a. Monies and Securities Insurance coverage for theft both inside and outside each Center in an amount to be determined by the Director;
  - b. Workers Compensation Insurance as required by the Workers Compensation Laws of the State of New Jersey and any other Workers Compensation Law; the policy must include coverage under "broad form all states" and "voluntary compensation" endorsements, and reference thereto on all certificates of insurance, and employers' liability shall be in an amount not less than \$100,000 or as otherwise required by law; and
  - c. Comprehensive General Liability Insurance in an amount not less than \$100,000 Bodily and Personal Injury and Property Damage in any one occurrence, also naming the Division of Motor Vehicles as "additional named insured". The policy should have a "contractual liability endorsement" specifically referencing paragraph 3 Article VII.

3. It is further agreed that the Agent shall assume all risks of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgement and costs and expenses in connection therewith on account of the loss of life, property, or damage or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this Agreement unless such loss of life, property or damage to the person, body or property of any person or persons whatsoever is due solely to the negligence on the part of the Division. This indemnification obligation is not limited by, but is in addition to any insurance obligations contained in this Agreement.

#### ARTICLE VIII

The addresses given below shall be the addresses of the representative parties to which any notice shall be sent by mail:

Division: New Jersey Division of Motor Vehicles  
Licensing & Registration Area  
4th Floor  
25 South Montgomery Street  
Trenton, New Jersey 08666

Agent: Driver License Service, Inc.  
154 Tices Lane  
East Brunswick, New Jersey 08816

#### ARTICLE IX

This Agreement and the writings expressly referred to herein and made a part hereof shall constitute the entire contract between the parties.

#### ARTICLE X

1. The undersigned does hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the State of New Jersey and that said laws have

not been violated and shall not be violated as they relate to the procurement or the performance of this agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any State employee, officer or official.

2. The Agent does hereby warrant and represent that it is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein. IN WITNESS WHEREOF, the Division and Driver License Service, Inc. have duly executed this Agreement, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Witness

STATE OF NEW JERSEY,  
DEPARTMENT OF LAW & PUBLIC SAFETY,  
DIVISION OF MOTOR VEHICLES

\_\_\_\_\_

By: \_\_\_\_\_  
Clifford W. Snedeker, Director

Witness

Driver License Service, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

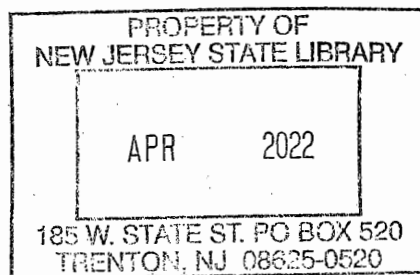
Approved as to form:

\_\_\_\_\_  
Irwin I. Kimmelman, Attorney General



4

7/12



FROM THE DESK OF:

R. L. TORLINI

7/12/84

AGENCY OPERATION

1. Development of Photo Driver License Program was geared to utilize DMV Computer System to insure accuracy and security of issued license and at the same time give agencies additional items appointed agents had been lobbying for.
2. DMV recognized during the development of the Photo Driver License Program that because we had only a limited number of agencies automated Photo Driver License selection would be limited.
3. DMV Photo Driver License plan called for a one (1) item addition commission for each photo transaction and need for agents to add additional personnel and additional hours. Two (2) nights each week to 9 p.m. and Saturdays and opening ½ hour early each day.
4. Agents lobbied for less hours. DMV agreed and reduced hours. Regular night hours were extended from 6 p.m. to 8 p.m., daily opening was extended ½ hour each day (8 a.m. instead of 8:30 a.m.) and Saturday ½ day. Agents also felt that Photo Driver License was an additional process and wanted a double commission. DMV also agreed.
5. DMV began Photo Driver License Program January 1, 1984. Agents were advised that the first 2 months we would only issue Photo Driver Licenses to initial licensees. This would give agents opportunity to learn new photo system and permit DMV to automate additional agencies. Starting March we made very limited selection for Photo Driver Licenses and continued so until June.
6. Increase in number of Photo Driver Licenses was pushed by agents who claimed that they were not meeting expense of additional hours.

PROBLEMS IMPACTING ON AGENCY OPERATION

1. Refusal of agents to maintain full staff at all times as required by contractual agreement.  
1 employee for each CRT assigned to agency.  
2 counter employees  
1 Photo Driver License operator  
1 Supervisor
2. Late mailing of June and July driver license renewal applications both regular and Photo Driver License.
3. DMV inability to automate agencies as planned.
4. Unexpected increase in car sales Jan./June 84.

<u>New Cars</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Jan.	28,024	32,490	44,409
Feb.	28,531	22,222	55,987
March	36,554	30,800	56,688
April	30,805	26,197	51,972
May	29,976	31,096	53,096
June	36,903	27,618	49,803

<u>Used Cars</u>			
Jan.	121,372	172,887	146,985
Feb.	125,951	90,836	178,606
March	153,999	110,116	146,985
April	123,389	94,232	163,244
May	125,661	111,586	158,339
June	141,043	97,884	149,132
 <u>Accumulative Jan. to June</u>			
New	190,793	170,413	311,955
Used	796,415	677,541	943,291
Total	987,208	847,954	1,255,246

5. Continuous problems with data lines and computer systems.

#### IMMEDIATE RECOMMENDED ACTION

1. Reduce number of Photo Driver License selectees.
2. Eliminate selection of 60 or over.
3. Insure early mailing of both Photo Driver License and regular driver license and registration renewal applications (8 week advance).
4. TAKE APPROPRIATE ACTION to insure that necessary leases are executed to permit the automation of final 11 Motor Vehicle Agencies.
5. TERMINATE AND REPLACE those agents who do not meet their contractual obligation to maintain required staffing.
6. Re-design Photo driver license notice to a pre-punched document.
7. Develop procedure to permit issuance of Photo Driver License at non-automated agency.

#### LONG RANGE ACTION

1. Add additional equipment to existing agencies.
2. Add additional agencies in specific high volume areas.
3. Consider adding satellite Photo Driver License Centers (AAA, MCA, etc).
4. Relocate all currently automated agencies that are undersized to sites that meet our new SAR Specifications of a minimum of 4,500 sq. ft.



July 16, 1984

Mr. Rudolph Torlini  
New Jersey Division of Motor Vehicles  
25 South Montgomery Street  
Trenton, NJ 00666

Dear Rudy:

Pursuant to our telephone conversation on Wednesday, July 11, 1984, and in light of the recent adverse publicity and concern regarding the photo driver license program in the State of New Jersey, I feel it necessary to specifically address some areas that we at MDS Dek consider to be of utmost importance.

As you know, a great deal of attention has been paid to the lines in the agencies created by the "Photo Driver License" program. These lines are a product of a combination of conditions, including the need to have sixty percent of licensed drivers that had previously renewed by mail come into the agencies for their new licenses. Many agencies have not addressed the need to adjust traffic and work flow in the office and make the public aware of where they should be going. Lines are not being created by the picture taking process but by the total issuance system.

Systems, work flow, office traffic and waiting lines will all eventually be resolved; but after six months of operation, the one thing that should not be condoned or allowed to continue is the lack of concern on behalf of some agents for the operation of the photo equipment and the poor quality of licenses these same agencies issue to the public.

Every agency has been provided with sample licenses depicting the criteria by which quality control should be measured. Some offices are concerned with the product they hand the public--others are not. All should be directed to produce and distribute the best looking license possible. Every poor license issued is an insult to New Jersey, and MDS Dek, each time it is used to verify identification.

These same offices that issue unacceptable photo licenses are, for the most part, those who have no regard for the photo equipment they operate. They put new operators on the camera with little or no training and only call MDS Dek when the equipment fails. These are the same offices that complain the loudest about lack of service response, chemistry problems, down time and unmanageable waiting lines.

July 16, 1984

When agencies the likes of Baker's Basin, Wayne, Lodi, Newark, Dunnellen, Rahway, Toms River, Paterson, Vineland and others in high, medium and low volume environments can issue a quality product, care for the photo equipment and deal with the MDS Dek service operation in New Jersey in a reasonable manner, so should the rest.

The spare camera systems are being placed in the agencies now. Those agencies that are having trouble managing their operating systems will not be helped by the spare system. It will only provide additional equipment to abuse. In some cases, agencies do not have adequate room to accommodate the spare system.

I am assured that each roll of film has an end of roll indicator. The method of indicating the end of a roll will be reviewed to determine if a more visible method might be adopted.

As you know, film is a perishable item and delivery is controlled by MDS Dek according to historical volume patterns by agency. Any program change that would noticeably effect volumes should be related to us immediately so we may make necessary pipeline adjustments. When the State allowed applicants to opt for a photo license even though they were not selected, volume increased dramatically. We were not forewarned. As a consequence, some agencies were short of material. This problem has been resolved and should not reoccur.

Budy, MDS Dek provides the same basic system used to produce the photo driver licenses in New Jersey in seven other states; most noticeably Florida, Ohio, Indiana, South Carolina and Louisiana. This system is capable of producing a large, legible and very high quality product. In those states mentioned, excellent results are being realized. They will not accept anything less. We service those states with proportionately less equipment and personnel than we employ in New Jersey. The key, of course, is a total positive response from the agents--as demanded by the State. Without that commitment, we cannot effectively service your program short of running the equipment ourselves in certain agencies. This, of course, is not the answer. We must identify the problem agencies and turn them around.

It should be a matter of policy that MDS Dek personnel attend the agent meetings so as to properly note and address any photo system problems that are discussed. We should be able to hear and respond firsthand to any concern the agents have relevant to our system.



Mr. Rudolph Torlini

3

July 16, 1984

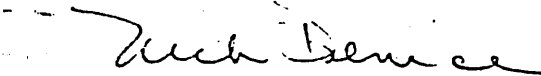
Some concern has been voiced regarding the turnaround time for microfilm. Here again, while some agencies have their data cards sorted and ready for courier pickup as scheduled, others do not. In order for us to effect required turnaround, we must have the data cards in our Trenton facility on time.

We will have a chance to discuss some of these matters in greater detail at our 9:00 a.m. meeting on Thursday, July 19, 1984. Along with Rolan Senior, John Tofany and myself will be Fred Fray. Fred is the new Regional Sales Manager that will have New Jersey as part of his territory.

Together we can make the New Jersey photo license system the quality program it should be.

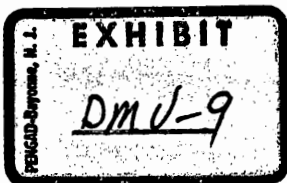
Looking forward to our meeting on Thursday I remain,

Very truly yours,

  
N. J. Denice

/mlb

cc: Cliff Snedeker  
Bob Kline  
Vince Tofany  
Carlos Urrutia  
Fred Fray



10

State of New Jersey  
Department of Law and Public Safety  
DIVISION OF MOTOR VEHICLES  
25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

KIMMELMAN  
DEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

PHONE: 609-292-8904

August 20, 1984

Mr. Max Winget  
AAA Automobile Club of Central New Jersey  
U.S. Highway No. 130 & AAA Drive  
Robbinsville, New Jersey

Dear Mr. Winget:

This will confirm our recent meeting in reference to the Division's interest in permitting the various AAA Clubs throughout the State of New Jersey to issue photo driver licenses. I have submitted the concerns of the AAA Managers present at the meeting to the Director for review and as soon as I have his decision I will be happy to meet with representatives of the AAA at their convenience to further discuss any aspect of this project.

If the AAA Managers have any questions that were not raised at our meeting, certainly feel free to drop me a line.

Sincerely,

R. L. Torlini  
Assistant Director

RLT:cs

August 28, 1984

ISSUANCE OF PHOTO DRIVER LICENSES AT THE AAA CENTERS

1. The location of each of the sites in which they would utilize photo driver license centers.
2. Who would be the contact person at each of these sites for inspection purposes. (Name and telephone number)
3. If a final agreement is reached, whose name would appear on the contract, along with DMV Director, as the Agent.
4. When could we start the project.

## AAA AUTOMOBILE CLUB OF CENTRAL NEW JERSEY

AAA Drive and Route 130, Robbinsville, N.J. 08691 Telephone (609) 890-2220

August 31, 1984

Gus Preno  
Jack Staskewicz  
Cornelia Haines  
Scott Staskewicz  
Matt Derham  
Jim Appleton

RE: Photo Drivers License

Rudy Torlini, Division of Motor Vehicles has presented me with answers to several questions posed at the meeting on the above subject on August 17, 1984.

1. D.M.V. will reimburse for space on a lease basis.
2. We may advertise our affiliation with D.M.V. as we see fit.
3. The agency hours may be restricted to each Clubs own operating hours.
4. Clubs would be required to use the bank selected by the New Jersey Department of Treasury.
5. We cannot restrict participation to our own members.
6. Although D.M.V. cannot guarantee re-appointment upon change of administration, they do feel chances would be good if for no other than public relations reasons.

The Division of Motor Vehicles is pressing us on this matter for an answer. They are pressured to expand agencies and will look elsewhere if AAA is not interested. They are willing to negotiate individually with any Club that wants to pursue the matter on their own.

In view of the above, it seems practical to leave each Club on their own to contact Rudy direct. I am providing him with a list of your names, addresses, and phone numbers.

*Branches*

TANO MALL  
1199 AMBOY AVENUE  
EDISON, N. J. 08817  
(201) 545-7733

SHOP-RITE SHOPPING CENTER  
U. S. ROUTE 130 AND CHURCH ROAD  
CINNAMINSON, N. J. 08077  
(609) 461-2800

OCEAN PLAZA SHOPPING CENTER  
ROUTE 35 AND SUNSET AVE.  
OCEAN, N. J. 07712  
(201) 775-6476

HOLIDAY MALL SHOPPING CENTER  
734 ROUTE 37 WEST  
TOMS RIVER, N. J. 08753  
(201) 244-6800

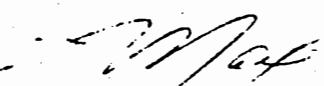
I'm sure Rudy would appreciate hearing from you either way. Contact should be made with:

Rudy Torlini  
Assistant Director  
NJ Division of Motor Vehicles  
25 South Montgomery Street  
Trenton, NJ 08666

Telephone 609-292-8904

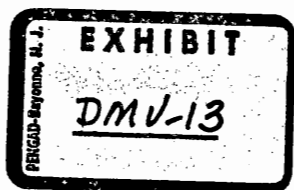
Enclosed is a copy of their present agency contract which would be appropriately modified according to Rudy. Further enclosed is a list of four questions D.M.V. would like answered by any Club committing to the program.

Sincerely yours,



Max D. Winget  
Director  
Public Relations

MDW:mlw  
Enclosure



STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

MEMORANDUM

TO: Clifford W. Snedeker, Director  
Robert S. Kline, Deputy Director

FROM: R. L. Torlini  
Assistant Director


SUBJECT: AAA Organizations

DATE: October 2, 1984

Attached please find copies of letters submitted to me by Automobile Club of Central New Jersey in response to my meeting with them in which we proposed the possibility of utilizing the AAA Organization as part of the photo driver license program.

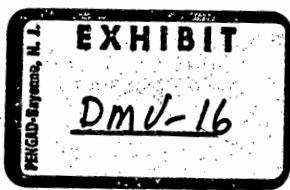
Based on the response from Mr. Winget, I had hoped that I would receive some individual response from the other AAA Clubs but it appears that only the Paterson based outfit has indicated some interest.

If we cannot get a total commitment, I feel, we should not move any further with the AAA Organization. I will write to the North Jersey Automobile Club advising them that we cannot consider them as participants in view of the failure of the total organization to become part of our program.



R. L. Torlini

T/cs  
Attachments



16

FROM THE DESK OF:

R. L. TORLINI

*of R. Torlini  
collected from  
my file.  
R.*

11/19/84 2 PM - 3 way hook-up

Spoke to Canadian Manager for  
Sears. Russ Munger and Jim Lunn.

They advised Sears Policy will not  
permit use of Sears employees in  
Canadian operation.

They suggested use of existing Canadian  
DES Tables - Ed Hertig.

I suggested Taggart - & Munger meeting  
with Taggart & related Canadian.  
He will suggested program to Taggart.

Called Director / D. Director and  
explained program.



EXHIBIT

DMV-18

*Sears - P.D.L.*

26

D.E.S. Tobacco Corporation

POST OFFICE BOX 939

WILKES-BARRE, PENNSYLVANIA 18703

822-5171  
Code 717

Shipping Address  
10 Downs Drive  
Wilkes-Barre, PA 18705

December 12, 1984

Mr. Rudy Torlini  
N. J. Div. of Motor Vehicles  
25 So. Montgomery St.  
Trenton, N. J. 08666

Dear Mr. Torlini:

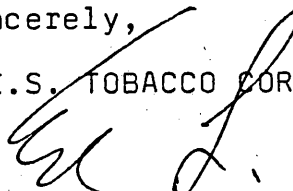
It was very pleasant visiting and interesting as well. We are certainly anxious to make arrangements for the picture ID Centers within Sears stores. We expect to be in Chicago shortly at which time we can hopefully come to some understanding with Sears so that we can then get back to you with final details.

Please bear in mind that we are deeply interested and we will advise exact information as soon as we are sure of Sears' position in regard to this undertaking.

With kindest regards, we are,

Sincerely,

D.E.S. TOBACCO CORPORATION

  
Edwin Lichtig, Jr.

EL:ml

RECEIVED

DEC 18 1984

RECEIVED  
DIVISION OF MOTOR VEHICLES

EXHIBIT

DMV-20

**D.E.S. Tobacco Corporation**

POST OFFICE BOX 939

WILKES-BARRE, PENNSYLVANIA 18703

19  
Shipping Address  
10 Downs Drive  
Wilkes-Barre, PA 18705

December 20, 1984

Mr. Rudy Torlini, Asst. Director  
N. J. Div. of Motor Vehicles  
25 So. Montgomery St.  
Trenton, N. J. 08666

Dear Mr. Torlini:

We feel it is important to keep you advised of our negotiations with Sears. This matter is still an open issue with them and our appointment in Chicago is Monday, Jan. 7, at which time we hope to be able to come up with a favorable response regarding the Photo ID stations in Sears stores.

Meanwhile, you know that we are trying to negotiate a situation where we could operate the ID stations with with Lottery appointments from the State, where we hope your office may be able to help us.

As soon as we know anything definitive, we will be in touch with you and we are definitely interested in bringing this matter to a successful conclusion.

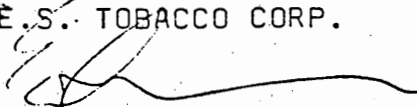
Meanwhile, if you have any suggestions for a draft agreement that might be suitable for the State, it would be helpful if you could get such a document to us for consideration. At least this step could be expedited while we are waiting for Sears' answer.

We hope that you will have a very happy new year and that we may be a valuable conduit in setting up these units in the Sears stores.

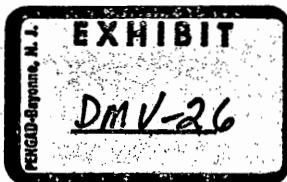
With best regards,

Sincerely,

D.E.S. TOBACCO CORP.

  
Edwin Lichtig, Jr.

EL:ml



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# State of New Jersey

## DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

WIN I. KIMMELMAN  
TORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

### MEMORANDUM

To: Honorable Michael Cole  
First Assistant Attorney General

Date: April 15, 1985

From: Robert S. Kline, Deputy Director  
Division of Motor Vehicles

Re: Agreement between State of New Jersey and  
Driver License Service, Inc.

Pursuant to your request, I have attached for your review the draft agreement between Mr. William Taggart, trading as Driver License Service, Inc., and the State of New Jersey. This is the standard form agreement that we have utilized with all of our agents. However, due to the unique nature of this particular program the contract provides that Mr. Taggart will issue only photo licenses and will be paid a fee of \$2.20 for each photo license transaction. There are some other slight modifications to this standard form agreement because of the limited nature of the transactions that Mr. Taggart's company will be handling.

As you are aware, there is no statutory or regulatory requirement that an agent sign an agreement as a condition of his appointment. Rather, this practice was instituted by Director Snedeker shortly after assuming office.

Should you have any further questions concerning the enclosed agreement, please advise.

R.S.K.

RSK:d  
Attachment

## AGREEMENT

THIS AGREEMENT entered into this \_\_\_\_ day of \_\_\_\_, between the State of New Jersey, Department of Law and Public Safety, Division of Motor Vehicles, (Division) and Driver License Service, Inc., (Agent).

WHEREAS, the Division desires to designate the Agent pursuant to N.J.S.A. 39:3-3 to be its agent at large at Photo Driver License Centers (Centers) located at various retail sites owned by Sears, Inc. (Sears) within the State, for the issuance of photo driver licenses, subject to the requirements of Title 39 of the New Jersey Statutes and to any regulations, instructions and performance standards the Division of Motor Vehicles may impose; and

WHEREAS, the Agent desires to accept said designation and to perform said duties in accordance with such statutes, regulations, instructions and performance standards, and with the terms hereinafter stated; and

WHEREAS, the Agent is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein;

NOW THEREFORE, it is mutually agreed by and between the parties as follows:

### ARTICLE I

1. The Agent will faithfully perform the services covered by this Agreement in accordance with the laws of this State and the regulations, instructions and performance standards of the Division pertaining to Motor Vehicle Agents.
2. In the performance of such services, the Agent will adhere to the policies and procedures contained in the Agents Manual which is included by reference and incorporated herein as part of this Agreement, and as it may be amended or supplemented from time to time and as otherwise communicated by authorized Division personnel.
3. The Agent will issue and report to the Division the issuance of all photo driver licenses, including all duplicates thereof, in accordance with the instructions of the Division.

4. The Agent will account to the Division on a daily basis and in the manner prescribed by the Division for all charges, fees and taxes collected or which should have been collected by the Agent on behalf of the Division.
5. The Agent will not release any information contained on driver licenses, applications or any other Division records or documents to any person and will take all reasonable steps to assure that such information is not released.
6. The Agent will undertake all measures necessary to prevent the embezzlement, conversion, theft and/or misuse of any and all motor vehicle documents, monies, equipment and/or supplies in its possession.

## ARTICLE II

1. The Agent agrees to perform its functions only in premises used by Sears for the retail sale of merchandise and approved by the Division.
2. The Agent shall be responsible to contract with Sears for premises suitable for such purposes, which premises will be subject to the express approval of the Division and in accordance with terms and conditions set by the Division.
3. The Agent assumes the responsibility to pay all monies due and owing to Sears pursuant to any agreement between the Agent and Sears. The Agent agrees to reimburse the Division for any monies paid by the Division to Sears by reason of any default as to payment by the Agent.
4. In the event this Agreement is terminated pursuant to Article V herein, Agent agrees to cooperate fully with the Division in any attempt by the Division to obtain from Sears any concession, lease or approval necessary to continue operation of the agency function.
5. The Division shall provide the Agent with all office supplies, computers, printers, terminals, office furnishings and camera equipment, including telephone service needed to perform the services covered by this Agreement. All telephone accounts shall be placed and shall remain at all times in the name of the Division. All office supplies, computers, printers, terminals, office furnishings and camera equipment provided to the Agent under this Agreement shall at all times remain the

property of the Division. The Agent shall not mar, deface, remove or conceal any insignia or state property identification tag on such property.

6. The Agent shall be responsible for the payment of any utility charges, taxes or other charges as mandated by any agreement with Sears.

#### ARTICLE III

1. The Agent's status shall be that of an independent contractor and not that of an employee of the Division.
2. Neither this Agreement, nor any monies due hereunder are assignable or delegable.
3. The Agent will ensure that no person other than the Agent will have a financial interest or share in the consideration accruing to the Agent under the terms of this Agreement.
4. The Agent agrees that in the performance of this Agreement, it will obey, abide and comply with all applicable Federal and State laws and regulations.
5. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of New Jersey including the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

#### ARTICLE IV

1. The Agent will exercise the degree of control over and supervision of the operation of the various Centers as is necessary to ensure the provision of thorough, efficient and courteous service to the public at all times.
2. The Agent is responsible for the hiring of responsible, competent and sufficient personnel to perform the work required to produce the services covered by this Agreement and in accordance with the performance standards set by the Division.
3. The Agent will designate such persons, subject to the approval of the Division, to supervise the operation of the Centers. The Division

shall have the right to withdraw its approval of any such person at any time. A list of the names, addresses and telephone numbers of such persons shall be filed with the Division and shall be immediately updated upon any change.

4. The parties to the Agreement do hereby agree that the provisions of N.J.S.A.10:2-1 through 10:2-4 dealing with discrimination in employment on public contracts, and the rules and regulations promulgated pursuant thereunder, are hereby made a part of this Agreement and are binding on them.
5. There shall be no discrimination against any employee engaged in the work required to produce the services covered by this Agreement, or against any applicant for such employment because of race, creed, color, national origin, ancestry, sex, marital status or physical handicap. The provision shall include, but not be limited to the following: employment upgrading, demotion, transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship.
6. The parties to the Agreement do hereby agree that the provisions of N.J.S.A. 2C:51-2 dealing with the forfeiture to public office are hereby made a part of this contract and are binding on them.
7. The Agent shall suspend the employment of any person charged with a crime specified in N.J.S.A. 2C:51-2 pending disposition of said criminal charges.
8. Subject to the approval of the Division, the Agent shall keep the Centers open to the public on such days and hours as are maintained by the Sears Stores where each Center is located.
9. The Agent shall file and periodically update a schedule of the service days and hours for each of the various Centers. No Center shall be open to conduct business other than as indicated on said schedules. The Agent shall notify the Division in writing of any changes to the service days and hours at least 24 hours in advance of said change.

ARTICLE V

1. The Division has the discretion to terminate the Agent at any time with or without cause.
2. Notice of such termination shall be provided in writing to the Agent at least 180 days prior to the effective date of termination, unless the Division, in its discretion, determines that a lesser period of notice is appropriate.
3. Following notification of termination, the Agent shall:
  - a. At the option of the Division, continue to perform functions as Agent under the terms of this Agreement until the effective date of termination;
  - b. At the option of the Division, vacate the Centers on the date instructed by the Division and cease functioning as Agent;
  - c. Promptly account for and pay over to the Division, in the manner specified by the Division, all fees, charges and photo driver licenses, collected or which should have been collected by the Agent in the performance of the services covered by this Agreement;
  - d. Transfer to the Division or to any person designated as successor all office supplies, office equipment, computers, printers, terminals, office furnishings, camera equipment and any other motor vehicle forms or materials in its possession to which the Division has retained title;
  - e. Release employees from any and all contractual obligations they might have with the Agent so as to permit the Division, if it chooses, to offer them employment on a provisional basis, subject to all applicable Civil Service statutes, rules and regulations, to perform the same work for which they had been engaged by the Agent to produce the services covered by this Agreement, and not to interfere with any such attempt on the part of the Division to employ such persons.



#### ARTICLE VI

1. In full consideration of all services performed under this Agreement, the Agent shall be compensated by payment on the first and sixteenth of each month a fee in the amount of \$2.20 for each motor vehicle item satisfactorily completed and reported to the Division.  
For this purpose, the term "items" is used to refer only to the issuance of photo driver licenses and duplicates thereof.
2. The Division will not pay, and the Agent agrees not to seek the payment of, any penalty, such as interest, for late payments to the Agent for services covered under this Agreement.
3. The Agent agrees to maintain a sufficient staff, as indicated by the Division, to effectively serve the public at all times.

#### ARTICLE VII

1. The Agent shall obtain and maintain at its own cost a public performance bond in the amount of \$250,000.00 from a company licensed to issue surety bonds in this State.
2. The Agent shall obtain and maintain at its own cost:
  - a. Monies and Securities Insurance coverage for theft both inside and outside each Center in an amount to be determined by the Director;
  - b. Workers Compensation Insurance as required by the Workers Compensation Laws of the State of New Jersey and any other Workers Compensation Law; the policy must include coverage under "broad form all states" and "voluntary compensation" endorsements, and reference thereto on all certificates of insurance, and employers' liability shall be in an amount not less than \$100,000 or as otherwise required by law; and
  - c. Comprehensive General Liability Insurance in an amount not less than \$100,000 Bodily and Personal Injury and Property Damage in any one occurrence, also naming the Division of Motor Vehicles as "additional named insured". The policy should have a "contractual liability endorsement" specifically referencing paragraph 3 Article VII.

3. It is further agreed that the Agent shall assume all risks of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgement and costs and expenses in connection therewith on account of the loss of life, property, or damage or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this Agreement unless such loss of life, property or damage to the person, body or property of any person or persons whatsoever is due solely to the negligence on the part of the Division. This indemnification obligation is not limited by, but is in addition to any insurance obligations contained in this Agreement.

#### ARTICLE VIII

The addresses given below shall be the addresses of the representative parties to which any notice shall be sent by mail:

Division: New Jersey Division of Motor Vehicles  
Licensing & Registration Area  
4th Floor  
25 South Montgomery Street  
Trenton, New Jersey 08666

Agent: Driver License Service, Inc.  
154 Tices Lane  
East Brunswick, New Jersey 08816

#### ARTICLE IX

This Agreement and the writings expressly referred to herein and made a part hereof shall constitute the entire contract between the parties.

#### ARTICLE X

1. The undersigned does hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the State of New Jersey and that said laws have

not been violated and shall not be violated as they relate to the procurement or the performance of this agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any State employee, officer or official.

2. The Agent does hereby warrant and represent that it is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein. IN WITNESS WHEREOF, the Division and Driver License Service, Inc. have duly executed this Agreement, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Witness

STATE OF NEW JERSEY,  
DEPARTMENT OF LAW & PUBLIC SAFETY,  
DIVISION OF MOTOR VEHICLES

\_\_\_\_\_

By: \_\_\_\_\_  
Clifford W. Snedeker, Director

Witness

Driver License Service, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

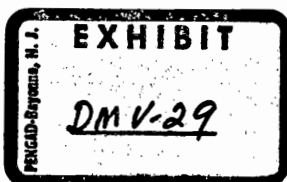
Approved as to form:

\_\_\_\_\_  
Irwin I. Kimmelman, Attorney General

PHOTO DRIVER LICENSE REPORT

DATE OF IMPLEMENTATION - JANUARY 2, 1984

<u>MONTH/YEAR</u>	<u>PHOTO SELECTION</u>	<u>P.D.L.'S ISSUED</u>	<u># OF AGENCIES PARTICIPATING</u>
Jan. 84	none	18,904	31
Feb. 84	none	20,352	31
Mar. 84	8,574	28,469	33
April 84	44,375	51,703	35
May 84	48,500	61,065	36
June 84	50,038	75,983	37
July 84	71,000	110,379	39
Aug. 84	81,000	99,450	39
Sept. 84	42,000	61,146	40
Oct. 84	none	49,492	40
Nov. 84	none	43,416	40
Dec. 84	none	47,098	43
Jan. 85	none	52,646	43
Feb. 85	none	44,346	44
Mar. 85	none		44
April 85	none		46



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## State of New Jersey

### DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

WIN I. KIMMELMAN  
TORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

#### POSSIBLE PRESS QUESTIONS CONCERNING SEARS PHOTO CENTERS

Q. Why Sears?

A. Because Sears has 18 stores strategically located around the state in the most easily accessible and popular shopping malls. The stores are open seven days a week and during evening hours, which will afford motorists a convenient, pleasant and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time.

Q. Why not some other business firm?

A. Sears has stores in the prime, high density areas where we need help. In addition, they have the drawing power to attract large numbers of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make the photo license necessity less painful and easier to accomplish.

Q. How much are you paying Sears?

A. A photo license cost \$17.50 and is valid for four years. Sears will receive \$2.20 from that amount for each license it issues. That is slightly more than we currently pay our other Agents. However, those Agents pay no rent, utility or janitorial expenses. The State picks up those bills in addition to paying the Agents a commission on each transaction ranging from 90 to 40¢, depending on the volume of business they have done. In Sears' case, those expenses will be borne by Sears. The State will not have to pay rent or utility and janitorial costs. The only compensation to Sears will be the commission.

Q. Is this just a gimmick to get customers into Sears?

A. No. Judging by the volume of business Sears does, they already have plenty of customers. What we are doing is making photo licenses available where they are convenient to secure and where the public can get them with as little difficulty as possible. The Sears stores also have unlimited parking and easy access for handicapped motorists.

Q. Is this being done because of Assemblywoman Barbara Kalik's bill to have Agents selected by competitive bid?

A. No! This has been under negotiation for nearly a year. We realized when we began the conversion to photo licenses last year that we did not have enough computerized agencies to handle the transactions without creating an unreasonable inconvenience for the public. We realized we needed a better delivery system. One that would be easier and less time consuming for the motorists of New Jersey. Sears is the answer to that problem. With Sears' 18 stores, we now have 61 photo license centers in the State. That number will increase to 68 once the last seven manual agencies are computerized in the coming year. That means no one will have to travel more than a mile or so to secure a photo license.

Q. Is this the first step in a move to do away with the agency system?

A. No. This is just a logical expansion of the agency system. We need more agencies to handle the transition conveniently and Sears gives us 18 at one time. It would have taken two to three years to open that many new agencies under the old system with the Department of Treasury locating sites and negotiating individual leases.

Q. Is there any conflict of interest in having a driving school issuing driver licenses?

A. No. Taggart's is only issuing the licenses. It is not testing the individual's ability to drive or authorizing the issuance of the license. The State does that. No one can get a photo license at Sears or any other agency without prior approval and authorization from the State.

Q. Is it right to put this responsibility in private hands?

A. Of course, we do that now. All our Agents are private contractors.

Q. Will the Sears or Taggart employees be able to alter driving violation records?

A. No! No Agent has access to driving violation records. They can only enter information to the license record and that is subject to review by DMV on a daily basis.

Q. Why do we need photo licenses?

A. The photo license requirement was approved by the Legislature in 1981 and signed into law by then Governor Brendan Byrne. The conversion program was to begin in 1982, but we had to delay implementation because we lacked sufficient computerized agencies. Sears has eliminated that problem.

Q. How will customers pay for the photo licenses?

A. By cash, check, or by Sears credit card. That is another advantage this move offers the public.

Q. Will the Sears photo centers also issue titles and registrations?


A. No. They will only issue photo licenses. All other motor vehicle transactions will be handled exclusively by the 50 appointed Motor Vehicle Agents.

Q. How much will it cost the State to computerize the Sears stores?

A. Approximately \$700,000. However, that is not an additional expense to the State. We would have had to spend that and more in order to open enough new agencies to successfully handle the conversion program. The conversion is going to take three to four more years to complete with approximately 1.25 million motorists being selected for photo licenses each year.

Q. Why aren't the photo licenses being issued by the photo centers already located within the Sears stores?

A. Sears wanted a separate vendor to handle the photo license program and we agreed since we believe there will be sufficient demand to keep a separate operation busy for the next three years. We have roughly 4 million motorists who will have to secure photo licenses during that period of time. There are also approximately 20,000 new applicants securing licenses each month and that number is a constant.

Submitted by   
H. Arthur Smith III  
Public Information Officer



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# news

CLIFFORD W. SNEDEKER, DIRECTOR

THOMAS H. KEAN, GOVERNOR  
IRWIN I. KIMMELMAN, ATTORNEY GENERAL

New Jersey Division of Motor Vehicles / 25 South Montgomery Street / Trenton, N.J. 08666 / (609) 292-5203

FOR IMMEDIATE RELEASE  
CONTACT ART SMITH

*original  
draft*

SEARS ROEBUCK TO ISSUE PHOTO LICENSES

New Jersey motorists will now be able to renew driver licenses and secure photo licenses by visiting any of the 18 Sears Roebuck and Company stores located in major shopping malls around the State, Clifford W. Snedeker, Director of the New Jersey Division of Motor Vehicles, announced today.

The 18 Sears Photo License Centers will open June 1, and will give the Division of Motor Vehicles 61 photo licensing centers state-wide.

"I think the addition of the Sears stores to our photo license conversion program will be a great convenience to the motorists of New Jersey," Snedeker said. "The Sears stores are open from 9:30 a.m. to 9:30 p.m. Monday through Saturday and from 11:00 a.m. to 5:00 p.m. on Sundays. The photo license centers will maintain the same hours.

"We selected Sears for the licensing program because its 18 stores are strategically located around the State in the most easily accessible and popular shopping malls," Snedeker said. "They are open seven days a week and at night, which will afford motorists a convenient, pleasant, and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time," Snedeker said.

-more-



The State has been committed to photo licensing since 1981 when the Legislature and Governor Brendan Byrne approved the law. The conversion was to have started in 1982, but had to be delayed because "we lacked sufficient computerized agencies to handle a nearly 5.2 million transactions without creating an unreasonable inconvenience for the public," Snedeker said. "We realized we needed a better delivery system. One that would be easier and less time consuming for the public. Sears was the obvious solution to the problem and we have been negotiating for nearly a year to bring this about.

"The Sears stores are in the prime, high density areas where we need help with the conversion program. In addition, they have the drawing power to attract large number of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make the photo license necessity less painful and easier to accomplish," Snedeker said. "The Sears stores also have unlimited parking and easy access for handicapped motorists."

Unlike the Division's other privately operated agencies, the Sears Photo Center will only issue photo driver licenses. They will not handle vehicle titling or registration transactions or the issuance of driver permits. Those transactions must be performed at a regular motor vehicle agency. [A list of those agencies and Sears store locations are attached for your convenience.]

The conversion to photo licenses was started on January 3, 1984, but no currently licensed driver was selected for such a license until March of that year. The conversion program was scheduled to take four years and be completed by March 1988. To date, some 800,000 photo licenses have been issued, leaving roughly 4 million conversion to be accomplished within the next three years.

"With 18 Sears stores we now have 61 photo license centers in the State," Snedeker said. "That number will increase to 68 once the last seven manual agencies are computerized in the next few months. That means no one will have to travel more than a mile or so to secure a photo license."

By the end of the conversion program, anyone under the age of 60 will be required to carry a photo license. Those 60 years of age or older have the option of taking a four-year photo license or a two-year non-photo license. The four-year photo license costs \$17.50, which is the same four-year charge currently levied for a driver license plus a \$1.50 for the photo. All other special endorsement fees remain the same. Holders of separate motorcycle or motorized bicycle licenses are also required to pay the additional \$1.50 for a photo license.

Any motorist whose license is up for renewal may select a photo license by visiting one of the computerized agencies or Sears Photo Centers. Also, anyone who has lost or misplaced a license can select to receive a photo license in replacement for a fee of \$4.50. [See licensing requirement flyer attached.]

In addition to the advantages the Sears Photo Centers afford the public, there is a monetary advantage for the State, as well.

"It will cost the State approximately \$700,000 to computerize the 18 Sears stores," Snedeker said. "It would have cost us far more than that to have located and opened 18 new agencies around the State. It also would have taken at least two to three years to set up that number of new agencies under the State's Leasing System, where the Department of Treasury locates sites and negotiates individual leases. In addition, the State would have had to pay those leases and supply utilities and janitorial services."

Sears is picking up those expenses in return for a flat \$2.20 commission for each photo license process," Snedeker said, noting that motorists will be able to use their Sears credit cards to pay the photo license fee.

"Sears gives us the best of both possible solutions to the photo license conversion program," Snedeker said, noting that it cost the State an average of \$\_\_\_\_\_ to lease and computerize a regular agency.

The 18 Sears centers will be operated for Sears by the nationally known Taggart's Driving School. Snedeker said there was no conflict of interest in having a driving school issue the licenses, since the school is not involved in the testing of the individual's ability to drive. "The State is responsible for the testing and improving of the license," Snedeker said. "Taggart's will only issue the license after the State has approved the motorists for a driver license.

"We think the motoring public will find the Sears stores a Motor Vehicle Division convenience whose time has come," Snedeker said.

"I also think that it is a fitting accomplishment to announce as I prepare to begin my fourth year as Director of the Division of Motor Vehicles," Snedeker said.



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# news

THOMAS H. KEAN, GOVERNOR  
IRWIN I. KIMMELMAN, ATTORNEY GENERAL

CLIFFORD W. SNEDEKER, DIRECTOR

New Jersey Division of Motor Vehicles / 25 South Montgomery Street / Trenton, N.J. 08666 / (609) 292-5203

OR IMMEDIATE RELEASE  
CONTACT ART SMITH

March 13, 1985

*Draft to  
Cannon*

SEARS ROEBUCK TO ISSUE PHOTO LICENSES

New Jersey motorists will now be able to renew driver licenses and secure photo licenses by visiting any of the 18 Sears Roebuck and Company stores located in major shopping malls around the state, Attorney General Irwin I. Kimmelman announced today.

The 18 Sears Photo License Centers will open June 1, and will give the New Jersey Division of Motor Vehicles 61 photo licensing centers state-wide.

"I think the addition of the Sears stores to the photo license conversion program will be a great convenience to the motorists of New Jersey," Kimmelman said. "The Sears stores are open from 9:30 a.m. to 9:30 p.m. Monday through Saturday and from 11:00 a.m. to 5:00 p.m. on Sundays. The photo license centers will maintain the same hours.

"We selected Sears for the licensing program because its 18 stores are strategically located around the State in the most easily accessible and popular shopping malls," Kimmelman said. "They are open seven days a week and at night, which will afford motorists a convenient, pleasant, and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time," Kimmelman said.

-more-

The State has been committed to photo licensing since 1981 when the Legislature and then Governor Brendan Byrne approved the law. The conversion was to have started in 1982, but had to be delayed because "we lacked sufficient computerized agencies to handle the nearly 5.2 million transactions without creating an unreasonable inconvenience for the public," said Clifford W. Snedeker, Director of the Division of Motor Vehicles. "We realized we needed a better delivery system. One that would be easier and less time consuming for the public. Sears was the obvious solution to the problem and we have been negotiating for nearly a year to bring this about.

"The Sears stores are in the prime, high density areas where we need help with the conversion program. In addition, they have the drawing power to attract a large number of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make the photo license necessity less painful and easier to accomplish," Snedeker said. "The Sears stores also have unlimited parking and easy access for handicapped motorists."

Unlike the Division's other privately operated agencies, the Sears Photo Centers will only issue photo driver licenses. They will not handle vehicle titling or registration transactions or the issuance of driver permits. Those transactions must be performed at a regular motor vehicle agency. [A list of those agencies and Sears store locations are attached for your convenience.]

The conversion to photo licenses was started on January 3, 1984, but no currently licensed driver was selected for such a license until March of that year. The conversion program was scheduled to take four years and be completed by March 1988. To date, some 800,000 photo licenses have been issued, leaving roughly 4 million conversions to be accomplished within the next three years.

"With 18 Sears stores we now have 61 photo license centers in the state," Snedeker said. "That number will increase to 68 once the last seven manual agencies are computerized in the next few months. That means no one will have to travel more than a mile or so to secure a photo license."

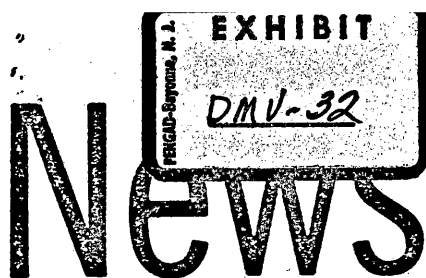
By the end of the conversion program, anyone under the age of 60 will be required to carry a photo license. Those 60 years of age or older have the option of selecting a four-year photo license or a two-year non-photo license. The four-year photo license cost \$17.50, while the two-year license is \$8.00.

Any motorist whose license is up for renewal may select a photo license by visiting one of the computerized agencies or Sears Photo Centers. Also, anyone who has lost or misplaced a license can select to receive a photo license in replacement for a fee of \$4.50. [See licensing requirement flier attached.]

"Sears gives us the best possible solution to the photo license conversion program," Snedeker said, noting that motorists will be able to use their Sears credit cards to pay the photo license fee.

"We think the motoring public will find the Sears stores a Motor Vehicle Division convenience whose time has come," Snedeker said.

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*Connection of  
Cannon's first dir.*



FOR IMMEDIATE RELEASE

March 13, 1985

IRWIN I. KIMMELMAN  
ATTORNEY GENERAL

FOR FURTHER INFORMATION CONTACT:  
Art Smith, (609) 292-5203

Attorney General Irwin I. Kimmelman announced today an innovative program under which New Jersey motorists will be able to renew driver licenses and secure photo licenses by visiting any of the 21 major Sears, Roebuck and Company stores located in large shopping malls around the State.

The 21 Sears Photo License Centers will open July 1 and will increase to <sup>64</sup>44 number of New Jersey Division of Motor Vehicles' photo licensing centers around the state.

"This is a creative initiative," the Attorney General said, "involving the use of a major department store chain to help discharge a governmental obligation that literally touches millions of New Jersey motorists. It could well be a forerunner of future involvement by other private sector organizations in governmental operations aimed at serving the public more efficiently and more economically. In that sense, it is going to be a most attractive experiment for us and, if successful, will most likely become a prototype for similar private enterprise involvement across the nation."

"I think the addition of the Sears stores to the photo license conversion program will be a great convenience to the motorists of New Jersey," Kimmelman said. "The Sears stores are open until 9:00 or 9:30 P.M. Monday through Saturday and 15 of them are open for five to six

hours on Sundays. The photo license centers will maintain the same hours.

"We selected Sears for the licensing program because these 21 stores are strategically located around the State in the most easily accessible and popular shopping malls," Kimmelman said. "They are open seven days a week and at night, which will afford motorists a convenient, pleasant, and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He or she can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time," Kimmelman said.

According to Clifford W. Snedeker, Director of the Division of Motor Vehicles, "The State has been committed to photo licensing since 1981 when the Legislature and then-Governor Brendan Byrne approved the law. The conversion was to have started in 1982 but had to be delayed because we lacked sufficient computerized agencies to handle the nearly 5.2 million transactions without creating an unreasonable inconvenience for the public."

"We realized we needed a better delivery system, one that would be easier and less time consuming for the public. The use of the Sears stores was an obvious solution to the problem and we have been negotiating for nearly a year to bring this about.

"The Sears stores are in prime, high density areas where we need help with the conversion program," Snedeker continued. "In addition, they have the drawing power to attract a large number of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make



the photo license necessity less painful and easier to accomplish," Snedeker said. "The Sears stores also have unlimited parking and easy access for handicapped motorists," he said.

Unlike the Division's other privately operated agencies, the Sears Photo Centers will only issue photo driver licenses. They will not handle vehicle titling or registration transactions or the issuance of driver permits. Those transactions must be performed at a regular motor vehicle agency. (A list of those agencies and Sears store locations are attached for your convenience.)

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"With 21 Sears stores we will now have <sup>64</sup>~~44~~ photo license centers in the State," Snedeker said. "That number will increase to 71 once the last seven manual agencies are computerized in the next few months. That means no one will have to travel more than a few miles to secure a photo license."

By the end of the conversion program, anyone under the age of 60 will be required to carry a photo license. Those 60 years of age or older have the option of selecting a four-year photo license or a two-year non-photo license. The four-year photo license costs \$17.50, while the two-year license is \$8.00.

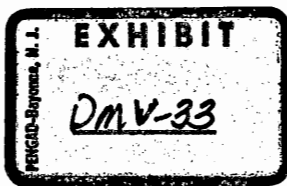
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"We think the motoring public will find the Sears stores a Motor Vehicle Division convenience whose time has come," Snedeker said.

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File

April 18, 1985

Rudolph L. Torlini  
Assistant Director

Synopsis/Creation of Outside Vendors as Photo Driver License Centers

On July 12, 1984 at 10:00 a.m. a meeting was held in Deputy Director Kline's Office with Christine Cox, Gerald Divock, Frank Costantino, Richard Malkin, Thomas Iannotti and Jay Coxon of our staff, in order to discuss some of the problems we were experiencing with the Photo Driver Program.

The Deputy Director was concerned over the complaint from the general public as to the waiting time at the Agencies. He felt that we should develop some type of a program to speed up the processing of customers and to eliminate complaints from the general public, as to the Photo License Program. It was at this meeting that we discussed hours, the need for receptionists, additional equipment, etc., and I was instructed to look into other means of increasing the number of sites available to the Division as a possible addition to the Photo Centers.

At a Dealer Committee Meeting held at AAA on August 2, 1984 I discussed with Max Winget the possibility of AAA considering a Photo Program within their general operation. Max Winget pointed out to me that this type of a decision would have to be made by the total AAA's board.

Friday, August 17, I met with representatives of the various AAA Clubs of New Jersey and presented a proposal for their organization to handle the Photo Driver License Program. I discussed various aspects of the program and pointed out to them some of the benefits, such as the commissions, etc., and I supplied them with a sample contract. Also, at this meeting a number of questions were raised and I responded to them in writing, outlining the Division's position, copies of these documents are attached.

Since responses were not forthcoming from the Automobile Club of Central New Jersey, in reference to our proposal and after having responded to a number of questions that they had raised. I contacted Max Winget via telephone on August 31st, he requested, by letter that each of the Managers respond to me very quickly. They took the position that they were not equipped to handle the volume. One club indicated some interest, the office in Paterson. On October 2nd, I notified the Director that I did not feel that it was advantageous for the Division to utilize only one office, and Paterson was not really an area where we are having any problems.

Since we could not get any real commitment from the AAA organization, I had a brief conversation with Deputy Director Kline in which I suggested utilizing Mercantile outfits, such as Sears as a Photo outlet. I received approval to start making contacts and my first contact with the Sears hierarchy was September 1984. When I called Chicago on the 11th of September, I believe I spoke to a Mr. Abrams and we discussed the proposal of Photo Driver License Centers and he advised me he would have someone get back to me. I did not receive any response and on the 17th, 18th and 26th of September, I made subsequent calls to Chicago in order to make official contact with someone who could make a commitment to the project.

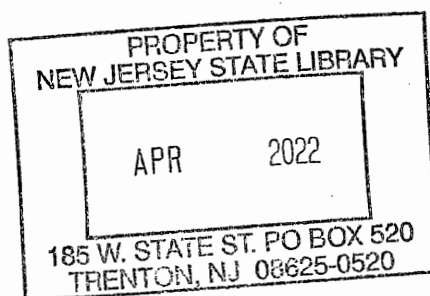
To the best of my recollection, I believe around the 26th of September, per telephone conversation with Chicago, I was told that I would have to probably contact a Mr. Olewang in his Philadelphia office in order to finalize any type of a proposal, since it appeared that each zone was responsible for its' own program.

At this point I attempted to make contact with Mr. Olewang the individual who is in charge of the Philadelphia Zone for days. I was constantly abused by staff that he was either out of town or was not available, etc. I finally, after many telephone calls was able to set up a meeting with Mr. Hackbarth which the Director and I attended on October 18th and we made a basic presentation. It was at this time that we were asked to supply some basic data as to the program. I followed up with letters to Mr. Hackbarth and after many, many, many weeks of waiting and telephones calls, I was advised by Mr. Hackbarth to contact Messrs. Munzer and Curran I was able to get a meeting via a-three-way-telephone hook-up on November 19, 1984 at which point I outlined our program once again to both gentlemen and attached is my memo of November 19th, referring to the telephone call.

During our conversation, Sears representatives advised me that Sears' Policy did not permit their being directly involved with a program such as the Photo Driver License Program. They pointed out that we would have to deal through a concession program. They supplied me the names of number of vendors, which included Taggart and D.E.S Tobacco. D.E.S. Tobacco was a Pennsylvania group and I knew Taggart was a Jersey resident and already involved with a number of large Driver Licensing Operations in New Jersey and other States. I felt that he would be better qualified and so indicated to the Sears people. Mr. Munzer indicated he had a meeting the next day with Mr. Taggart and would discuss the program with him.

A few weeks later I received a call from Mr. Lichtig of D.E.S. Tobacco and we arranged for a meeting. The meeting was held I believe December 14, 1984. I supplied Mr. Lichtig with all the necessary information and gave him sample contracts/space and electrical requirements, etc. He advised he would present a program to Sears in Chicago and would get back to me. See attached letter of December 20, 1984. I never heard from Mr. Lichtig again and believed that Sears negotiated a better contract with Mr. Taggart.

During this period, we could not obtain any commitments from either Sears or AAA of New Jersey. I called both K-Mart and Jefferson Ward to solicit interest in the program. The people I talked to all seemed generally interested in the Photo Driver License Program. They supplied me with other offices I was to call. I made the calls but never received a response. I did not pursue the contacts after I received positive response from Sears.



ACCOUNT 1110-100-010000  
LAW & PUBLIC SAFETY  
LICENSING & REGISTRATION

TELEPHONE CHARGES  
OCT 1984

PAGE 89

*Agency Auto*

CENTREX OR CR-CARD T C	LOCATION	LOC 2-3-4	DATE NUMBER CALLED	AMOUNT	MINS	EXCEPTION
------------------------	----------	-----------	--------------------	--------	------	-----------

292-8747	1 K	CHICAGO IL	09-17 312-875-2500	2.18	6	
292-8747	1 K	CHICAGO IL	09-18 312-875-6733	1.38	4	
292-8747	1 K	MERCHANTVL NJ	09-24 609-663-5858	.27	3	
292-8747	1 K	ALBANY NY	09-25 518-455-2061	.91	3	
292-8747	1 K	ALBANY NY	09-25 518-455-2800	.91	3	
292-8747	1 S	CHICAGO IL	09-26 312-875-2562	2.02	9	**
292-8747	1 K	ATLANTA GA	10-04 404-843-5210	6.18	16	

13.85

292-8747		MESSAGE UNIT		10.01	154	
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EXTENSION TOTAL

23.86

" I CERTIFY THAT THE TELEPHONE CALLS, TOLLS AND/OR MESSAGE  
UNITS CONTAINED ON THIS PAGE ADEQUATELY REFLECT BUSINESS CALLS  
WITH THE EXCEPTION(S) AS INDICATED"

DATE 12/24/84 , SIGNATURE

R. P. Tulinic  
*[Signature]*

ACCOUNT 1110-100-010000  
LAW & PUBLIC SAFETY  
LICENSING & REGISTRATION

TELEPHONE CHARGES  
SEPT 1984

PAGE 91

✓  
*Agency Autu  
Rudy Tordino*

CENTREX OR CR-CARD T C	LOCATION	LOC 2-3-4	DATE NUMBER CALLED	AMOUNT	MINS	EXCEPTION
------------------------	----------	-----------	--------------------	--------	------	-----------

292-8747	1 K	BERLIN NJ	08-23 609-767-6291	.32	2	
292-8747	4 K	MT HLY	08-23 609-292-8747	.99	4	
292-8747	1 K	BERLIN NJ	08-23 609-767-2148	.72	7	
292-8747	1 K	BARNEGAT NJ	08-28 609-597-8642	.49	4	
292-8747	1 K	HAMMONTON NJ	08-31 609-561-1413	.37	3	
292-8747	1 K	SOUTHRIVER NJ	08-31 201-257-7993	.32	2	
292-8747	1 K	PATERSON NJ	09-06 201-684-6328	1.80	9	
292-8747	1 K	ANNAPOLIS MD	09-10 301-269-6820	2.02	6	
292-8747	1 K	CHICAGO IL	09-11 312-875-7359	1.78	5	
292-8747	1 K	HADDONFLD NJ	09-12 609-424-8900	.32	3	

9.13

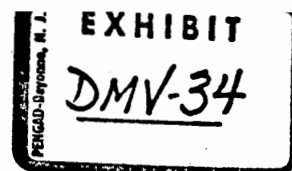
292-8747	MESSAGE UNIT	7.22	111
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EXTENSION TOTAL 16.35

" I CERTIFY THAT THE TELEPHONE CALLS, TOLLS AND/OR MESSAGE  
UNITS CONTAINED ON THIS PAGE ADEQUATELY REFLECT BUSINESS CALLS  
WITH THE EXCEPTION(S) AS INDICATED"

DATE 12/6/84, SIGNATURE

*R. L. Tordino*  
*Rudy*



On March 6, 1985, Director of Motor Vehicles Clifford W. Snedeker sent a memo to Chief of Staff Greg Stevens which proposed the use of 18 Sears store throughout New Jersey as a means of conveniently implementing the Photo License Law that was enacted in December of 1981. The proposal discussed the need for the involvement of the Sears stores and Taggart International as the agreed upon concessionaire that would process the licenses at Sears.

Greg Stevens scheduled an appointment for March 11 at 11:30 a.m. with Director Snedeker for the purpose of discussing the contents of the March 6th memo. Present at that meeting were Stevens, Snedeker, Attorney General Kimmelman, Deputy Chief of Staff Ed McGlynn and the Deputy DMV Director Robert Kline. The meeting focused on the merits of the Sears - Taggart photo licensing project. Mr. Stevens sought information from the participants in order to advise the Governor. Stevens questioned the need for Sears and Taggart in view of the current motor vehicle agencies. He explored whether Sears and Taggart were the best suited for administering this program. He questioned the legality of the project as well as whether there were any better means to conveniently have motorists receive their photo licenses. Mr. Stevens was assured by the participants that the project was the best way to proceed in New Jersey.

The meeting concluded with Mr. Stevens allowing a joint press release to be developed by the Department of Law and Public Safety and DMV. However, the press announcement was not to be released pending his direction to do so after consulting with the Governor.

Director Snedeker, Deputy Director Kline, and William Taggart met on the afternoon of March 11 at approximately 12:30 p.m. to discuss how such an announcement should be structured. Included in that discussion were Arthur Smith, the DMV Public Information Officer and William Kohms, a Public Relations Consultant who accompanied Taggart.

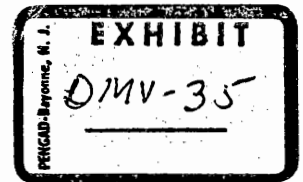
Mr. Smith had drafted a press release which mentioned the Taggart involvement and that the concession was \$2.20. After reviewing the draft press release it was decided that the thrust of the announcement was Sears and the reference to Taggart and the \$2.20 was to be deleted. However, Smith was instructed to directly answer any questions about Taggart or the concession. Smith then worked with Tom Cannon, the Department of Law and Public Safety's Public Information Officer on the press release.

On March 13 Director Snedeker, Deputy Director Kline, Assistant Director Torlini, and Taggart met with Sears officials at the Sears store in the Quakerbridge Mall concerning the layout and location of the Photo Centers. During the course of that meeting, Snedeker received a phone call from his office that Greg Stevens had called him. Snedeker contacted Stevens at the Governor's Newark Office. Stevens advised Snedeker that the Sears program was "a go". Public Information Officer Smith was telephoned so he could contact Cannon who was to handle the release.

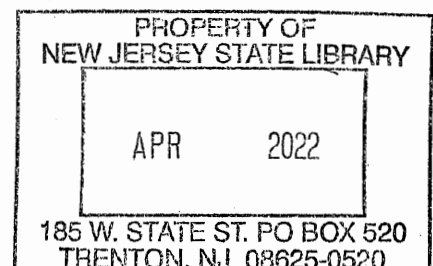


After being revised by Cannon and the Attorney General, the announcement was released on the afternoon of the 13th by the Attorney General's staff.

STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES



# MOTOR VEHICLE AGENT'S PROCEDURES MANUAL AND HANDBOOK



JULY 1984

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CHAPTER

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IV. Initial transactions:

- A. Applicant completes MB-50.
- B. Use the MB-50 form as a source document, and give out commercial code.
- C. Validate the registration and sales tax form.
- D. Collect fee:
  - 1. Registration Fee.
  - 2. Sales Tax, if applicable.
- E. Give the applicant validated portion of document and sales tax form.
- F. Retain registration portion and sales tax copy.

V. Transfer of ownership of a boat to a commercial registration:

- A. Registration plus a sales tax application on casual sale must be completed.
- B. Validate application and sales tax form.
- C. Have the sales tax form completed when owner transfers from a commercial rental use to any other commercial use or to a passenger use due to the fact that no sales tax was paid when the boat was registered for commercial rental use.

PROOF OF SALES TAX BY BOAT DEALERS  
AT TIME OF REGISTRATION OR TRANSFER OF OWNERSHIP

- I. The Division of Taxation and the Division of Motor Vehicles will require documents of ownership of vessels subject to boat registration in New Jersey to obtain a New Jersey Sales Tax satisfied stamp.
- II. The dealer must also complete form A5208-ST as per instructions on enclosed form.

NOTE: ST-10 FORM WILL NO LONGER BE REQUIRED. BOAT DEALERS WILL BE REQUIRED TO PURCHASE A NEW JERSEY SALES TAX SATISFIED STAMP AS SHOWN ON FORM A5208. THE MEASUREMENTS OF THE STAMP ARE THREE (3) INCHES WIDE BY ONE AND ONE-HALF (1 1/2) INCHES.

## **AGENT HANDBOOK**



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**B. CODE OF ETHICS**

Pursuant to authority contained in the New Jersey Conflicts of Interest Law (Ch. 182 of the Laws of 1971), the following Code of Ethics for employees of the Division of Motor Vehicles is hereby adopted, effective March 19, 1972:

1. No Motor Vehicle Agent or employee of Division of Motor Vehicles Agency may have an interest, financial or otherwise, direct or indirect, or engage in any business or transaction "of" or "for" professional activity which is in substantial conflict with the proper discharge of his duties in the public interest.

2. No Motor Vehicle Agent or employee of a Division of Motor Vehicles Agency may accept any gift, favor, service or other thing of value under any circumstances from which it might be reasonably inferred that such gift, service or other thing of value was given or offered for the purpose of influencing him in the discharge of his official duties.

3. No Motor Vehicle Agent or an employee of the Agent should engage in any particular business, profession, trade or occupation which is subject to licensing or regulation by a specific agency of State Government without promptly filing notice of such activity with the Executive Commission on Ethical Standards. In particular no Motor Vehicle Agent or employee of the Division of Motor Vehicles may engage in, operate or be employed by, or at, any State licensed junk yard, and New or Used Car Dealership, any State licensed motor vehicle race track, any commercial driver school.

4. No Motor Vehicle Agent or an employee of the Agent may undertake any employment or service whether compensated or not, which might reasonably be expected to impair his objectivity and independence of judgement in the exercise of his official duties.

5. No Motor Vehicle Agent or employee of the Agent should act in his official capacity in any matter where in he has a direct or indirect personal financial interest that might reasonably be expected to impair his objectivity or independence of judgment.

6. No Motor Vehicle Agent or an employee of the Agent should use or attempt to use his/her official position to secure unwarranted privileges or advantages for himself or others. In particular no State officer or employee of the Division of Motor Vehicles may use, or attempt to use, his official position, such as by displaying his official credentials, to secure unwarranted privileges or advantages for himself/herself or others in any matters directly pertaining to motor vehicle operations such as in the granting of licenses issued by this Division, the suspension or revocation of these licenses or the enforcement of the Motor Vehicle Laws of this State.

7. No Motor Vehicle Agent or an employee of the Agent may knowingly act in any way that might reasonably be expected to create an impression or suspicion among the public having knowledge of his acts that he may be engaged in conduct violative of his trust as a State officer or an employee of this Division.

EXHIBIT

I-1



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

November 28, 1984

N I. KIMMELMAN  
ORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

Mr. William F. Taggart  
154 Tices Lane  
East Brunswick, N.J. 08816

Dear Bill:

Enclosed herewith please find all the Division's information relating to the photo license program. I have enclosed our manual for operating the MDS/DEK camera together with all the materials that we provide to the public concerning this program. In addition, there is an example of both the photo and non-photo license attached.

Should you have any further questions concerning the attached information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Bob".

Robert S. Kline  
Deputy Director

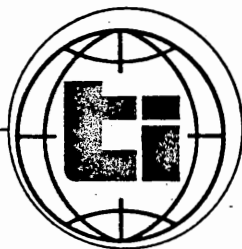
RSK:bg

Enclosures

0001

EXHIBIT

T-52



**taggart international, inc.**

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

September 7, 1984

William Collett,  
Core Manager  
Essex, Roebuck & Co.  
New Brook Mall  
Newark, N.J. 07470

Bill:

It was a pleasure meeting you the other day. Thank you for the courtesy you  
extended us in filming our presentation. I apologize for any inconvenience  
which may have caused you and your customers.

We are very pleased with the finished product and will be sure that you have  
it by when it is completed.

We look forward to working with you in the future.

Sincerely,

William F. Taggart, President  
Taggart International, Inc.

pz

0052

**taggart international, inc.**

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

uary 17, 1985

J. J. Wurmlinger  
ional Merchandise Manager  
artment 725 - Concessions  
rs, Roebuck and Co.  
rs Tower  
cago, Illinois 60684

r John:

t to keep you up to date on the photo licensing program at this end, I am  
losing recent correspondence to Russ Munzer. Russ had requested this information  
ng with a copy of the videotaped presentation which I forwarded on to him. The  
al Sears people, as I'm sure you are aware, are extremely enthusiastic about this  
gram.

ie Campbell also told me that he met with Mr. Lichtig, the tobacco concessionaire  
m South Jersey, and he had offered Sears 20%. John, we certainly are open for dis-  
sing final financial arrangements.

photo licensing program complements the Sears Driving School concession so well.  
m confident that if given the opportunity, this will develop into a mutually  
eficial program for Sears, the State of New Jersey and Sears Driving School.

k forward to hearing from you real soon.

best regards,

liam F. Taggart, President  
GART INTERNATIONAL, INC.

y: M. Campbell

0053

## SEARS, ROEBUCK AND CO.

279-4946

## INTERNAL CORRESPONDENCE

SEE BELOW

STORE MANAGERS

UNIT

DEPT. OR  
UNIT NO.

NAME

MID ATLANT C GROUP

DEPT. OR  
UNIT NO.

8564

DATE

MARCH 8, 1985

XHIBIT

F-78

Stores Involved

T. Kummer/1734

R. Gipe/1874

G. Kosmin/1494

H. Clarke/1464

E. Everett/2374

R. Flippen/1544

"AP" APR L RELEASE 4/1/85

We will be visiting your store on Wednesday, March 12, with Bill Taggart, President of Taggart Driving School, to select a location (150 sq. ft.) for a Sears, New Jersey Photo License Concession. All New Jersey stores will have a License Concession operated by Taggart Driving School. We will discuss the details when we visit your store.

Visit Schedule

9:00 AM - Lawrenceville

Burlington

Moorestown

Deptford

Vineland

Pleasantville

This is a state of New Jersey supported program. It will include all New Jersey stores in the New York Group as well.

C. James Curran

cc: C. N. Stiber  
J. Kramer  
L. Fogarty  
R. Boland  
R. Kastrava  
M. Campbell D/725

John W. Wurminger  
will be traveling with  
Jim Curran tomorrow  
& Jim wanted John W.  
to go home with positive  
press clip

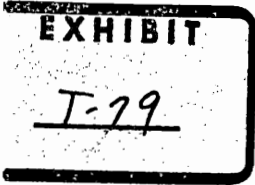
"WIN THE CUSTOMER with Courtesy—by Letter, Phone and in Person"

"If you can answer briefly in longhand, do so on this sheet"

PLEASE PRINT NAME AND ADDRESS OF THE PERSON TO WHOM THIS SHEET IS TO BE SENT

0078





State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

IN L. KIMMELMAN  
ORNEY GENERAL

CLIFFORD W. SNEDEKER  
DIRECTOR

March 13, 1985

Mr. William Taggart  
T.A. Driver License Service, Inc.

Re: Driver License Service, Inc./ Agent At Large

Dear Mr. Taggart:

Pursuant to the understanding reached between you and the Division of Motor Vehicles concerning the establishment of Photo Driver License Centers, as indicated on the attached list, enclosed is a draft copy of the proposed Agreement for your review. After reviewing the enclosed draft, please let me know if you would have any objections to our formalizing same.

If you have any questions, please feel free to call Assistant Director R. L. Torlini at 609-292-8904 who will be most happy to assist you.

I look forward to working with you in your capacity as a Motor Vehicle Agent at Large. Your position is one that provides a critical service to the public. I am certain that you will maintain the high standards that we expect from all Motor Vehicle Agents throughout the State.

Sincerely,

  
Clifford W. Snedeker  
Director

Enclosure

0073

EXHIBIT

T-80



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET  
TRENTON, NEW JERSEY 08666

CLIFFORD W. SNEDEKER  
DIRECTOR

IN J. KIMMELMAN  
ORNEY GENERAL

March 13, 1985

Mr. William Taggart  
T.A. Driver License Service, Inc.

Re: Motor Vehicle Photo Driver License Centers


Dear Mr. Taggart:

By virtue of the authority vested in me under R.S. 39:3-3, I hereby appoint Driver License Service, Inc. as an Agent at Large of the Division of Motor Vehicles for the purpose of issuing photo driver licenses and duplicates, thereof, at Photo Driver License Centers.

Your appointment as Motor Vehicle Agent at Large is effective March 13, 1985. Your performance in this position will reflect upon you and the Division of Motor Vehicles. It is imperative that you maintain the highest standards in carrying out your performance as a Motor Vehicle Agent at Large. I cannot stress enough the importance of providing prompt, courteous and accurate service to the public. I will work with you to assure that the Centers, as indicated on the attached list, are always able to meet the standards and requirements established for Motor Vehicle Agencies.

I look forward to a successful and responsive Photo Driver License operations under your direction and guidance.

Sincerely yours,

  
Clifford W. Snedeker  
Director

Enclosure

0080

EXHIBIT

T-89

Gave to Art Smith - MV (609) 984-7577  
3/15/85

rlington

MON - THURS. 10AM - 9PM

FRI - SAT. 10AM - 9:30PM

SUNDAY 11AM - 5PM

Bridgewater

MON. - THURS - FRI. - 9AM - 9PM

TUES., WED. - SAT. 9AM - 5:30P

SUNDAY 12-5

xford

MON. - SAT. 10AM - 9:30PM

Sunday 11-5

Hackensack -

MON - SAT 9:30AM - 9:30PM

Sunday - Closed

enceville

MON. - SAT. 9:30AM - 9:30PM

Sunday 11-5

Livingston

MON. - SAT. 10AM - 9:30PM

SUNDAY 12-5

restown

MON. - SAT. 10AM - 9:30PM

Sunday 11-5

Middletown

MON. - SAT. 10AM - 9:30PM

SUNDAY 12-5

santrville

MON - SAT 10AM - 9PM

Sunday 11-5

New Brunswick

MON. - SAT. 9:30AM - 9:30PM

SUNDAY 11:30 - 5PM

land

MON - SAT 9:30<sup>AM</sup> - 9PM

SUNDAY 11-5

Ocean

MON. - SAT. 10AM - 9:30PM

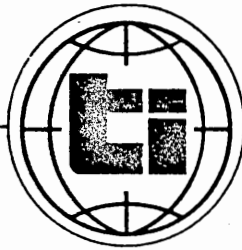
SUNDAY 12-5

0083

(over)

EXHIBIT

T-113



**Taggart International, Inc.**

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

11 8, 1985

M. L. Campbell,  
as Manager - Concessions  
artment 725  
ws Merchandise Group  
ws Tower  
cago, Illinois 60684

r Mike:

legal and tax advisors require that we set up a separate corporation for the  
to licensing. The name of the corporation will be Driver License Services, Inc.  
liam F. Taggart is the sole stockholder and the officers are William F. Taggart,  
sident and William F. Taggart, Jr., Vice President and Secretary.

ry for any inconvenience this may cause you.

most personal regards,

liam F. Taggart, President  
GART INTERNATIONAL, INC.

:pz

0113

# CRUMMY, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE

I N. DEL DEO  
T. DOLAN  
J. R. GRIFFINGER  
J. VECCHIONE  
J. CARTON  
E. HENRY  
A. RIDLEY  
RT W. DELVENTHAL  
J. SHEEHAN  
M. HYMAN  
LD H. STECKROTH  
RD S. ZACKIN  
K B. REILLY, JR.  
LD B. CALMANN  
H. KLOCK  
J. MCCORMICK  
ERICK C. KENTZ, III  
R. DEFILIPPO  
N J. MCMAHON  
AEL D. LOPRETE  
Y A. OSMUN  
REW B. CRUMMY (1895-1981)



A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

GATEWAY I

NEWARK, N. J. 07102

201-622-2235

SUBURBAN OFFICE

MAIN STREET

P.O. BOX 74

BEDMINSTER, N.J. 07921

201-781-0200

CABLE-TELEX:

CRUMMY-NWK

138154

KAREN A. GIANNELLI  
PHILIP W. CRAWFORD  
IRA J. HAMMER  
ROBERT E. DAVID  
FAITH H. BENNETT  
MARK T. KARINJA  
MARY ANNE McDONALD  
FREDRICA HOCHMAN  
RUSSELL B. BERSHAD  
KERRY M. PARKER  
SUSANNE PETICOLAS  
MICHAEL F. QUINN  
JOSEPH R. D'AMORE  
ALAN H. PERZLEY  
CARLENE G. CARRABBA  
GERALDINE E. PONTO  
JOANNE M. CALANDRA  
MICHAEL J. LERNER  
ALYCE C. HALCHAK  
HERBERT B. BENNETT  
JOSEPH P. CRAVEN, III  
A. EUGENE HULL, JR.  
CORNELIUS P. MCCARTHY, III

April 15, 1985

Mr. William F. Taggart, President  
Taggart International, Inc.  
154 Tices Lane  
East Brunswick, New Jersey 08816

Re: Driver License Services, Inc.

Dear Mr. Taggart:

I enclose copy of "filed" Certificate of Incorporation of **Driver License Services, Inc.** together with Transaction Sheet from the Secretary of State.

Very truly yours,

Donald H. Steckroth

DHS:mcl  
Enclosure

0114

CERTIFICATE OF INCORPORATION

OF

DRIVER LICENSE SERVICES, INC.

FILED

APR 1 1985

JANE BURGIO  
Secretary of State

The undersigned, in order to form a corporation for the purposes hereinafter stated, under and by virtue of the New Jersey Business Corporation Act, does hereby certify as follows:

FIRST: The name of the corporation is: Driver License Services, Inc.

SECOND: The address of the corporation's initial registered office is 154 Tiles Lane, East Brunswick, New Jersey 08816, and the name of the registered agent at such address is William Taggart.

THIRD: The purpose for which this corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the New Jersey Business Corporation Act.

Without limiting in any manner the scope and generality of the foregoing, it is hereby provided that the corporation shall have the following purposes, objects and powers:

To purchase, manufacture, produce, assemble, receive, lease or in any manner acquire, hold, own, use, operate, install, maintain, service, repair, process, alter, improve, import, export, sell lease, assign, transfer and generally to trade and deal in and with raw materials, natural or manufactured articles or products, machinery, equipment, devices, systems, parts, supplies, apparatus, goods, wares, merchandise and personal property of every kind, nature or description, tangible or intangible,

used or capable of being used for any purpose whatsoever; and to engage and participate in any mercantile, manufacturing or trading business of any kind or character, including but not limited to acting as an agent or agency of the State of New Jersey, Department of Law and Public Safety, Division of Motor Vehicles, for the sale to the public of photo drivers' licenses, whether under the corporation's own name, the name of a licensor, or a fictitious name.

To improve, manage, develop, sell, assign, transfer, lease, mortgage, pledge or otherwise dispose of or turn to account or deal with all or any part of the property of the corporation and from time to time to vary any investment or employment of capital of the corporation.

To borrow money, and to make and issue notes, bonds, debentures, obligations and evidences of indebtedness of all kinds, whether secured by mortgage, pledge or otherwise, without limit as to amount, and to secure the same by mortgage, pledge, or otherwise; and generally to make and perform agreements and contracts of every kind and description, including contracts of guaranty and suretyship.

To lend money for its corporate purposes, invest and reinvest its funds, and take, hold and deal with real and personal property as security for the payment of funds so loaned or invested.

To the same extent as natural persons might or could do, to purchase or otherwise acquire, and to hold, own, maintain, work, develop, sell, lease, exchange, hire, convey, mortgage or otherwise dispose of and deal in lands and leaseholds, and any interest, estate and rights in real property, and any personal or mixed property, and any franchises, rights, licenses or privileges necessary, convenient or appropriate for any of the purposes herein expressed.

To apply for, obtain, register, purchase, lease or otherwise to acquire and to hold, own, use, develop, operate, and introduce and to sell, assign, grant licenses or territorial rights in respect to, or otherwise to turn to account or dispose of, any copyrights, trade marks, trade names, brands, labels, patent rights, letters patent of the United States or of any other country or government, inventions, improvements and processes, whether used in connection with or secured under letter patent or otherwise.

To participate with others in any corporation, partnership, limited partnership, joint venture, or other association of any kind, or in any transaction, undertaking or arrangement which the participating corporation would have power to conduct by itself, whether or not such participation involves sharing or delegation of control with or to others; and to be an incorporator, promoter or manager of other corporations of any type or kind.

To pay pensions and to establish and carry out pension, profit sharing, stock option, stock purchase, stock bonus, retirement, benefit, incentive and commission plans, trusts and provisions for any or all of its directors, officers and employees, and for any or all of the directors, officers and employees of its subsidiaries; and to provide insurance for its benefit on the life of any of its directors, officers or employees, or on the life of any shareholder for the purpose of acquiring at his death shares of its stock owned by such shareholder.

To acquire by purchase, subscription or otherwise, and to hold for investment or otherwise and to use, sell, assign, transfer, mortgage, pledge, or otherwise deal with or dispose of stocks, bonds, or any other obligations or securities of any corporation or corporations; to merge or consolidate with any corporation in such manner as may be permitted by law; to aid in any manner any corporation whose stocks, bonds, or other obligations are held or in any manner guaranteed by this corporation, or in which this corporation is in any way interested; and to do any other acts or things for the preservation, protection, improvement or enhancement of the value of any such stock, bonds or other obligations; and while owner of any such stock, bonds or other obligations to exercise all the rights, powers and privileges of ownership thereof, and to exercise any and all voting powers thereon; and to guarantee the payment of dividends upon any stock, the principal or interest of both, of any bonds or other obligations, and the performance of any contracts.

To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other corporations, firms or individuals, and to do every other act or acts, thing or things incidental or appurtenant to or growing out of or connected with



the aforesaid business or powers or any part or parts thereof, provide the same be not inconsistent with the laws under which this corporation is organized.

The business or purpose of the corporation is from time to time to do any one or more of the acts and things hereinabove set forth, and it shall have power to conduct and carry on its said business, or any part thereof, and to have one or more offices, and to exercise any or all of its corporate powers and rights, in the State of New Jersey, and in the various other states and dependencies of the United States, in the District of Columbia, and in all or any foreign countries.

The enumeration herein of the objects and purposes of the corporation shall be construed as powers as well as objects and purposes and shall not be deemed to exclude by inference any powers, objects or purposes which the corporation is empowered to exercise, whether expressly by force of the laws of the State of New Jersey now or hereafter in effect, or impliedly by the reasonable construction of the said laws.

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is Two Thousand Five Hundred (2,500) shares, without par value.

FIFTH: The number of directors constituting the initial Board of Directors is one (1). The name and address of the person who is to serve as the initial director is:

William Taggart  
154 Tiles Lane  
East Brunswick, NJ 08816

SIXTH: The name and address of the incorporator is as follows: Donald H. Steckroth, Esq.

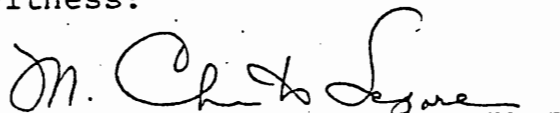
Crummy, Del Deo, Dolan,  
Griffinger and Vecchione  
Gateway I  
Newark, New Jersey 07102

IN WITNESS WHEREOF, I have hereunto set my hand and seal  
this 27<sup>th</sup> day of MARCH, 1985.

Witness:

  
DONALD H. STECKROTH

0113





# State of New Jersey

DEPARTMENT OF STATE  
COMMERCIAL RECORDING BUREAU  
CN 300 — TRENTON, N.J. 08625

ION NO  
37049

SHEET NO 1

OF PAYMENT FOR : CERTIFICATE OF INCORPORATION (D) FILING DATE 04/03/85

CRUMMY DEL DEO DOLAN  
GATEWAY ONE  
NEWARK NJ 07102

FILING FEE 50.00  
LICENSE FEE 25.00  
INQUIRY FEE  
EXPEDITED FEE 5.00  
PHOTO COPY FEE  
CERTIFIED COPY 15.00  
MISC FEE  
POSTAGE FEE  
TOTAL-AMT 95.00  
PAYMENT AMOUNT 95.00

CRUMMY DEL DEO DOLAN  
TYPE CHECK AUDIT CODE 25

ME: DRIVER LICENSE SERVICES, INC.

MC PROFIT STATUS: ACTIVE CORP NO: 0100255948

RATION DATE: 04/01/1985 STATE: NJ

2500 TERM: PERPETUAL PURPOSE: GENERAL

NT STATUS: ACTIVE

WILLIAM TAGGART  
154 TILES LANE  
EAST BRUNSWICK NJ 08816

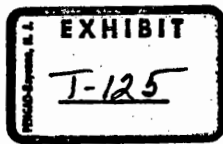
REPORT DUE: APRIL LATEST RECEIVED: FOR THE YEAR  
STATUS 86: NA 85: NA 84: NA 83: NA 82: NA 81: NA

MARKETED JUDGEMENTS OUTSTANDING: NONE

IRATORS: DONALD H. STECKROTH  
CRUMMY DEL DEO DOLAN  
GATEWAY 1  
NEWARK NJ 07102

IS NAME: NONE

0113



AGREEMENT

THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, between the State of New Jersey, Department of Law and Public Safety, Division of Motor Vehicles, (Division) and Driver License Service, Inc., (Agent).

WHEREAS, the Division desires to designate the Agent pursuant to N.J.S.A. 39:3-3 to be its agent at large at Photo Driver License Centers (Centers) located at various retail sites owned by Sears, Inc. (Sears) within the State, for the issuance of photo driver licenses, subject to the requirements of Title 39 of the New Jersey Statutes and to any regulations, instructions and performance standards the Division of Motor Vehicles may impose; and

WHEREAS, the Agent desires to accept said designation and to perform said duties in accordance with such statutes, regulations, instructions and performance standards, and with the terms hereinafter stated; and

WHEREAS, the Agent is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein;

NOW THEREFORE, it is mutually agreed by and between the parties as follows:

ARTICLE I

1. The Agent will faithfully perform the services covered by this Agreement in accordance with the laws of this State and the regulations, instructions and performance standards of the Division pertaining to Motor Vehicle Agents.
2. In the performance of such services, the Agent will adhere to the policies and procedures contained in the Agents Manual which is included by reference and incorporated herein as part of this Agreement, and as it may be amended or supplemented from time to time and as otherwise communicated by authorized Division personnel.
3. The Agent will issue and report to the Division the issuance of all photo driver licenses, including all duplicates thereof, in accordance with the instructions of the Division.

4. The Agent will account to the Division on a daily basis and in the manner prescribed by the Division for all charges, fees and taxes collected or which should have been collected by the Agent on behalf of the Division.
5. The Agent will not release any information contained on driver licenses, applications or any other Division records or documents to any person and will take all reasonable steps to assure that such information is not released.
6. The Agent will undertake all measures necessary to prevent the embezzlement, conversion, theft and/or misuse of any and all motor vehicle documents, monies, equipment and/or supplies in its possession.

## ARTICLE II

1. The Agent agrees to perform its functions only in premises used by Sears for the retail sale of merchandise and approved by the Division.
2. The Agent shall be responsible to contract with Sears for premises suitable for such purposes, which premises will be subject to the express approval of the Division and in accordance with terms and conditions set by the Division.
3. The Agent assumes the responsibility to pay all monies due and owing to Sears pursuant to any agreement between the Agent and Sears. The Agent agrees to reimburse the Division for any monies paid by the Division to Sears by reason of any default as to payment by the Agent.
4. In the event this Agreement is terminated pursuant to Article V herein, Agent agrees to cooperate fully with the Division in any attempt by the Division to obtain from Sears any concession, lease or approval necessary to continue operation of the agency function.
5. The Division shall provide the Agent with all office supplies, computers, printers, terminals, office furnishings and camera equipment, including telephone service needed to perform the services covered by this Agreement. All telephone accounts shall be placed and shall remain at all times in the name of the Division. All office supplies, computers, printers, terminals, office furnishings and camera equipment provided to the Agent under this Agreement shall at all times remain the

property of the Division. The Agent shall not mar, deface, remove or conceal any insignia or state property identification tag on such property.

6. The Agent shall be responsible for the payment of any utility charges, taxes or other charges as mandated by any agreement with Sears.

### ARTICLE III

1. The Agent's status shall be that of an independent contractor and not that of an employee of the Division.
2. Neither this Agreement, nor any monies due hereunder are assignable or delegable.
3. The Agent will ensure that no person other than the Agent will have a financial interest or share in the consideration accruing to the Agent under the terms of this Agreement.
4. The Agent agrees that in the performance of this Agreement, it will obey, abide and comply with all applicable Federal and State laws and regulations.
5. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of New Jersey including the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

### ARTICLE IV

1. The Agent will exercise the degree of control over and supervision of the operation of the various Centers as is necessary to ensure the provision of thorough, efficient and courteous service to the public at all times.
2. The Agent is responsible for the hiring of responsible, competent and sufficient personnel to perform the work required to produce the services covered by this Agreement and in accordance with the performance standards set by the Division.
3. The Agent will designate such persons, subject to the approval of the Division, to supervise the operation of the Centers. The Division

shall have the right to withdraw its approval of any such person at any time. A list of the names, addresses and telephone numbers of such persons shall be filed with the Division and shall be immediately updated upon any change.

4. The parties to the Agreement do hereby agree that the provisions of N.J.S.A.10:2-1 through 10:2-4 dealing with discrimination in employment on public contracts, and the rules and regulations promulgated pursuant thereunder, are hereby made a part of this Agreement and are binding on them.
5. There shall be no discrimination against any employee engaged in the work required to produce the services covered by this Agreement, or against any applicant for such employment because of race, creed, color, national origin, ancestry, sex, marital status or physical handicap. The provision shall include, but not be limited to the following: employment upgrading, demotion, transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship.
6. The parties to the Agreement do hereby agree that the provisions of N.J.S.A. 2C:51-2 dealing with the forfeiture to public office are hereby made a part of this contract and are binding on them.
7. The Agent shall suspend the employment of any person charged with a crime specified in N.J.S.A. 2C:51-2 pending disposition of said criminal charges.
8. Subject to the approval of the Division, the Agent shall keep the Centers open to the public on such days and hours as are maintained by the Sears Stores where each Center is located.
9. The Agent shall file and periodically update a schedule of the service days and hours for each of the various Centers. No Center shall be open to conduct business other than as indicated on said schedules. The Agent shall notify the Division in writing of any changes to the service days and hours at least 24 hours in advance of said change.

ARTICLE V

1. The Division has the discretion to terminate the Agent at any time with or without cause.
2. Notice of such termination shall be provided in writing to the Agent at least 180 days prior to the effective date of termination, unless the Division, in its discretion, determines that a lesser period of notice is appropriate.
3. Following notification of termination, the Agent shall:
  - a. At the option of the Division, continue to perform functions as Agent under the terms of this Agreement until the effective date of termination;
  - b. At the option of the Division, vacate the Centers on the date instructed by the Division and cease functioning as Agent;
  - c. Promptly account any payover to the Division and in the manner specified by the Division, for all fees, charges and photo driver licenses, collected or which should have been collected by the Agent in the performance of the services covered by this Agreement;
  - d. Transfer to the Division or to any person designated as successor all office supplies, office equipment, computers, printers, terminals, office furnishings, camera equipment and any other motor vehicle forms or materials in its possession to which the Division has retained title;
  - e. Release employees from any and all contractual obligations they might have with the Agent so as to permit the Division, if it chooses, to offer them employment on a provisional basis, subject to all applicable Civil Service statutes, rules and regulations, to perform the same work for which they had been engaged by the Agent to produce the services covered by this Agreement, and not to interfere with any such attempt on the part of the Division to employ such persons.

#### ARTICLE VI

1. In full consideration of all services performed under this Agreement, the Agent shall be compensated by payment on the first and sixteenth of each month a fee in the amount of \$2.20 for each motor vehicle item satisfactorily completed and reported to the Division.  
For this purpose, the term "items" is used to refer only to the issuance of photo driver licenses and duplicates thereof.
2. The Division will not pay, and the Agent agrees not to seek the payment of, any penalty, such as interest, for late payments to the Agent for services covered under this Agreement.
3. The Agent agrees to maintain a sufficient staff, as indicated by the Division, to effectively serve the public at all times.

#### ARTICLE VII

1. The Agent shall obtain and maintain at its own cost a public performance bond in the amount of \$250,000.00 from a company licensed to issue surety bonds in this State.
2. The Agent shall obtain and maintain at its own cost:
  - a. Monies and Securities Insurance coverage for theft both inside and outside each Center in an amount to be determined by the Director;
  - b. Workers Compensation Insurance as required by the Workers Compensation Laws of the State of New Jersey and any other Workers Compensation Law; the policy must include coverage under "broad form all states" and "voluntary compensation" endorsements, and reference thereto on all certificates of insurance, and employers' liability shall be in an amount not less than \$100,000 or as otherwise required by law; and
  - c. Comprehensive General Liability Insurance in an amount not less than \$100,000 Bodily and Personal Injury and Property Damage in any one occurrence, also naming the Division of Motor Vehicles as "additional named insured". The policy should have a "contractual liability endorsement" specifically referencing paragraph 3 Article VII.



3. It is further agreed that the Agent shall assume all risks of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgement and costs and expenses in connection therewith on account of the loss of life, property, or damage or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this Agreement unless such loss of life, property or damage to the person, body or property of any person or persons whatsoever is due solely to the negligence on the part of the Division. This indemnification obligation is not limited by, but is in addition to any insurance obligations contained in this Agreement.

#### ARTICLE VIII

The addresses given below shall be the addresses of the representative parties to which any notice shall be sent by mail:

Division: New Jersey Division of Motor Vehicles  
Licensing & Registration Area  
4th Floor  
25 South Montgomery Street  
Trenton, New Jersey 08666

Agent: Driver License Service, Inc.  
154 Tices Lane  
East Brunswick, New Jersey 08816

#### ARTICLE IX

This Agreement and the writings expressly referred to herein and made a part hereof shall constitute the entire contract between the parties.

#### ARTICLE X

1. The undersigned does hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the State of New Jersey and that said laws have

not been violated and shall not be violated as they relate to the procurement or the performance of this agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any State employee, officer or official.

2. The Agent does hereby warrant and represent that it is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein. IN WITNESS WHEREOF, the Division and Driver License Service, Inc. have duly executed this Agreement, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Witness

STATE OF NEW JERSEY,  
DEPARTMENT OF LAW & PUBLIC SAFETY,  
DIVISION OF MOTOR VEHICLES

\_\_\_\_\_

By: \_\_\_\_\_  
Clifford W. Snedeker, Director

Witness

Driver License Service, Inc.

\_\_\_\_\_

By: *W. S. Snedeker*

Approved as to form:

\_\_\_\_\_  
Irwin I. Kimmelman, Attorney General



LICENSE AGREEMENT

STATE PHOTO LICENSING

ACCOUNT NO.    RAS 195    POS 195

THIS LICENSE AGREEMENT (hereinafter referred to as "Agreement") is made (and entered into) as of the 25TH day of FEBRUARY, 1985, (by and) between SEARS, ROEBUCK AND CO., a New York corporation (hereinafter referred to as "Sears") and TAGGART INTERNATIONAL, INC. a(n) DELAWARE corporation, ~~partners doing business under the name~~ XXXXXX ~~sole proprietor doing business under the name~~ XXXXXX (hereinafter referred to as "Licensee").

Sears and Licensee hereby mutually agree as follows:

LICENSE

1. Licensee is in the business described in this paragraph, and has expertise in that business and has a marketing plan for that business. Sears hereby grants Licensee the privilege of conducting and operating, and Licensee hereby agrees to conduct and operate, pursuant to the terms, provisions and conditions contained in this Agreement, a concession for State photo licensing

(hereinafter referred to as "Concession"), in connection with the Sears locations designated below or in Location Riders hereto: (Such store(s) is hereinafter sometimes referred to as "Designated Sears Store(s))

<u>Store No.</u>	<u>Location</u>	<u>Effective Date</u> <u>for Location</u>	<u>Approx. Sq. Ft.</u> <u>of Selling Space</u> <u>Occup. by Licensee</u>
------------------	-----------------	--	--

SEE ATTACHED LOCATION APPROVAL RIDER NUMBER ONE

TERM

2. The term (hereinafter referred to as "Term") of this Agreement shall be for a period beginning on MARCH 1, 1985 and ending at the close of business on FEBRUARY 28, 1986 unless sooner terminated under any of the provisions of this Agreement.

### REPRESENTATION TO LICENSEE

3. Sears makes no promises or representations whatsoever as to the potential amount of business Licensee can expect at any time during the Term of this Agreement. Licensee is solely responsible for any expenses incurred related to this Agreement. Sears shall not be obligated for any expense incurred by Licensee in connection with any increase in the number of Licensee's employees or expenditures made by Licensee for additional facilities or equipment.

### UNAUTHORIZED SALES

4. Licensee covenants that it will use the space occupied by the Concession only for the purpose expressly authorized in this Agreement, and will render only those services and sell only such merchandise in the Concession as expressly authorized by this Agreement.

### SEARS COMMISSION

5. (a) Licensee shall pay to Sears a commission (hereinafter referred to as "Sears Commission") which shall be a sum equal to Fifteen Percent (15%) of Net Sales

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### NET SALES

(b) "Net Sales" means gross sales from operation of the Concession, less sales taxes, returns and allowances.

### GROSS SALES

(c) "Gross Sales" means all of Licensee's direct or indirect sales of services and merchandise from the Concession including, but not limited to, sales arising out of referrals, contacts, or recommendations obtained through the operation of the Concession.

### USE OF SEARS NAME

6. (a) Licensee agrees to use the name of Sears only in connection with the conduct and operation of the Concession. Licensee shall not commence any business activity under this Agreement without Sears prior written approval of any and all names that Licensee intends to use in conjunction with the Concession.

(b) Licensee may use the name of Sears, and any of Sears trademarks, service marks or trade names only when communicating with customers or potential customers of the

Concession. Licensee shall not use the name Sears or any of Sears trademarks, service marks or trade names, either orally or in writing, including, but not limited to, use of any letterhead, when communicating with persons or entities other than such customers or potential customers.

(c) Licensee agrees not to question, contest or challenge, either during or after the Term of this Agreement, Sears ownership of the name "Sears" or of any other trademark, service mark or trade name Sears may license Licensee to use in connection with the Concession. Licensee will claim no right, title or interest in any such trademark, service mark or trade name, except the right to use the same pursuant to the terms and conditions of this Agreement, and will not seek to register the same.

(d) Licensee expressly recognizes and acknowledges that the use of any such trademark, service mark or trade name shall not confer upon Licensee any proprietary rights to such trademark, service mark or trade name. Upon termination of this Agreement, Licensee shall immediately stop using any such trademark, service mark or trade name and will execute all necessary or appropriate documents to confirm Sears ownership, or to transfer to Sears any rights it may have acquired from Sears in any such trademark, service mark or trade name.

(e) Nothing in this Agreement shall be construed to bar Sears after expiration or termination of this Agreement from protecting its right to the exclusive use of its trademarks, service marks or trade names against infringement by any party or parties, including Licensee.

#### REGISTRATION OF TRADEMARKS, SERVICE MARKS, TRADE NAMES

(f) Licensee acknowledges that Sears may register in its own name any and all of the trademarks, service marks or trade names used in operation of the Concession, and that Licensee's use thereof shall inure to the benefit of Sears for such purposes as well as for all other purposes. Licensee shall cooperate in any such registration by Sears, or application therefor.

#### REMEDIES FOR UNAUTHORIZED USE

(g) Licensee recognizes that the trademark, service mark or trade name licensed under the Agreement possesses a special, unique and extraordinary character which makes it difficult to assess the monetary damage Sears would sustain in the event of unauthorized use. Licensee expressly recognizes and agrees that irreparable injury would be caused to Sears by such unauthorized use, and agrees that preliminary or permanent injunctive relief would be

appropriate in the event of breach of this Agreement by Licensee.

#### POLICING THE TRADEMARKS, SERVICE MARKS, TRADE NAMES

(h) Licensee agrees that if it receives knowledge of any manufacture or sale by anyone else of such products and/or services offered by the Licensee as would be confusingly similar in the minds of the public and which bear or are promoted in association with the licensed trademarks, service marks or trade names or any names, symbols, emblems, or designs or colors which would be confusingly similar in the minds of the public to such licensed trademarks, service marks or trade names, Licensee will promptly notify Sears. Sears shall have the sole right, at its sole expense, to take such action as it determines, in its sole discretion, is appropriate. Licensee undertakes reasonably to cooperate and assist in such protest or legal action at Sears expense. If demanded by Sears, Licensee shall join in such protest or legal action at Sears expense. Licensee shall not undertake such protest or legal action on its own behalf without first securing Sears written permission to do so. If Sears permits Licensee to undertake such protest or legal action, such protest or legal action shall be at Licensee's sole expense. Sears agrees to cooperate and assist reasonably therein at Licensee's expense. For the purposes of the foregoing, expenses shall include reasonable attorneys' fees. All recovery in the form of legal damages or settlement shall belong to the party bearing the expense of such protest or legal action.

#### ADVERTISING

7. Licensee shall advertise and actively promote the Concession authorized by this Agreement. Prior to Licensee's use thereof, in connection with the Concession, Licensee shall submit all signs, advertising copy, including but not limited to sales brochures, newspaper advertisements, radio and television commercials; all sales promotional plans and devices; and all customer contract forms, guarantee certificates and other forms and materials to Sears National Merchandise Manager, Concessions, in Chicago, or to his designee for approval. Licensee will not use any such advertising material or sales promotional plan or device without such prior approval. Sears has the right to disapprove any or all the aforesaid advertising forms and other materials insofar as they, in Sears opinion, do not properly use Sears trademarks, service marks or trade names; may subject Sears to liability, loss of goodwill, damage to Sears reputation or Sears customer relations; may fail to adhere to the requirements of any Federal, state or local governmental rules, regulations and laws; or may fail to conform to community or Sears standards of good taste and honest dealing.

PUBLICITY

8. Licensee will not issue any publicity or press release regarding its contractual relations with Sears hereunder or regarding the Concession, and will refrain from making any reference to this Agreement or to Sears in the solicitation of business without obtaining Sears prior written approval and consent to such action.

RELATIONSHIP

9. Licensee is an independent contractor. Nothing contained in or done pursuant to this Agreement shall be construed as creating a partnership, agency or joint venture and, except as otherwise expressly provided in this Agreement, neither party shall become bound by any representation, act or omission of the other party.

PRICES

10. Sears has no right or power to establish or control the prices at which Licensee offers service and/or merchandise in the Concession. Such right and power is retained by Licensee.

LICENSEE'S OBLIGATIONS

11. (a) Licensee will make no purchases or incur any obligation or expense of any kind in the name of Sears. Prior to any purchase(s) involving the Concession, Licensee shall inform its vendor(s) that Sears is not obligated for any obligation(s) incurred as a result of Licensee's purchase(s). At Sears request, Licensee shall furnish to Sears the names of all parties from whom Licensee purchases merchandise for sale under this Agreement, as well as the names of all other parties with whom Licensee may have any business or contractual relations in connection with the conduct of its business or contractual relations in connection with the Concession.

(b) Licensee shall promptly pay all its obligations, including those for labor and material, and will not allow any lien(s) to attach to any Sears or customer's property for Licensee's failure to pay such sums.

EMPLOYEE DISCOUNT

~~12. Licensee shall offer its merchandise or services for sale under this Agreement to all employees of Sears, Roebuck and Co. including its consolidated subsidiaries, the Allstate Insurance Group, the Coldwell Banker Real Estate Group, the Dean Witter Financial Services Group and Sears World Trade Inc., at the same discount which Sears allows its employees on purchases of similar merchandise. Licensee's employees at~~

Copy pp. 2  
Sent to  
Mike Campbell  
4/16/55  
(PH)

~~each Concession location shall be entitled to receive the same discount on purchases made from Sears in the Sears store in which such employees are exclusively employed.~~

LICENSEE'S EMPLOYEES.

13. (a) Licensee has no authority to employ persons on behalf of Sears and no employees of Licensee shall be deemed to be employees or agents of Sears, such employees at all times remaining Licensee's employees. Licensee has sole and exclusive control over its labor and employee relations policies, and its policies relating to wages, hours, working conditions, or conditions of its employees. Licensee has the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, adjust grievances and discharge its employees, provided, however, that at any time Sears so requests, Licensee will give consideration to the transfer from the Concession of any employee who is objectionable to Sears for reasons of health, safety and/or security of Sears customers, employees or merchandise and/or whose manner impairs Sears customer relations. If Sears objects to any of Licensee's employees, and Licensee refuses to remove such employee and the conditions which caused Sears to object continue, Sears may eliminate this Agreement by giving thirty (30) days notice to Licensee.

(b) Licensee is solely responsible for all salaries and other compensation of all employees and will make all necessary salary deductions and withholdings from its employees' salaries and other compensation, and is solely responsible for the payment of any and all contributions, taxes and assessments and all other requirements of the Federal Social Security and Federal and state unemployment compensation and Federal, state and local withholding of income tax laws on all salary and other compensation of its employees.

(c) Licensee will comply with any other contract, Federal, state or local law ordinance, rule, or regulation regarding its employees including Federal or state laws or regulations regarding minimum compensation, overtime and equal opportunities for employment, and, in particular, Licensee warrants and agrees to comply with the terms of the Federal Civil Rights Acts, Age Discrimination in Employment Act, Occupational Safety and Health Act, and the Federal Fair Labor Standards Act, whether or not Licensee may otherwise be exempt from such acts by reason of Licensee's size or the nature of Licensee's business or for any other reason whatsoever.

(d) Licensee agrees and warrants that its employees, while working in connection with this Agreement, will comply with any and all applicable Federal, state or local laws, rules, regulations and ordinances.



#### LICENSEE'S EQUIPMENT

14. (a) Entirely at its own expense, Licensee shall install furniture, fixtures and equipment as may be necessary and proper for the operation of the Concession (such furniture, fixtures and equipment being herein for convenience referred to as "Licensee's Equipment"). Licensee's Equipment, and its size, design and location shall at all times be subject to Sears approval.

#### PROHIBITED LIENS

(b) Except as otherwise provided, Licensee shall not allow, suffer or permit any liens, claims or encumbrances to attach to or against any of Licensee's Equipment, or, by reason of the installation of any of Licensee's Equipment, to or against the premises in or upon which Licensee's Equipment was installed. In the event any lien, claim or encumbrance should attach to any such Licensee's Equipment or to such premises, Licensee shall immediately take all necessary action to cause such lien, claim or encumbrance to be released and discharged, or Sears, at its option, may take such action and charge Licensee or withhold from sales receipts all expenses, including attorneys fees, incurred in removing such liens.

#### SEARS LIENS

(c) Licensee hereby grants and gives to Sears a first charge and lien upon all of Licensee's present and after-acquired Equipment and all of its property located in the area occupied by the Concession, as security for the payments herein provided to be made by Licensee to Sears, and for the due performance and observance of all the other covenants and agreements of Licensee in this Agreement. Sears shall have full power, upon default of Licensee in any of such payments or covenants, with or without notice, to take possession of the area occupied by the Concession and of Licensee's Equipment and all other property therein; to exclude Licensee from such area; and at Licensee's expense, to remove from Sears premises that Equipment and property of Licensee, and purchase or sell such of Licensee's Equipment or other property in or at such Concession area as may be necessary in order to pay Sears all amounts due or to become due Sears from Licensee and to cure all other defaults of Licensee hereunder.

#### MERCHANDISE STOCK

15. Licensee shall maintain at the location of the Concession a complete stock of good quality merchandise.

## STANDARDS

16. Licensee shall provide Sears with copies of its written procedures and policies establishing minimum standards of quality and/or performance. Licensee shall immediately advise Sears of any changes in such standards. Without limiting Paragraph 25, Licensee agrees to observe no less than such minimum standards of quality and/or performance. Licensee agrees that Sears has the right to visit Licensee's offices, work sites and/or other place of business at any reasonable time for the purpose of verifying Licensee's compliance with such standards of quality and/or performance.

## CONDITION OF CONCESSION AREA

17. Licensee shall, at its expense, keep the space occupied by the Concession in a thoroughly clean and neat condition and shall maintain Licensee's Equipment in good order and repair.

## HOURS, RULES

18. (a) The concession shall be kept open for business and operated during the same business hours in which the Designated Sears Store is open for business, except to the extent prevented by circumstances beyond the control of Sears or Licensee.

(b) Licensee agrees to conduct its operations in an honest, courteous and efficient manner and to abide by safety rules and regulations of Sears in effect from time to time.

## ACCESS TO CONCESSION AREA

19. Licensee shall have access to the area occupied by the Concession at all times that the Designated Sears Store(s) is open to customers for business and at all such other times as the Store Manager of such Designated Sears Store(s) authorizes and approves. Sears shall be furnished with keys to the Concession area and shall have access thereto at all times.

## PHYSICAL INVENTORY

20. Sears may, solely at Sears discretion, not open any Designated Sears Store(s) at any time for purposes of taking a physical inventory. Licensee waives any claim it may have against Sears for damages resulting from such closing.

#### CHANGES OF LOCATION

21. Sears shall have the right to change the location, dimensions and amount of area of the Concession from time to time during the Term of this Agreement in accordance with Sears judgment as to what arrangements will be most satisfactory for the general good of the Designated Sears Store(s). In the event Sears desires that the Concession's location be changed, Sears will, at its expense, move Licensee's Equipment to the new location. If a change in location is requested or initiated by Licensee, then Licensee shall bear all expense involved in moving Licensee's Equipment.

#### UTILITIES

22. (a) Sears shall furnish at reasonable hours and except as otherwise provided, without expense to Licensee, a reasonable amount of heat, light and electric power for the operation of the Concession except when prevented by strikes, accidents, breakdowns, improvements and repairs to the heating, lighting and electric power systems or other causes beyond the control of Sears. Sears shall not be liable for any injury or damage whatsoever which may arise by reason of Sears failure to furnish such heat, light and electric power, regardless of the cause of such failure, all claims for such injury or damage being hereby expressly waived by Licensee.

(b) The expense of installing light and power lines which may be required in order to bring such utilities up to the area occupied by the Concession shall be borne and paid by Licensee. The expense of purchasing and installing all fixtures and equipment within the area occupied by the Concession, including all necessary electrical connections for Concession, and also including the subsequent maintenance of fixtures and equipment, shall be borne and paid by Licensee.

#### TELEPHONE

(c) If requested by Licensee, Sears will arrange for telephone service for the Concession, and Licensee shall bear and pay the entire cost of the installation of the telephone equipment necessary to provide such service. Licensee shall also bear and pay the entire cost of the telephone service furnished to the Concession, including the pro rata cost of the operation, maintenance expense, property taxes, insurance expense, corporate interest expense, and/or payment charges of the switchboard or telephone communication system at the Designated Sears Store(s).

(d) All telephone numbers used in connection with the Concession shall be separate from phone numbers used by

Licensee in its other business operations and such numbers shall be deemed to be the property of Sears. Upon expiration or termination of this Agreement, Licensee shall immediately, upon demand by Sears, cease to use such numbers and transfer such numbers to Sears or to any party Sears designates, and Licensee shall immediately notify the telephone company of any such transfer.

#### BILLING OF CUSTOMERS

23. Customers will not be billed, and no settlement will be made between the parties with respect to any cash or credit transaction until Licensee has completed the sale or service for the customer, or until Licensee and the customer have executed an agreement whereby Licensee will provide future services for the customer.

#### QUOTATIONS, ORDERS

24. All quotations for Licensee's service made to customer by Licensee shall be in writing, or by telephone authorization from the customer, and such service shall be performed only upon receipt of a written order signed by such customer. The content of the forms used for making quotations and for taking orders shall be satisfactory to both parties. Licensee shall not charge customer for estimates or proposals.

#### CUSTOMER ADJUSTMENT

25. All of the work and services performed by Licensee in connection with the Concession shall be of a high standard of workmanship, and all of the merchandise sold in connection with such Concession shall be of high quality. Licensee shall at all times maintain a general policy of satisfaction of customers and shall adjust all complaints of and controversies with customers arising out of the operation of the Concession. In any case in which an adjustment is unsatisfactory to the customer, Sears shall have the right, at Licensee's expense, to make such further adjustment as Sears may deem necessary under the circumstances, and any adjustment made by Sears shall be conclusive and binding upon Licensee.

Licensee shall maintain files pertaining to customer complaints and their adjustment and make such files available to Sears. Sears may deduct the amounts of any such adjustments from the sales receipts held by Sears as described in Paragraph 29.

#### CHECKS

26. (a) All checks or money orders which Licensee accepts from customers shall be made payable to Sears,

Sears, Roebuck and Co.. Licensee shall make certain that all checks are filled out correctly, having the customer's signature, date, the correct amount (in both locations), customer's address, telephone number, account number and date of sale. Checks which are deficient in any of the above areas may be returned to Licensee, and Licensee shall reimburse Sears for any of Sears Commission lost as a result of Licensee's failure to obtain a properly filled out check.

#### NON-PAYMENT OF CHECKS

(b) Sears shall not be entitled to Sears Commission for those checks that have all of the above information but which are not paid upon presentment. Any and all losses which may be sustained by reason of nonpayment of any and all check(s) upon presentment shall be borne by and charged to Licensee, and Sears shall have no liability with respect thereto, provided that Sears will make whatever effort it deems reasonable to collect all such checks prior to returning such checks to Licensee.

#### CASH REGISTER

27. At its expense, Sears shall furnish a cash register for use in connection with the Concession. Such cash register shall be of a size and design satisfactory to Sears, and shall at all times be and remain the property of Sears. Licensee shall immediately return such cash register to Sears upon demand. Sears shall have the right to take possession of the cash register at any time without giving prior notice to Licensee.

#### SEARS CREDIT SALES

28. (a) With the approval of the Credit Unit of the Designated Sears Store(s) sales may be made by Licensee on such of Sears regularly established credit plans as may be first approved by such Credit Unit. The approval of such Credit Unit is required for each individual credit sale, and approval shall be granted in the sole discretion of the Credit Unit. No part of the finance charge which may be made by Sears in connection with any credit sale shall be payable to or credited in any way to Licensee. Licensee shall not be responsible for or charged with any credit losses on such credit sales unless Licensee had been advised, in writing, of the discontinuance of credit privileges for any customer(s) prior to such credit sale.

#### CREDIT SALES

(b) Licensee will comply with all provisions of Federal and State laws governing credit sales, and their solicitation, including but not limited to provisions dealing with disclosures to customers, finance charges and the like.

## SALES RECEIPTS

29. At the close of each business day, Licensee shall submit an accounting of the gross sales of Licensee and the returns, allowances and customer adjustments made during such day by Licensee to the head cashier of the Sears unit which Sears shall designate. When making such reports, Licensee shall deliver, in cash, the gross amount of all cash sales, and all credit sales documents for transactions completed that day to such cashier. An account shall be kept by both Licensee and Sears. Sears shall have the right to retain out of such receipts the proper amount of the Sears Commission payable hereunder together with any other sums due Sears from Licensee. The remaining balance shall be payable to Licensee at the regular settlement.

## SETTLEMENT

30. (a) A settlement between the parties shall be made promptly each month for all cash and credit transactions of Licensee during the above stated period. The Store Manager of the Designated Sears Store and Licensee may agree to make settlement at more frequent intervals.

## REIMBURSEMENT

(b) Licensee hereby agrees to reimburse Sears at each settlement for all invoiced expenses, including any advertising expense, incurred by Sears on behalf of Licensee and requested by Licensee, outstanding at the time of such settlement. If Sears is not reimbursed at such settlement then Sears shall have the right, but not the obligation, to retain out of Licensee's sales receipts the amount of such expense(s) with interest, if any, due Sears.

## AUDIT

31. Licensee shall keep and maintain books and records which accurately reflect the sales made by Licensee under this Agreement and the expenses which Licensee incurs in performing under this Agreement. Sears shall have the right at any reasonable time to review and audit the books and records of Licensee regarding this Agreement. Such books and records shall be kept and maintained according to generally accepted accounting principles.

## PERIODIC REPORTS

32. (a) Licensee shall provide to Sears a monthly report of sales and income in the manner and form prescribed by Sears, together with any other information Sears may require for its records or auditing purposes.

## FINANCIAL REPORT

(b) Licensee shall submit its financial report to Sears annually within sixty (60) days after the close of Licensee's fiscal year. Such report shall be certified by an accountant, or by an officer of Licensee in the event that no audit is performed. Such report shall include, but shall not be limited to, Licensee's profit and loss statement and balance sheet, and shall be prepared in accordance with generally accepted accounting principles. Sears shall keep all such information confidential.

## WAIVER

33. (a) Licensee waives any and all claims it may have against Sears for damage to Licensee, for the safekeeping or safe delivery or damage to any property whatsoever of Licensee or of any customer of Licensee at the location of the Concession because of the alleged negligence, act or omission of Sears or of any tenant, licensee or occupant of the premises at which the Concession may be located, or because of any damage caused by an casualty, including but not limited to, fire, water, snow, steam, gas or odors in or from such store or store premises, or because of the leaking of any plumbing, or because of any accident or event which may occur in such store or upon store premises, or because of the alleged acts or omissions of any janitors or other persons in or about such store or store premises or from any cause whatsoever.

## INDEMNITY BY LICENSEE

34. Licensee covenants that it will protect, defend, hold harmless and indemnify Sears, its directors, officers and employes, from and against any and all expenses, claims, actions, liabilities, penalties, attorneys' fees, damages and losses of any kind whatsoever (including, without limitation of the foregoing, death of or injury to persons and damage to property), actually or allegedly resulting from or connected with the operation of the Concession (including, without limitation of the foregoing, goods sold, work done, services rendered, or products utilized therein, lack of repair in or about the area occupied by the Concession, operation of or defects in any machinery, motor vehicles, or equipment used in connection with Licensee's business hereunder, or located within the area occupied by the Concession; or arising out of any actual or alleged infringement of any patent or claim of patent, copyright or non-Sears trademark, service mark, or trade name); or from the omission or commission of any act, lawful or unlawful by Licensee or its agents or employes, whether or not such act is within the scope of the employment

of such agents or employees; This indemnity shall not apply to the extent any injury or damage is caused solely by Sears' negligence. Licensee's indemnity shall survive the termination of this Agreement.

#### INSURANCE

35. (a) Licensee hereby agrees and covenants that it shall, at its sole expense, obtain and maintain during the Term of this Agreement the following policies of insurance from companies satisfactory to Sears and containing provisions satisfactory to Sears and adequate to fully protect Sears as well as Licensee from and against all expenses, claims, actions, liabilities and losses related to the subjects covered by the policies of insurance below:

(1) Worker's Compensation Insurance containing a waiver of subrogation in favor of Sears executed by the insurance company and covering all costs, benefits and liability under State Worker's Compensation and similar laws which may accrue in favor of any person employed by Licensee; and Employer's Liability Insurance with limits of not less than \$100,000.

(2) Comprehensive General Liability Insurance, including but not limited to coverage for product liability and completed operations insurance, and containing a Contractual Liability Endorsement specifically covering the indemnity provisions in this Agreement, with limits of not less than \$500,000 for bodily injury per occurrence and \$100,000 for property damage per occurrence.

(3) Motor Vehicle Liability insurance with an Employer's Non-Ownership Liability Endorsement in Licensee's name covering all vehicles used by Licensee in connection with Licensee's business hereunder, with limits of not less than \$500,000 combined single limit for bodily injury and property damage per accident.

(4) Fire and Extended Coverage Insurance upon Licensee's property, equipment and merchandise utilized in the Concession for the full insurable value thereof and containing a waiver of subrogation in favor of Sears executed by the insurance company.

(5) Bailee's Insurance with limits covering the value of any and all customers' goods in Licensee's possession.

(b) In order to avoid conflicts between insurance companies, Licensee shall use its best efforts to have all policies of insurance required by this Paragraph issued by



one (1) insurance company. Each policy shall name Sears as an additional insured and shall contain a severability of interest/cross liability endorsement.

(c) Licensee's policies of insurance shall expressly provide that they shall not be subject to material change or cancellation without at least thirty (30) days' prior notice to Sears.

(d) Licensee shall furnish Sears with certificates of insurance or, at Sears request, policies, prior to execution of this Agreement. If, in Sears opinion, such policies do not afford adequate protection for Sears, Sears will so advise Licensee, and if Licensee does not furnish evidence of acceptable coverage within fifteen (15) days, Sears shall have the right, at its option, to obtain additional insurance at the expense of Licensee and deduct the cost of such insurance from the sales receipts held by Sears as described in Paragraph 30 hereof.

(e) Any approval by Sears of any of Licensee's insurance policies or additional insurance obtained by Sears shall not relieve Licensee of any responsibility hereunder, including, liability for claims in excess of described limits.

#### MUTUAL RIGHT OF TERMINATION

36. (a) Either party may terminate this Agreement without cause, without penalty, and without liability for any damages as a result of such termination, at any time hereafter by giving the other party at least sixty (60) days' prior written notice. The notice shall specify the termination date.

#### ASSIGNMENT BY LICENSEE

37. Notwithstanding any other provision contained in this Agreement, this Agreement is not transferable by Licensee in whole or in part without Sears prior written consent. Any transfer or attempt to transfer by Licensee whether expressly or by operation of law, and without Sears written consent, shall, at the option of Sears, without notice immediately terminate this Agreement. The sale of Licensee's business or any other transaction which shifts the rights or liabilities of Licensee to another controlling interest shall be such a transfer.

#### RIGHT TO TERMINATION ON DEFAULT OR INSOLVENCY BY LICENSEE

38. In the event any bankruptcy or insolvency proceedings are commenced by or against Licensee, or if any property of Licensee passes into the hands of any receiver, assignee, officer of the law or creditor, or if Licensee

vacates, abandons, or ceases to operate under this Agreement, or if Licensee fails to comply with any material provision or condition of this Agreement, then, Sears may terminate this Agreement immediately unless prohibited by law.

#### RIGHT TO TERMINATION ON CLOSING OF STORE

39. Sears may, solely at Sears discretion, terminate this Agreement in any affected Concession location without notice, due to the closing of the Designated Sears Store(s). Licensee shall not be entitled to any notice of such store closing prior to a public announcement of such closing. Licensee waives any claim it may have against Sears for damages, if any, incurred as a result of such closing.

#### RIGHT OF TERMINATION AFTER FIRE

40. In the event any Designated Sears Store(s) is damaged by fire or any other casualty in such a manner that the space occupied by the Concession becomes untenable, this Agreement may be terminated with respect to such Concession location, effective as of the date of such casualty, by either party giving the other party written notice of such termination within twenty (20) days after the occurrence of such casualty. If such notice is not given, then this Agreement shall not terminate, but shall remain in full force and effect and the parties shall cooperate with each other so that Licensee may resume the conduct of business as soon as possible.

#### SUBJECT TO STORE LEASES

41. If any Designated Sears Store(s) is leased to Sears, this Agreement shall be subject to all of the terms, agreements and conditions contained in such lease. In the event of the termination of any such lease by expiration of time or otherwise, this Agreement shall immediately terminate with respect to affected Concession locations.

#### FUTURE OBLIGATIONS

42. After the termination of this Agreement by expiration of time or otherwise, Licensee shall have no right or interest in future contracts with Sears relating to any operation similar to that under this Agreement, and Sears may, without incurring any liability to Licensee:

(1) Enter into an agreement for the operation of a similar business with any person or organization Sears chooses, including, but not limited to, Licensee or any of Licensee's counterparts.

(2) directly operate a similar business  
itself, or

(3) terminate the operation of the business.

#### GOOD WILL

43. Licensee acknowledges that the commission rate established hereunder takes into consideration that all good will generated by the operation of the Concession inures completely to the benefit of Sears and that Licensee has no right or interest in such good will. "Good will" includes all ownership rights in any information regarding the customers of Licensee under this Agreement.

#### DATA

44. Any customer list developed by Licensee, its employees or agents from the operation of, or from records generated as a result of the Concession are deemed exclusively owned by Sears. Licensee agrees not to use or permit use of such customer information for any purpose except in the performance of this Agreement. Licensee shall at all times maintain any such customer information, including lists, physically separate and distinct from any customer information Licensee may maintain that is unrelated to this Agreement. Licensee shall not reproduce, release or in any way make available or furnish, either directly or indirectly, to any person, firm, corporation, association or organization at any time, any such customer information which will or may be used to solicit sales or business from such customers, including but not limited to the type of sales or business covered by this License Agreement. Upon termination of this Agreement for any reason, Licensee shall immediately deliver all copies of lists of customers and copies of all other such customer information to Sears and Licensee, its officers, employees, successors and assigns shall not use any such customer information to solicit any of such customers. Licensee shall protect all such customer information from destruction, loss or theft during the term of this Agreement and until all copies of customer lists and copies of all other customer information are turned over to Sears.

#### SEARS OPTION TO PURCHASE LICENSEE'S EQUIPMENT

45. In the event of the termination of this Agreement by expiration of time or otherwise, Sears shall have the right, privilege and option, but not the obligation, to purchase from Licensee, and Licensee shall convey and sell to Sears, such items of Licensee's Equipment as Sears may designate in a written notice given to Licensee at least twenty (20) days prior to the effective date of such termination. Sears shall pay Licensee the fair market value of such items as of the effective date of such termination. In the event that Licensee and Sears are unable to agree upon

such fair market value, Sears may waive its right to purchase and have no obligation to Licensee, or, at Sears option, such fair market value shall be ascertained by an independent appraiser mutually acceptable to Licensee and Sears. Any fee of such appraiser shall be borne equally by Licensee and Sears.

#### REMOVAL OF LICENSEE'S EQUIPMENT

46. Upon the termination of this Agreement by expiration of time or otherwise, Licensee shall, at its expense, immediately remove all of Licensee's Equipment (except such of Licensee's Equipment as may be purchased by Sears as provided in Paragraph 45) from Sears' premises and shall, without delay and at Licensee's expense, repair any damage to Sears' premises caused by such removal.

#### SURVIVAL OF OBLIGATIONS

47. No termination of this Agreement, by expiration of time or otherwise, shall relieve the parties of liability for obligations arising out of the operation of the Concession before termination.

#### LICENSES, LAWS, ORDINANCES

48. Licensee shall, at its expense, obtain all permits and licenses which may be required under any applicable Federal, state, or local law, ordinance, rule or regulation by virtue of any act performed within the scope of this Agreement. Licensee shall comply fully with all applicable Federal, state and local laws, ordinances, rules and regulations, including all rules and regulations of the Federal Trade Commission.

#### FEES, TAXES

49. Licensee shall, at its expense, pay and discharge all license fees, business, use, sales, gross receipts, income, property or other applicable taxes or assessments which may be charged or levied by reason of any act performed as a result of this Agreement, excluding, however, all taxes and assessments applicable to Sears income from Sears Commission hereunder or applicable to Sears property.

#### REMEDIES CUMULATIVE

50. The remedies provided herein are cumulative, and shall not affect in any manner any other remedies that Sears may have for any default or breach by Licensee. The exercise of any right or remedy shall not constitute a waiver of any

other or remedy hereunder or provided by law or equity. No waiver of any such right or remedy shall be implied from failure to enforce any such right or remedy other than that to which the waiver is applicable, and only for that occurrence.

#### ASSIGNS

51. The provisions of this Agreement shall be binding upon Licensee and upon Licensee's successors and assigns and shall be binding upon and inure to the benefit of Sears, its successors and assigns.

#### AGREEMENT SUPERSEDED

~~52. (a) This Agreement supersedes the License Agreement made and entered into as of \_\_\_\_\_, 19\_\_, by and between Sears and \_\_\_\_\_.~~

~~(b) Such License Agreement shall be deemed terminated as of the close of business on \_\_\_\_\_, 19\_\_, provided, however, that licensee hereby shall be responsible for any and all obligations of licensee under such License Agreement arising out of the operation of the Concession prior to the termination of such License Agreement.~~

#### NOTICES

53. All notices herein provided for or which may be given in connection with this Agreement shall be in writing and given by personal delivery or certified or registered mail with postage prepaid and return receipt requested. Notices given by Licensee to Sears shall be addressed to:

SEARS, ROEBUCK AND CO.  
Attention: Vice President and Comptroller  
Sears Tower  
Chicago, Illinois 60684

with a copy to:

SEARS, ROEBUCK AND CO.  
Attention: National Merchandise Manager,  
Concession, Department 725  
Sears Tower  
Chicago, Illinois 60684

Notices given by Sears to Licensee shall be addressed to:

TAGGART INTERNATIONAL, INC.  
154 Tiles Lane  
East Brunswick, NJ 08816  
William Taggart, President                      201-254-8900

and such notices if so sent by mail shall be deemed to have been given when deposited in the mail.

#### ILLEGAL PROVISION

54. If any provision in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been included.

#### GOVERNING LAWS

55. This Agreement shall be interpreted and governed by laws of the State of Illinois.

#### ENTIRE AGREEMENT

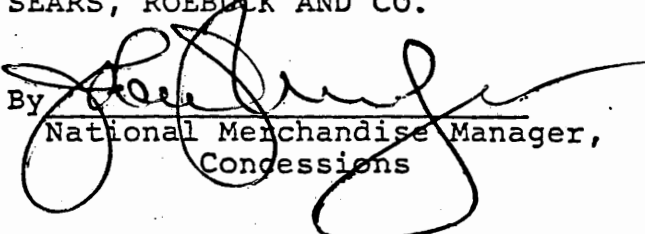
56. This Agreement sets forth the entire agreement and understanding between the parties with respect to the subject matter hereof. This Agreement shall not be supplemented, modified or amended except by a written instrument signed by Licensee (or by a duly authorized officer of Licensee if a corporation) and by a duly authorized officer or agent of Sears, and no person has or shall have the authority to supplement, modify or amend this Agreement in any other manner.

#### PARAGRAPH TITLES

57. The paragraph titles in this Agreement are for the mere convenience of the parties, and shall not be considered in any construction or interpretation of this Agreement.

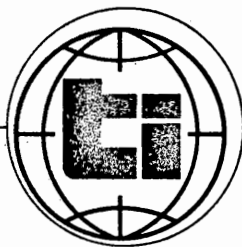
IN WITNESS WHEREOF, the parties hereto have this day hereunder set their hands, the corporate party or parties by its or their proper officers or agents duly authorized thereunto.

SEARS, ROEBUCK AND CO.

By   
National Merchandise Manager,  
Concessions

TAGGART INTERNATIONAL, INC.

By   
President



## taggart international, inc.

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

### LICENSING PROJECTIONS

assumption - 500,000 possible processings in first year  
assumption - Work 10AM - 8PM = 10 hours x 6 days x 52 weeks = total  
available working hours = 3120 per year  
assumption - Processing time estimated at 5 minutes per person. Hourly  
processing = possible 12 persons  
12 persons per hour x 3120 hours per year = 37,440  
37,440 x 15 locations = 561,600 persons  
Less 10% allowance for down time (56,160)  
Total to process 505,440  
(Rounded = 500,000

500 persons divided by 15 locations = 33,333 per year (persons) divided by  
52 weeks divided by 6 days = 106 people per day per location.

500,000 x \$1.80 =	\$900,000
Less 10% (Sears)	-90,000
Net	\$810,000

### Use

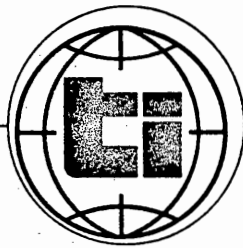
tionists & Camera Operators	\$413,400
ement and Supervisory Personnel	132,600
all Taxes @13% (Rounded)	70,000
istrative & Miscellaneous	<u>104,000</u>

Expense	\$720,000
Net Profit	90,000



**XHIBIT**

**-175**



# taggart international, inc.

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

## LICENSING PROJECTIONS

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 assumption - Work 10 AM - 8 PM = 10 hours x 6 days x 52 weeks = total  
     available working hours = 3120 per year  
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     (Rounded = 500,000

500,000 divided by 15 locations = 33,333 per year (persons) divided by 52 weeks  
     divided by 6 days = 106 people per day per location.

500,000 x \$1.80 =	\$900,000
Less 10% (Sears)	-90,000
Net	\$810,000

~~Operators - \$7.50 per hour x 10 hours per day~~  
~~x 15 locations = \$1125.00 per day~~  
~~x 312 days~~

by \$200 per day x 312 days  
 al Manager \$800 per week x 52 weeks  
 . Mgrs. - \$350 per week x 52 weeks x 5  
 all taxes @ 13% (Rounded)  
 nistrative & Misc. - \$2000 per week x 52

l expense	\$351,000
	62,400
	41,600
	91,000
	70,000
	104,000
	<hr/>
	\$720,000
Net Profit	\$90,000

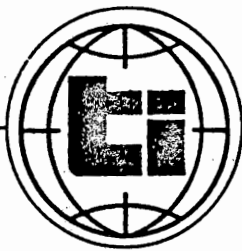
*Handwritten notes:*  
 500,000  
 106 people per day  
 106 people per day  
 106 people per day  
 106 people per day

Start-up costs - Training of personnel, etc.  
 616,000 per year divided by 12 x 3 months = \$154,000

**0175**

HIBIT

184



**taggart international, inc.**

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

July 16, 1985

Russell Munzer  
Roebuck & Company  
Group Executive Offices  
Brook Mall - 2nd Level  
N.J.

Re: Russ:

In your request, I am enclosing a summary of our proposal to Sears for the licensing program.

Our objections do not cover what we would do with the driving school operation.

With personal regards,

Sam F. Taggart, President  
Taggart International, Inc.

2

0184



## taggart international, inc.

154 TICES LANE, EAST BRUNSWICK, N. J. 08816 (201) 254-8900

### PHOTO LICENSING PROCEDURE

There are 4,500,000 licensed drivers in the State of New Jersey.

Division of Motor Vehicles starts the photo licensing procedure by notifying a licensed driver by mail to appear for a photo license.

The process is relatively simple. The licensed driver would appear at a photo licensing center (Sears Store), present the necessary forms, have his photo taken, pay a \$17.50 fee for a four-year license and after the photo is developed walk out with his new photo license.

We have projected that we would be able to process 500,000 persons the first year of operation. This is a conservative estimate.

Division of Motor Vehicles has agreed to pay \$1.80 per photo ( $500,000 \times \$1.80 = \$900,000$  - first year sales). We project we will process one million persons the second year with an estimated income of \$1,800,000.

The benefits to Sears are:

- Increased concession income

- Creation of footsteps in the stores and

- Because of the controlled, delayed process in the film developing, it allows a person time to browse and shop.

- Also, it provides the opportunity for persons to apply for a Sears charge.

# CRUMMY, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE

■ N. DEL DEO  
T. DOLAN  
EL R. GRIFFINGER  
J. VECCHIONE  
■ J. CARTON  
■ E. HENRY  
A. RIDLEY  
■ RT W. DELVENTHAL  
J. SHEEHAN  
M. HYMAN  
■ LD H. STECKROTH  
RD S. ZACKIN  
K B. REILLY, JR.  
■ LD B. CALMANN  
H. KLOCK  
J. MCCORMICK  
■ ERICK C. KENTZ, III  
R. DEFILIPPO  
J J. MCMAHON  
■ EL D. LOPRETE  
Y A. OSMUN

■ EW B. CRUMMY (1895-1981)

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

GATEWAY I

NEWARK, N.J. 07102

201-622-2235

SUBURBAN OFFICE

MAIN STREET

P.O. BOX 74

BEDMINSTER, N.J. 07921

201-781-0200

CABLE-TELEX:

CRUMMY-NWK

138154

KAREN A. GIANNELLI  
PHILIP W. CRAWFORD  
IRA J. HAMMER  
ROBERT E. DAVID  
FAITH H. BENNETT  
MARK T. KARINJA  
MARY ANNE McDONALD  
FREDRICA HOCHMAN  
RUSSELL B. BERSHAD  
KERRY M. PARKER  
SUSANNE PETICOLAS  
MICHAEL F. QUINN  
JOSEPH R. D'AMORE  
ALAN H. PERZLEY  
CARLENE G. CARRABBA  
GERALDINE E. PONTO  
JOANNE M. CALANDRA  
MICHAEL J. LERNER  
ALYCE C. HALCHAK  
HERBERT B. BENNETT  
JOSEPH P. CRAVEN, III  
A. EUGENE HULL, JR.  
CORNELIUS P. MCCARTHY, III

May 23, 1985

New Jersey State Commission  
of Investigation  
28 West State Street  
Trenton, New Jersey 08608

Gentlemen:

This office represents William F. Taggart, Taggart International, Inc. and Drivers License Services, Inc. The undersigned appeared with Mr. Taggart on Monday, May 20, 1985 when he testified before the Commission in connection with an investigation regarding "the recent awarding of a State contract for photo drivers licenses to Sears, Roebuck & Co., William F. Taggart, or a corporation acting for or on their behalf."

The purpose of this letter is to summarize on behalf of Mr. Taggart some of his testimony and some of the documents which he has submitted in response to a subpoena. Additionally, our purpose is to urge this Commission to issue a report which vindicates Mr. Taggart and his company of any wrongdoing. More particularly we will deal with:

- I. THE AWARDING OF THE CONTRACT TO DRIVERS LICENSE SERVICES, INC.;
- II. PROFITABILITY OR NON-PROFITABILITY OF THE TRANSACTION;
- III. THE MANNER OF RELEASING INFORMATION TO THE PRESS;

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IV. MR. TAGGART AS A REPUBLICAN CONTRIBUTOR; and

V. THE SO-CALLED "CODE OF ETHICS".

#### INTRODUCTION

Drivers License Services, Inc. (hereinafter "DLS") is a corporation of the State of New Jersey which Mr. Taggart caused to be formed. DLS was appointed as a Motor Vehicle Agent by Clifford Snedeker, former Director of the Division of Motor Vehicles. DLS is not a subsidiary of or legally related to any other corporation Mr. Taggart owns or controls, but of course is owned by Mr. Taggart. The copy of the Certificate of Incorporation of DLS filed April 1, 1985, which has been produced, commences with Document 0115 and shows Mr. Taggart personally to be both the Registered Agent and the Director.

The testimony and documents indicate that the Sears contract ultimately could have only been with DLS (see Documents 0113 and 0123) in that DLS was appointed a Motor Vehicle Agent and also party to the contract with the Division of Motor Vehicles.

As a result of the manner in which the photo licensing project was disclosed to the public by the Director of Motor Vehicles and/or other State officials, a great controversy has arisen in the media, the Legislature and, of course, among political candidates. It is not the purpose of this summary to attack the motives or the good faith of any public official or candidate or member of the press. Mr. Taggart's concern is rather with his own good name and reputation, and that of his family and companies.

#### I. THE AWARDING OF THE CONTRACT TO DLS

It is abundantly clear from Mr. Taggart's testimony and from the documents he has presented, that there was clearly no improper or illegal act in the awarding of the contract, certainly not on Mr. Taggart's part. Mr. Taggart

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has stated the reasons he believes he was awarded the contract.

We are not aware of nor do we believe there is any law which would render the contract illegal or contrary to any regulation or duly promulgated Code of Ethics. We would assume that the Motor Vehicle Division, prior to entering into a contract of this nature, would have had an opinion from the Attorney General's office.

Whether or not contracts of this type should in the future by virtue of legislation be awarded on public bid, and whether Motor Vehicle Agencies should be also so awarded their contracts or even operated by the State itself, may or may not be something for future consideration but certainly no such requirements or considerations appear to have existed with respect to the photo licensing contracts under consideration.

Mr. Taggart has testified quite candidly as to his motivation for entering into the contracts and they are legitimate and proper motives. He has also testified as to his original concern in entering into the business at all. In his testimony he has indicated that he was already in many endeavors. It is interesting to note in Document 0186, which we provided on the morning of the hearing, that Mr. Campbell of Sears, was also concerned. Mr. Campbell indicated that the rapid expansion of the Driving School area as well as the photo licensing might prove difficult for Mr. Taggart to effectively and profitably manage for Sears (Cf. document 0186).

Mr. Taggart has testified fully as to his relationship with Sears, and given his projections as to profitability or lack thereof and has otherwise testified responsively to all questions dealing with his qualifications and his relationship with Sears. There was no impropriety with respect to Mr. Taggart in the awarding of the contracts and does not appear to be any on anyone else's part of whom we are aware.

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## **II. PROFITABILITY OR NON-PROFITABILITY OF THE TRANSACTION**

It is rather obvious to anyone who has followed the course of this photo licensing saga that there was no great outcry and no use of terms such as "lucrative contract" until such time as Mr. Taggart's name appeared in the press. No one that we are aware of questioned the transaction or called it lucrative when only Sears was reported to be involved.

Mr. Taggart has submitted in response to the document subpoena, his obviously rough projections relating to this business. From those projections, while it would appear clear that Sears will derive income and benefit, it is certainly far from clear at what point, if ever, Mr. Taggart's end of the operation would have become financially profitable. Additionally, it is obvious that these projections are based on guesses and assumptions as to which there was no guarantee of fulfillment such as to so basic an item as number of transactions. The inclusion of additional stores over the ones set forth in the projections also would have produced additional expense. It can scarcely be said that these projections demonstrate a "lucrative" contract for Taggart's DLS company or even for that matter, one that would be particularly profitable.

As to the profitability of the contract in future years, it should be noted from the Sears contract that Sears could cancel on very short notice. The precarious nature of the Motor Vehicles Division contract is clear from the fact that the Motor Vehicles Division did cancel the contract on little if any notice for a clearly invalid reason.

Additionally, there was nothing that would have prevented this Motor Vehicle Director or some successor Motor Vehicle Director from appointing other Agents to perform the same services in other retail chain stores or locations throughout the State once they had experience with Sears. In conclusion, there was no guarantee of any future financial profitability or even of a long-term relationship

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with either Sears or Motor Vehicles and the cancellation by either terminated the deal, and that is exactly what happened!

### III. THE MANNER OF RELEASING INFORMATION TO THE PRESS

In his recent appearance before the Legislature, the former Director of the Motor Vehicles Division admitted responsibility for the release of information to the press. Obviously, Mr. Taggart had absolutely no duty or even reason to affirmatively or independently release information to the press with respect to his company's contractual relationship with Sears or the Division.

Mr. Taggart has testified as to what he believes is Sears' policy with respect to not publicizing concessionaires. Mr. Taggart has indicated that when he left the meeting at the Division of Motor Vehicles the day prior to the Division's press release that he thought his name was not going to be included in a press release, but would probably be given out in response to questions at any press conference relating to the transaction.

It is completely consistent with the fact that Mr. Taggart intended to operate under the Sears name that he did not particularly seek publicity for his corporation or himself individually. It is also consistent with the clause contained in the Sears contract with respect to restrictions on publicity by concessionaires. It obviously made good business sense to emphasize Sears and deemphasize "Taggart". Deemphasis and "concealment" are however in this case not synonymous. Mr. Taggart has testified that he spoke of the photo licensing matter freely to his friends, one of whom happened to be a reporter for the Ledger. He testified he was in the process of seeking staff. He made a video tape at a Sears store to demonstrate the photo licensing process to the Sears hierarchy.

He was hardly secretive when he caused a Certificate



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of Incorporation to be filed in Trenton containing his name as Registered Agent and as Director, which Certificate of Incorporation identifies the photo license project. (None of these things would have been necessary to do in forming the corporation.) It was hardly secretive when as is indicated in the documents, he apparently spoke to the various Sears managers. It was hardly secretive when Sears, in writing, announced his participation to those New Jersey store managers. He was hardly being secretive in openly ordering equipment billed to him and having a public firm do the video taping. Mr. Taggart's actions clearly belie any so-called efforts to "conceal" on his part.

It should also be borne in mind that the press release was not Mr. Taggart's press release nor that of his company, nor that of Sears, but rather that of the Division of Motor Vehicles. A press release indicating Mr. Taggart's participation as a concessionaire could certainly have been issued by the Motor Vehicles Division if they had so wished, notwithstanding any suggestions or requests by Mr. Taggart or anyone else, assuming such requests or suggestions were ever made.

Mr. Taggart, as was his custom as a Sears concessionaire, was going to do business under the Sears name. He had a perfectly legitimate and obvious reason even aside from Sears' policy to want to emphasize the Sears name. Mr. Taggart's interest in seeing Sears presented in a proper light is certainly legitimate. In point of fact, he sought the assistance of a professional in this respect and has testified that he himself did not even read the press release.

We submit that while a great deal of speculation has been given with respect to why the Director of Motor Vehicles determined not to include the name of Taggart it is certainly logical that the Director's determination was made in the final analysis in order to maximize the publicity for the photo licensing program by including only the name of Sears. One may certainly conclude that

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the criticism of the photo licensing program per se, which had been leveled both in the press and in the Legislature against the Division of Motor Vehicles since its inception because of the delays and lines, etc., may have caused the Director to seek the best possible reception through the press for the new approach. Irrespective of any thoughts Mr. Taggart may have had on the subject, it would appear obvious that the Division had a perfectly logical motive (albeit perhaps flawed) of its own in issuing a press release with only the name Sears. It should also be noted that the Attorney General has been quoted as concluding that the Division's Press Release was "a departmental error in judgment based upon advice from the Division of Motor Vehicles...." (The Star-Ledger, May 5, 1985, at 1 & 26).

#### **IV. MR. TAGGART AS A "REPUBLICAN CONTRIBUTOR"**

A great deal has been made of Mr. Taggart's political contributions. The press and others have had a great deal to say with respect to Mr. Taggart's political contributions. There is certainly nothing I am aware of to indicate that those contributions were improper and precluded him from being awarded the contract.

It is interesting to note that Mr. Taggart has testified that he has been appointed to the Sports Authority by Brendan Byrne, a Democrat, to whom he has testified he has never made a contribution and whose opponent Mr. Taggart had supported. I believe this body can take judicial notice that Mr. Taggart was also appointed to the Turnpike Authority once by a Republican and twice by a Democratic Governor.

Mr. Taggart is a competent and successful businessman, and as he testified, started from nothing and has done quite well without relying on the political patronage system. There is certainly no evidence of any impropriety by Mr. Taggart based on political patronage in this matter. There were good and logical business reasons, including Mr. Taggart's success as a Sears concessionaire, for his company to be awarded the contract. One must wonder if other motor vehicle agents could have demonstrated equally

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convincing business reasons at the time they were originally appointed!

**V. THE SO-CALLED "CODE OF ETHICS"**

I do not feel I need elaborate on the statement I made at the hearing on May 20, 1985 with respect to the so-called Code of Ethics for Motor Vehicle Agents. I am sure that the Commission is aware by this time of the duly promulgated Code of Ethics for the Division of Motor Vehicles. For easy reference, however, I have enclosed herewith a copy of the Code of Ethics for the Department of Law and Public Safety Division of Motor Vehicles which has been duly filed with the Secretary of State and bears a filing stamp and is obviously not the same "Code of Ethics" referred to in rescinding Mr. Taggart's company's contract. It is in my view clear beyond any possible doubt, as I have indicated in my remarks before the Commission, that the so-called Code of Ethics relied on by the Department of Law and Public Safety is of no legal force and effect.

It is a terrible thing for Mr. Taggart and for his reputation and that of his companies to have had his name associated in the public press with claims of violation of a Code of Ethics, the resignation of the Director of Motor Vehicles, and the rescission of his contract when in fact the Code of Ethics allegedly violated was not even valid. I believe it is time that some public official or body steps forward and states in a clear and convincing manner the true situation with respect to the Code of Ethics and clears Mr. Taggart of any possible hint of unethical conduct with respect to such document.

It should be noted also that existing case law indicates Motor Vehicle Agents are not considered to be State officers or employees. See Horn v. Kean, 593 F. Supp. 1298 (D.N.J. 1984) and citations contained therein. As such, no proper Code of Ethics contemplated by the statute could have included them in any event.

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CONCLUSION AND REQUEST

Mr. Taggart nor his company have violated any law, or regulation, or Code of Ethics of the State of New Jersey in connection with the award of the subject contract. They have not been responsible for the issuance of any press releases by the Division of Motor Vehicles. Nevertheless, his name has been unfairly linked to actions by State officials which has caused him tremendous embarrassment, damaged his reputation and will probably in the future cause considerable harm to him and his businesses. All of this has occurred notwithstanding the fact that he has acted in good faith and in reliance upon what he believed to be a perfectly legal and proper arrangement with the Division of Motor Vehicles.

On behalf of Mr. Taggart, we hereby respectfully request that the Commission, in its findings and report, make a clear and unequivocal statement which leaves no doubt that as regards the subject contract neither Mr. Taggart, nor any of his companies, nor for that matter Sears, Roebuck & Co., ever violated any law, any regulation, or any valid Code of Ethics of the State of New Jersey in the photo licensing project. We further respectfully request that the Commission do whatever is possible by way of its report and statements to clear any false impressions which may have arisen with respect to Mr. Taggart's conduct and to emphasize that his conduct has, in all respects, been legal and proper. The patent injustice to Mr. Taggart and his reputation should somehow be remedied by this Commission which is charged, inter alia with the obligation to conduct its investigations to insure "public justice."

Respectfully submitted,



RALPH N. DEL DEO

RNDD/pm

Enclosure

FILED

DEPARTMENT OF LAW AND PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

1972 APR 3 AM 11 59

CODE OF ETHICS

STATE

Pursuant to authority contained in the New Jersey Conflicts of Interest Law (Ch. 182 of the Laws of 1971), the following Code of Ethics for employees of the Division of Motor Vehicles is hereby adopted, effective March 10, 1972:

1. No State officer or employee of the Division of Motor Vehicles may have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity which is in substantial conflict with the proper discharge of his duties in the public interest.

2. The Director and Deputy Director of the Division of Motor Vehicles shall not benefit financially, whether directly or indirectly, from any decision they may make in behalf of the Division of Motor Vehicles, nor shall they engage in any business which has any dealing with the Division. The Director and Deputy Director of the Division of Motor Vehicles shall file a financial disclosure statement with the Attorney General. All Assistant Directors and Confidential Agents to the Director shall file a similar statement with the Director of the Division of Motor Vehicles.

3. No State Officer or employee of the Division of Motor Vehicles may accept any gift, favor, service or other thing of value under any circumstances from which it might be reasonably inferred that such gift, service or other thing of value was given or offered for the purpose of influencing him in the discharge of his official duties. This standard includes but is not limited to the following:

a. No State officer or employee or special State officer or employee shall solicit, receive or agree to receive, whether directly or indirectly, any compensation, reward, employment, gift or other thing of value from any source other than the State of New Jersey, for any service, advice, assistance or other matter related to his official duties except as is specifically permitted by N.J.S.A. 52:13D-24.

b. No Motor Vehicle Inspector or Examiner may accept any gift, favor or service or other thing of value, under any circumstances, from any person or persons, or from the agent of any person or persons, with whom he may come in contact in the performance of his duties as an Inspector or an Examiner.

4. No State officer or employee should engage in any particular business, profession, trade or occupation which is subject to licensing or regulation by a specific agency of State Government without promptly filing notice of such activity with the Executive Commission on Ethical Standards. In particular no State officer or employee of the Division of Motor Vehicles may engage in, operate or be employed by, or at, any State licensed junk yard, any New or Used Car Dealership, any State licensed motor vehicle racetrack, any commercial driving school or a motor vehicle agency.

5. No State officer or employee of the Division of Motor Vehicles may take any employment or service, whether compensated or not, which might reasonably be expected to impair his objectivity and independence of judgment in the exercise of his official duties.

6. No State officer or employee should act in his official capacity in any matter wherein he has a direct or indirect personal financial interest which might reasonably be expected to impair his objectivity or independence of judgment.

7. No State officer or employee should use or attempt to use his official position to secure unwarranted privileges or advantages for himself or others. In particular no State officer or employee of the Division of Motor Vehicles may use, or attempt to use, his official position, such as displaying his official credentials, to secure unwarranted privileges or advantages for himself or others in any matters directly pertaining to motor vehicle operations such as in the granting of licenses issued by this Division, the suspension or revocation of these licenses or the enforcement of the Motor Vehicle Laws of this State.

8. No State officer or employee of the Division of Motor Vehicles should knowingly act in any way that might reasonably be expected to create an impression or suspicion among the public having knowledge of his acts that he is engaged in conduct violative of his trust as a State officer or an employee of this Division.

9. No attorney, referee or hearing officer employed in the Division of Motor Vehicles may represent any person who appears before him in a motor vehicle matter in any other matter outside of the Division of Motor Vehicles while in the employ of this Division. Any attorney, referee or hearing officer before whom a client or former client may appear shall disqualify himself from handling the matter pending in the Division of Motor Vehicles.

10. No auditor of the Bureau of Motor Carriers may audit the tax returns of a motor carrier with which he has had prior employment.

11. No employee of the Bureau of Motor Carriers may accept part-time employment with any motor carrier or any motor carrier accounting or tax service.

  
R. J. Marini  
Director





STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

MEMORANDUM

TO: Files

FROM: H. Arthur Smith, III  
Public Information Officer

SUBJECT: MY RECOLLECTIONS CONCERNING SEARS

DATE: May 7, 1985

The Division of Motor Vehicles began the conversion to photo licenses in January 1984. Because only 31 of our 50 agencies were computerized and capable of issuing photo licenses, we knew then that we were going to have a problem in accomplishing the conversion in the four-year period prescribed by the law.

We began the program slowly by not calling any currently licensed motorists for photo licenses in January or February of 1984. Only new applicants were processed in those two months with slightly over 29,000 photo licenses being issued.

The actual selection process began in March 1984 with approximately 10% (8,574) of the motorists due for license renewals in that month being called. That brought the total number of photo licenses issued in March to 28,469. The percentage was increased to 25% in April, May and June and then jumped to 30% in July and 35% in August.

A total of 110,379 photo licenses were issued in July and 99,450 in August. However, serious problems were experienced at our agencies with people reporting delays in securing photo licenses ranging from two to five hours.

We reduced the call to only 20% in September and then, at my suggestion, discontinued calling motorists altogether and allowed the conversion process to continue on a voluntary basis. Under the voluntary program we have issued an average of slightly less than 50,000 photo licenses a month.

As a further effort to alleviate the problems experienced in our agencies in July and August, the Director asked me in August to prepare a half-page ad for publication in the leading daily newspapers around the state alerting motorists to the expanded hours at our agencies; namely, that they were now open on Saturday mornings from 8 a.m. until noon and one night a week until 8 p.m. The purpose of the advertisement was to shift the weekday burden away from the agencies and encourage more motorists to visit the agencies on Saturday mornings and in the evenings.

Because of the delays in securing approval of the necessary bid waiver authorizing placement of the advertisements, the first ads did not appear until November 1984. They were then discontinued during the month of

-more-

December so they would not be lost in the Christmas rush. The advertising campaign was then resumed in January, February and March.

During July and August, a number of informal discussions were held with the Director, myself, Rudy Torlini and Deputy Director Kline. The topic of those discussions focused on other ways to alleviate the problems at the agencies and to make the conversion program as easy and painless as possible for the motorists of New Jersey. We decided that even with all 50 agencies computerized, we would still have a problem if we continued with the conversion. It was at that point that the Director, or someone, I'm not sure who, suggested that we contact the Automobile Clubs of New Jersey in hopes that they might be willing to issue photo licenses at their 20 offices around the state. Assistant Director Torlini made the initial contact with the AAA in early August 1984 and learned that we would have to deal individually with the six affiliated AAA clubs in the state. We presented the proposal to representatives from the independent six clubs at a meeting held at the Central New Jersey Automobile Club Office in Hamilton Township on August 17.

Only one club with one office expressed interest and Torlini recommended to the Director on October 2, that since we could not get a total commitment, we should look elsewhere.

At that point, the Sears name was raised as an ideal solution, because of their numerous convenient locations around the state and Torlini was asked to make the initial contact. Sears was not overly receptive to the idea in the early stages. However, after numerous calls that I was not involved with, Sears expressed favorable interest to Torlini in a phone conversation on November 19, 1984. He was told at that time that Sears was interested but they would not handle the program itself and that Sears would prefer doing it through one of the company's concessionaires. Taggart International was mentioned as a license concessionaire and Torlini accepted that recommendation based on his knowledge of Taggart's involvement in Driving Schools around the State. Sears made the initial contact with Taggart on November 20, 1984. Negotiations then proceeded between the Division, Taggart and Sears. I was not involved in any of those negotiations.

My next involvement came on March 4, 1985, when I was asked by the Deputy Director to prepare a set of possible press questions concerning the public announcement that would be forthcoming that Sears and Taggart would now be issuing photo licenses from 18 or 21 locations around the State. I prepared those questions on the night of March 4 and submitted them to the Deputy Director and Director on March 5.

Over the weekend of March 9 and 10 I prepared a draft press release announcing the availability of photo licenses at Sears stores. In that initial draft I noted the involvement of Taggart International as the concessionaire for Sears photo license centers and noted that the concessionaire would receive \$2.20 for each license processed at a Sears store.

I presented that draft press release to the Director, Deputy Director, William Taggart, and Bill Kohm, Taggart's public information person, at a meeting in the Director's Office at approximately 12:30 p.m. on March 11.

Mr. Kohm and Mr. Taggart expressed concern at having the Taggart name used in the press release. They also expressed concern about divulging the commission fee. There were comments that Sears did not like the identity of its concessionaires made public, since many of the Sears' operations are handled by concessionaires. Mr. Kohm told me, "We don't have to tell the press everything," and that we should remove Taggart's name from the press release and that we should also remove any reference to the commission fee being paid to Taggart. I objected noting that many people already knew of Taggart's involvement and that it would be embarrassing if it came out after the fact and not from DMV, but I was overruled. However, the Director did tell me that I could divulge that information to the press if I was asked any direct questions.

I then removed Taggart's name and the commission fee from the draft press release and submitted that revised draft to Tom Cannon, the Attorney General's press officer, for his review.

Before sending the press release to Mr. Cannon, I told him, in a telephone conversation, that Taggart was the concessionaire and that we had decided to leave his name out of the release because Sears preferred not to have its concessionaires' names publicized.

I felt rather comfortable with that decision since I had previously been told by the Deputy Director that Mr. Taggart had met at least once with Bob Kalter, an editorial editor at the Newark Star-Ledger, and discussed the entire DMV -- Sears -- Taggart program with him.

I assumed that information would be passed along to Michael Piserchia, the Star-Ledger's State House reporter assigned to DMV, and that he would ask the direct question necessary for me to reveal Taggart's involvement.

I felt even more comfortable with the situation on the night of March 12 when Piserchia called and told me he knew our press release coming out the next day involved Sears and photo licensing. (Piserchia knew we had a press release coming out on March 13 because Director Snedeker had told him on Monday, March 11, to be around the State House Wednesday afternoon because we had a major announcement coming out.)

When Piserchia called me on March 12 and said he knew about the Sears' announcement, I obviously assumed that he had received that information from his paper and that he was fully aware of Taggart's involvement. I even told Piserchia that night, after he had promised not to leak the story before the March 13 release, not to forget the middle man involved.

During the early afternoon of March 13, Piserchia visited my office to discuss the press release and secure further details, since no press release ever contains all the details and information wanted by the press.

Although Piserchia was in my office for nearly an hour and asked numerous questions about the subject, including one dealing with the fee the Division would pay for each license processed at a Sears store, he never asked about Taggart or inquired if someone other than Sears was involved.

I thought that was strange, but decided, based on the questions asked by Piserchia, that the Ledger was holding back on the Taggart angle to use that information in a follow-up story the next day or on Sunday, since the Ledger likes to use controversial, eye-catching stories on its Sunday front page.

When the week passed without a single question about a "middle man" and the Sunday Star-Ledger failed to address the issue, I was at a loss. The story was slipping out of the news and I really didn't know how to make the Taggart involvement public knowledge.

Since I knew the Star-Ledger was aware of Taggart's part in the Sears' plan, and since I knew many others were also aware of Taggart's involvement, I decided to wait and allow the issue to come up at its own time.

Unfortunately, the matter surfaced while I was out of the State and unable to clarify the situation in light of my personal knowledge.

To backtrack for just a moment, I would like to note that the Attorney General's version of the press release announcing the Sears project was resubmitted to DMV shortly before noon on March 13 for our final review. The only change made to the Attorney General's release by this office was to correct the number of photo license centers available, since Cannon had made a slight mathematical error. The Attorney General's press release was then distributed at the State House sometime between 1:00 and 2:00 on the afternoon of March 13 by members of his staff.

During the ensuing calls from other members of the press, I was asked how much the Division would pay for each photo license processed at Sears and I told them the commission fee was \$2.20. Unfortunately, no one asked me if anyone other than Sears was involved. Taggart's name was not linked to Sears until April 10, when the Asbury Park Press ran a story noting that Taggart, not Sears, was receiving the \$2.20 commission fee and issuing the photo licenses. I was in Lexington, Kentucky, when that story broke and was not directly involved with any of the proceeding press coverage until I returned to the office on April 16.

At that time I attempted to explain to the press we had initially attempted to do this through the AAA clubs and that we had also contacted K-Mart and Jefferson Ward in addition to Sears. On April 22, 1985 I received a call from Tom Cannon. Cannon noted that he had just received a call from a representative of New Jersey Nightly News questioning an ethics code issued by the Division which specifically precluded driving schools from issuing licenses. I checked with Tom Iannotti in Assistant Director Torlini's Office and verified the existence of such an ethics code. I then secured a copy and showed it to the Director, who advised me to discuss it with Deputy Director Kline, which I did.

Later that afternoon, we received calls from the Governor's Office and the Attorney General's Office advising that we should cancel the appointment of Taggart. We then went to first Assistant Attorney General Michael Cole's Office at about 3 p.m. that afternoon to assist in drafting a press release rescinding Taggart's appointment. We were in the process of doing that when

Director Snedeker received a call from the Governor's Chief of Staff, Greg Stevens, telling him the Governor wanted him to resign immediately or that he would fire him. The Director agreed to return to his office and told Stevens that he would submit his resignation that afternoon.

The letter was drafted and hand delivered to the Governor's Press Secretary, Carl Golden, shortly after 5 p.m.

HAS:ml



*int Jones  
file*

STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

MEMORANDUM

TO: File  
Public Information Files

FROM: H. Arthur Smith, III  
Public Information Officer

SUBJECT: BILL KOHM PHONE CALL

DATE: May 13, 1985

At approximately 10 a.m. on May 8, I received a phone call from Bill Kohm. He said he had received calls from the Newark Star-Ledger and the Philadelphia Inquirer concerning comments I had made before the Assembly Law, Public Safety and Defense Committee on May 6, concerning the meeting in Director Snedeker's Office on March 11, attended by Director Snedeker, Deputy Director Kline, Bill Taggart, Bill Kohm, and myself.

In essences, Kohms said he did not want to "get in a pissing match with me," and that he felt that I should rethink my recollections concerning that meeting.

He said his comments, which appeared in the Star-Ledger of May 7, 1985, (SEE ATTACHED) more accurately portrayed the discussion at that meeting, than mine. I told him I disagreed.

He then asked me to search my memory and review my recollections, since it had never been Taggart or his intention to have Taggart's name left out of the original press release. That if that were to have been the case, then there should have been a follow-up release from Sears noting Taggart's involvement. He said Taggart had made efforts to secure such a release. I told him that was news to me.

He also said it was not our (Taggart and Kohm) intention to have Taggarts name left out of the release. I again disagreed.

He also noted he was not at the meeting as Taggart's PR man, he was simply there as a friend.

When I told him that my recollection of the meeting were diametrically opposed to his recollection, he said, "Well, that is how I recollect it and how Bill Taggart recollects it."

I then informed Acting Director Kline and Tom Cannon, the Attorney General's Public Information Officer, concerning the call.

HAS:ml

cc: Acting Director Kline  
Former Director Snedeker

# DMV deleted GOP backer's name from photo license announcement

STAR LEDGER 5/7/85

By MIKE PISERCHIA

A Division of Motor Vehicles public relations official was told to strike the name of a prominent Republican contributor from a press release he had written announcing the ill-fated Sears photo-license plan after two high-level meetings with Kean administration officials, he testified yesterday.

H. Arthur Smith told the Assembly Law, Public Safety and Defense Committee that he was instructed by Clifford Snedeker, then the DMV's director, to remove the name of William Taggart from a "rough draft" of a press release he had written on March 10 to an-

nounce the photo driver's license plan.

Smith's disclosure was the first acknowledgement that Taggart's name was mentioned in a draft press release and ordered stricken. The draft mentioning Taggart's involvement in the deal was written one day before top-level Kean administration officials met to discuss how the plan would be announced.

But Snedeker, who said he resigned because he thought he violated a provision of the state ethics code, testified, "The decision was made by the DMV staff."

Meanwhile, top administration officials refused to disclose whether Sne-

deker was forced to resign, contending that discussions between Gov. Thomas Kean and his department and division heads are private matters.

Assemblyman Joseph Bocchini (D-Mercer), chairman of the committee, charged that Snedeker was forced to resign and found it "deplorable" that administration officials would not admit it.

In a related development yesterday, the Assembly voted overwhelmingly for a six-month delay in the photo license plan and would make it optional for drivers over 21 unless a more con-

Please turn to Page 57

By Chris Conway  
Inquirer Staff Writer

TRENTON — The former state motor-vehicles director withheld the name of a state contract recipient from the public because the recipient was leery of being identified, the motor vehicle agency's press officer said yesterday.

H. Arthur Smith 3d, the press officer, said that former Director Clifford Snedeker ordered the name of businessman William Taggart stricken from a draft news release during a March 11 meeting that in-

cluded Smith, Snedeker and Taggart. The withholding of Taggart's name as the planned operator of photo-license outlets at 21 Sears, Roebuck & Co. stores has drawn sharp criticisms from Gov. Kean and the state's Democrats and has led to Snedeker's resignation and the cancellation of the program two weeks ago.

Smith said yesterday that Taggart "suggested he would feel more comfortable" if he was not identified in the news release as the operator of the photo-license outlets. "There was concern on the part of

Taggart that Sears' general policy was they they don't like the names of their vendors publicized. . . . I think the concern was how Sears would react," Smith said. Taggart was to operate the outlets as a concessionaire for Sears, the same way he operates driving schools for Sears under the department-store chain's name.

"The director said fine, take [Taggart's name] out [of the news release], and if you're asked about it, explain it," Smith said.

said, he deleted Taggart's name from a draft news release he had written and forwarded it to the attorney general's office, which eventually issued a four-page news release on March 13.

The release referred to the planned July 1 opening of the Sears Photo License Centers and quoted Attorney General Irwin I. Kimmelman as saying that "we selected Sears for the licensing program because these 21 stores are strategically (See CONTRACT on 8-B)

## Omission is recounted

CONTRACT, from 1-B  
located around the state."

But no mention was made of Taggart — a frequent GOP contributor — or the fact that he would receive 85 percent of the \$2.20 commission per license and control about one-third of 64 photo-license outlets around the state.

In a related development yesterday, Kimmelman came under fire during a hearing of the General Assembly's Law, Defense and Public Safety Committee, which was conducting an inquiry into the awarding of the photo-license contract.

According to testimony yesterday by Greg Stevens, the governor's chief of staff, Kimmelman gave "very strong" assurances that the contract with Taggart was legal during a meeting in Stevens' office, which also was held March 11.

Despite those assurances, Snedeker resigned April 22 after the disclosure that the arrangement with Taggart violated his own agency's code of conduct, which prohibits the appointment of motor-vehicle agents who own or operate driving schools.

Taggart — whose company, Drivers License Service Inc., was desig-

nated by Snedeker as a state motor-vehicle agency on March 13 so Taggart could operate the Sears outlets — owns a well-known chain of driving schools under his own name.

"I think we got the wrong fella," Assemblyman Martin Herman (D., Gloucester), said as he questioned Kimmelman yesterday. "Mr. Snedeker resigned because of the legal opinions you and others gave him. I see him as the scapegoat. Maybe somebody else should have resigned."

Also yesterday, the Assembly voted 70-4 in favor of a bill that would postpone the Division of Motor Vehicles' implementation of a photo-license program until Jan. 2, 1986, for all drivers except those under age 21.

The measure, sponsored by Assemblyman Joseph L. Bocchini (D., Mercer), is a byproduct of the controversy involving the photo-license program. If the bill and its optional feature for those over 21 became law, the legislature would be able to track its implementation and then decide at what age a photo license should be required, Bocchini said.

Inquirer staff writer Ernest Toller-son contributed to this article.



# 2 versions of license meeting

PHILA. INQ. 5/1/85  
Conflict concerns  
Taggart's role

By Chris Conway  
Inquirer Staff Writer

TRENTON — Two participants in a meeting regarding a state photo-license program have given conflicting versions about whether the Republican Party contributor selected to run 21 of the license outlets asked to have his name withheld from a public announcement about the program.

The conflicts again raised questions about why the name of businessman William Taggart, a frequent GOP contributor, was withheld from the public when the state Division of Motor Vehicles announced plans last month for photo-license outlets at 21 Sears & Roebuck stores throughout the state.

In a recent interview, H. Arthur Smith 3d, the motor-vehicle agency's press officer, said Taggart's name had been removed after he had expressed concerns about his name appearing in the release. William Kohm, a lobbyist and public relations consultant attending the March 11 meeting on Taggart's behalf, said neither he nor Taggart had advocated removing Taggart's name.

Taggart, the owner of a chain of driving schools, was selected by former motor-vehicles Director Clifford Snedeker to run the outlets under an arrangement that would have given him 85 percent of the \$2.20 commission per license and control of 21 of about 70 photo license outlets in the state.

No mention of Taggart was made in a four-page release issued by Attorney General Irwin I. Kimmelman and the motor-vehicle agency on March 13. The withholding of Taggart's name has drawn sharp criticisms from Gov. Kean and the state's Democrats and has led to Snedeker's resignation and the cancellation of the program two weeks ago.

Also present at the March 11 meeting were Snedeker, Taggart, Smith and Robert Kline, then deputy director and now acting director of the motor-vehicle agency.

According to a statement distributed Monday by Carl Golden, Kean's press secretary, this is what hap-

(See TAGGART on 2-B)

# 2 versions of meeting on licenses

TAGGART, from 1-B

pened at the meeting:

"Mr. Smith had drafted a press release which mentioned the Taggart involvement and that the concession was \$2.20. After reviewing the draft press release it was decided that the thrust of the announcement was Sears and the reference to Taggart and the \$2.20 was to be deleted."

In an interview published in The Inquirer on Tuesday, Smith expanded on that statement. He said that Snedeker ordered that Taggart's name be deleted from a draft news release after Taggart expressed concerns about being named.

Smith said that Taggart "suggested he would feel more comfortable" if he was not identified in the news release as the operator of the photo-license outlets.

"There was concern on the part of Taggart that Sears' general policy was that they don't like the names of their vendors publicized. ... I think the concern was how Sears would react," Smith said.

"The director said, fine, take [Taggart's name] out [of the news release], and if you're asked about it, explain it," Smith said.

But Kohm said in interviews yesterday and Tuesday that neither he nor Taggart suggested that Taggart's name be withheld from the release.

"I don't know how he got the impression that either Taggart or myself advocated removing Taggart's name from any release," said Kohm.

"I recommended his name be in the release. If his name was not going to be in the release, then I recommended that there be a follow-up release by Sears identifying Taggart as the concessionaire," he said.

Kohm said that the draft news release he was shown during the meeting did not contain Taggart's name and that it was therefore "incredible that anyone could say that we were there to ask that his name be removed."

He said that one explanation for why his version differed from Smith's might be that Smith had joined the meeting at the "tail end."

In addition, Kohm said, "I think part of the problem is that there was a discussion that if Taggart's name was not in the initial release, Taggart would make an effort to get Sears to issue a follow-up or companion release that did mention Taggart's involvement."

Kohm also said that it was his "interpretation" that Snedeker "was concerned that the emphasis be on the program, not on the personality, and that Taggart's involvement in Republican politics could overshadow a very creative program."

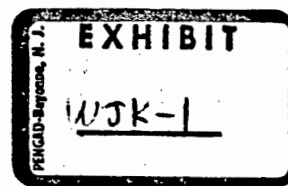
But Smith, interviewed again yesterday, said, "Mr. Kohm was supplied with a copy of the draft release. Mr. Kohm never suggested that Taggart's name be used. To the contrary, he strongly suggested that it not be used."

Smith said that the draft news release he presented at the meeting named Taggart's Driving Schools as the operator of the outlets. He said he has turned a copy of the draft release over to the State Commission of Investigation, which is investigating the circumstances surrounding the awarding of the photo-license contract.

Snedeker and Kline declined comment yesterday. Taggart could not be reached at his office Tuesday or yesterday.



news



FORD W. SNEDEKER, DIRECTOR

THOMAS H. KEAN, GOVERNOR  
IRWIN I. KIMMELMAN, ATTORNEY GENERAL

Jersey Division of Motor Vehicles / 25 South Montgomery Street / Trenton, N.J. 08666 / (609) 292-5203

IMMEDIATE RELEASE  
TACT ART SMITH

#### MRS ROEBUCK TO ISSUE PHOTO LICENSES

New Jersey motorists will now be able to renew driver licenses and secure photo licenses by visiting any of the 18 Sears Roebuck and Company stores located in major shopping malls around the State, Clifford W. Snedeker, Director of the New Jersey Division of Motor Vehicles, announced today.

The 18 Sears Photo License Centers will open June 1, and will give the Division of Motor Vehicles 61 photo licensing centers state-wide.

"I think the addition of the Sears stores to our photo license conversion program will be a great convenience to the motorists of New Jersey," Snedeker said. "The Sears stores are open from 9:30 a.m. to 9:30 p.m. Monday through Saturday and from 11:00 a.m. to 5:00 p.m. on Sundays. The photo license centers will maintain the same hours.

"We selected Sears for the licensing program because its 18 stores are strategically located around the State in the most easily accessible and popular shopping malls," Snedeker said. "They are open seven days a week and at night, which will afford motorists a convenient, pleasant, and easy way to secure photo licenses. Now a motorist will not have to worry about losing time from work. He can arrange to go shopping and see a movie in the evening or on the weekend and pick up a photo license at the same time," Snedeker said.

-more-

The State has been committed to photo licensing since 1981 when the Legislature and Governor Brendan Byrne approved the law. The conversion was to have started in 1982, but had to be delayed because "we lacked sufficient computerized agencies to handle nearly 5.2 million transactions without creating an unreasonable inconvenience for the public," Snedeker said. "We realized we needed a better delivery system. One that would be easier and less time consuming for the public. Sears was the obvious solution to the problem and we have been negotiating for nearly a year to bring this about.

"The Sears stores are in the prime, high density areas where we need help with the conversion program. In addition, they have the drawing power to attract large number of customers, who can now shop and take care of securing a photo driver license at the same time. We felt the combination of available services would make the photo license process less painful and easier to accomplish," Snedeker said. "The Sears stores also offer unlimited parking and easy access for handicapped motorists."

Unlike the Division's other privately operated agencies, the Sears Photo Center will only issue photo driver licenses. They will not handle vehicle titling or registration transactions or the issuance of driver permits. Those transactions must be performed at a regular motor vehicle agency. [A list of those agencies and Sears store locations are attached for your convenience.]

The conversion to photo licenses was started on January 3, 1984, but no currently licensed driver was selected for such a license until March of that year. The conversion program was scheduled to take four years and be completed by March 1988. To date, some 800,000 photo licenses have been issued, leaving roughly 4 million conversion to be accomplished within the next three years.

"With 18 Sears stores we now have 61 photo license centers in the State," Snedeker d. "That number will increase to 68 once the last seven manual agencies are puterized in the next few months. That means no one will have to travel more than a e or so to secure a photo license."

By the end of the conversion program, anyone under the age of 60 will be required carry a photo license. Those 60 years of age or older have the option of taking a ar-year photo license or a two-year non-photo license. The four-year photo license et \$17.50, which is the same four-year charge currently levied for a driver license is a \$1.50 for the photo. All other special endorsement fees remain the same. Holder separate motorcycle or motorized bicycle licenses are also required to pay the litional \$1.50 for a photo license.

Any motorist whose license is up for renewal may select a photo license by visiting e of the computerized agencies or Sears Photo Centers. Also, anyone who has lost or splaced a license can select to receive a photo license in replacement for a fee of .50. [See licensing requirement flyer attached.]

In addition to the advantages the Sears Photo Centers afford the public, there is onetary advantage for the State, as well.

"It will cost the State approximately \$700,000 to computerize the 18 Sears stores," edeker said. "It would have cost us far more than that to have located and opened 18 w agencies around the State. It also would have taken at least two to three years to t up that number of new agencies under the State's Leasing System, where the partment of Treasury locates sites and negotiates individual leases. In addition, the ate would have had to pay those leases and supply utilities and janitorial services."

rs is picking up those expenses in return for a flat \$2.20 commission for each photo  
ense process," Snedeker said, noting that motorists will be able to use their Sears  
dit cards to pay the photo license fee.

EXHIBIT

RLT-2

STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

MEMORANDUM

Deputy Director Robert S. Kline ✓

DATE: July 30, 1982

TO: R. L. Torlini, Assistant Director  
Licensing and Registration


SUBJECT: Orientation for New Agents

With the appointment of Motor Vehicle agents, there is a definite need to develop an orientation program of at least one day so the agents would be aware of what we would expect from them, what they can expect from us and meet different people around the Division so they will have the ability to communicate quickly and freely in order to get the job done.

I have asked the Training Office to develop a one-day orientation program. Attached please find a copy of the suggested outline which has been developed by the Training Office with input from the support staff from the Bureau of Agencies.

May I ask that you review the contents and advise me if you feel there should be any changes.

If I can answer any questions for you, I would be more than happy to do so.

  
\_\_\_\_\_  
R. L. Torlini

T/pac  
enc

STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

MEMORANDUM

Rudy Torlini  
Assistant Director

DATE: July 29, 1982

Lois Rishko-*for*  
Acting Training Officer

Orientation for New Agents

Ann Sweeney has prepared a working outline that she would like to use for our one-day training program for New Agents. This outline will serve as a guideline for areas of information and discussion, however the program will not necessarily only be limited to these topics.

Attached is a copy of this outline for your comments and approval.

R:b

cc: Ann Sweeney  
Margo Miller

## ORIENTATION FOR NEW AGENTS

### Introduction

When new agents are appointed, in most cases, they have no idea of what responsibilities they are assuming. This program is designed to educate them in these responsibilities, and to make them aware of the functions of the various bureaus impart to them the knowledge of where they should seek assistance with the technical problems which arise in the daily course of a days business. It is, for instance, unnecessary to speak personally with an Assistant Director to obtain permission to issue a duplicate registration. There are specific areas to appeal in order to perform good public services.

At the time of an agents appointment, he should be informed of the orientation program that has been developed for his benefit, and informed of the necessity to attend a one-day training meeting. At this meeting, the "Performance Standards" and "Code of Ethics" will be discussed in depth so the agent has a clear understanding of what is expected of him.

### Program

A greeting from the Assistant Director of the Bureau of Motor Vehicle Agencies would be appropriate. This need not take more than 10 or 15 minutes, and it would be exceedingly helpful at this time if we could elicit information of the agents' intent. Will he be a full-time working agent? A part-time agent available to the personnel of his agency, if needed, and also to the Central Office? Or will he be a non-working agent who is willing to staff his agency with an efficient manager who is in complete charge and can make decisions on behalf of the absent agent?

An informal talk touching on general information (more specific later in the program), a "getting to know you" gesture. In this phase such matters as obtaining an Employer's Identification Number, the peculiarities of the Social Security regulation in regard to agencies, the necessity for obtaining a Faithful Employees Public Performance Bond and inside-outside robbery insurance, amounts to be decided by DMV, and other required insurances.

The value of specially trained employees should be stressed. Good Motor Vehicle clerks are hard to come by. The work is demanding, and in most cases the compensation is not nearly enough. In this phase of the program, the Field Representative is extremely valuable, each one knowing the calibre of the present staff of an agency. Wholesale removal of present employees and replacement of completely "green" clerks can only cause chaos within our system. This is not to say that an agent must keep aloof the personnel presently employed, but only to suggest that he move cautiously and have an understanding of the total operation before he replaces existing personnel.

Specific responsibilities for all accountable items must be thoroughly understood, and we cannot stress strongly enough the need for the agent to understand his responsibility in these areas. Suggested:

- Title security, storage of the main supply, security within the agency itself.
- Slug and keys, safe storage when not in the agency. THIS DOES NOT MEAN IN THE TRUNK OF A CAR. The BURROUGHS VALIDATOR should be bolted down.
- Close attention to the daily stock flow, making sure that accountable items are issued in strict numerical sequence as required by the Central Office.
- Accurate reporting daily, accounting for items issued and monies collected.
- Acute awareness of the seriousness for good cash handling procedures, for this is where an agency either makes a decent profit or incurs unnecessary losses.



CANNOT BE STRESSED TOO STRONGLY THE IMPORTANCE OF INSTITUTING GOOD CASH HANDLING PROCEDURES, ESPECIALLY THE DESIGNATION OF THE BEST POSSIBLE PEOPLE WITHIN THE AGENCY BE RESPONSIBLE FOR THE MONEY.

Customer relations, with emphasis on a consistently courteous, FREINDLY approach to an individual who enters an agency seeking assistance. Most people who enter an agency do not know exactly what they want. It requires patience on the part of the clerks to extract the information necessary to complete a transaction and send away a pleased customer. The off-handed approach that tells the applicant, "I know all the answers, you don't know anything" is totally unacceptable. This attitude does creep in at times, as does the tendency to speak in technical terms that leave the applicant bewildered, but gives the clerk behind the counter a feeling of superiority. Also, it must be clearly understood by the agent that neither he nor his employees are in the law enforcement, but our main goal is to give good service to the motoring public in getting them on the road with the proper legal documents that are well prepared by agency employees.

Cleanliness and Janitorial Services will be evaluated by Field Representatives. Where service contract is paid for by the State, any lapse in performance by contractor should be reported to Field Representative. Agents who provide their own services will be closely monitored to maintain a desirable standard of cleanliness.

A question and answer period would be appropriate at this time. It would be extremely helpful if copies of the Functional Telephone Directory were available for each agent so a short dissertation in its use could be utilized.

After a short break for lunch it would be very beneficial to take the agents on a brief tour of the various bureaus directly concerned with agency operation.

#### Tour of Facilities.

- a. Bureau of Agencies
  1. Bureau Chief, Assistant Chiefs and Managers
  2. Cash Control
  3. Audit Account Section & Supervisors
  4. Auditors who handle expenses and Social Security reports
  5. Telephone group
- b. Certificate of Ownership
  1. Chief, Assistant Chief and Supervisors
  2. Audit Section
  3. Foreign Title Section
- c. Bureau of Office Services
  1. Introduction to the Chief and the Assistant Chief of the Bureau
  2. A short talk on this section will be beneficial to the agent, so he will know what assistance can be rendered by the people within the unit.



EXHIBIT

S-1

## taggart international, inc.

154 TICES LANE. EAST BRUNSWICK, N. J. 08816 (201) 254-6900

bruary 22, 1985

J. M. L. Campbell  
Sales Manager-Concessions  
Department 725  
Sears, Roebuck & Company  
Sears Tower  
Chicago, Illinois 60684

Dear Mike:

I am pleased that we received a positive response to the photo licensing concession. I think this will be a program that will be mutually beneficial to Sears, the State of New Jersey and to us.

The Division of Motor Vehicles has already received inquiries from other states and I'm sure other states will want to follow suit.

Regarding the Sears Driving School contract question for North Jersey, it is vital that the photo licensing and Sears Driving School concessions operate as one for the following reasons:

1. From the beginning it has been presented to the Division of Motor Vehicles that Sears Driving School would operate the concession
2. We are presently licensed to operate statewide
3. The photo licensing is a natural tie-in with Sears Driving School and it will be difficult to present to the media without that tie-in. A great deal of positive press will be created and Sears Driving School could certainly take advantage of that
4. In our overall marketing strategy for Sears Driving School, the only way to promote this on a statewide basis efficiently is to have North Jersey included.
5. The whole idea of getting involved with the photo licensing is to promote the driving school. Standing alone, the photo licensing would be a very marginal operation

Like you know I would never over-extend myself to a point where we would not be able to service any new venture effectively. Please trust me on this. I would never let you down. Looking forward to seeing you real soon and will certainly be talking to you within the next few days.

Warmest personal regards,

*Bill*

William F. Taggart, President  
Taggart International, Inc.

*Please call me regarding  
the concession percentage  
at your convenience. Bill*

EXHIBIT

C-1



STATE OF NEW JERSEY

REFORM OF THE MOTOR VEHICLE AGENCY SYSTEM

THE REPORT OF THE  
MOTOR VEHICLE AGENCY EVALUATION TASK FORCE

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V. I N T E G R I T Y   A N D   E T H I C S

## V. INTEGRITY AND ETHICS

The Division of Motor Vehicles is a large organization geographically dispersed throughout the State. The DMV operates a network of 50 agencies, 39 inspection stations, 20 Driver Qualification Centers, a warehouse, a maintenance shop and a headquarters complex. The DMV collects over 310 million dollars through this network. This complex organization requires a comprehensive accounting and auditing system to control Division personnel, fiscal and management transactions and equipment.

Prior to December 1980, the DMV had no active inventory of equipment and supplies. Prior to May 1981, the DMV had an inadequate internal audit capability. Following an internal review by Director Wiskowski, the DMV established a comprehensive inventory system and an Office of Internal Audit. Unfortunately, reviews by the Departments of Civil Service and Treasury have delayed full staffing of the Office of Internal Audit.

### CODE OF ETHICS:

The DMV employees are bound by the Code of Ethics promulgated on April 3, 1972. In the past, the DMV gave no similar guidance to private agents. On September 27, 1981,

the Agents' Association agreed to accept and abide by a slightly modified version of the DMV Code of Ethics (See Appendix H.) In addition, the Task Force developed principles to serve as specific practical suggestions or guidelines for agents and their employees.

#### SECURITY AND PRIVACY:

Security of the DMV's information is a major concern. Neither the manual or automated agencies allow direct access to the DMV files by agency employees. The second phase of the automation project will give agencies additional input and look-up capabilities. The DMV and the Division of Systems and Communications are giving careful consideration to the amount of information which will be available at the agencies in Phase II. The enforcement of the Code of Ethics and the principles listed below will help to assure the confidentiality and accuracy of the DMV files.

#### TASK FORCE RECOMMENDATIONS ON INTEGRITY AND ETHICS:

- \* Because the local agencies are geographically dispersed throughout the State, the Division of Motor Vehicles must maintain strong accounting and personnel management systems and procedures which will assure integrity with minimal day-to-day direction from Trenton headquarters. These systems and procedures should include not only external controls such as a Code of Ethics, but also internal motivators fostered and monitored by competent local agency managers.
- \* The DMV should carefully review and implement the Master Plan recommendations on accounting programs and systems for agency operations.



- \* The DMV should fully staff the Office of Internal Audit.
- \* The Bureau of Accounting should institute new accounting procedures which will provide the DMV management with adequate information on the estimating, collection and disbursement systems.
- \* The DMV should strictly enforce the recently promulgated Code of Ethics.
- \* All agency employees should abide by the following principles which enhance the Code:
  1. Employees shall serve equally and impartially clients, superiors and subordinates without regard to sex, age, race, ethnic, religious or political factors.
  2. Employees shall not subject the public or fellow employees to discourtesy, verbal abuse or unreasonably slow treatment.
  3. Employees shall not have an interest, financial or otherwise, direct or indirect, or undertake any employment or service which is in conflict with or would unduly influence the proper discharge of their official duties.
  4. Employees shall not accept any gift, favor, service or other thing of value in the discharge of their official duties.
  5. Employees shall avoid conduct which not only is in violation of the public trust, but which appears to violate such trust.
  6. Employees shall not disclose to any person, whether or not for financial gain, any information not generally available to members of the public which is acquired or received in the course of official duties. Employees shall not use such information for the purpose of financial gain.

DEPARTMENT OF LAW AND PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

CODE OF ETHICS

DEPARTMENT OF LAW AND PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

CODE OF ETHICS

Pursuant to the authority contained in the New Jersey Conflicts of Interest Law (Ch. 182 of the Laws of 1971), the employees of the Division of Motor Vehicles are bound by a Code of Ethics adopted effective March 10, 1972. The Division of Motor Vehicles developed and adopted the following Code of Ethics for motor vehicle agents and agency employees effective October 1, 1981.

1. No motor vehicle agent or employee of a Division of Motor Vehicles agency may have any interest, financial, or otherwise, direct or indirect, or engage in any business or transaction or professional activity which is in substantial conflict with the proper discharge of their duties in the public interest.
2. No motor vehicle agent or employee of a Division of Motor Vehicles agency may accept any gift, favor, service or other thing of value under any circumstances from which it might be reasonably inferred that such gift, service or other thing of value was given or offered for the purpose of influencing the discharge of official duties.
3. No motor vehicle agent or employee of the agent should engage in any particular business, profession,

trade or occupation which is subject to licensing or regulation by a specific agency of State government without promptly filing notice of such activity with the Executive Commission on Ethical Standards. In particular, no motor vehicle agent or employee of the Division of Motor Vehicles may engage in, operate or be employed by, or at, any State licensed junk yard, any new or used car dealership, any State licensed motor vehicle racetrack, or any commercial driving school.

4. No motor vehicle agents or employees of agents may undertake any employment or service whether compensated or not, which might reasonably be expected to impair their objectivity and independence of judgment in the exercise of their official duties.
5. No motor vehicle agents or employees of agents should act in their official capacity in any matter wherein they have a direct or indirect personal financial interest that might reasonably be expected to impair their objectivity or independence of judgment.
6. No motor vehicle agents or employees of agents should use or attempt to use their official position to secure unwarranted privileges or advantages for themselves or others. In particular, no motor

vehicle agents or employees of agents may use, or attempt to use, their official position, such as by displaying their official credentials, to secure unwarranted privileges or advantages for themselves or others in any matters directly pertaining to motor vehicle operations such as in the granting of licenses issued by this Division, the suspension or revocation of these licenses or the enforcement of the motor vehicle laws of this State.

7. No motor vehicle agents or employees of agents may knowingly act in any way that might reasonably be expected to create an impression or suspicion among the public having knowledge of their acts that they may be engaged in conduct violative of their trust as a State representative or agents of the Division of Motor Vehicles.