

Hollins University

Hollins Digital Commons

Ann B. Hopkins Papers

Manuscript Collections

2-6-1985

Deposition of Thomas E. Beyer

United States District Court for the District of Columbia

Follow this and additional works at: <https://digitalcommons.hollins.edu/hopkins-papers>



Part of the [Civil Rights and Discrimination Commons](#)

Recommended Citation

United States District Court for the District of Columbia, "Deposition of Thomas E. Beyer" (1985). *Ann B. Hopkins Papers*. 1.

<https://digitalcommons.hollins.edu/hopkins-papers/1>

This Court Document is brought to you for free and open access by the Manuscript Collections at Hollins Digital Commons. It has been accepted for inclusion in Ann B. Hopkins Papers by an authorized administrator of Hollins Digital Commons. For more information, please contact lvilelle@hollins.edu, millerjc@hollins.edu.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

-----X
ANN B. HOPKINS, :
: :
Plaintiff, :
: :
v. : Civil Action No.
: 84-3040
: :
PRICE WATERHOUSE, :
: :
Defendant. :
: :
-----X

VOLUME I

Washington, D. C.
Wednesday, February 6, 1985

Deposition of:

THOMAS O. BEYER

a witness of lawful age, taken on behalf of the Plaintiff in the above-entitled action, pending in the U. S. District Court for the District of Columbia, pursuant to notice and agreement between Counsel, before Laura A. Hall, a notary public, in and for the District of Columbia, whose commission expires September 14, 1988, taken in the law offices of Gibson, Dunn and Crutcher, 1050 Connecticut Avenue, N. W., Washington, D.C. Suite, 900, Washington, D. C. 20036, commencing at 10:25 o'clock a.m.

Diversified Reporting Services, Inc.

1511 K Street, N.W.
Suite 808
Washington, D.C. 20005
(202) 628-2121

APPEARANCES:

On Behalf of the Plaintiff:

DOUG HURON, Esq.
Kator, Scott and Heller
1029 Vermont Avenue, N. W.
Suite 900
Washington, D. C. 20005

On Behalf of the Defendant:

STEPHEN E. TALLENT, Esq.
WAYNE A. SCHRADER, Esq.
KATHY D. IRELAND, Esq.
Gibson, Dunn & Crutcher
1050 Connecticut Avenue, N. W.
Suite 900
Washington, D. C. 20036

-and-

ULRIC A. SULLIVAN, Esq.
Assistant General Counsel
Price Waterhouse
1251 Avenue of the Americas
New York, New York 10020

Also Present:

Ann B. Hopkins

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

I N D E X

	PAGE
Examination by Plaintiff's Counsel	4

E X H I B I T S

	PAGE
Beyer Deposition Exhibits Nos. 1 & 2	44
Beyer Deposition Exhibits Nos. 3 & 4	62
Beyer Deposition Exhibit No. 5	69
Beyer Deposition Exhibit No. 6	96
Beyer Deposition Exhibit No. 7	98
Beyer Deposition Exhibit No. 8	134
Beyer Deposition Exhibit No. 9	144
Beyer Deposition Exhibit No. 10	161

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

P R O C E E D I N G S

1
2 Whereupon,

3 THOMAS O. BEYER

4 was called as a witness and, having been first duly sworn, was
5 examined and testified as follows:

6 MR. HURON: For the record, this deposition is
7 taken pursuant to stipulation between the parties. The
8 Plaintiff intends to use it for all purposes permitted by the
9 Federal rules.

10 EXAMINATION BY PLAINTIFF'S COUNSEL:

11 BY MR. HURON:

12 Q. Mr. Beyer, before we start, my name is Doug Huron.
13 I am going to be asking you some questions. If at any point
14 you have any question about what I am getting and want me to
15 rephrase something, please ask me. I will try to make it as
16 intelligible as possible.

17 Would you state your name, please.

18 A. Thomas O. Beyer.

19 MR. TALLENT: Counsel, may we agree that all
20 objections be reserved except as to the form of the question?

21 MR. HURON: Sure.

22 BY MR. HURON:

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Your address, Mr. Beyer?

2 A. My home address? 7104 Heathwood Court, Bethesda,
3 Maryland 20817.

4 Q. Do you work with Price Waterhouse?

5 A. I am a partner with Price Waterhouse.

6 Q. What is your position there?

7 A. I am the partner in charge of the Office of
8 Government Services.

9 Q. That office is located here in Washington, D. C.?

10 A. It is

11 Q. Would you briefly describe your educational
12 background, your work history and, in particular, your history
13 with the firm.

14 A. I graduated from the University of Wisconsin and
15 then from Harvard Business School?

16 Q. When was that?

17 A. 1963. I joined Price Waterhouse upon graduation
18 and spent until 1970 in the Chicago office, then six months in
19 the London office of the firm and then returned to the United
20 States to take up residency in Boston where I was the --
21 became a partner in 1972. In 1979, I was transferred to
22 Washington.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. In 1979, in Washington, was that when you came to
2 OGS?

3 A. Yes, it is.

4 Q. Did you come to Washington to head up the OGS
5 office?

6 A. No, I did not.

7 Q. When did you assume that responsibility?

8 A. Officially, in February of 1981. Practically, I
9 will have to add, somewhat before that, because I followed in
10 the footsteps of Roscoe Egger, who is now the Commissioner --
11 who was then becoming Commissioner of the Internal Revenue
12 Service.

13 Q. Was he the first head of OGS?

14 A. I believe, until I came in, he was the only head
15 of OGS.

16 Q. When did OGS -- when was it organized as part of
17 the firm?

18 A. Approximately 1973.

19 Q. You became a partner out of the Boston office?

20 A. That is right.

21 Q. Can you just briefly describe what the partnership
22 process was at that time, as you understand, how it was that

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 you became a partner.

2 A. Well, that is not very easy for me to answer,
3 because I was on the other side of the fence at the time.

4 Q. Right.

5 A. About all I do know is that I was up for
6 consideration in that year, the year of 1972. I knew that
7 fairly early on in the year.

8 And in April, I was called into the office of the
9 partner in charge of that office and in that room were the
10 other partners in the office and they proceeded to
11 congratulate me on becoming a partner in Price Waterhouse.

12 It was effective July 1 --

13 Q. 1972?

14 A. So, it was a congratulations on an even to take
15 place.

16 Q. Was that the first formal announcement you
17 received about it?

18 A. Yes.

19 Q. Before that time, did you know informally that you
20 were being proposed?

21 A. No, I did not.

22 Q. All right. How many partners were in the Boston

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 office at that time, approximately?

2 A. Prior to my entry, I would say ten.

3 Q. After your entry there were 11?

4 A. There were three of us that came in that year,
5 into the Boston office.

6 Q. What was your specialty at the time as between,
7 say, tax audit --

8 A. I was titled MAS Partner, which stands for
9 Management Advisory Services Partner.

10 Q. I have noticed in some of the documents we have
11 received recently that there appears to be a new designation.
12 It is MCS rather than MAS. Is that correct? Is it a typo?

13 A. No, it is not a typo. Approximately last summer,
14 the United States firm of Price Waterhouse changed the
15 designation from MAS to MCS, standing for Management
16 Consultancy Services, to conform with the majority of the rest
17 of the worldwide firm.

18 Q. That MCS, for all practical purposes, is the same
19 thing as what MAS used to be?

20 A. Yes, that is right.

21 Q. You came in as a MAS partner?

22 A. Yes.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Let me ask you a few questions about the manner in
2 which Price Waterhouse is organized.

3 As I understand it, there are some geographic
4 regions and then some separate offices such as the national
5 office and OGS.

6 First of all, is that understanding generally
7 correct and then can we --

8 A. Are we speaking of the United States firm, though?

9 Q. Let's focus on the U.S., yes.

10 A. What is your question again, please?

11 Q. I want to find out how it is organized
12 geographically and functionally in the United States.

13 A. At the present time, it is organized into,
14 essentially, ten areas, of which OGS is not a part. In some
15 ways OGS may be looked upon as an 11th region or an 11th area.

16 The other ten areas report through a structure,
17 which winds its way through the Co-Chairman of Operations and
18 finally the senior partner of the firm.

19 The Office of Government Services reports through
20 me to the senior partner and Chairman of the firm, directly.

21 Q. We are talking about Mr. Connor?

22 A. That is right.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. The ten areas, are those our geographic areas?

2 A. Yes, they are.

3 Q. Let me --

4 A. With one exception and that is an emerging office
5 area, which really does not have any geographic resemblance.
6 It is based upon new offices coming into the firm or opening
7 up.

8 And until such time as they are able to operate
9 effectively on their own, within a regional area, they are
10 held in that status.

11 Q. Let me show you something -- I am not going to
12 have this marked, although I may at a later point in this
13 deposition -- I will give you a copy.

14 (Mr. Huron handing document to the witness.)

15 What I am showing you, simply, is a blank form,
16 which is used, as I understand it, in the partnership proposal
17 process.

18 The only reason I am showing it to you now is that
19 at the bottom of the form a number of different regions appear
20 to be listed. There does not seem to be ten and I just want
21 to be sure that I understand what the breakdown is today.

22 A. (The witness perusing document.)

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I have never seen this form before.

2 Q. Okay. Forgetting what the purpose of the form is,
3 at the bottom it lists the national office, OGS and five
4 geographical regions.

5 I wonder whether that is your understanding of
6 what the organization is now, was at one time or --

7 A. This is the organization as it was, prior to what
8 it is now.

9 Q. So, there used to be five geographic regions and
10 now there are nine, plus the national office?

11 A. Well, no, if you will count here, you will add
12 more than five.

13 Q. Okay, tell me how to count it to add more than
14 five.

15 A. Well, you have Area 1 through 5, the metropolitan
16 area and OGS.

17 Q. That is seven.

18 A. That is right.

19 Q. So, you had six -- you said there are now 11 if
20 you count OGS and ten if you do not count OGS?

21 A. I believe that is correct.

22 Q. So, there are another four?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Right.

2 Q. I am just curious, are those other four geographic
3 regions or --

4 A. As I said, one of them is not. It is an emerging
5 office area.

6 Q. Right.

7 A. Area 3 on this designation, the form you just
8 handed me, was split into three areas, therefore, adding two
9 more.

10 Area 4 was split into two areas adding another
11 one. I guess that would make the total ten, including OGS,
12 rather than 11.

13 Q. Now, does each area have one partner who is
14 designated as being in charge of that particular geographic
15 area?

16 A. Yes.

17 Q. Is that partner necessarily in audit, tax or MAS,
18 or could it be any of the three?

19 A. It could be any of the three. In fact, two of the
20 area partners are not audit.

21 Q. Within any particular area, there are what, a
22 number of offices representing different cities, typically?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Again, excluding OGS or the national office?

2 A. Yes, that is right.

3 Q. Now, would each office necessarily have an audit
4 practice, tax practice and MAS practice or does it depend on
5 the size of the office?

6 A. No. There is nothing, to my knowledge, that says
7 that each office must have a full complement of audit, tax,
8 MCS, comprehensive professional services or anything in the
9 firm, any other service that the firm might provide.

10 What is -- the make-up of an office is based upon
11 the strategy to be pursued by that office.

12 Q. Is it accurate to say that some offices do not
13 have the full complement?

14 A. Yes, OGS, for one.

15 Q. Is OGS only the MCS specialty?

16 A. No.

17 Q. What else do you have?

18 A. Tax.

19 Q. But you do not have audit?

20 A. No.

21 Q. As between MCS and Tax, what is the relative
22 proportion of OGS?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. TALLENT: Proportion of what, Counsel?
2 People? Money?

3 MR. HURON: Well, let's start with people,
4 partners.

5 THE WITNESS: Number of partners?

6 MR. HURON: Yes.

7 THE WITNESS: At the time, there are three tax
8 partners and 15 MCS partners in OGS.

9 BY MR. HURON:

10 Q. What relationship, if any, do you have to the --
11 does OGS have to the Washington practice office of Price
12 Waterhouse?

13 A. We share the same telephone system. We share the
14 same landlord and a few other administrative sharings also go
15 on.

16 Q. Basically, the relationship is administrative in
17 nature in terms of sharing things in order to reduce cost?

18 A. Yes, but not responsibility. Administrative
19 support functions.

20 Q. In terms of your responsibilities, you are two
21 separate entities?

22 A. That is right.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. You, as the head of OGS, report directly to
2 Mr. Connor?

3 A. That is right.

4 Q. Who is the head of the Washington practice office?

5 A. Carl Rupert.

6 Q. He reports through an area practice partner?

7 A. Yes.

8 Q. To headquarters?

9 A. Yes, he does, if by headquarters you are referring
10 to the national office, yes.

11 Q. Can you briefly describe what the mission of OGS
12 is in terms of Price Waterhouse generally?

13 A. How brief do you want me to get on this?

14 Q. Well, I mean, I can ask all the question.

15 A. The mission of OGS at the present time is to
16 develop the tax and consulting services primarily for
17 government at the Federal level, but also at the state, local
18 and international levels in concert with offices at the state,
19 local and international levels.

20 Q. When you say --

21 A. As to taxes -- excuse me?

22 Q. You say "in concert" with offices, is that in

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 concert with other Price Waterhouse offices?

2 A. That is right. As to tax, it is to develop our
3 Federal tax practice in rendering services associated with
4 Federal tax laws to private sector and public sector -- as
5 possible or necessary.

6 Q. In terms of the MCS work that you do at OGS, to
7 your knowledge, is OGS the biggest single Price Waterhouse
8 office in terms of the MCS practice?

9 A. At the present time, OGS is the largest consulting
10 MCS practice in the United States firm.

11 Q. You said you began officially heading up the
12 office back in early 1981, is that correct?

13 A. In February of 1981.

14 Q. At that time, what was the size of the office in
15 terms of partners and, secondly, professional support staff?

16 A. Again, I will have to give you approximations.

17 Q. All right.

18 A. As best I can remember them, the partnership
19 component was two tax partners and approximately four to six
20 MCS partners.

21 (Interruption to proceedings.)

22 MR. HURON: Let's go off the record.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 (A short break was taken.)

2 MR. HURON: On the record.

3 BY MR. HURON:

4 Q. What was the size approximately of the
5 professional staff at that point in OGS?

6 A. I think the total size of the professional staff
7 in OGS in February 1981 was approximately 100 to 125 people.

8 Q. What do those figures look like today; that is,
9 the number of partners, which I think you have already given
10 me, three tax partners --

11 A. Yes, I have.

12 Q. And 15 MSC partners. What about the professional
13 staff today?

14 A. Approximately 300 professional staff.

15 Q. When you took over in 1981, do you recall what the
16 average size of the OGS job would be in terms of dollars and
17 chargeable hours?

18 A. No, I cannot estimate that amount at this time.

19 Q. Do you know what it would be today?

20 A. No. There are both large and small jobs in many
21 of them.

22 Q. Let's look, for example, at the State Department

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 job as it stands today, which I understand, and correct me if
2 I am wrong, has a couple of principal components, the FMS and
3 REMS. Is that correct for starters?

4 MR. TALLENT: Is that a question?

5 MR. HURON: Yes.

6 THE WITNESS: Well, that is not very
7 comprehensive, but if you want to start there, please go
8 ahead.

9 BY MR. HURON:

10 Q. Is FMS one of the components of the work that you
11 do for the State Department?

12 A. Yes, it is.

13 Q. Are there any larger components?

14 A. No, there are not.

15 Q. Do you know what the dollar volume on an annual
16 basis is for that particular component?

17 A. For the Financial Management Systems component?

18 Q. That is correct.

19 A. About \$6 million per year.

20 Q. Is REMS a component?

21 A. That is another component.

22 Q. What does that stand for, just for the record?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

- 1 A. Real Estate Management System.
- 2 Q. The annual dollar volume on that?
- 3 A. About a million and a half per year.
- 4 Q. I take it from your earlier response that there
5 are some other components of work that you do for State?
- 6 A. Yes, there are.
- 7 Q. Is one the Foreign Service Institute?
- 8 A. Yes, it is.
- 9 Q. What is the annual dollar volume on that?
- 10 A. At the present time it is probably \$100,000.
- 11 Q. Are there other components for State?
- 12 A. Yes, there are.
- 13 Q. Could you identify them, please?
- 14 A. The work they were doing for the USIA, United
15 States Information Agency, is another component and the work
16 we are doing for the CIA, the Central Intelligence Agency, is
17 another component.
- 18 Q. What are the dollar volumes on the latter two?
- 19 A. The USIA dollar volume for this year is estimated
20 at about a half a million dollars.
- 21 Q. The CIA is --
- 22 A. About a half a million dollars also.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. I had asked you earlier about the size of OGS when
2 you took over, officially, in early 1981. What was it at the
3 time you actually arrived in 1979?

4 A. You understand that I was not the partner in
5 charge of the office then.

6 Q. I understand that.

7 A. I would say the size of the professional staff in
8 OGS in July of 1979, when I came into OGS, was approximately
9 25.

10 Q. How many partners?

11 A. My best guess is that there were six partners in
12 OGS at the time.

13 Q. A couple for tax and four MAS, roughly?

14 A. No. Because OGS at the time was broken into a
15 number of components and, therefore, it is not sufficient to
16 say tax and MCS or MAS.

17 There was a state and local government practice
18 with one partner. There were there were one or two tax
19 partners, plus the partner in charge of the office, who was
20 also a tax partner.

21 There were three MCS partners, including myself.
22 There were also people associated with the office, whether

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 they were organizationally included in OGS at the time, I am
2 not clear.

3 One of them, for example, was in charge of what is
4 called the PWAI, Price Waterhouse Associates International,
5 which dealt with international consulting development.

6 There was also the partner in charge of
7 specialized services -- industry specialization is a better
8 title.

9 Now, it is not clear to me whether all of those
10 were part of OGS or some were merely resident in the office at
11 that time. But suffice it to say they were present at least.

12 Q. The first partner in charge of OGS was a tax
13 partner?

14 A. That is right.

15 Q. Then you became the second and current partner in
16 charge?

17 A. That is right.

18 Q. Your specialty was MAS, now MCS?

19 A. That is right.

20 Q. Would it be accurate to say that Price Waterhouse
21 made a decision in the late Seventies to focus the emphasis of
22 the OGS office on consulting business and that --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. No, it would not be accurate.

2 Q. That decision was not made?

3 A. Not to focus on MCS at the expense of -- or
4 defocus on tax -- no, it was not a decision that was made.

5 Q. Would it not be accurate that today, in terms of
6 the number of partners involved, five times as many are on the
7 MCS side?

8 A. That is correct.

9 Q. That represents, at least numerically, a shift
10 from what it was when you first came into the office?

11 A. What I am suggesting, Counsel, is that size does
12 not reflect emphasis, necessarily.

13 Q. Okay. In terms of the dollar volume of the work
14 that is done on an annual basis in the office, roughly what
15 percentage today would be MCS as opposed to tax?

16 A. The dollar volume of revenues, profits or what?

17 Q. Let's just use the figures you were using before
18 when we were going over the State Department. You said that
19 FMS was \$6 million per year.

20 A. Those are billings.

21 Q. Right. Looking at billings.

22 A. I would say that the proportion of MSC to the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 total in billings is probably 80 percent.

2 Q. Is that proportion higher than it was when you
3 first came to the office in 1979?

4 A. Somewhat, yes.

5 Q. Let me ask you a few questions about Ann Hopkins,
6 whom you know, I believe.

7 A. Yes, I know Ann Hopkins.

8 Q. She worked on what was then MAS, now the MCS side
9 of the operation. Is that right?

10 A. At what time?

11 Q. When she was with Price Waterhouse with OGS.

12 A. I met Ann Hopkins in 1979. She had already been a
13 member of the office and the firm, prior to my joining OGS.
14 She was a member of the MAS and then later the MCS practice.

15 Q. Now, within that practice, as I understand, there
16 is some sub-specialties: EDP, FPS and so forth. Is that
17 correct?

18 A. No, not in OGS. We do not break up the MCS
19 practice at the specialties.

20 Q. Again, I will not have this marked at this time,
21 but just looking at what is Ann Hopkins' proposal for
22 admission to partnership as of July 1, 1983 -- if you could

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 look at that briefly, in the upper right-hand corner, there
2 were indications of the specialty. (Indicating.)

3 A. I am sorry, where am I supposed to look?

4 Q. The upper right-hand corner.

5 A. I am looking there.

6 Q. It says, "For MAS candidates, indicate specialty,"
7 and there is a check mark for FPC for her and I just wonder
8 whether that conforms to your understanding generally of the
9 way the specialties are designated within MAS.

10 A. No, we do not organize the office according to
11 specialties. FP&C, which stands for Financial Planning and
12 Control, happened to be the predominant area of involvement of
13 Ann Hopkins.

14 Q. I see. Would that have been true, generally, for
15 the managers, the professionals, that the predominant area
16 would have been FP&C as opposed to electronic data processing?

17 A. At what time?

18 Q. As of 1983.

19 A. I would say that it is probably a fairly even
20 split between the number of people designated, if we were to
21 designate them, who would be classified or designated as FP&C
22 and those as EDP.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. I would like to ask you a few questions about
2 practice development, specifically projects in which Ann
3 Hopkins was involved.

4 Are you aware of a proposal she helped to write
5 early on in her tenure involving the BIA, Bureau of Indian
6 Affairs?

7 A. No, I believe that preceded my involvement in OGS.
8 I am somewhat familiar with the job, but I was not involved
9 and do not really know much about the proposal itself.

10 Q. Did you know that, in fact, she was responsible
11 for putting together a proposal for about a \$200,000 job with
12 BIA?

13 A. No, I do not know that.

14 Q. Let's look at the State Department. Is it
15 accurate that the State Department was the first big work that
16 you did with the Federal agencies at OGS that --

17 A. No, I would not say that. In the 1970's, prior to
18 my involvement with the office of government services, a
19 substantial amount of work had been performed for the
20 Department of Energy, the Federal Railway Authority, which is
21 a subsection of the Department of Labor -- Department of
22 Transportation -- with the Pension Benefit Guarantee

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Corporation and the FDIC, the Federal Deposit Insurance
2 Corporation.

3 Q. Was that ongoing at the time you got there in
4 1979?

5 A. Which?

6 Q. Any of that work?

7 A. Some of that was, yes. The FDIC work was still in
8 progress. The Pension Benefit Guarantee Corporation was still
9 in progress and there was still work being performed for the
10 Department of Energy.

11 Q. Let's look at the State Department and dividing it
12 along the lines of the components we discussed earlier, the
13 first was the FMS part. I want to make sure that I understand
14 how Price Waterhouse got that business.

15 As I understand it, there was initially two-firm
16 competition between Price Waterhouse and AMS, which was
17 sponsored, if you will, by State. Is that correct?

18 A. No.

19 Q. Okay, tell me what is.

20 A. In 1979, I became aware that sometime toward the
21 end of that calendar year a request for proposal would hit the
22 street from the State Department.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I was aware that, in my intelligence, that the
2 subject matter would be something akin to Financial Management
3 Systems design and development and implementation, that the
4 project might be fairly substantial.

5 We undertook to find out more about that pending
6 request for proposal and when it was finally issued in
7 approximately late November or December of 1979, we were not
8 surprised when it came.

9 It was a request for proposal for anybody who
10 could meet the requirements contained therein, some of which
11 were fairly stringent. But it was an open proposal.

12 In fact, approximately five to ten organizations,
13 either individually or in combination, bid on that request for
14 proposal. AMS was one of them and we were another.

15 Q. At some point, did this reduce to a competition
16 between AMS and Price Waterhouse?

17 A. Yes, the award on that initial part of the
18 Statement Department financial management system was given to
19 two parties to perform in parallel the same tasks; AMS was one
20 party and Price Waterhouse was the other.

21 This proceeded for approximately two years until
22 such time as the State Department in its judgment felt that

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 that was no longer a valuable approach to the project and
2 called for a reproposal from just those two parties as a basis
3 for choosing one or the other to go on to completion.

4 Q. So, both Price Waterhouse and AMS were submitting
5 "reproposals," as you put it, so that State could make the
6 final determination?

7 A. Yes, and in time, this is the very end of 1981 and
8 early -- well, it is approximately a year and a half later.

9 Q. Is this what is called sometimes a "fly-off"
10 between the two?

11 A. I understand that that is the terminology used,
12 particularly -- apparently, this approach is used in the
13 military agencies with some frequency and the State Department
14 borrowed that approach.

15 Q. Who was managing the Price Waterhouse effort at
16 this time?

17 A. At which time?

18 Q. At the time you were competing with AMS to try to
19 get State to choose Price Waterhouse?

20 A. I was the partner in charge of the State
21 Department engagement.

22 Q. Who was managing it on a day-to-day basis?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Ann Hopkins was the project manager.

2 Q. What was the dollar volume of that component of
3 the State Department work in terms of billings? We are
4 talking about the competition now with AMS.

5 A. I am sorry, but I am not sure -- are you talking
6 about the dollar amount of the proposed -- second proposal for
7 the State Department or are you talking about the dollar
8 amount of the first job that we performed for the State
9 Department?

10 Q. The first job includes --

11 MR. TALLENT: Counsel, the record cannot pick up
12 your hand.

13 MR. HURON: I understand that and I was not --

14 MR. TALLENT: And I do not know whether the
15 witness understands it the same way I do.

16 BY MR. HURON:

17 Q. The first job includes the competition with AMS,
18 does it not?

19 A. Yes, it does.

20 Q. Okay, I am talking about the first job.

21 A. The first job was proposed and awarded at some
22 \$385,000. That included, at least in part, the requirement

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 to repropose, on a limited basis, that is against AMS alone,
2 for the second stage of the State Department project.

3 Q. What did it actually go out at, \$385,000 or
4 something in excess of that?

5 A. It was in excess to that, because there were a
6 number of amendments and causes for us to ask for compensation
7 for services performed.

8 Q. Do you recall what the final figure was?

9 A. I would say probably somewhere around \$500,000,
10 maybe a shade more.

11 Q. The second job is the -- what we have been calling
12 the basic FMS job. Is that right? The second job at State?
13 The second part of this job?

14 A. Yes. The contract that was awarded for Stage 2,
15 was essentially in its original form for the ongoing work with
16 the financial management system.

17 Q. What was, at the outset, the objective value of
18 that contract?

19 A. The contract was awarded for \$7,200,000, I
20 believe.

21 Q. Over how many years?

22 A. A number of years. I do not recall exactly how

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 long it was supposed to transpire.

2 Q. Was there an option to renew?

3 A. No, there was no option to renew. The option was
4 to complete.

5 Q. Has it, in fact, been renewed?

6 A. The contract is ongoing and has been expanded to
7 include a number of other elements which we have previously
8 discussed.

9 Q. But initially this is the same contract which was
10 originally awarded for \$7.2 million, which is today billing
11 about \$6 million a year. Is that right?

12 A. That is right.

13 Q. I have heard this or I have seen references to
14 estimated figures, total figures for this contract, of
15 anywhere between \$25 and \$35 million.

16 Which of those or which of the one would you think
17 to be accurate as of today, since some of these estimates were
18 made a couple of years ago.

19 MR. TALLENT: Would you restate that, Counsel? I
20 am not sure --

21 MR. HURON: I am trying to find out what the
22 estimated total billings resulting from this contract are.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 THE WITNESS: Are or will be?

2 BY MR. HURON:

3 Q. All right, have been to date, will be as far as
4 you can see. Let's make it a two-part question.

5 A. In the first year or so, the contract billed about
6 \$5 million, which has now risen to \$6 million. This includes
7 more than just the FMS. It includes the overlap into other
8 agencies with which the State Department deals.

9 Furthermore, it is not all together clear as to
10 how long this will continue. The contract, of course, can be
11 terminated at the government's will.

12 In fact, there have been concerns almost in every
13 year in the contract as to whether or not there will be
14 adequate funding to support the contract beyond the current
15 year we are in.

16 Q. But, in fact, so far, it has kept rolling along?

17 A. Very fortunately, yes.

18 Q. How does the FMS component of the State Department
19 job compare in dollar volume of billings to other jobs now
20 being done at OGS? Is it the largest single one, second,
21 third?

22 A. It is probably tied for -- it is either the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 largest or tied for the largest single job in the office.

2 Q. What would the other job be?

3 A. Navy, a Navy financial management system.

4 Q. Is that Navy job -- did you get that before or
5 after you got the State job?

6 A. After.

7 Q. Was the proposal modeled in any respect on the
8 State FMS work you were doing?

9 A. No, because it is a military agency as opposed to
10 a civilian agency and it is a different kind of contract. It
11 is a task order type of contract as opposed to a cost plus
12 fixed fee arrangement, which is the State Department's
13 contract.

14 It is for somewhat different types of work,
15 dealing more in the accounting and administrative areas of
16 Navy and less in the data processing area.

17 Q. Look at State FMS, who was the manager responsible
18 for putting that proposal together and selling it to State?

19 A. Again, I must ask which proposal are we talking
20 about. There are two.

21 Q. I am talking about the second one.

22 A. The second one, now --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Yes.

2 A. Where we are competing with AMS?

3 Q. Yes.

4 A. There was a team effort made up, starting with
5 myself as the leader, Ann Hopkins, Nick Homer, Steve Higgins,
6 Tom Colberg, Karen Nold, to name just a few.

7 Of course, this was supported by, on the
8 partnership side, in the deliberations as to pricing and
9 strategy and which personnel -- how we would organize the job,
10 involvement by Joe Connor, himself, Paul Goodstat, Norm
11 Statland and a number of other partners, including Lew Crew in
12 our office and Ben Warder in our office.

13 Q. Who was running the project on a day-to-day basis?

14 A. I was.

15 Q. What was Ann Hopkins role?

16 A. She was the project manager on the job.

17 Q. What was her degree of responsibility, in your
18 view, in landing this project for Price Waterhouse?

19 A. She was to -- she had a very -- all embracing
20 responsibility to assist in every way possible in our efforts
21 to pull this proposal together, to insure that every element
22 of it was done on time and in a first class fashion and in as

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 an efficient a manner as possible.

2 This was everything from the actual text of pieces
3 written by people involved understanding the problem to the
4 detailed work plan, to the alignment of personnel, their
5 resumes, their background histories as called for by the
6 request for proposal, to the typing of the proposal and the
7 graphics required therein, all the way to the binding of it
8 and the submission of it by the deadline date and hour.

9 To discuss with me any issues, problems, concerns
10 that she had. Either I would resolve such problems or issues
11 or such strategy or I would discuss them with other partners,
12 particularly Statland and Connor for purposes of deciding what
13 the best possible strategy would be to win the proposal, which
14 then we would turn back to Ann and her team for purposes of
15 implementing and the writing of the proposal.

16 Q. How did she perform her "all embracing"
17 responsibility?

18 A. Ann was marvelous. She did a very fine piece of
19 work.

20 Q. And it landed the job?

21 A. We won the award, yes.

22 Q. In 1982, there was -- did State submit a sole

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 source request for what later became the REMS job?

2 A. Let me explain that.

3 Q. Okay.

4 A. In the traditional, typical sense, it was not a
5 sole source request for proposal. They did not go out in the
6 marketplace and tell anyone that they were asking for a sole
7 source proposal, which is the normal approach used by an
8 agency.

9 In fact, the State Department came to us with a
10 statement that they -- that the management of the State
11 Department felt very strongly that there was a need for
12 substantial improvement in the management of the real estate
13 function within the State Department, and that a system should
14 be developed for -- to assist in that management.

15 We were asked to attempt to define the problem and
16 to propose an approach to its -- to a system for its solution.

17 After a number of false starts on our part to try
18 to draft that document in which the client assisted us by its
19 critique of the way in which we had written it, we finally
20 arrived at an acceptable document and the State Department
21 amended our second contract to include funding and
22 responsibility for the Real Estate Management System.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 The team that wrote this proposal is not the same
2 team that wrote the FMS proposal.

3 Q. What was the team that wrote the REMS proposal?

4 A. The team included Ann Hopkins, myself and Bob
5 Freeman. There may have been some others at a lower level,
6 but basically it was the three of us.

7 Q. Who is Bob Freeman?

8 A. Bob Freeman is a senior manager on the State -- I
9 am sorry, in the OGS department. He came to this proposal
10 effort with knowledge of the State Department, which he had
11 gained as the project manager from AMS on the Financial
12 Management System.

13 In short, he was our competition throughout the
14 first phase or first stage of the State Department bid. Upon
15 AMS losing that job, he came to us, joined us and assisted us
16 in writing the Real Estate Management System proposal.

17 Q. Did Ann Hopkins have the same type of role in
18 preparing this proposal that you described for her in
19 preparing the FMS proposal?

20 A. No, she did not.

21 Q. How did it differ?

22 A. In my view she and Freeman were co-equals in

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 attempting to arrive at the proposal, in part because Freeman
2 knew a substantial amount about the area from his experiences
3 with State 1 through AMS.

4 But in my view neither one of them had a
5 comprehensive knowledge of how Real Estate Management Systems
6 really should operate for their lack of experience with the
7 private sector, an experience which I brought to the proposal
8 effort and, therefore, helped mold that proposal into one that
9 was more acceptable to the State Department management's way
10 of thinking.

11 Q. Who were you dealing with at State on that one, on
12 REMS?

13 A. The individual we worked with, primarily, was
14 Roger Feldman, the Comptroller, plus Joe Linneman, one of his
15 assistance, and Howard Renman, another one.

16 Q. So, it was Feldman and a couple of his assistants?

17 A. Yes. They were not the recipients of the
18 proposal, because the real estate function in State is
19 assigned to the area of the Administrative Bureau and not to
20 the Comptroller's office.

21 Q. But they were the people at State who were in the
22 capacity of client as far as putting the proposal together was

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 concerned?

2 A. They were aiding us in clarifying our thinking and
3 their perception of the needs of the Department in this area.

4 Q. In late 1982, Ann Hopkins went on a tour in
5 St. Louis. Is that right?

6 A. That is right, in August of 1982.

7 Q. She was sent there to do what?

8 A. I think we ought to step back a minute, because
9 this is, I think, an important element in her career.
10 Throughout my association with Ann, we had many, many, many
11 discussions, not only about the job and her work on the job,
12 her performance on the job and her responsibilities,
13 strategies for the tasks at hand, but also on a personal basis
14 as to how Ann could develop into a better candidate for
15 partnership in Price Waterhouse.

16 Now, it is an essential element in Price
17 Waterhouse that every candidate have sufficient exposure to
18 enough partners in the firm as to qualify as a valid
19 candidate.

20 Ann and I had talked at length on numerous
21 occasions about the number of people who -- with whom she had
22 had sufficient exposure and would therefore be in a position,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 development of the proposal with their people and would
2 particularly take a constructive view in assisting her in that
3 endeavor.

4 So, with those three reasons, we suggested, and
5 Ann agreed, and St. Louis agreed, that Ann go out to St. Louis
6 and assist them in developing this proposal for whatever
7 period of time it took and, in fact, at the expense of OGS.

8 We did not charge them for this service, which had
9 been done in the past by some offices and, in fact, by us. We
10 did not attempt to get reimbursed in any shape or fashion.

11 In fact, we even ended up, because of a fairly
12 limited word processing capability of the St. Louis office --
13 ended up by sending one of our word processors to St. Louis on
14 a full-time basis -- in fact, on a night and day basis -- to
15 assist Ann in getting the proposal typed.

16 In my opinion, Ann did a very -- another very
17 marvelous job -- and I so indicated in a letter to Joe Connor
18 that I thought she had again performed an outstanding effort
19 in the development of a proposal, which just happened to have
20 been successful.

21 I would also argue that Ann was not given the kind
22 of support by the St. Louis office that either she or I had

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 been used to in the Washington -- the OGS office -- and it
2 made it especially difficult for Ann and the word processor
3 that we sent to complete this job in an efficient and timely
4 and winning basis.

5 Now, I am not privy to the all the reasons -- all
6 that Ann went through. I have only listened to Ann to others
7 who went through that effort, but it was a significant effort,
8 expending some hundreds of hours over a six week period --
9 four to six week period, I believe, to pull that proposal
10 together.

11 It was followed up, of course, by extensive
12 negotiations in Washington with the partners in St. Louis and
13 in some cases with Ann to determine a proper price for that
14 proposal, to make it a winning proposal.

15 Obviously, there are -- in all Federal Government
16 proposals at least, two elements, two sections of every
17 proposals, two separate documents submitted -- one is the
18 technical proposal, which Ann had written in St. Louis with
19 the help of the St. Louis people.

20 And there is the cost proposal, which is a
21 separate document and it is held up from the technical
22 reviewers so that they do not bias their decision by an

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 examination of cost.

2 This was a highly competitive proposal. Highly
3 competitive, because we knew that Arthur Anderson and some
4 other firms would, in fact, submit very low price proposals
5 and that we would have to agree -- develop a strategy and
6 agree to that strategy to offset that price competition.

7 That no matter how good a technical proposal we
8 wrote, and it had to be good, it still would not win unless
9 the price were right.

10 In fact, the price was the right proposal, the
11 right amount, because we were told at a later date that we had
12 the lowest price and were able to withstand the competition in
13 that regard.

14 Q. This is a contract that was valued at \$2.5
15 million?

16 A. At the time, yes.

17 Q. Has it risen over the years?

18 A. It has been amended. It has been terminated and
19 it has -- we have repropose for the ongoing work, the
20 implementation again of that system, which we are now
21 finishing up and there are additional features and elements
22 which will probably be contained in another request for

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 proposal and the work will go on if we are successful.

2 Q. Is this being handled out of St. Louis?

3 A. Yes, this is a St. Louis client, primarily because
4 most of the operations of the Farmers Home are in St. Louis,
5 but there is still, of course, the element tied in with the
6 USDA. It is an agency of USDA here in Washington.

7 MR. HURON: Let's take a short break. Off the
8 record.

9 (A short recess was taken.)

10 MR. HURON: On the record. I would like to have a
11 couple of documents marked for identification as Beyer
12 Deposition Exhibits Nos. 1 and 2, for purposes of
13 identification.

14 (Beyer Deposition Exhibits Nos. 1
15 and 2 marked for identification.)

16 BY MR. HURON:

17 Q. Mr. Beyer, could you look briefly at the documents
18 that have been marked for identification as Exhibits 1 and 2
19 to this deposition and when you have had a chance, could you
20 identify them if you can?

21 A. (The witness perusing document.)

22 MR. TALLENT: Have you ever seen the documents

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 before, Mr. Beyer?

2 THE WITNESS: Yes, I have. These are -- I have
3 seen these documents.

4 BY MR. HURON:

5 Q. Can you tell me what they are, starting with
6 Exhibit 1?

7 A. Exhibit 1 was submitted at the request of Mr. Paul
8 Goodstat as a representative of the Admissions Committee to
9 illustrate the specific role of partner candidate Henry Lum in
10 his work with the Office of Government Services.

11 Exhibit 2 was a very similar document for partner
12 candidate Fred U. Pshyk, submitted also in response to a
13 request of Paul Goodstat. In fact, the request came for both
14 of those to be submitted at the same time.

15 The documents were prepared by us in OGS under my
16 general supervision.

17 Q. This was during the 1983 partnership cycle when
18 Mr. Lum and Mr. Pshyk were under consideration for
19 partnership?

20 A. That is correct.

21 Q. Do you know at what point in the cycle these
22 document were requested?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Yes, they were, subsequent to the proposal
2 submitted by the Office of Government Services, as of August
3 1, 1982, and I believe somewhere -- in fact, were around the
4 time of the Admissions Committee's deliberations toward the
5 end of January, 1983.

6 Q. Was a similar document requested for Ann Hopkins?

7 A. No, it was not.

8 Q. Did you talk to Mr. Goodstat about whether or not
9 a request like this would be made for Ms. Hopkins?

10 A. I believe I asked him the question, "Did you also
11 want such a document as these for Ann Hopkins?" The answer
12 was, "No."

13 And I believe the -- I believe his rationale for
14 that was simply that the unusual nature of Pshyk's and Lum's
15 experience with the firm.

16 That is to say, the unusual or out of the
17 mainstream of the firm's activities that they had participated
18 in through their career with the firm caused the Admissions
19 Committee to explore further just exactly what they had done
20 because of this unusual nature.

21 Q. Do you believe that is what Goodstat told you?

22 A. I believe that is correct.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Looking at what has been marked as Exhibit 1,
2 would it be accurate, looking at the bottom line here, down
3 below, Project No. 11, that the figures 190 and so forth --
4 and those are all in hundreds of thousands. Is that right?

5 A. That is right, as it indicates up above.

6 Q. Right. Would it be accurate to say that this was
7 the maximum dollar volume billings that could be attributed to
8 Mr. Lum's work in whole or in part for the particular year in
9 question?

10 A. Yes, I think that that is -- it was an attempt --
11 you are correct, it was an attempt to itemize, as best we
12 could remember, the most significant projects performed in --
13 on which Lum had performed in some fashion or another in his
14 career with Price Waterhouse since 1979.

15 Q. Looking at Exhibit 2, which is the comparable
16 documentation for Mr. Pshyk.

17 A. Yes.

18 Q. Page 2 of that Exhibit, the bottom line under Item
19 No. 22, it is comparable figures in terms of your estimates of
20 the -- what could be reasonably attributed in whole or in part
21 to him?

22 A. Are you suggesting that the 22 items would be --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005

(202) 628-2121

1 would represent the most significant items that Pshyk either
2 had a significant role in developing and conducting the work
3 or a key role in developing the work?

4 Q. That is what I am asking.

5 A. Fine, then I would agree to that, that that is
6 correct.

7 Q. So, again, looking at Exhibit No. 1, focussing on
8 1983, Mr. Lum had a role in approximately a million dollars
9 worth of work?

10 A. Yes, in both negotiating the contract and in
11 managing the project, he participated.

12 Q. Is it evident from this what his role was in terms
13 of either management or writing the proposal?

14 A. Well, it says only that he was involved in
15 managing the project. He had a role in managing the project
16 and he had a role in negotiating the contract.

17 He did not have a role in writing the proposal or
18 in working on the project, as opposed to managing it.

19 Q. Okay. The point I am trying to make is that it is
20 not evident just simply from this document what his role was
21 in negotiating the contract?

22 A. No, for that you would have to look into his

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 detailed file and the files of the project itself, which are,
2 of course, available.

3 Q. Looking at Exhibit No. 2, for Mr. Pshyk, again it
4 is Fiscal Year 1982-1983, the billings that can be attributed
5 to him are listed as \$326,000. Is that correct?

6 A. No, I do not think it says that at all. That
7 simply says that he had a key role in developing work which in
8 Fiscal Year 1982-1983 amounted to \$326,000.

9 Q. Right.

10 A. It also says he had a significant role in
11 developing and conducting work in Fiscal Year 1982-1983 of
12 \$833,000.

13 Q. So, if you added those two together, are you
14 saying that would be a more appropriate figure?

15 A. I would think that would be fair to give him
16 credit for both of those, yes.

17 Q. I understand that comparable documentation was not
18 prepared for Ann Hopkins?

19 A. That is right.

20 Q. Based on what we have discussed before the break,
21 that is, her role in State Department proposals, as well as
22 the Farmers Home proposal, what would, roughly, a comparable

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 figure for her be?

2 MR. TALLENT: Counsel, comparable to what?

3 MR. HURON: Comparable to this bottom line figure
4 for Fiscal 1982-1983 that we have been discussing in Exhibits
5 1 and 2 for Lum and Pshyk.

6 THE WITNESS: My best guess is that it would be
7 substantially more. How much, I cannot really answer at this
8 point.

9 BY MR. HURON:

10 Q. Steve Higgins was also proposed that year?

11 A. That is correct.

12 Q. Was he proposed out of OGS or --

13 A. No, he was not.

14 Q. He was out of New Orleans?

15 A. He was proposed by the New Orleans office even
16 though he was resident in the OGS office.

17 Q. How long had he been resident in OGS?

18 A. In fact, Higgins had been a -- on a tour of duty
19 in the national office in New York for a -- I believe a two
20 year period.

21 We borrowed him in OGS from New York, which had,
22 of course, borrowed him from New Orleans, sometime around the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 fall of 1982 -- sometime around the fall of 1981 -- to assist
2 us in developing first a better profile relative to our EDP
3 capabilities in Price Waterhouse with the State Department.

4 Essentially it was more of a marketing effort
5 without a specific proposal in mind and then to assist us
6 secondly by December in the development of the actual proposal
7 against AMS for Stage 2 of the FMS system.

8 So, he came into OGS sometime in the fall of 1982
9 and stayed and is still with us.

10 Q. The fall of 1982?

11 A. That is right -- I am sorry, the fall of 1981.

12 Q. So, he had been with OGS roughly a year when he
13 was proposed by the New Orleans office?

14 A. About nine months at the most.

15 Q. Okay. As a general proposition, is the ability to
16 develop business, secure business an important characteristic
17 for a partner candidate?

18 A. Absolutely.

19 Q. Some of these questions state the obvious. We
20 have discussed the amount of business for which Ann Hopkins
21 was responsible and compared that, at least in general terms,
22 to Mr. Lum and Mr. Pshyk.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Are you aware, in your experience with OGS, of any
2 other manager who brought in -- responsible for business in
3 the amount equivalent to that of Ann Hopkins of late 1982?

4 A. I think it is important that we distinguish
5 between your words "bringing in" and the actual award of a
6 contract.

7 I will never support anyone who says that Ann
8 Hopkins did not participate extremely well in assisting the
9 office on a team basis in developing the work.

10 But I think it is -- it amounts to silliness to
11 say that Ann Hopkins specifically brought in "X" dollars or
12 "Y" dollars in "Y" year or "X" year nor anybody else for that
13 matter.

14 You will notice, even on the Exhibits that you
15 have given us here, Exhibits 1 and 2, we refer to a role in
16 developing work on the part of Lum and Pshyk.

17 We do not specifically, "He brought in a dollar
18 amount in a given year." That is not to say they are not
19 participating actively and taking a very key role, a very
20 important role, and do a great deal of work in making those
21 things happen.

22 Q. I guess --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. There are a lot of elements that go into the
2 decision on whether a proposal is successful and not the least
3 of which is the pricing and structure of the organization that
4 we propose, which is a matter of partnership determination,
5 and in this case, the State Department at a very high level.

6 Q. I guess what I am trying to compare is -- looking
7 again at Exhibits 1 and 2 -- Lum and Pshyk had some role and
8 it is not defined precisely how much role in the business of a
9 million-plus dollars in Fiscal 1982-1983.

10 A. That is right.

11 Q. You had said that Ann Hopkins had -- I think you
12 said an important role, and you can characterize it, in
13 developing business substantially in excess of that amount for
14 that period.

15 A. That is correct.

16 Q. My question is do you know of other managers who
17 have had a role in developing equivalent amounts of business?

18 A. In OGS?

19 Q. Yes.

20 A. I do not think that anybody would compare in
21 having such a significant role in such a significant result.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. As Ann Hopkins?

2 A. As Ann Hopkins.

3 Q. Do you know whether anyone else in the firm
4 generally would compare? Do you happen to know that?

5 A. No. It is a large firm.

6 Q. I know.

7 A. I am not trying to be cute here. I am not privy
8 to all the proposals that are proposed or made by any
9 individual office.

10 Some of them obviously are quite large and
11 particularly in the audit area where they arrive in a very
12 large Fortune 500 client -- a company as a client --
13 discounting the annuity associated with an award of that sort
14 could compare with the State Department, yes.

15 Q. You are saying it is possible?

16 A. It is possible.

17 Q. But you do not know.

18 A. No.

19 Q. Returning to the first State Department, which I
20 understand is the project leading up to the FMS award, at that
21 time a proposal was written, if I am accurately summarizing,
22 which resulted in the second award, which among other things,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 set up a staffing partner for how the work would be managed at
2 State. Is that right? I mean, that is one of the elements of
3 the proposal?

4 A. I am really not following. Are we talking about
5 the first proposal or the second proposal?

6 Q. Well --

7 A. And what are you actually asking?

8 Q. Well, the first proposal results at the end lead
9 into the second proposal, is that not correct?

10 A. The end of the first job is the proposal for the
11 second job.

12 Q. Yes, okay. And the proposal for the second job,
13 among other things, would include staffing patterns, who is
14 going to manage the work, who is going to be on it, that type
15 of thing?

16 A. Contained in the proposal as required by the
17 request is an organization structure that Price Waterhouse
18 would put forth for consideration by the State Department for
19 the ongoing job, yes, most assuredly.

20 Q. Was Ann Hopkins initially designated as the
21 project manager for that proposal?

22 A. No, she was not.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. She was never considered for that position?

2 A. Yes, she was considered, but she was not proposed.

3 Q. Who was ultimately proposed?

4 A. Don Eplebaum.

5 Q. Can you tell me why she was not ultimately
6 proposed to manage the project?

7 A. Yes, I received a call, in the midst of our
8 developing the proposal, from Howard Renman at the State
9 Department in which Mr. Renman indicated that Price Waterhouse
10 would very likely be unsuccessful in receiving the award if
11 Ann Hopkins were the project manager.

12 I was startled, particularly in view of the fact
13 that I had based a lot of the plans in developing that
14 proposal and the ongoing work on the use of Ann Hopkins in
15 that role.

16 Obviously, this created problems for me in trying
17 to find an alternative. I asked him why she was not
18 acceptable.

19 He did not say -- he said to me that he did not
20 want to get -- have me believe that she was unacceptable, but
21 that we would not likely win and that the reason for this is
22 that they felt that this job was so large and so significant,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 in terms of its scope, its complexity, its worldwide nature,
2 its requirement to use Price Waterhouse people throughout the
3 world to support development and installation of systems in
4 Embassies throughout the world, its sheer comprehensiveness
5 within the State Department -- that they believed it was
6 absolutely essential be a partner in Price Waterhouse.

7 I must have asked him two or three times to repeat
8 that in different ways in order to assure myself that in no
9 way was he telling us that Ann Hopkins had performed
10 unsuccessfully on the job.

11 I did not get that kind of response from him. Now
12 that does not mean that that was not possible, that they felt
13 that she was not acceptable for reasons of whatever
14 performance or relationship they had with her. They simply
15 did not say that.

16 Q. But they said --

17 A. I subsequently asked -- I subsequently called Joe
18 Linneman, another State Department operative involved in this
19 work, and asked him the same question, would he explain why
20 they were taking the position that they were relative to
21 needing a partner and that Ann was not appropriate.

22 Essentially, he came back with the same kind of

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 commentary. It was clear they had talked to each other.

2 Unsatisfied still, I went back to Roger Feldman
3 the Comptroller at the State Department and asked the same
4 question.

5 Now, Roger did add one additional feature that had
6 not been spoken by either Linneman or Renman and that was the
7 thought that it might be very valuable for us to use in the
8 proposal Ann Hopkins in the proposal process, to develop the
9 proposal, to assist in conducting the orals before the State
10 Department people to explain what the proposal meant and
11 perform the transition, if you will, from the Stage 1 to the
12 Stage 2 of FMS.

13 Thirdly, that it might be valuable for us to
14 consider using her in the early stages of Stage 2 as a -- in a
15 transitional mode to assist Eplebaum in getting up to running
16 speed.

17 In fact, that is exactly what we did. We allowed
18 in the proposal some three or four months for this transition
19 to take place in order for Eplebaum to become completely
20 familiar with the State Department since he had no prior
21 exposure or involvement with this job.

22 As it turned out, we were successful. Eplebaum

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 took over as the project manager and assisted him and there
2 was a considerable amount of redetermination of the work plan
3 and the timing of certain objectives and so on required in
4 which Ann was very useful in getting Eplebaum up to running
5 speed.

6 However, it soon became apparent that Feldman
7 would not wait for three or four months to pass before the
8 transition would be completed.

9 Finally, probably in a fit of frustration told
10 Eplebaum that he would not accept -- in so many words, told
11 him he would not accept the transition.

12 He had viewed Eplebaum as in charge, project
13 manager now, even though only roughly a month had passed.

14 Q. Did he say why?

15 A. I think he wanted to put a certain fire under
16 Eplebaum to get him going and get him into the job and to
17 relieve the dual cost of Hopkins and Eplebaum to the State
18 Department.

19 I am only speculating here, but I would think that
20 those would be reasonable --

21 Q. Sometimes a client at a law firm will want to have
22 a partner try a case instead of an associate, because they

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 think it is an important case. Is this the type of impression
2 you were getting from State about the FMS project?

3 A. It is not altogether clear. About the thing that
4 was absolutely, abundantly clear was that they did not want
5 Ann as the project manager on Stage 2.

6 I even talked to Ann at length about this. We
7 speculated together as to what the reasons -- the rationale
8 might be. We attempted to probe together whether there was
9 anything in our performance, hers, mine or anybody else's that
10 might cause them to make the suggestion that we had not
11 performed adequately.

12 In my view, there was more at stake at that time
13 than whether or not Ann was acceptable, but whether Price
14 Waterhouse was acceptable and whether they were silently
15 telling us that we had a far more difficult chance for success
16 than we even anticipated and we were not terribly optimistic
17 even at that point.

18 We could find nothing in our discussions. We
19 could really not uncover any specific reason why, other than
20 their statement that Ann's latitude of control over people in
21 other offices worldwide would be sufficient to allow her to do
22 the job as complex and as large as this one.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 Q. So, she did not manage the FMS job, in short?

2 A. In short, she did not.

3 Q. She did later manage the REMS job after the
4 proposal was written and it was accepted. Is that right?

5 A. Yes. In the sequence there, she was coming off of
6 the FMS project. She became available and that was perhaps a
7 fourth reason why the opportunity in St. Louis was
8 particularly delightful and desirable. She had time.

9 It was a good use of her time to go to St. Louis
10 and assist.

11 Upon completing the St. Louis effort, I believe
12 the sequence of events was that then the State Department came
13 back to us with a request for -- that led to the Real Estate
14 Management System effort.

15 Q. She was proposed as the manager and accepted as
16 the manager and, indeed, managed that project?

17 A. Yes, up until the time of her departure.

18 Q. Right.

19 MR. HURON: I would like to have these marked as
20 Exhibits 3 and 4 to this deposition.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 (Beyer Deposition Exhibits Nos.
2 3 and 4 were marked for
3 identification.)

4 THE WITNESS: (Perusing documents.)

5 BY MR. HURON:

6 Q. Have you had a chance to review these?

7 A. I have.

8 Q. Can you briefly identify them, starting with the
9 first Exhibit, No. 3.

10 A. Exhibit No. 3, in fact, follows Exhibit No. 4 in
11 time. Exhibit 3 is the evaluation of performance of Ann
12 Hopkins to the Foreign Billings Operations, the so-called REMS
13 project, and it is dated by me on the document as October
14 12th, 1982.

15 Exhibit No. 4 is the -- a similar evaluation of
16 performance only for the State Department FMS project and it
17 is dated on the document as September 28th, 1982.

18 Q. At that point, would it be accurate to say that
19 the REMS project and the FMS project, as of these dates, the
20 fall of 1982, were the two principal on which she had worked
21 recently for OGS?

22 A. They were certainly the two most recent projects.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I do not think we should overlook her efforts on BIA, which I
2 was not responsible for.

3 She had done other things in the office, proposal
4 writing and such other things, but these were her two
5 principal client responsibilities of the last few years.

6 Q. Looking at Exhibit 3, again this refers to the
7 REMS project?

8 A. That is right.

9 Q. Which she was managing at that time?

10 A. That is right.

11 Q. The bottom portion under "Comments" on the first
12 page of Exhibit 3 sets forth your assessment of how the client
13 felt about her at that time?

14 A. Yes. That is quite accurate. The client, in fact
15 was -- and by client, I am specifically referring here to
16 Roger Feldman -- was insisting that Ann help write that
17 proposal because, of course, she had extensive prior
18 experience through her FMS work with that area -- not
19 extensive, but she had had sufficient experience which
20 qualified us to write the proposal and to do the work.

21 In fact, in some sense, it was the basis for the
22 sole source. That is also, of course, why we brought Bob

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Freeman to assist here, because he also had prior experience
2 to the FMS engagement, although, of course, through his
3 association with AMS.

4 The State Department was not asking us to write a
5 proposal on something that we would have to study cold. Ann's
6 prior experience and Freeman's prior experience were
7 important.

8 Because the proposal effort then took some time
9 and because it required a great deal of understanding as
10 developed through our interaction with the State Department
11 people far more than even could be said in the writing of the
12 proposal itself an understanding that was required, the State
13 people said they wanted Ann to manage the project.

14 I readily agreed, particularly since she did not
15 have any other responsibility at that time and because she
16 would be quite qualified to do so.

17 Q. It is accurate that they were entirely satisfied
18 with her managing the project?

19 A. Absolutely.

20 Q. Now, at some point, you designated Ann Hopkins as
21 a -- to be in charge of your internal word processing section,
22 did you not?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Yes, that is true.

2 Q. She had succeeded Hunter Jones in that capacity?

3 A. Hunter Jones was, if I recall correctly, sent on
4 a -- was in charge of word processing and was sent on a
5 mission to Cairo, Egypt, as well as I believe got very deeply
6 involved with a client matter.

7 As a matter of fact I believe it was some
8 litigation assistance that took him out of town. Both
9 requirements took him out of town and made it impossible for
10 him to continue on in that capacity.

11 At the time, no other partner was really available
12 to handle that responsibility and because Ann had considerable
13 use of the word processing function in the past, I felt she
14 would understand how it operated in some of its peculiar needs
15 and requirements.

16 Ann finally -- I wanted to make sure that Ann had
17 a chance to work on her personnel skills with a staff at a
18 substantially lower level than her.

19 Hence, the basis for the decision to ask Ann to
20 take it over. She readily agreed. In opinion, after a short
21 while, did a very fine job.

22 Q. Did she, in fact, work well with the lower staff

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 that she had not had an opportunity to work with before?

2 A. Yes, she did. And, in fact, it was one of the few
3 times I have seen somebody at that level, partner or manager,
4 who would get involved with the people themselves, their
5 personal needs and problems, not just compensation, but
6 compensation as well, and to try to resolve any differences
7 and problems.

8 That tends to be a very difficult area to manage,
9 to run, to keep from turning over rather rapidly. We make
10 excessive demands of that department and there is a need for
11 them to go to somebody with authority for purposes of
12 expressing their unhappiness and having somebody find a way to
13 solve their problems. I thought Ann did quite well at that.

14 Q. So, would it be accurate to say that as of late
15 1982 or early 1983, that she had two principal management
16 responsibilities: One being the REMS project, which was with
17 a client of Price Waterhouse; and, the second being the word
18 processing section within Price Waterhouse?

19 A. Yes, but let's put that in proper perspective.
20 The REMS client project far outweighed any other
21 responsibility.

22 In fact, Ann might have had some other minor

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 responsibilities in the office that are not even worth
2 mentioning.

3 If she were to have come to me and say, "I cannot
4 handle both," immediately I would have dropped the word
5 processing responsibility. It just did not compare. I do not
6 think we want to put them on the same level by any means.

7 Q. But you have described how she performed on both
8 of those on the management side?

9 A. That is right.

10 Q. Again, summarizing at this time, late 1982 or
11 early 1983, it would be accurate to say, I think, from what
12 you have justified, that Ann Hopkins helped to bring in,
13 helped to secure substantially more business than other
14 managers at OGS with whom you are familiar and that --

15 A. We have discussed this.

16 Q. Yes. And that she also managed the work for which
17 she was responsible entirely to the client's satisfaction,
18 that is, the State Department?

19 A. To the best of my knowledge, that is true.

20 Q. You called State, and I think I am quoting
21 accurately, a "very demanding client." Is that right?

22 A. Even more so now than ever.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Tell me what more you personally would want in a
2 partnership candidate besides the ability to help sell
3 services on the one hand and managing them satisfactorily
4 after they have been sold on the other?

5 A. My personal view is that Ann had all that it took;
6 hence, my very active and strong support for her candidacy.

7 I do not think there is any question that
8 throughout my relationship with her, and even when one reads
9 the file on my evaluations of her, one picks out a steadily
10 improving profile that I am describing of a partner candidate.

11 The ratings are getting better. The words get
12 better and by the time we submitted her application -- her
13 proposal for partnership -- I felt it was a very strong
14 proposal.

15 It is for that right why I was not terribly
16 concerned that when Goodstat called and said, "I need some
17 further data and information on your two other candidates,
18 Pshyk and Lum," that he passed by Ann, because I felt that
19 Ann's proposal was strong on its own merits.

20 Now, admittedly Ann operated in the mainstream of
21 the firm's activities, Financial Management Systems. And it
22 was and is much easier for our partners in other offices to

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 were testifying about OGS's proposal for admission for
2 partnership for Ann Hopkins. Is Exhibit No. 5 the document
3 you are referring to?

4 A. It is.

5 Q. You said that you wrote most of it. Who else
6 worked on it?

7 A. Every partner in the office, to the best of my
8 knowledge.

9 Q. Was anyone, in particular, given initial
10 responsibility to put together a draft?

11 A. Yes. My procedure in OGS, as the partner in
12 charge of that office, is to first ask if there is anybody who
13 particularly wants to write the proposal and then to assign
14 that responsibility to the individual.

15 The process then is that the individual, after
16 having done a draft, prepares copies of it and brings it to a
17 full partner meeting in OGS in which it is critiqued,
18 streamlined, edited, improved, et cetera.

19 Another partner may then take up the
20 responsibility to rewrite it, to make the changes or that same
21 partner may.

22 Ultimately, the proposal lands on my desk for

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 final preparation and typing and signature and finally
2 mailing.

3 I believe that in this case, in Ann's case, this
4 proposal was written initially by Ben Warder. I am not
5 absolutely certain about that.

6 Why Ben Warder? Well, one, he volunteered. I
7 think -- and secondly, because he felt, and I felt, that he
8 knew Ann from his association with her on the State
9 Department.

10 It is possible that it might have been Krulwich,
11 but I do not think so. I rather thing that the one writing
12 this was Warder.

13 At any rate, he did not stay on it beyond the
14 draft stage, because I felt that the proposal had to be
15 written extremely well in order that our partners would view
16 it very favorably.

17 Q. Why would --

18 A. The reason for this is that there had been
19 criticism of Ann throughout her career of her ability to deal
20 with people and her ability to deal with people and her
21 ability to manage projects.

22 I felt that the proposal had to touch on those

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 points to overcome them as best we could in order that we
2 could make her -- present her candidacy in the most favorable
3 light.

4 I recognize that this proposal is the culmination
5 of the best possible efforts that an office can make to sell
6 an individual to the rest of the partners.

7 There is no other vehicle for doing that in the
8 firm. The firm frowns, the partners frown terribly on
9 politicking for an individual.

10 By "politicking" I am referring to promotion of an
11 individual by any other means than this written document,
12 verbally or in writing.

13 In fact, in my -- it is my belief that that is the
14 surest way to lose a candidate if you violate that unwritten
15 law.

16 So, I felt that this proposal had to be written
17 extremely well in view of my concern for Ann's strength with
18 the partners.

19 Q. The draft that you got initially, you believe it
20 was from Warder, did not meet your requirements in that
21 regard?

22 A. No, it did not. I felt that Warder -- or the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 first draft was not bad. It needed more work, word changes,
2 emphasis, explanatory comments, particularly in the text of
3 the last page of this Exhibit No. 5.

4 The way in which you say what you say matters a
5 very great deal. It cannot be too long, yet, it has got to
6 say everything that has to be said about the candidate.

7 Q. You took it upon yourself to make the necessary
8 revisions?

9 A. And working with other partners. It was not done
10 in a vacuum. I took over the process of rewrite, rewrite and
11 rewrite again.

12 Understand, I was very firmly convicted that Ann
13 made an excellent candidate. I was very proud of the work
14 that she had done for Price Waterhouse, for me in particular,
15 in assisting me in developing and carrying out the early
16 stages of two very important projects for the State
17 Department.

18 Q. We will get to this a little bit more later, but
19 my understanding from some of the documents received that you
20 said among the three candidates proposed out of OGS that you
21 ranked her first. Is that right?

22 A. I do not believe I have said that.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. HURON: I would like to have this marked as
2 Exhibit No. 6 -- well, let me ask you first, before we mark
3 it, since we are getting close to lunch, whether or not you
4 said it, is that accurate?

5 THE WITNESS: Well, look, I think she was an
6 extremely strong candidate. I also felt very strongly that
7 the other two candidates from OGS should also be partners.

8 I would not support them and would not have signed
9 my name to the document if I did not believe that. We are
10 talking about a matter of degree, if anything, amongst three
11 very fine people as candidates for partnership in Price
12 Waterhouse.

13 It takes a long time and a lot of hard work on the
14 part of the candidate, as well as the partners in the office,
15 to get to a point where a person is a candidate.

16 To say that one is better than the other is almost
17 absurd, because they all are top notch. But I would say Ann
18 Hopkins, in my view, was -- could well be number one of the
19 three.

20 MR. HURON: Let's take a break for lunch now. Off
21 the record.

22 (A luncheon recess was taken.)

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

A F T E R N O O N S E S S I O N

(1:40 p.m.)

MR. HURON: On the record.

BY MR. HURON:

Q. Mr. Beyer, before the lunch break, we had been talking somewhat about the partnership proposal, which was prepared in OGS, for Ann Hopkins for the 1983 partnership cycle and you were explaining how it was written.

One of the things you said, if I recall accurately, was that one of the things that you wanted to address or overcome in your proposal was the perception that you felt existed on the part of some partners concerning -- you mentioned two things: personality problems and management deficiencies on the part of Ann Hopkins.

Am I right that those are the two things that you wanted to be sure --

A. I said there were two things, which I knew to be of serious concern to some of my partners, based on their experiences with Ann in prior dealings.

One was her project management skills and the second was her interpersonal relations with people at all levels, subordinates, peers and superiors, and this included

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 clients.

2 Q. Included clients?

3 A. Yes. And that it -- in fact, these two concerns
4 had been prevalent throughout her career with us and as a
5 matter of fact, they were even in existence at the time of
6 hiring her when we did a reference check on her with American
7 Management Systems where she had previously been employed.

8 They were of concern and had been of concern to
9 her tenure with us. They had been discussed with her by me on
10 a verbal basis.

11 They had been written about. We had strategized
12 as to how to overcome those issues and I was concerned that we
13 had to find ways to tone down that -- those negatives, if not
14 eliminate them as best we could, in order to present her very
15 strong pluses in other areas.

16 Q. You say you engaged at times in counselling
17 sessions with her. Was that with respect to her interpersonal
18 relations?

19 A. Well, we --

20 Q. I mean, you had mentioned --

21 A. We had many, many, many, many conversations, many
22 discussions. No one conversation would be specifically aimed

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 at a single topic.

2 Ann was given free and unbridled freedom, liberty,
3 to pop into my office to discuss any matter as she chose
4 because, of course, I felt the State Department project was to
5 terribly vital and terribly important to the welfare and the
6 ongoing strategy of OGS.

7 I was willing to shove aside all other
8 considerations, concerns and items on my desk in order to
9 discuss with her when she needed -- or at any point in time
10 when she had a concern -- at least as long as I felt this
11 conversation was productive.

12 I can recall many times when it would last for
13 quite some time. It would cover a wide range of topics,
14 including the job, and that is usually where it started,
15 strategies: "How could we do this?" "What can we do about
16 that?" "We have a problem here," and so on.

17 Discussions of our competition, AMS, moves that
18 they would make and how we would counter those. And also her
19 relations with her staff on the jobs, whether they were really
20 performing at the level that we really wanted them to, whether
21 they were getting bogged down, whether they were -- had
22 sufficient technical background and strength to perform the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 job that we were asking them to perform. Whether there was a
2 need for an alternative, how they related to the client.

3 And, finally, Ann, herself, and her candidacy.
4 Always in the back of my mind, at least, was the question of
5 how do we develop a profile for Ann to the external world.
6 "External" is anything beyond the two of us -- that would be a
7 presentable, acceptable partner candidate.

8 Q. You mentioned two types of concerns: One was
9 project management skills.

10 A. Yes.

11 Q. Could you detail that? Who had that concern, what
12 they had to do with it?

13 A. Ann had a facility for working extremely well in a
14 crisis situation. And many proposal situations, particularly
15 for larger projects, virtually become that, because first of
16 all you are on a very tight time deadline.

17 The client, or the potential client, at least,
18 imposes a due date for the delivery of the proposal. And to
19 get all the materials together to get the documents written,
20 organized, takes time. That creates the crisis.

21 Secondly, you are dealing in many cases in areas
22 where you are not terribly familiar.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 When an agency in the Federal Government issues an
2 RFP, they do not allow you to come in and do a great deal of
3 investigation of their situation.

4 In fact, in many cases, they simply allow you to
5 talk to the procurement officer, the CO. He knows nothing,
6 really, about the technical issues of the jobs. He merely
7 knows the procurement requirements.

8 He may get you some technical answers about the
9 job or the potential job, but only after contacting the
10 various functionaries and operatives in that agency, so you
11 really do not have a lot go on.

12 It becomes necessary to find as much about the
13 proposal or as much about the area you are proposing into as
14 you possibly can by alternative means.

15 One way to do this, of course, is bringing in
16 people into the organization who have had prior association
17 with the job. Another way is to bring in outsiders who are
18 familiar with the area or the agency in total.

19 In effect, you debrief them to gain insights as to
20 what the problems and concerns and issues are in order to make
21 a far better proposal.

22 We did that on the State Department, for example.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 We brought a gentleman in who had previously been associated
2 with State and uncovered a lot of the concerns and
3 opportunities and incorporated that into our writing.

4 In fact, I think that was one of the selling
5 points, because we turned a lot of his commentary into a
6 points list, about nine to eleven points, for use in the
7 orals; that is, after the proposal has been delivered, the
8 State Department calls us back and investigates further what
9 exactly we had written and we supplemented that discussion
10 with what we felt to be the chief concerns in the State
11 Department.

12 And I remember distinctly that they came back
13 quite impressed with the fact that we had -- as to the depth
14 of our knowledge of the State Department and the way in which
15 our team had put forth these items.

16 Now, Ann was very good at this kind of thing, but
17 in her crisis management, there would be people whose toes
18 would be stepped on, who would be slighted or would be hurt or
19 angered by her brusqueness in giving commands and
20 requirements, in the way in which she asked for things to be
21 done and also in the tight time deadlines that she imposed on
22 them.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 It made it difficult for them to respond and there
2 were people who were not very happy with that.

3 Q. Would it be accurate to say, looking just for a
4 moment at the tight time deadlines that were imposed, that
5 these were in response to deadlines imposed by the client or
6 prospective client?

7 A. In the background, of course, is the requirement
8 to meet the client's requirements, but we would develop, in
9 many cases, certain, at least general, checkpoints along the
10 way which would allow us to meet the scheduled deadline and so
11 we imposed our own schedule, if you will.

12 "I need a document by such and such time tomorrow
13 morning," or what have you.

14 A proposal generally is written in a crisis and
15 Ann was very good at a crisis management. The question in
16 Ann's case came up in a number of cases, whether Ann really
17 had the strengths in a long, ongoing project beyond the crisis
18 introductory phases of it.

19 In my view, Stage 1 of the State Department
20 project was really, in its collapsed form, its unfettered
21 form, nothing more than a paid proposal writing effort in
22 which we carried out a requirements definition, conceptual

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 design, which would allow the State Department to make a
2 choice as to which firm really operated the best with them,
3 knew the most, had the best approach to a job and, therefore,
4 allowed them to a conclusion as to which one was the better
5 one to go on with for the really big job that would follow.

6 In fact, we approached it that way. Our pricing
7 on Stage 1 was really, I would say, virtually a rock bottom
8 level in order to secure the job and the opportunity therefore
9 to bid on Stage 2, the big, longer running job.

10 Q. If Stage 1 was, in your terms, a paid proposal
11 writing effort are you saying that because of that and because
12 of the nature of the client and the size of the job under
13 consideration, that there was a, if you will, a crisis
14 atmosphere about Stage 1, in the terms you have been talking
15 about?

16 A. Yes, in much of that. Not only was there in just
17 simply the first part of writing the proposal for Stage 1, but
18 after we had won the award and were into competition, in the
19 parallel competition with AMS, there were deliberables and
20 deliverable dates.

21 Even before that, there were meetings on a weekly,
22 bi-weekly and monthly basis with the State Department

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 officials and we were in a constant state of trying to get
2 ready for one meeting as we were debriefing ourselves as a
3 result of the previous meeting.

4 We were trying in many way to perceive just what
5 it was that the State Department wanted from us, what it was
6 that made them -- would impress them with our approach, our
7 style, our manner, our content and so on.

8 We had a number of false starts, in which we would
9 be, in the early stages, very deflated because we felt that we
10 were just not getting through to them.

11 We would constantly be asking ourselves, "What did
12 we do wrong?" "What can we do better?" "How can we change
13 this," and I felt that Ann was very good at -- in these
14 discussion which usually were held between Ann, Ben Warder and
15 myself and sometimes others, to try to uncover the true
16 meaning and intent of the Department.

17 We were groping, therefore, to improve in our next
18 performance and develop a profile of an ever improving
19 organization that eventually would write a winning proposal.

20 Ann I thought was very good in this, the give and
21 take, the discussions that would go on.

22 It was in the stages of the REMS job, in the later

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 stages of that, which was not under a crisis of any kind, it
2 was not a proposal writing effort -- we were given the job in
3 the first instance and that was it.

4 We were to develop the full systems life cycle
5 from the requirements definition all the way into
6 implementation of programmed packages.

7 I think the differences in Ann's capabilities
8 showed up and here I am referring especially to the
9 difficulties we had encountered in the last year of Ann's
10 tenure with Price Waterhouse in the managing of the Real
11 Estate Management System and the problems that we uncovered in
12 her management of that project.

13 I would say that in the final analysis that
14 project management style, I viewed, even in the developing of
15 her proposal for candidacy for partnership, that Ann served a
16 very important key role for OGS in helping us develop work.

17 Others would serve a very key role in helping us
18 implement systems. I saw a place in the firm, in OGS at
19 least, for both kinds of personalities, both kinds of
20 approaches, both kinds of capabilities.

21 I am not sure that everybody in the firm shared
22 that view with me. In fact, I am quite sure they do not. And,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 hence, again, I think the proposal that we tried to develop
2 for her partnership tried to cross over that -- smooth over
3 that differentiation to make it seem not nearly as glaring and
4 as significant in order to promote her best interests.

5 Q. I want to get back to how things stood in late
6 1982, at the time her proposal initially went up, and I will
7 do that in a moment.

8 First, I want to talk to you generally about REMS.
9 Looking at management skills, in determining whether or not a
10 partner or a manager is managing a job well, how important is
11 what the client feels about the management of the job?

12 A. It is important, but it is not controlled for this
13 reason: the client has to be persuaded that we are doing a
14 successful job. They pay the bill.

15 If they are not satisfied, they will not pay the
16 bill and they will stop the work. Obviously, that is
17 important.

18 But the client, particularly in Federal Government
19 agencies, in my experience, do not always know what they are
20 getting. They are not always technically attuned to exactly
21 what it is we are doing, how we are doing it and what it is
22 going to end up as.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 In many cases, we are feeding them the things that
2 we think they ought to know and how they ought to be
3 evaluated.

4 They are not always terribly understanding of
5 exactly what it is that they need. The Real Estate Management
6 System is a classic example of that.

7 We had a great deal of difficulty getting them to
8 focus on and enunciate those things they really felt they
9 wanted and they needed to manage the real estate of the State
10 Department.

11 Hence, a lot of the things that we dealt with and
12 developed had to be developed by ourselves, offer it to them
13 and, "Is this what you want?" "Is that what you are going to
14 get?"

15 So, that that aspect of it is very important, but
16 it is not controlling that the client absolutely be the all --
17 the final answer as to whether a person is successful in a job
18 or not. The client will not always know.

19 We have, in addition, standards of performance in
20 the carrying out of jobs, projects, systems projects,
21 particularly in Price Waterhouse, that -- as to how a job
22 should be performed, its methodology, the steps that have to

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 be carried out and the documentation that has to support what
2 has been done.

3 It is a long standing tradition in Price
4 Waterhouse that every job shall be subjected, at least, to the
5 possibility of an intensive review on a cold or unknowing
6 basis by outsiders; that is, people outside the office.

7 Q. That is the QCR?

8 A. That is correct. This is a natural follow through
9 from our Audit Standards Review, ASRs, which are done on the
10 audit side, and the Tax Quality Control Review, is done in the
11 Tax Department.

12 Usually, these reviews take place in the summer
13 months, somewhere between May and the end of September, which
14 is traditionally less of a busy season for the firm than the
15 other months.

16 This serves two vehicles. One is, of course, to
17 do -- go into an office and select projects for review, to
18 gain an understanding of how they have been done and they
19 follow a check list of questions, which are very detailed and
20 very penetrating as to what to find, what to look for and how
21 to evaluate it once it is there. Ann, herself, participated in
22 one such review.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 The second reason, of course, as we have explained
2 this morning, is that this is a vehicle for exposing a senior
3 manager to other partners, other people in other offices for
4 purposes of expanding their partnership candidacy.

5 Now, the Real Estate Management System, itself,
6 was subjected to a Quality Control Review in the summer of
7 1983 and in that review, which was conducted by an outside
8 team, partners and managers from outside the office, the Real
9 Estate Management System project was criticized for certain
10 deficiencies and inadequacies.

11 This, in fact, was the second time it had been
12 criticized, previously have been criticized under a second
13 partner review performed by Ben Warder some one or two months
14 earlier.

15 Q. That is a PAR 766?

16 A. That is right. The PAR 766, which is now 623, I
17 believe. Everything changes.

18 Warder, at my request, had conducted a PAR 766
19 review on the Real Estate Management System job for two
20 reasons: Because he knew something about the State
21 Department; and, because I was concerned that not having spent
22 as much time on this -- as partner in charge of this job,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 having reviewed it myself, that it might, in fact, represent
2 problem areas for the firm.

3 I think a third reason is that I began to feel
4 very uneasy about the job because of the significant turnover
5 of personnel on the project and the general lack of ability to
6 produce end product which could b supported by documentation
7 as to how we got that end product.

8 Warder conducted his review and had considerable
9 difficulty in doing so. It took him a number of months to do
10 this, firstly, I suspect because he and Ann had trouble
11 getting their schedule dates to match up.

12 She was very busy on the job, running the job at
13 the time and he also had other jobs that he was responsible
14 for.

15 And, secondly, because it was not an easy job to
16 review because, as it turns out, and as Warder so indicated in
17 his review, there was not a sufficient amount of evidential
18 material to support the conclusions and the final determinants
19 that had been developed, the end product.

20 In many ways, this was the same kind of a
21 conclusion that had been -- come to following that in the QCR
22 by Norm Hollander and the managers that reviewed the --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 performed the QCR on REMS.

2 I reviewed both of these reports, the QCR and the
3 second partner review with Ann --

4 (Interruption to the proceedings.)

5 MR. HURON: Let's go off the record a moment.

6 (A short break was taken.)

7 MR. HURON: On the record.

8 BY MR. HURON:

9 Q. Mr. Beyer, before we broke, I think you said that
10 you reviewed both the PAR 766 review that Ben Warder had
11 undertaken and the QCR and you were just getting into your own
12 review of those two reviews.

13 A. I studied them, made an extensive review of them,
14 talked with the two partners in question, who were responsible
15 for the two separate documents.

16 I then asked Ann to come in and we went through
17 them and we went through them point by point.

18 Some of the times on there, and I so marked in the
19 margin on my copy, at least, particularly in Ben Warder's
20 review -- I felt were pretty small items, not of deep concern.

21 But a PAR 766 does not ask you to put only
22 significant items on. It says, "Anything that you find, plus

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 or minus, relative to the questions that have to be addressed
2 should be so recorded."

3 There were a few items, though, that I felt were
4 significant and Ann and I spent some time going through that.

5 She raised some objections. I went back to Ben
6 and to the Quality Control Review team and asked them for
7 clarification. Received it.

8 Went back again with Ann and we had a long
9 discussion and I can remember distinctly my final comment to
10 her at that point was, "Ann, well all of this is not terribly
11 relevant. Some of these items are relevant and in my opinion,
12 they are accurate."

13 Ann did not really object to that. I do not think
14 she was terribly happy.

15 Now, I took the position on this that, one --
16 there were a number of reasons why this could have happened.
17 One, of course, was my decision, at the early part of REMS
18 that I was dealing with Ann as a partner candidate.

19 In my mind, in many ways, she was as close to
20 being a partner as one could get without being one. I was
21 prepared to let her go and run the job without a lot of
22 interference or involvement on my part, unless, of course, she

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 asked it and desired it.

2 This is unusual. It is not often done, even when
3 a partner -- even when an individual is already a partner.
4 The review of a project is far more normal than the tight
5 control of the lead individual on it. But I had confidence in
6 Ann.

7 The second reason that I left Ann pretty much
8 alone was because it was an area, the State Department, and
9 particularly the area of Real Estate Management, where Ann had
10 had some prior experience.

11 She knew a lot about the State Department and she
12 knew something about this area of the State Department. I did
13 not feel that she needed an awful lot of help from me.

14 The second reason that the -- that this might have
15 happened is that, besides leaving Ann pretty much on her own,
16 I thought that the -- I think the staff that we accumulated
17 for that project was pretty young, pretty green and certainly
18 not well attuned to the Price Waterhouse approach to doing
19 things.

20 Q. Let me ask you how the staff was assembled.

21 A. Not easily. We had attempted to fill the ranks of
22 that staff for the Real Estate Management System with people

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 that were still available from the existing staff, the
2 existing OGS group.

3 That did not quite make it. It was necessary, as
4 it always is in our OGS operations, because of the growth, to
5 go outside the office to hire new people and bring them in to
6 work on a project. In fact, in this case, we did.

7 Ann ended up with a mixture, some existing OGS
8 people and some brand new ones.

9 I would say that some of the existing OGS people
10 that she had on that job were not of the highest caliber. That
11 is to say, if they had been, I think they probably would have
12 been snapped up in a moment elsewhere.

13 But we felt, in discussion, that the group
14 assembled was adequate to do the job, although I will say that
15 on a number of occasions, Ann and I talked about whether that,
16 in fact, was true.

17 In one or two cases, Ann -- in one case, in
18 particular, Ann came to me with a person she wanted to hire
19 for the job and I really did not want to. I really did not
20 think that the person was qualified for Price Waterhouse, much
21 less this project.

22 Ann said, "I would like to give this person a

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 chance. I would like to work along and see if I cannot make a
2 go of it." I believe I said, "All right, fine, for a while
3 anyway."

4 Well, as it turned out, this person was not
5 qualified and we eventually had to terminate.

6 Q. Who was that?

7 A. I do not remember the name. I can look up the
8 records on it, but I forget exactly -- I understand there were
9 some eight to ten, maybe, people in total on that project.

10 There were others that were brought on that
11 project who were also not particularly acceptable --

12 Q. Brought on from OGS?

13 A. Yes.

14 Q. Okay.

15 A. Bob Lamb from the State Department FMS project,
16 and we brought him in to this project and I would have to say
17 that he did not do terribly well and we eventually terminated
18 him also.

19 There was a lot of turmoil amongst the staff and
20 Ann had to suffer with this difficult -- but it made it
21 difficult to do the job, but it gave rise to concern on my

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 part as to whether we really could get that job done well and
2 right and, hence, was one of the reasons why I asked for a
3 second partner review as an early warning to whether there
4 were difficulties in the job content as opposed to the job
5 administration.

6 There is a third reason why Ann's difficulties in
7 managing project could have arisen and that was this was
8 during a period, starting somewhere around November of 1982
9 until her departure in December, I guess, of 1983, which was
10 the time in question when Ann was being considered, and she
11 well knew this, for partnership, when she was told that she
12 had not been proposed -- not been accepted, but not had been
13 rejected, had been held. This was April or so of 1983.

14 Ann, then eventually was told, later on in 1983
15 that she was being held again, but at this point at the local
16 office level.

17 So, in short, this was a period of extreme turmoil
18 for her in terms of her career with the firm and her goal to
19 become a partner and our goal to have her become a partner in
20 the firm.

21 I think it is important that these three issues be
22 understood as extenuating circumstances for results of the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 REMS project and its obvious difficulties as described in the
2 two reviews.

3 On the other hand, I would have to say that it
4 does reflect a less than completely adequate performance on
5 the part of a project manager, a senior manager, and
6 especially one who is a candidate for partnership in the firm.

7 I tried to explain this to Ann. I think I
8 succeeded. I can see fully well why others might view her
9 performance on REMS, to the extent that they were even aware
10 of it, and we did not try to broadcast it, as reasons why they
11 might not so strongly in support of her candidacy.

12 Q. Let me ask you a couple of questions about the
13 REMS job. I may want to get a little more detail about the
14 QCR and the PAR 766.

15 MR. HURON: I would like to have a couple of
16 things marked as Exhibit No. 6.

17 (Beyer Deposition Exhibit No. 6
18 was marked for identification.)

19 BY MR. HURON:

20 Q. Could you review what has been marked for
21 identification as Exhibit No. 6.

22 A. It is a letter from Fred Cook, who at the time,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 September 22, 1983, is the COTR of the Real Estate Management
2 System project, Contracting Officer's Technical
3 Representative.

4 Q. He is your client?

5 A. No.

6 Q. Okay.

7 A. He is the representative of the Contracting
8 Officer. He is our technical person responsible for the
9 technical content of our work, a member of the client.

10 He has written a letter to me, which is this
11 document (indicating) and it follows the Paris Design Review
12 activity which took place earlier in September in which Ann
13 led a group of the REMS project staff to Paris to review the
14 project deliverable at that point in time to the -- to a
15 collection of State Department people in the Paris office.

16 In the letter, he expresses his view that -- as he
17 says in the second paragraph, he had an opportunity to work
18 with the project team for the better part of a year and that
19 he continues to be impressed by their professionalism.

20 His impressions are shared by Marvin Smith who was
21 the Deputy Director of the Foreign Billings operation.

22 His final paragraph is that the Paris Design

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Review confirms that the REMS project is producing a high
2 quality management tool which will meet the Department's needs
3 and that he is very please with all members of the project
4 team.

5 Q. It is Ann Hopkins who is running the project here?

6 A. That is correct.

7 Q. Then you say Cook is the person at State who is
8 most responsible for the technical aspects of the work from
9 the client's perspective?

10 A. That is correct.

11 Q. You do recall receiving the letter?

12 A. Absolutely.

13 Q. This letter, I take it from the date, the 22nd of
14 September of 1983, is written approximately a month to six
15 weeks after the QCR that you have testified about, which was
16 in early August of 1983?

17 A. Yes, that is correct.

18 MR. HURON: I would like to have this marked as
19 Exhibit No. 7.

20 (Beyer Deposition Exhibit No. 7
21 was marked for identification.)

22 MR. HURON: For the record, what has been marked

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 as Exhibit No. 7 is a letter to Joseph Connor from Thomas O.
2 Beyer dated August 19th, 1983.

3 BY MR. HURON:

4 Q. Are you familiar with this letter?

5 A. I am.

6 Q. I will probably want to ask you some more
7 questions about it later, but for starters, on the first page
8 of the letter you -- indicate you have three bullets
9 indicating what some partners feel are problems with Ann. Is
10 that correct?

11 A. Yes.

12 Q. Does the third bullet refer to the QCR on REMS?

13 A. No, it refers to the important deficiencies on
14 REMS.

15 Q. As reflected in the QCR?

16 A. Yes.

17 Q. Now, if the -- you note in a parenthetical that
18 the deficiencies discovered by the QCR team had since been
19 corrected. Is that right?

20 A. Yes.

21 Q. That report was -- do you recall it being early
22 August?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Yes, I do.

2 Q. So, it was approximately two weeks before you
3 wrote this letter?

4 A. That is correct.

5 Q. Whatever deficiencies that were noted were
6 corrected in that two-week interval?

7 A. That is correct. That is what the letter says.

8 Q. What was your position as you wrote this letter?
9 I know you said you were one of the partners who strongly
10 supported Ann Hopkins' candidacy still, and you outlined these
11 bullets, were you in disagreement with partners who were
12 saying these were reasons why she should not be made a
13 partner?

14 A. I supported Ann's candidacy for partnership from a
15 number of years before this --

16 Q. Right.

17 A. All the way through to the end. I did not change
18 in that. Now, that may have varied to some extent, day to
19 day, as a matter of degree.

20 I certainly was not overwhelmed in my support of
21 her when we saw the letter she addressed to Mr. Connor on
22 constructive termination.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I do want the record to show, however, that I
2 could understand where others could disagree with my point of
3 view.

4 I did not have a perfect position, a perfect view
5 of Ann at all times. I certainly did not have the view of
6 those who were subordinate to her, at a peer level and even of
7 the partners who worked with her.

8 In my view, I have a very strong -- in my view, I
9 had a strong support for her candidacy as a partner and was
10 prepared to vote favorably for her when the partnership vote
11 question arose or when it ever did arise.

12 I was aware from very early on and throughout her
13 career with the firm of people who did not share that view. I
14 did not know how strong it was and it really did not come out
15 until we got really down to the point of making a proposal for
16 her.

17 I did not know at all times the basis for this
18 view. I understood that in general it had to do with her
19 interpersonal skills, the way in which she related to people,
20 not only on projects, but in her daily dealings with them in
21 the office. Even her management of the word processing
22 department was not always accepted by everybody in the office.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 Q. Now, you testified before that you thought she had
2 done quite well on the word processing?

3 A. Yes, I -- let's make that distinction. My view is
4 one thing. The view of others is another thing. And there
5 could be a difference and there was a difference.

6 Q. Sure, of course. What I am trying to clarify
7 here, just in terms of Exhibit No. 7, is when you are
8 outlining these three bullets, you are saying these are the
9 views of others? You are not saying these are your views,
10 they are someone else's views. You disagree with them, but
11 from what you have said now, you can understand now that there
12 might be a disagreement?

13 A. I am saying that the negative view in the meeting
14 of the partners in OGS could be summarized in three areas.
15 Without elaborating on those three areas, I said, "Ann is a
16 crisis manager." That is one negative view.

17 Q. Right.

18 A. The second is her ability to work with staff,
19 develop them, her interpersonal skills and the third was the
20 specific criticism of her project management of the Real
21 Estate Management System on the -- for the State Department,
22 which had, in fact, been noted in the QCR and as we all know

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 as a result of this discussion, also by Ben Warder in his PAR
2 766 review.

3 However, addressing this letter to Mr. Connor, who
4 is my immediate superior, I wanted to assure him that I did
5 not think that the deficiencies uncovered in the QCR, of which
6 he had received a copy -- in fact, it had been directed to him
7 that -- were such that he had to worry about them, because we
8 had been able to overcome them in the intervening time period.

9 This does not say that the problems as outlined by
10 Mr. Warder in the PAR 766 review had been overcome. In fact,
11 Mr. Connor was not even aware of that report since that was an
12 interoffice activity done at my investigation and directly
13 reported to me.

14 I did not feel that the problems contained therein
15 were less important than the QCR. As a matter of fact, more
16 time had been spent in developing those points. I felt they
17 were more serious and they had not been corrected at the time
18 of this letter.

19 I do not say that they have been corrected in this
20 letter.

21 Q. You supported Ann Hopkins as of this letter?

22 A. I supported her beyond this letter.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. That is right. To the extent that you saw
2 problems in PAR 766, you did not feel that they were of the
3 type that should disqualify her from partnership?

4 A. That is correct.

5 Q. We have been talking about crisis management,
6 management skills and so forth. Let's go back to 1983 on that
7 if we may for a moment.

8 When I initially asked you the question, you said
9 in 1983 when the original proposal on Ms. Hopkins' candidacy
10 was drafted, you wanted to make sure that a couple of things
11 were covered and one was the question of her management
12 skills. Then we got on to the REMS projects which was really
13 somewhat after that.

14 As of the fall of 1982, were there any specific
15 criticisms levelled at projects she had worked on that you can
16 recall up to that point? I am talking as of August or
17 September of 1982.

18 A. Yes. But I would say that nothing that could not
19 and had not been dealt with in the course of events.

20 Q. These are the types of things that arise from time
21 to time at a firm that you deal with and you address?

22 A. Not just on State, on the BIA job, which Lew

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Krulwich handled, in her workings with staff and people in the
2 office and so on, but matters that could and had been dealt
3 with at least to my satisfaction.

4 And we had gone from those problems and carried on
5 quite nicely.

6 Q. Are these the types of things, not exact detail,
7 but the same general types of things that could arise with
8 other managers and you deal with them and go on?

9 A. Yes, in my opinion.

10 Q. Now, moving to interpersonal relations, you have
11 mentioned the phrase a number of times, and you have said -- I
12 think I am saying this accurately -- dealings with
13 subordinates, with peers, with superiors and with clients, can
14 we go through each of those categories?

15 I would like to get as specific as possible on
16 what the criticisms were in terms of the job, the people if
17 possible, down the line.

18 First of all, subordinates, and let's fix the date
19 now as of the first of that proposal for Ms. Hopkins'
20 partnership, back in the fall of 1982, as of that time. What
21 types of criticisms did you think needed to be addressed or
22 overcome relating to her dealings with subordinates?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Some of the problems she had with subordinates
2 came to me from other partners. They were aware. Other
3 managers, they were aware of them; sometimes staff below that.

4 On some occasions, though, I was aware of them,
5 because the people involved themselves would come directly to
6 me.

7 Ann at one point in time caused a great deal of
8 consternation in the office when we were involved in writing
9 and typing a -- one of the proposals, and I do not remember
10 which one at this point -- one of the major proposals.

11 Under severe tight -- severe deadlines -- Ann
12 chose to, in order to meet the deadline, crisis through the
13 development of the proposal by, in one step, closing down the
14 word processing department in the office and having it devote
15 its entire six or eight stations to the typing of that
16 proposal.

17 I do not know how many people came to me. There
18 must have been a line-up outside my office throughout the
19 days, the two days I think that this went on.

20 There were people yelling and screaming that they
21 also had priorities and deadlines and so on and so forth.

22 In one sense, you can justify the act, because I

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 had told Ann that this was a very important job, that State
2 Department was terribly -- terribly important to the office.

3 I am sure, now, looking back that was created was
4 a view on the part of a lot of people in the office that Ann
5 was my favorite, that she got the preferential treatment; in
6 fact, anything she wanted in most cases in order to accomplish
7 our objectives at the expense and to the detriment -- at the
8 expense of other people in the office and to the detriment of
9 their work with their clients.

10 Q. So, what happened on this one occasion, as I
11 understand it, is that basically the word processing unit was
12 commandeered for a couple of days to meet a deadline on State.

13 A. A sign was hung out on the front door "Out of
14 Order Until Further Notice." The only ones that paraded into
15 that department and out of it were the people involved in
16 getting the proposal or document deliverable, whatever it was,
17 typed for the State Department.

18 Q. Were the people who were upset about this Ann
19 Hopkins' subordinates or peers in the office who felt that
20 they needed --

21 A. At all levels, those people who needed to use that
22 function at that time.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Was that, in fact --

2 A. They were very unhappy with the fact that Ann had
3 done this and they voiced it.

4 Q. Was that, in fact, right at that time the number
5 one priority in that office, getting the deadline met?

6 A. In my view, getting that project out was terribly
7 important. It is not clear to me whether the other projects
8 that were in line to get word processed -- what they were or
9 what importance they had.

10 I was not aware that the department had closed
11 down until after -- until at least the end of the day when
12 this had taken place.

13 Q. So, it was a one day thing?

14 A. A day or so.

15 Q. Are there other examples that you can think of of
16 things that Ann Hopkins did or said which may have created
17 some problems, as you view them, in terms of interpersonal
18 relations?

19 A. In the early stages of doing -- carrying out the
20 State Department 1 project, the first stage, which would put
21 us in time somewhere in 1980, the fall thereof, roughly.

22 Some of the staff on that project were not

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 terribly happy with the way in which the job was being run.
2 Karen Nold came to me and asked what -- Karen Nold being one
3 of the principal managers underneath Ann on this -- came to me
4 and asked just how she should conduct herself on the
5 engagement.

6 I was a little startled by the question and asked
7 her to what did she refer. It seemed like an obvious answer.

8 She said that she felt that her positions -- her
9 proposals were not having the force and weight in the
10 discussions, in the give and take that would go on in the
11 development of the requirements definition that she felt that
12 they merited.

13 She was not sure how she could get her position
14 across. I said to her that I felt that she had to take a
15 strong stance, that she had to stick up for her views and I
16 wanted to see more of that coming from her whether I was in
17 the meeting or not.

18 She then said that she had difficulty doing that,
19 because she had difficulty overcoming Ann's very brusque,
20 demanding and very hard driving style and that she was very
21 unhappy about the fact that she could not get through that
22 style.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I asked her if she knew any other way to overcome
2 it than to take -- if she wanted me to do anything about it.
3 She said, "No." She would try my approach with the conviction
4 that I supported her in this.

5 We had a discussion later on in about January of
6 the following year in which I went to her and asked her on a
7 follow-up basis -- this is some months later -- how was she
8 faring as a result of our conversation.

9 She indicated that it was still a struggle but
10 that she felt that it was much better. I said, "You know, you
11 just have to stick up for yourself with Ann, otherwise you
12 never get a chance." That is important.

13 On another occasion, on another matter, Pat Bowman
14 on the job --

15 Q. The same job?

16 A. Yes, at about the same point in time, another
17 person on the job, I believe she was the new manager. In a
18 conversation -- in a discussion in which the whole team was
19 sitting around the table much like this here (indicating), a
20 large table, discussing the job late in the afternoon, what
21 the problems were, how we stood, how we were progressing.

22 Ann got quite upset with Pat -- quite agitated

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 with the progress which did not seem to be made -- snapped at
2 Pat for whatever reason, and Pat being very strong in her own
3 right, said something to the effect of, "I don't have to take
4 that from you. Don't deal with me in that way."

5 Ann immediately backed off and Pat went on her way
6 and nothing more came of it.

7 I noted those things that, in my view, as being
8 not problems that could not be overcome. I would make mental
9 notes of those and other items like that.

10 In later counselling Ann to tone her style down,
11 because I felt she had so much to give to the project, that it
12 should not be lost in a somewhat brusque and dictatorial
13 approach.

14 We needed her, valued her leadership, but if she
15 could not get the team to move together in concert with her,
16 we could not succeed.

17 Q. Did she get the team to move in concert with her?

18 A. Well, we submitted the documents and the
19 requirements definition in that first instance in that area
20 and it was quite successful.

21 In fact, I would have to say that it was
22 substantially better than that which was submitted by the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 competition. I thought that the entire team had done a
2 marvelous piece of work.

3 Now, in some sense, I think Ann listened to that.
4 She responded to it. And I was encouraged by that.

5 I did hear and was privy to comments later on from
6 people not on the team some years later, David Ziskie being
7 one, who was never very happy with Ann's style, but had a
8 great deal of respect for her abilities.

9 But on a number of a occasions he indicated that
10 he just -- he resented her manner.

11 Q. Who is he?

12 A. David Ziskie is another senior manager in the
13 office.

14 Q. He did not work on the team or he had?

15 A. No, he was not on the State Department and never
16 had been and still has not been involved. He wa just one who
17 knew of Ann and worked -- and interrelated with her in the
18 office itself.

19 Q. It was on a casual, day-to-day basis?

20 A. Office meetings or continuing education sessions
21 and what have you. Being at somewhat the same level as Ann,
22 whenever we would have meetings at that level, they would

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 participate together.

2 Now, those are some of the ones that I am aware of
3 that are directly -- were reported -- or directly I was aware
4 of. There were others, of course, that I was told about.

5 Situations on the State Department Financial
6 Management System, I know that Marge Geller, a young manager;
7 Tom Colberg, another senior manager; for two, really voiced
8 some displeasure to Don Eplebaum as to their view -- their
9 concern with the way in which Ann conducted the meeting and
10 their unhappiness with it.

11 Q. Which meeting?

12 A. I am sorry, conducted the job, the project.

13 Q. Which project are we talking about?

14 A. We are talking about the tail end of Financial
15 Management 1 and the beginning parts of Financial Management
16 2, to the extent that Ann was involved in it.

17 Q. So, these were back before -- or at the time that
18 Ann was proposed for partnership?

19 A. Yes.

20 Q. Things that had arisen?

21 A. Now, I do not wish to give the impression that all
22 the people in the office -- you line them all up and say they

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 are all against Ann. There were some who were quite
2 supportive.

3 I would say that numbered among those would be
4 Leslie Klein on the Real Estate Management System, a young
5 senior consultant, as a matter of fact, was impressed with
6 Ann.

7 Jamie McCullough, another one on the Real Estate
8 Management System, was also quite favorably -- in view of
9 Ann's work and leadership.

10 So, you take a cross sample and I am sure you get
11 people with opinions, at all levels, on both sides. And I
12 think, you know -- I have to put an ending on this.

13 My letter to Joe Connor on August 19th, your
14 Exhibit 7, if you will, the ending of Paragraph 2 probably
15 says it all. "No one ever said Ann was not controversial."

16 (Reading.) "Two partners strongly rejected her
17 candidacy. Another felt some loyalty toward, but was mildly
18 opposed to the proposition. No one ever said Ann was not
19 controversial."

20 Ann was never in the middle. There were people on
21 both sides.

22 Q. Did you ever hear any complaints or criticisms

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 about any other managers in terms of occasionally snapping at
2 staff or anything like that?

3 A. Of course.

4 Q. When you heard things like this about Ann, was it
5 the first time the topic had ever arisen in the office?

6 A. No, but let's put it into perspective. I think it
7 is a consistent thread throughout Ann's career with us,
8 present enough to make me concerned, to make me try to find
9 ways in working with her that we could overcome this, tone her
10 down, to help her as best I could.

11 To make suggestions which would be along the lines
12 of working with people instead of working against them and I
13 think Ann responded. I think Ann improved and I was terribly
14 encouraged by that as time went on.

15 And I, for one, working with her as much as I did,
16 could see that. I am not sure that everybody else could.
17 Even if they worked with her as much as I did, they may not
18 have the same impression, because they might be coming to her
19 or working with her at a different level.

20 Q. Are you aware -- you mentioned the time in which
21 the word processing unit was used for one aspect of the State
22 l project.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 We have talked about a couple of people who came
2 to you during Stage 1 of State. You also mentioned David
3 Ziskie as well as other individuals, I think I have their
4 names, Karen Nold, Pat Bowman, Marge Geller, Tom Colberg. We
5 also talked about Leslie Klein and Jamie McCullough.

6 Apart from those particular individuals, do you
7 recall anyone else raising specific problems or things they
8 consider to be problems in terms of Ann Hopkins' interpersonal
9 dealings.

10 A. Yes. Do you want me to keep on?

11 Q. I would like to know more --

12 A. Talking about these? I think if I went
13 chronologically through time of her tenure with the firm, I
14 would consistently bring up more and more. I mean, there are
15 plenty more. How many do you want?

16 Q. Well, I am trying to get an understanding. You
17 said you thought the situation, to the extent it was a
18 problem, improved over time and that she responded well to
19 your talking to her about it. Is that right?

20 A. Yes.

21 Q. So, in your mind, this was not a significant
22 element as it evolved in 1982 when she was being proposed for

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 partnership?

2 A. In my mind, I thought she was a valid, true,
3 strong candidate for partner.

4 MR. HURON: Do you want to take a break?

5 MR. SCHRADER: I think we should.

6 MR. HURON: Okay. Off the record.

7 (A short recess was taken.)

8 MR. HURON: On the record.

9 BY MR. HURON:

10 Q. Do you have a copy of Exhibit No. 5, Mr. Beyer,
11 which was the 1983 proposal?

12 A. I do.

13 Q. Okay, looking at the third page, which we have
14 previously discussed, the third paragraph down at the bottom,
15 midway through there is a sentence that begins:

16 (Reading.) "Ms. Hopkins has proven that she can
17 market, manage and control a large technical computer systems
18 design and development projects. This highly developed skill
19 is adaptable to both commercial and public sector clients and
20 is an especially critical need for MAS activities in all
21 offices."

22 I take it that was your assessment of, among other

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 on the progress of an audit person and to some extent a tax
2 person and far less on an MCS person simply because most of
3 the hiring that had been done by the MCS Department throughout
4 the firm has been at more advanced levels and not at the
5 recent college graduate level.

6 So, at MCS, in particular, you have the phenomenon
7 of lateral entry, not at the partner level, but at the upper
8 levels of professional staff. Is that right?

9 A. People filling in at any level in that entire
10 hierarchy.

11 Q. So, people could come in, as Ann Hopkins did,
12 laterally and get a contract immediately?

13 A. Yes.

14 Q. But in that case, her time or partnership
15 consideration would still be in the five to six year range
16 after first getting that contract?

17 A. No.

18 Q. No?

19 A. No.

20 Q. When would it be?

21 A. It would have to be determined based upon prior
22 experience and performance in the firm, because we would not

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 really know where that individual, who came in at the manager
2 level, actually would be placed in the stream of folks who are
3 already in the firm.

4 In one sense, it could be a lot shorter than five
5 years. Not a lot, but it could be shorter than five years. In
6 another sense, it could be a lot longer than five years.

7 In fact, the contract was merely a form and not of
8 a -- of hiring and not, in fact, a level of technical
9 development. So, it means less, significantly less than for
10 an MCS manager coming in from the outside.

11 Q. Now, when Ann Hopkins was first proposed for
12 partnership, she had had a contract for five years. Right?
13 She was contracted in 1978?

14 A. Yes. She entered the firm with a contract, which
15 means that was August of 1978 and we were proposing her in
16 July of 1982 for entry in 1983, which meant that she would
17 have had five years -- five busy seasons, winter seasons,
18 audit winter seasons with Price Waterhouse, plus a substantial
19 amount of prior experience.

20 Q. Pshyk's contract year was also 1978? Do you
21 recall?

22 A. Yes, I believe it was. In fact, I think they came

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 to the firm about the same time, but, of course, that was
2 before I joined OGS.

3 Q. And Lum came about the time you joined, right? In
4 1979?

5 A. No. I think Lum also came in 1978. I think all
6 three of them came about the same time. I really do not
7 remember.

8 Q. Fine.

9 A. I know all three of them were there when I arrived
10 in July of 1979. And they had been there for a number of
11 months, if not a year.

12 Q. In any year, when -- in the late summer or fall,
13 when the OGS partners would propose new candidates for
14 partnership, is there any quota or ceiling on the number of
15 proposals you can make, formal or informal?

16 A. Absolutely not.

17 Q. Any expectation that you are aware of that it will
18 be no more than "X" number?

19 A. Not to my knowledge.

20 Q. How do you decide at a given point who is going to
21 get proposed? How does the process work in OGS? How has it
22 worked since you have been there and been in charge?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Well, I think it is fairly typical of any office.
2 The partners develop a level of comfort in their attitude
3 toward the prospects of an individual borne out over a certain
4 amount of time and exposure to that individual.

5 If that individual can handle the requirements and
6 tasks assigned and handle them when, if the partners become
7 satisfied that the individual can operate as a partner and
8 will project themselves as -- in the partner image.

9 Q. What is the "partner image"?

10 A. We have an idea in the firm of somebody that we
11 would be quite willing, at any point in time, to introduce to
12 a high level executive of major client or a prospect as a
13 client, introduce as our associate.

14 Q. Are there any criteria that are formulated or
15 written down anywhere for the offices, that is OGS -- are
16 there any other offices' consideration of partnership
17 candidates when they are making proposals that you are aware
18 of?

19 A. Not any different than anywhere else. OGS has
20 nothing specifically different than anybody else.

21 Q. In Price Waterhouse?

22 A. That is right.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Are there any criteria in Price Waterhouse that
2 you are aware of that govern how -- what an office is supposed
3 to do when it is sitting -- partners are sitting down and
4 deciding who should be proposed this year if anyone?

5 A. No, the process is to evaluate every individual,
6 job by job, on a regular basis throughout the year. These
7 evaluations should give forth green sheets, which are the
8 personnel evaluations of performance.

9 Q. These are the types of things we are looking for?

10 A. You have looked at some of Ann's previously.

11 Q. Okay.

12 A. Those are accumulated, summarized, evaluated as
13 the basis for an annual counselling session with the
14 individual; counselling in terms of strengths and weaknesses
15 of the individuals' performances; prospects for further
16 advancement, not necessarily to partnership, but just another
17 advancement, another notch higher; compensation adjustment.

18 Their need for continuing education, technical
19 development and so on and so forth, a whole range of factors.

20 That becomes the basis, if they are a senior
21 manager, and in some cases a heavier weighted manager, for
22 consideration in a partner session in the summer for entering

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 on the partnership forecast, which is a three-year forecast of
2 the office's expectations at that point in time of who it will
3 propose for partnership.

4 Q. Over the next three years?

5 A. Yes. Now, the first year of that forecast are
6 those that we are putting up that year.

7 Q. Right.

8 A. Which is due as a proposal by August 1 of that
9 year for admission, if successful, by July 1 -- or on July 1
10 of the following year.

11 Q. When did Ann Hopkins first go on the partnership
12 forecast?

13 A. I would say three years before 1983. Now, this
14 forecast is a formal document, a matrix, if you will,
15 submitted to the national office each year.

16 An individual can come off of that forecast and
17 can come back on again. A year can change. They can be moved
18 up, moved back.

19 Their rating on that form can change. What does
20 not change is their name, age and serial number.

21 Q. So, you would think that Ann first went on -- she
22 was proposed in 1982, so she would have first gone on in --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. No, she would have been proposed in 1982 for
2 admission in 1983, so 1981 would have been the first forecast
3 year, 1981, 1982, 1983, one, two, three.

4 Q. She would have appeared on the forecast for the
5 first time in the fall of --

6 A. In the summer of 1980.

7 Q. In the summer of 1980, okay.

8 MR. HURON: For the record, I think that this type
9 of forecast is something that would be responsive to some
10 requests we have made and I have not seen it.

11 THE WITNESS: If it exists.

12 MR. HURON: If it exists, we would like to see it
13 going back at least to 1980.

14 BY MR. HURON:

15 Q. How do you make the decision within OGS, what mode
16 of decision making do you use, when you are talking about
17 possible partnership candidates? Is that a straight up and
18 down vote? Is it unanimity? Consensus? How do you operate?

19 A. Well, I think it is all -- a sense of it -- in the
20 cryptic notes I took in the conversations. It is a
21 free-for-all discussion allowing anyone to speak on any topic
22 relevant to the general theme that they choose to for any

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 length that they can get their words in before another partner
2 interrupts and they continue on.

3 It is a very tumbling, somewhat chaotic attempt to
4 air our views about a candidate.

5 I do not, as a rule, attempt to, in fact, never
6 have, attempted to control the discussion, feeling that in any
7 way, if I imposed control that I would be imposing or be
8 indicating some kind of imposition of my view on a candidate.

9 I try not to let in any way my view control or be
10 even exposed until I can no longer stay out of the discussion.
11 In fact, I do not think this is awfully different from the way
12 in which the decisions are made in the majority if not all of
13 the other offices.

14 I am privy to, of course, the way in which
15 partnership candidate discussions took place in the Boston
16 office, since I was -- participated in those.

17 Q. The OGS system is the same as operated in Boston
18 basically?

19 A. Not exactly, but essentially, yes. There are
20 certain adjustments that have to be made because we are
21 talking essentially about different types of people.

22 In Boston, there was a far greater weight to the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 discussion concerning the audit personnel. There are no such
2 people in OGS.

3 Q. Right.

4 A. We had relatively few candidates in MCS in Boston.
5 Whereas it predominates in OGS. You respond, you react, you
6 adjust in your discussions to the candidates, the nature of
7 their experience the problems associated with it.

8 Q. Would you have any internal rules in OGS as to the
9 number of votes needed for a proposal or --

10 A. No. There are no rules.

11 Q. Let me ask this: I take it you have been
12 participating in OGS partnership discussions as partner in
13 charge since 1981?

14 A. That is right.

15 Q. And at least one year previous as a partner in the
16 office?

17 A. That is right.

18 Q. During that time, apart from Ms. Hopkins, have
19 there been any -- do you recall -- and I am talking about the
20 Hopkins discussion in 1983 now, the second one -- have there
21 been any circumstances in which there has been what you
22 consider to be a serious difference of opinion as to whether

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 or not someone should be proposed?

2 A. Not just Ann Hopkins, anybody else?

3 Q. Yes.

4 A. Oh, absolutely. There are violent discussions
5 that go on every year about a whole range of people. Some of
6 them ending up quite controversial, requiring us to come back
7 a second time, as was the case with Ann and a third time even
8 to discuss, air out our differences, to end up in a hold
9 position. That happened this year.

10 Some people felt -- a strong group of people --
11 that is to say, a larger group of people in the partnership in
12 OGS, felt very strongly about a particular candidate and were
13 ready to go to the mat on it.

14 Three or four said, "No, not this year." And one
15 may have even been saying, "Not at all."

16 That ended up in serious debate over a number of
17 different sessions, until it finally ended up a hung jury, in
18 effect, and we decided not to make any decision and wrote a
19 letter to Joe Connor saying that we would not make any
20 decision until the last possible moment, which would be
21 December 1.

22 There has grown up in the last few years a vehicle

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 by which you can come in with a late proposal by that date.

2 Q. Right.

3 A. We chose that approach, fully understanding that
4 that might, in fact, seriously jeopardize the candidate's
5 ability to get in at all, because we were -- put a red flag on
6 his proposal that he, in fact -- there was some controversy in
7 the OGS office.

8 Q. Who was that?

9 A. Al Hoffman. A decision was made right before
10 Thanksgiving this last year that, in fact, we would not
11 propose Hoffman and he was told by December 1 that we were not
12 going to propose him that year, that he had a good chance for
13 the next year, but that we were not going to do it that year.
14 He, of course, was mightily disappointed.

15 Q. Do you know what his contract year is?

16 A. 1980. I think he came in the summer of 1980. I
17 am not quite -- not positive on that, but it is in that range.

18 Q. Okay. If there is a split of opinion, does that
19 mean as a normal matter a proposal does not go forward or have
20 there been occasions when there has been a split to make a
21 general judgment about that?

22 A. In OGS, since I have been the partner in charge, I

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 have taken great pains to submit proposals, candidate
2 proposals that, after all the discussion is terminated and the
3 proposal is finally prepared and we are ready to sign it, that
4 it contains the following sentence:

5 (Reading.) "All the partners in the Office of
6 Government Services strongly support her candidacy and look
7 forward to her admission."

8 We said that about Ann in her proposal of 1982 for
9 entry in 1983. We have said that line, changing the gender,
10 as appropriate, in all the proposed candidates we have
11 submitted from OGS since I have been the PIC.

12 Q. So, you personally feel and as a matter of policy
13 you have put this into effect that when you propose someone
14 they have the support of all the partners in the office?

15 A. Yes, but we have agreed amongst the partners in
16 OGS that that is not absolutely essential. It is a highly
17 desirable trait of the office and other partners in the firm
18 have commented on that to us saying, "Is that, in fact, true,
19 that all the partners in OGS supported his/her candidacy?"

20 And the answer is, "If we put it in there, we
21 meant it." But, again, I assure you, if it is not the case,
22 if we do not put it in, that does not necessarily the proposal

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 from going forward.

2 Q. I understand. After -- again, just getting the
3 general process -- after OGS makes its proposals in the early
4 fall -- the late summer, I guess it is, typically August 1st,
5 these proposals are submitted to the Admissions Committee in
6 New York. Is that right?

7 A. No, they are submitted to Joe Connor.

8 Q. To Connor directly?

9 A. Yes.

10 Q. Okay. At that point, the proposals for everyone
11 are circulated to -- for all the candidates are circulated to
12 all the partners for filling out long and short forms if they
13 know the candidates?

14 A. Yes. I think that that is the way the process
15 moves. There is some way of reproducing them along with a
16 picture and so on and so forth and they circulate it with the
17 blank copies of the long and short form report, plus some
18 series of discussions on what to do and how to do it, as to
19 filling out the forms.

20 The request for secrecy, the -- and that takes
21 place mid-September to early October, somewhere in there.

22 Q. When partners are filling out the long or the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 short form, where do they send them, to Mr. Connor directly or
2 to the Admissions Committee?

3 A. There is an envelope accompanying the package with
4 all the tear sheets and you return that -- return the forms in
5 that envelope, I believe.

6 It is addressed to Joe Connor, but it is at a --
7 it is a Post Office Box at Union Station.

8 MR. HURON: I would like to have this marked as
9 Exhibit 8.

10 (Beyer Deposition Exhibit No. 8
11 was marked for identification.)

12 MR. HURON: For the record, Mr. Beyer, Exhibit 8
13 is a one-page document, which I had shown you earlier this
14 morning captioned "Area Practice Tax and MAS Partner
15 Comments," on the 1983 partner candidates in their respective
16 areas.

17 BY MR. HURON:

18 Q. I believe you said this morning that you had not
19 seen this document before. Is that right?

20 A. I do not recall ever seeing it, certainly not in
21 the last year.

22 Q. It appears to be some sort of rating form or

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 ranking form.

2 A. Yes. It asks you to -- "Among the candidates
3 reported on by you on this form, please rank him/her as blank
4 out of blank."

5 Q. Now, OGS is listed at the bottom of that form.
6 Right?

7 A. Yes, it is.

8 Q. You are the partner in charge of OGS?

9 A. That is correct.

10 Q. But for whatever reason, you did not -- you have
11 not recently filled out these forms that you can recall?

12 A. I could be mistaken, but I am not even aware that
13 this form -- I have ever seen this form or ever filled it out
14 relative to OGS.

15 It is possible that Connor may do this. It is
16 possible that it is not done for OGS, as being a rather
17 unusual area. I cannot give you that answer. I simply do not
18 recall ever having seen this.

19 MR. HURON: Does anybody know what the answer is?

20 (No response.)

21 MR. HURON: We have them for the areas. I am just
22 curious.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 (No response.)

2 MR. HURON: Can we find out?

3 MR. SCHRADER: Yes. Does the term "Area Practice"
4 have a particular meaning? Is there someone designated as an
5 "Area Practice Partner"?

6 THE WITNESS: Yes. That is the head of the area.

7 MR. SULLIVAN: These are only forms that the Area
8 Practice Partner fills out.

9 MR. HURON: That may be, I do not know. But they
10 do have OGS listed on it.

11 BY MR. HURON:

12 Q. Is there an Area Practice Partner for OGS? I
13 thought there was not. I thought you reported directly to
14 Mr. Connor, that you were, in effect, the Area Practice
15 Partner for OGS if it came to that.

16 A. Well, I am in the partner in charge of OGS.
17 Mr. Connor is the partner in charge of the firm.

18 Q. Right.

19 A. In between us is nothing.

20 Q. Yes.

21 A. I do not know the answer to your question.

22 MR. SULLIVAN: That, indeed, may be the answer to

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 your question.

2 MR. HURON: It may be, but let's find out.

3 BY MR. HURON:

4 Q. Have you ever served on the Admissions Committee?

5 A. No, that it is a function of members of the Policy
6 Board.

7 Q. You have never served on the Policy Board?

8 A. No, I have not.

9 Q. The Policy Board is the Board that oversees --
10 manages the firm's operations?

11 A. No, not precisely. There is an organization
12 called the Management Committee, which would duly be required
13 to handle the management of the firm.

14 The Policy Board deals with policy issues such as
15 people who become partners, the partner making process and
16 policies related to that kind of thing.

17 Q. The Admissions Committee is a Committee of --

18 A. A function of the Policy Board.

19 Q. That is made up of some of the members of the
20 Policy Board?

21 A. Yes.

22 Q. When the -- do you know when the Admissions

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Committee meets to consider the candidates who have been
2 proposed, if they are proposed early in August?

3 A. The Admissions Committee meets?

4 Q. Yes, after the long forms and short forms have
5 been filled out?

6 A. I am sure they are meeting by the time the forms
7 are submitted by the due date, which is approximately mid to
8 late October. I am sure they are meeting from then on. How
9 much, how long, so on and so forth, and until what point in
10 time, I do not know.

11 Q. Do they -- are there occasions during the process
12 after the proposals have been submitted when a member of the
13 Admissions Committee will come to OGS and talk to the partners
14 about your nominees, look at their personnel files, that type
15 of thing?

16 A. That is correct.

17 Q. Roughly where does that happen in the process, at
18 about what point in time?

19 A. Well, I am sure it could vary, because they have a
20 long list and the list may be of people from a number of
21 different offices, so their travel schedule may be impacted by
22 their work schedule.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 So, it could be any point in time, but generally
2 somewhere around October, November, December time period.

3 Q. Late fall?

4 A. Yes.

5 Q. At some point the Admissions Committee makes
6 recommendations to the Policy Board as to who should be placed
7 on the ballot?

8 A. I do not really know that.

9 Q. You do not know that process?

10 A. No. I suspect that that is the answer.

11 Q. As a general rule each year, when this process is
12 going on, what do you hear about it? What do you learn about
13 it in your capacity as partner in charge of OGS or in any
14 other capacity?

15 A. As in any organization, particularly one as large
16 and as complex as Price Waterhouse, there is an underground
17 intelligence system which says, in whispered fashion, "Your
18 candidate has got good possibilities," or "Your candidate is
19 having trouble."

20 I tend to disregard those notions. You never know
21 where they start or for what reason.

22 I also receive, if I ask for it, direct

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005

(202) 628-2121

1 is --

2 A. That is correct.

3 Q. Was technically proposed out of New Orleans that
4 year. Did your office make any sort of endorsement of his
5 candidacy? Is that done?

6 A. We made comments on his green sheets, his
7 personnel evaluation form, which were included in his file and
8 I recall that they used some of that material in developing
9 that proposal.

10 Q. Had Mr. Higgins served as a subordinate of Ann
11 Hopkins on the State project at one point?

12 A. Higgins was assigned a task of assisting, after
13 the initial marketing effort to develop our data processing
14 skills profile with the State Department, Higgins was used for
15 developing the detailed work plan and the hours estimates
16 associated with that work plan.

17 He worked pretty much with Mr. Homer, Nick Homer,
18 in doing that.

19 Q. Homer was a manager?

20 A. Yes, that is right, senior manager.

21 Q. Was Homer under Ann Hopkins' direction?

22 A. Your use of the term "under direction" bothers me

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 at this point. I think a point of clarification is needed
2 here.

3 Hopkins was doing the writing and the development
4 of the technical parts of the proposal, which was an extensive
5 and difficult complex job in its own right.

6 A statement of understanding the problem, a
7 statement of our approach to carrying out our work and so one,
8 all kinds of certifications and representations, resumes, job
9 citations to demonstrate our credentials were required.

10 There was another major task associated with this
11 which led eventually to the pricing of the proposal and that
12 had to do with the detailed work plan and the steps contained
13 in that program and the hours associated with that program,
14 which is what Higgins and Homer were working on.

15 Hopkins was involved in that, but there were many
16 others besides her that reviewed it, examined it, criticized
17 it and so on and so forth.

18 Q. Was she responsible for it, though -- was it among
19 those --

20 A. In the sense of taking it into the total package
21 and putting it together and wrapping it up and saying, "We
22 have completed the typing of the proposal for the State

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 Department."

2 MR. HURON: I would like to have this marked as
3 Exhibit No. 9.

4 (Beyer Deposition Exhibit No. 9
5 was marked for identification.)

6 MR. HURON: For the record, what has been marked
7 for identification is Exhibit 9 to this deposition. It is a
8 form captioned, "1983 Partner Admission for Ann Hopkins." It
9 is a document which was --

10 THE WITNESS: Excuse me one minute. This is a
11 document that I have never seen before and is not usually
12 shown to anybody outside the Admissions Committee. I think
13 that we ought to ask the question as to whether it is
14 appropriate for me to review this document.

15 MR. SCHRADER: The answer is yes at this point in
16 time.

17 MR. SULLIVAN: He can ask you to review it and
18 there is no basis on which to object to that.

19 THE WITNESS: Fine.

20 (The witness perusing document.)

21 MR. HURON: Go ahead and review. I will just
22 state what it is and why we have it.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 It is an office visit for Ann Hopkins. The office
2 is OGS. The date of the visit is November 17, 1982. It
3 consists of seven pages, the first two of which contain a file
4 review. Then there are two pages dealing with discussions with
5 partners in Washington.

6 There is a page dealing with discussions with
7 partners in St. Louis.

8 MR. SCHRADER: The document is going to speak for
9 itself and if you want to ask him to respond to particular
10 statements in it, then that is, I guess, appropriate and as he
11 can, he will respond.

12 Why don't we go ahead and get on with the
13 questions and move through the document if you are going to
14 question him on it.

15 If you are not going to question him on it, given
16 that he has not seen it and does not see it as part of the
17 process, then I would just as soon that he did not review it
18 to maintain the confidentiality.

19 MR. HURON: Well, I am going to ask about a couple
20 items, particularly comments at the bottom of the third page,
21 which is --

22 MR. SCHRADER: All right.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 MR. HURON: Which somebody has numbered as Page 2.
2 These are comments of Mr. Beyer. I may get into one or two
3 areas as well, but let's start with those.

4 THE WITNESS: I read my alleged comments.

5 BY MR. HURON:

6 Q. Do you recall that Mr. Marcellin from the Dallas
7 office, a member of the Admissions Committee came to OGS in
8 November of 1982 to --

9 A. I do.

10 Q. To locate various partners, not just Ann Hopkins,
11 but others?

12 A. I remember the conversation with him.

13 Q. You did have a discussion with him?

14 A. I did.

15 Q. Having reviewed his summary of the discussion, do
16 you recall essentially having the discussion that he has
17 recorded here?

18 A. I recall having a discussion with him. I would
19 not agree with exactly the way it is written here.

20 Q. Tell me what you disagree with, those aspects of
21 it.

22 A. I would not rank her Number 1 in bold face like

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 this (indicating). Not without explanation and not without
2 substantial caveats associated with it.

3 I certainly would emphasize the extent to which I
4 was conscious of the problems associated with her proposal,
5 with her candidacy. I do not think it is sufficient at all to
6 say just "conscious of problems."

7 I would not say that she is an FPC specialist,
8 because we did not intend to be an EDP specialist. She is not
9 an EDP specialist. Her technical qualifications do not allow
10 us to call her that.

11 She does have an outstanding ability to sell a
12 client on her ability and on the firm's ability. She does, as
13 a result, help to bring home substantial profits.

14 I do not believe she was viewed as or thought of
15 as the partner on the job in the client's mind. I could not
16 possibly think that in view of the fact that they came to me
17 and said that they needed a partner to be the project manager.

18 In the second phase of State Department work, the
19 client did not specify Ann Hopkins.

20 Q. Is that REMS or --

21 A. No, the second phase of FMS. That is usually
22 referred to -- REMS did not have phases. It was REMS. The

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808
WASHINGTON, D.C. 20005
(202) 628-2121

1 second phase refers to the FMS project.

2 Q. Is it possible that the reference here was to REMS
3 where she was specified?

4 A. No, I do not -- it is possible. Anything is
5 possible.

6 Q. She was specified --

7 A. In the context in which we would discuss it in
8 OGS, the second phase would refer only to FMS.

9 It is true that she demonstrated to Tim Coffey
10 that she is a great technician in developing a proposal.
11 Notice the add on.

12 She did go through hell writing the St. Louis
13 proposal. There was considerable unhappiness as a result of
14 that hell on her part, for one; on the word processor that we
15 sent with her, for two; and, on the people in St. Louis, for
16 three. I think they all suffered. This does not -- clearly
17 does not describe that.

18 I am not sure what this means, "Coffey will change
19 is original comments." I do not have access to Coffey's -- I
20 do not think I have access to Coffey's comments. I do not
21 recall him saying positive or negative. I do not know which
22 way this is going.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I do recall, and this is a separate incident, that
2 on one occasion Ann and I were in discussion about some matter
3 and I recall the details having to do with the fact that she
4 was -- I was not very happy with the way in which she was
5 handling certain matters with certain people.

6 I made the offhand comment that I thought she
7 should understand that I was having enough trouble proposing
8 her for partnership for her not to dig her well even deeper
9 for me by creating more problems.

10 She got very upset at that and in a -- the next
11 day a memo -- one of her notes was on my desk or a little
12 letter was on my desk which said, in effect, "I quit."

13 I believe a copy of that or the document itself is
14 in the file. It said, "I quit," in so many words.

15 I went back to her to try to find out what the
16 problem was. We -- it took a few days to get together and
17 sort of iron it out. But in that process, I indicated to her
18 that one of the problems I had was the fact that her husband,
19 Tom Gallagher, was a partner in Touche Ross.

20 She well knew about this. We discussed it almost
21 every year since she had joined the firm and had made the
22 mistake at originally hiring her, by Paul Goodstat, that it

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 had not been brought to her attention that this would be a
2 difficulty if she were to be proposed for partnership.

3 The firm's rules, PAR 305 or 350, stated -- at
4 that time stated that a partner in Price Waterhouse could not
5 be the spouse or related to a partner in another CPA firm.

6 That has subsequently modified, if not totally
7 eliminated. But at that time it was very real and of some
8 concern to us because we were getting an annual letter from
9 the Human Relations partner, Personnel Director partner in New
10 York, as was required, informing us of the fact that there was
11 this relationship and that we should deal with it.

12 Q. Who is the Human Relations partner?

13 A. At the time, Bob Maynard. He has since retired
14 from the firm. Interestingly enough, Tom Gallagher, Ann's
15 husband, called right about that time, asked for a meeting
16 with me. A cup of coffee at the Mayflower Hotel.

17 I said, "Fine," I would be happy to meet with him.
18 Ann caught me in the hall before I went to that session and
19 said, "I don't know what he is going to talk about, but look
20 out."

21 I was not quite sure what to expect, but it was a
22 very pleasant, most honorable meeting, in which he explained,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 uninitiated by me, the fact that he had certain concerns with
2 Touche Ross' ability to embrace the kinds of work and the
3 efforts in the real estate area that he really wanted to
4 pursue and that he was seriously considering leaving the firm,
5 Touche Ross, for purposes of striking out on his own.

6 This was, of course, quite relevant, because if he
7 did this, eliminate the obstruction -- that obstruction in
8 Ann's profile for partnership -- I do not recall that it was
9 two weeks later, but at some point later -- let's say at the
10 end of that meeting we agreed that if and when we got to the
11 point in OGS that we would be prepared to make a written
12 proposal for Ann's candidacy for partnership Price Waterhouse
13 that I so inform him that such was the case and that he would
14 then take action on his side, as he chose, to leave the firm
15 of Touche Ross.

16 That, in fact, if I recall actually did happen.
17 He left Touche Ross and in the meantime, as a result of that
18 discussion or on reconsideration, Ann withdrew her termination
19 note and we went on with the job.

20 Now, in a separate matter, and here is where
21 Marcellin got confused and I had to set the record for him, he
22 linked these two separate incidents together, saying that Ann

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 had been -- her compensation had been increased because she
2 had "held a gun to my head" arguing that she would quit if she
3 did not get a compensation adjustment.

4 I informed him in this meeting that that was not
5 the case, that the two events not only were different, but
6 they were separated by time and that, in fact, I did increase
7 her compensation and that of Karen Nold's to reflect the fact
8 of the partners in OGS, particularly my strong sympathy and
9 pleasure with the tremendous effort that the two of them had
10 made in delivering -- that that be deliverable to the State
11 Department.

12 They were both given an increase in compensation
13 and something of a mid-term adjustment, if you will, which was
14 a unilateral action on my part.

15 Neither one of them had asked for it. Both got it
16 a took it.

17 Q. And you made this clear to Marcellin?

18 A. Yes, I did.

19 Q. Okay.

20 A. Now, the last comment raised here -- there is one
21 about -- including this compensation adjustment in the
22 contract rate with the government -- and the answer, yes, that

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 is the applicable additional cost that can be recovered.

2 The second -- the last point here has to do with
3 the word processing service and it is true that first Fred
4 Laughlin and then Hunter Jones ran that department and that
5 Ann followed Hunter Jones, as I have explained earlier, as
6 a result of his having to be out of town and unable to carry
7 on with that activity.

8 Each one of them ran it in a different way.
9 Laughlin took the approach of an efficiency expert attempting
10 to developing software which would record the extent to which
11 the -- or how efficient the personnel in the department
12 operated.

13 Hunter Jones took the position of attempting to
14 sort out the work flow and other aspects to improve the
15 efficiency of the department.

16 Ann took more of an approach having to do with the
17 concerns and the -- the personal concerns and human relations
18 aspects of what these people had in mind and not only the
19 compensation, the benefits, their hours worked and their
20 living conditions in the office and so on and so forth.

21 In that sense, she was far more successful than
22 they were because she hit right to the core of some of the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 problems in that department and I wa very pleased with her
2 efforts in that regard.

3 Q. Let me ask you something, during the period when
4 the Admissions Committee was considering the OGS candidates
5 for 1983, that is, Hopkins, Pshyk, Lum and maybe (Higgins), in
6 parentheses, what did you hear through your underground
7 intelligence system or in any other fashion about what was
8 going on, what the chances of the various candidates were or
9 did you hear anything?

10 A. Of the other candidates? Of the other three that
11 we are talking about?

12 Q. Yes, let's talk a minute --

13 A. Or about all the candidates that were up that
14 year?

15 Q. Pardon me?

16 A. Are you asking the question about just the other
17 three candidates besides Ann or are you talking about all of
18 the candidates in the firm that were being proposed?

19 Q. I am talking about the four out of OGS.

20 A. The three out of OGS and the one out of New
21 Orleans?

22 Q. Right.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. I heard a considerable amount about Ann. I heard
2 direct from Goodstat about some of the problems relative to
3 Pshyk and Goodstat -- Lum. I heard very little about Higgins.

4 Q. What did Goodstat say the problems were with Pshyk
5 and Lum?

6 A. Essentially that the partners on the Admissions
7 Committee were accountants and auditors and that Pshyk and Lum
8 were not -- they did not look -- Pshyk and Lum did not look
9 like them, did not -- they did not view them in the same way
10 and they had trouble relating to them in that regard.

11 They were concerned as to just what role they
12 would play in the firm as partners, whether they -- and most
13 importantly, whether they would have a long-term viability to
14 stand on their own and develop a practice and be contributing
15 partners on a continuing basis.

16 Q. That was the most important?

17 A. Yes, because they were generally out of the
18 mainstream of the firm's practice of accounting, auditing, tax
19 and management systems, information systems.

20 Q. Was it at that point that Goodstat asked for this
21 additional documentation on Lum and Pshyk?

22 A. No, I had heard that point discussed -- he

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 discussed that with me, I think probably, sometime in December
2 and I believe that -- I do not recall exactly. I think it had
3 to be toward the end of January when they asked for the
4 documents which you have seen as Exhibits 1 and 2.

5 I would say that I had heard about this issue or
6 these problems with respect to Pshyk and Lum, two, maybe three
7 times. I believe all of them from Paul Goodstat, who was on
8 the Admissions Committee.

9 They state, at least, that in my opinion the
10 questions had nothing to do with their competence, their
11 ability to perform or their past record. It had to do with
12 the fact that they did not look, feel, taste or smell like a
13 normal candidate in Price Waterhouse. And the Committee was
14 concerned about that fact.

15 Q. Is it fair to say, related to that, whether they
16 would be viable in the long term in terms of the ability and
17 practice -- bringing in business?

18 A. Yes.

19 Q. Was that type of concern raised about Ann Hopkins?

20 A. No, for obvious reasons.

21 Q. Because she had demonstrated that ability?

22 A. No. Because she practiced in the mainstream of

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 the firm's activities, management information systems, EDP
2 based.

3 There was no question that that kind of work,
4 which had been the work of the MAS and MCS practice for years
5 would continue to be the mainstream of the MCS practice for
6 years and there was not question whether that work would
7 continue. So, it was not an issue.

8 Q. Did you learn that at one point the Admissions
9 Committee had determined to place Lum on hold?

10 A. No, I did not ever know that. You are telling me
11 something that I have never heard before.

12 Q. So, you did not know he was eventually placed on
13 hold and then placed on the ballot later on?

14 A. I did not know that.

15 Q. Did you have any conversations with Goodstat about
16 Hopkins?

17 A. I have just reiterated that I have, on a number of
18 occasions.

19 Q. I am sorry, I thought you were just talking about
20 Lum and Pshyk.

21 A. Yes. And I said earlier today that in the request
22 that he made for Exhibits 1 and 2 that I asked him

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 specifically did he want the same thing for Hopkins?

2 Q. Right.

3 A. He answered, "No."

4 Q. Right. Apart from that did you have any
5 conversations with Goodstat concerning Hopkins?

6 A. I was in contact with Goodstat on numerous
7 occasions in the time prior to that and he agreed with me and
8 we discussed the problems associated with Ann's profile as a
9 tough, rugged, demanding, not altogether endearing leader of
10 people.

11 The problems that we would have in getting
12 partnership approval of her candidacy under those conditions.

13 We agreed that there were partners in the firm who
14 might -- who did not care for that at all.

15 Q. Do you recall any other with Goodstat about any
16 other elements of Ms. Hopkins' candidacy?

17 A. I had -- I must inform you that I had numerous
18 discussions and always had numerous discussions with Paul
19 Goodstat throughout the day, throughout the weeks in any given
20 year.

21 As the Vice Chairman in charge of MCS, I have to
22 relate to him, particularly on people. The need to obtain

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 additional people from other offices. The strategy and
2 structure of the MCS practice throughout the United States and
3 so on and so forth.

4 We cover a range of topics in every conversation.
5 I cannot tell you every conversation that took place. There
6 were a tremendous number of them.

7 But I can assure you that we discussed all of our
8 candidates in OGS many times and all future candidates as
9 well. That is part of his job.

10 Q. What you have just given me concerning Ms. Hopkins
11 is basically the gist of the conversations you had concerning
12 her candidacy. That is all I wanted to get at.

13 A. Yes.

14 Q. Did you have any conversations with Mr. Connor
15 concerning Lum, Pshyk or Hopkins?

16 A. Well, the final conversation in which Connor
17 called me in Florida and informed me of Ann Hopkins' outcome
18 on the -- from the Admissions Committee.

19 Q. Let's put that one on hold for a minute. Before
20 that time.

21 A. I can say that substantially less discussions with
22 him than with Goodstat. In fact, the most -- at best I can

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 say -- at one point he informed that he thought that all three
2 looked like good, strong candidates.

3 At another point I remember riding in a taxi cab
4 with him, coming back from the State Department and he said
5 that -- something to the effect that he believed that Ann's
6 interpersonal skills were posing some problems with -- in the
7 Admissions Committee process.

8 I did not seek to gain further clarification from
9 that since I knew exactly what he was talking about in the
10 sense that that was the very issue that we had deliberated on
11 for -- that Ann and I had deliberated on over the past, that
12 Goodstat and I had deliberated on and that I had personally
13 worked on so hard in trying to overcome the proposal itself.

14 Q. Other than Connor and Goodstat, did you talk to
15 anybody on the Policy Board or the Admissions Committee
16 concerning the candidacy of any of the three who were proposed
17 out of OGS?

18 A. No, I do not think so. In fact, I will have to
19 tell you I do not even know now who was on the Admissions
20 Committee, besides Goodstat.

21 MR. HURON: I would like to have this marked as
22 Exhibit No. 10.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 (Beyer Deposition Exhibit No. 10
2 was marked for identification.)

3 MR. HURON: Let's take a short recess. Off the
4 record.

5 (A short recess was taken.)

6 MR. HURON: On the record.

7 BY MR. HURON:

8 Q. Did you get a chance to review Exhibit No. 10,
9 which is captioned "1983 Admissions Committee/Ann B. Hopkins,
10 Admissions Committee Recommendation: Hold"?

11 A. This is the first time I have seen this document.

12 Q. You have not seen that one before either?

13 A. No, I am not involved in the admissions process.

14 Q. I understand --

15 A. The Admissions Committee process.

16 Q. My understanding was that these -- and perhaps you
17 are telling me that I am wrong about this -- was that these
18 forms were developed in part for communication with the office
19 out of which a candidate was proposed or was placed on hold.

20 MR. SCHRADER: I will help you with that and I do
21 not know where you got that understanding. These documents --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 No. 10 -- my understanding, and I think it is correct -- but
2 Mr. Marcellin and others can obviously help you with that --
3 my understanding is that this memo is one generated by the
4 Admissions Committee itself and transmitted to the Policy
5 Board with its recommendation.

6 It does not go to anyone other than that and is
7 not shared with anyone other than, obviously, the members of
8 the Admissions Committee from whom it is being sent and
9 members of the Policy Board, who would presumably receive it
10 and review it.

11 As to Exhibit 9, that, too, is a set of -- I will
12 call it -- notes created a member of the Admissions Committee.
13 I believe in this case it would be Mr. Marcellin, but I am not
14 sure, for use by the Admissions Committee and I believe by the
15 Policy Board.

16 The Admissions Committee acting first on the
17 candidates, making recommendations to the Policy Board, which
18 makes the final decision on the status of a candidate, none of
19 this would be shared with anyone in the firm outside of those
20 two bodies, one of which I think is a subset of the other.

21 MR. HURON: Can we confirm that it was Marcellin
22 who is the author of these notes? Not of Exhibit 10, but of

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Exhibit 9?

2 MS. IRELAND: I believe there is -- Page 3845 is
3 a --

4 MR. SCHRADER: Yes, I am sorry. Page 3845 would
5 be Ziegler, because he was the person who visited the St.
6 Louis office.

7 The way that they divide the work up of the
8 Admissions Committee is by offices that the people are to
9 visit. Mr. Marcellin visited the OGS office as well as
10 others. I do not know which other offices.

11 So, I can tell you and I will also check it out
12 and confirm it that everything up to Page 3845 is Marcellin
13 created. Page 3845 would be created by Mr. Ziegler. The
14 letter is obviously self-explanatory. The one from Coffey is
15 self-explanatory.

16 I think that Page 3847 is also a Marcellin
17 document, although I cannot tell you for sure. There are even
18 initials at the bottom.

19 MS. IRELAND: I believe that is Goodstat. I
20 believe it is "PDG" but that is just --

21 MR. SCHRADER: Perhaps Goodstat created it then.
22 I honestly do not know.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 BY MR. HURON:

2 Q. I am showing Page 3847 to Mr. Beyer. Does that
3 look like Mr. Goodstat's initials down there? It is the last
4 page, a discussion with --

5 A. Those are his initials.

6 Q. Pardon me?

7 A. Those are his initials.

8 Q. Goodstat's?

9 A. Yes.

10 Q. You first learned that Ann Hopkins would not be
11 admitted to partnership for 1983 when Mr. Connor called you
12 when you were on vacation. Is that right?

13 A. That is correct. We were both on vacation.

14 Q. Where were you at the time?

15 A. Marco Island.

16 Q. What did Mr. Connor tell you?

17 A. He informed me that this was the week in which he
18 had to inform the sponsoring partners of the failure of their
19 candidate to be approved by the Policy Board and that it was
20 his unfortunate duty to tell me that Ann Hopkins had not been
21 approved.

22 However, I should understand that she was not

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 rejected either. That she had, in fact, been held and there
2 were certain things that would have to be dealt with in order
3 to overcome the hold. Otherwise it would turn into a reject
4 in subsequent years.

5 Q. What were those?

6 A. Essentially -- I cannot recall the details now of
7 the entire conversation, which lasted -- it was a fairly
8 lengthy conversation, 30 - 45 - 50 minutes maybe. I cannot
9 even recall that.

10 Further, I would say much of it was repetitious
11 because I kept asking him to go over and over the exact
12 rationale and reasons. I was much upset at the fact that this
13 was the conclusion.

14 I first simply was angry and I know he felt my
15 anger over the phone that this result was, in fact, coming
16 forth.

17 As time went on in the conversation, I began to
18 understand the basis on which my partners could draw a
19 conclusion other than the one that I had drawn, which was that
20 she should be approved.

21 He essentially said that it was necessary for Ann
22 Hopkins to tone down her image, tone down her attitude and

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 approach to working with people at all levels everywhere.

2 She had to develop her interpersonal skills to a
3 far greater degree before she could be accepted.

4 He suggested that I talk with her immediately so
5 that she did not find out the result by indirect means, that
6 it should come from me or, since I was on vacation, Lew
7 Krulwich, as soon as possible, but as shortly thereafter as
8 possible, I should get to her and talk to her about the
9 situation.

10 I should be careful about this, but -- in how I
11 phrased it, but that I did have, of course, the opportunity to
12 describe for her that there still was a chance for her. It
13 was a hold and not a reject.

14 But he was concerned and issued his concern that I
15 not overstate this possibility.

16 I did not try to ask him what the roll call was in
17 specific details underneath the issues of interpersonal
18 skills. I knew essentially what he was talking about. I had
19 heard him before.

20 Ann and I had worked on them, had talked about
21 them and tried to discuss them in our conversations. I had
22 discussed them with other partners.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I had attempted to, in some sense, cover them up
2 in the written proposal. And, perhaps, I had, in my own way,
3 overlooked them, because they did not really affect me and
4 particularly because was I extremely pleased with Ann's
5 performance.

6 She did a job for me. Through all those years, I
7 was most happy with it. Understand, therefore, my reluctance
8 to even view negatives, problems, very seriously in my overall
9 impression and view of her.

10 Nevertheless, this was important to other people.
11 There was no way I could get around it. The decision had been
12 made not to accept her.

13 We also talked then about Lum and Pshyk, but very
14 briefly and he indicated that they were going to be approved
15 for purposes of putting their names on the ballot.

16 MR. HURON: Just for the record, putting the names
17 on the ballot is the real decision to make partner. The
18 balloting is pro forma. Is that correct?

19 THE WITNESS: I have never seen it otherwise, but
20 I am sure that it could possibly be -- end up a reject on that
21 basis. I have never seen it though.

22 BY MR. HURON:

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. Is that basically the substance of the
2 conversation you had with Connor?

3 A. That is the substance of it, yes.

4 Q. What did you do after that, in terms of --

5 A. Well, if it had been any later in the afternoon, I
6 probably would have gone out and had a real stiff scotch. As
7 it was not late in the afternoon, my wife and I took a walk on
8 the beach and we talked about it.

9 I described what I thought was a -- well, she
10 attempted to elicit from me the discussion of how this was --
11 how the partners could take a contrary view to mine and I
12 thought that was very useful. It helped me to put the whole
13 thing in a better perspective.

14 Q. Did you call Ann?

15 A. No -- yes, I attempted to call Ann, could not
16 reach her. This was on a Thursday, I believe, Wednesday or
17 Thursday, something like that.

18 So, in response to Connor's request to get
19 notification to her immediately, I asked -- I called and asked
20 Lew Krulwich to discuss this with her very briefly and tell
21 her that I would be back early next week and would at the
22 earliest possible moment sit down and talk with her about it.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I told Krulwich further that Connor had made the
2 offer which I thought was one that Ann should readily accept
3 and that was to have Ann call him and make an appoint to come
4 to New York to see him, to have him give her a first-hand
5 account as best he could within the context of appropriateness
6 in the process -- of what had transpired and the reasons for
7 the decision and what she could do about it.

8 Q. Do you know whether or not that was Connor's
9 typical practice?

10 A. Absolutely not. I was frankly quite surprised
11 when he offered it, recognized it as his attempt to take a
12 very personal interest in her welfare, and attempt to get her
13 to understand what the situation was.

14 He felt a deep concern and, particularly, he was
15 responsible for OGS and, therefore -- where this might be done
16 by an area practice partner, he was serving in that stead.

17 I further think that he used that, perhaps, as a
18 vehicle by which to ameliorate me, knowing that I was
19 extremely unhappy, if not angry at the conclusion.

20 Q. You talked to Krulwich on the phone and told him
21 to speak briefly with Ann to let her know what the decision
22 had been?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Yes.

2 Q. To let her know that Connor had offered to talk to
3 her personally about it? And that you would be --

4 A. I do not know whether I told him to say that, but
5 I did say that I would get to her as soon as possible, early
6 the next week.

7 I did tell him about Connor's offer. I am not
8 sure whether he told her or not. It did not really matter,
9 because when I got to her, I, in fact, repeated it or gave it
10 to her for the first time.

11 Q. You got back to the office a week later, roughly?

12 A. No, the next Monday.

13 Q. Within four or five days?

14 A. Yes.

15 Q. Did you talk to Ann at that time?

16 A. Yes.

17 Q. Can you describe that discussion as best you can
18 remember?

19 A. Well, she knew the conclusion. I cannot call it
20 the most satisfying discussion I ever had with anybody, we
21 simply went through what Connor had told me.

22 I reiterated as best I could what it was that

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 caused her to not be approved. I told her that it was not a
2 negative vote. That there was an opportunity here, that I
3 still had great confidence in her, great belief in her and was
4 still very optimistic that I could help her overcome the
5 objections of my partners, that I wanted to have time to think
6 about exactly how we would do this.

7 I think she asked me if I thought she needed
8 further exposure in another office. I do not recall if she
9 did or not. Somebody asked me that at the time and I remember
10 thinking about it for a fairly long period and decided that,
11 no, exposure was not necessary.

12 As a matter of fact, maybe she had been
13 overexposed and maybe people should see less of her and review
14 her skills, her results from a distance.

15 Then we talked probably mostly about Connor's
16 offer and how she should approach it. And I tried to talk to
17 her about how she should make sure that she came to him with
18 an image of success, an image of professionalism, of
19 partnership and not come to him bitter and critical of the
20 firm, come to him in an upbeat fashion, sell him on the fact
21 that she was a candidate and she was prepared to wait another
22 year in order to achieve the objective.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. What was her reaction to that?

2 A. Generally, I thought favorable, generally
3 encouraging. I mean, she was upset. Sure she felt like she
4 had been kicked in the teeth and frankly I cannot say that I
5 would feel much differently if I had been in that position.

6 But, I think she understood -- she knew that there
7 were problems. She knew that the -- she had to overcome some
8 faults and they just do not overcome in short order.

9 I think she was optimistic and I think she went up
10 to New York with -- in a constructive manner, to glean from
11 Connor as much as she could about what she could do to -- from
12 here on to improve her image as a winner.

13 Q. She did go to New York to see Connor?

14 A. Yes, she did. She called Connor, made
15 arrangements and went there. And on coming back, I recall
16 that afternoon, she came into my office and I could not wait
17 to ask her, "How did it go?" And she said, "Very well."

18 Q. Did you talk to Mr. Connor after that about the
19 meeting he had had with Ann?

20 A. Yes. I asked him how it went and he said he
21 thought very well. He said it was a rather upbeat meeting. He
22 was pleased.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 Q. What was your understanding of what Ann Hopkins
2 was supposed to do specifically better her chances for the
3 next year?

4 A. My interpretation, under the heading of tone down,
5 would be to be less brusque with people, to listen to their
6 suggestions, to work with them, to be patient, be less
7 strident and if I can use the word dictatorial, in manner and
8 style, more of a working partner rather than -- in a project
9 toward an objective rather than a titular head.

10 To see the worth and value of all of the people
11 and not cast aside their good intentions as irrelevant or
12 unnecessary or worse, incompetent, until she had thoroughly
13 examined them.

14 She should be very careful in dealing with people,
15 that she did not give the image of being a -- something very
16 special in the sense of being above them, but being a part of
17 the office, being a part of the team, being part of the
18 project.

19 To soften her image in the manner in which she
20 walked, talked, dressed, especially talked --

21 Q. What does that mean?

22 A. To use less of the hard words. Ease up on the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 tendency to be profane. To be more reasonable in voice tone.
2 To try and avoid crisis situations which created an
3 environment which was conducive to an unfavorable image or
4 view of her.

5 Q. Did you discuss all these things with Ann or most
6 of them?

7 A. On a number of occasions, yes, both as an
8 explanation of what had transpired, of the conclusion that had
9 been reached and as a program for moving forward.

10 I sincerely wanted to help. I felt that I could
11 help. I felt that my attempts to help had been somewhat
12 successful in the past, but I had not really seen all sides of
13 the case and I was interested in the results of getting the
14 job done, achieving the winning proposal, getting the
15 deliverables out on time and in a quality fashion and Ann was
16 very good and helping me do that. She was key to that.

17 I, therefore, had a strong tendency to overlook
18 any other problems that she might have in the past. But now I
19 felt I had to personally spend more time on that, to help her
20 as best I could. Yes, we talked about this.

21 Q. You mentioned the manner in which she walked and
22 dressed. Could you elaborate on that a little as to what you

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 mean by that?

2 A. Ann has a very strident movement about her. When
3 she comes into the office or starts walking down the hall,
4 it is with a lot of authority and forcefulness. I admire that
5 quality. I respond to it.

6 It does not always appear in the same view or in
7 the same manner to other people.

8 Q. You told her that?

9 A. Yes. In dress, I suggested that she look more
10 toward appearing more feminine in a more dressed up fashion,
11 to come across as, you know -- with the inner side of her
12 coming forth, what I thought was a very warm and genuine
13 person.

14 Q. How --

15 A. I mean, I wanted the image to be external and
16 internal, to -- the total person to be viewed in the proper
17 light.

18 So, in our discussions we really left no stone
19 unturned as to what steps she could take in manner, in dress,
20 in conversation, in dealings with people and in her
21 discussions with clients and so on and so forth.

22 Q. Just in terms of what you were saying about dress,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 and I want to go on to each of these points, but is that --
2 how did she dress then that you thought ought to be changed,
3 might be more effective for her in terms of dealing with
4 others?

5 A. A piece of jewelry, less of the, as we called it
6 "power blues."

7 Q. More jewelry, less "power blues"?

8 A. That is right.

9 Q. Okay.

10 A. More attention to her hair, more attention to the
11 need for her to get enough sleep so that she did not look
12 tired out and looked the image as well as exuded the image of
13 a confident, yet understanding professional.

14 Q. Did you talk about make-up at all?

15 A. I am sure it came up.

16 Q. Again, like the jewelry, more rather than less?

17 A. Yes. As I say, we covered every aspect of it.
18 Even things like less -- "Don't put your feet up on the desk.
19 Stay seated in the chair. Be of appropriate decorum at all
20 times."

21 Q. You were talking about her manner of her talking
22 and you mentioned that she used profanity.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. Let me say that this is not the first conversation
2 that we had in these terms, but it now became paramount that
3 we look at every -- she and I and anybody else who was willing
4 to do so -- look at every side or every facet of her style and
5 manner in order to address the concerns that had been -- that
6 had resulted in her getting a hold vote.

7 But we had discussed this in the past on a number
8 of occasions and, in fact, I do not think I am the only
9 partner that did that.

10 Q. I take it what you are trying to do at this point
11 is using your best efforts to convey to her things that she
12 can do to improve to give herself a better shot at bringing
13 some of the other partners around?

14 A. Two things: That, plus to build in her, again,
15 the confidence and the optimism that she could, in fact,
16 succeed.

17 I mean, it is very easy to slip, I think, into the
18 view that a hold is really a no vote and that all you have
19 done is really the final no.

20 Q. But that is not true of Price Waterhouse, is it?

21 A. That is true. But Ann would not know that.

22 Q. Okay.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 A. She had not very much experience with the firm.
2 She had not been with the firm long enough to know that that
3 was the case.

4 It is difficult for anybody on the outside, even
5 for some of us on the inside to determine exactly what a hold
6 is.

7 So, my attempt was not to say this is what it is,
8 because I could not answer that comment directly. Instead, I
9 tried to build up in her the confidence and the optimism that
10 it could be overcome positively.

11 Q. Did you tell her that -- did you know that roughly
12 two-thirds of the holds are accepted the next year?

13 A. There was a discussion of count, number of long
14 forms, number of short forms and I got that information from
15 Connor.

16 Q. In your phone conversation with him?

17 A. Yes.

18 Q. The initial one?

19 A. Yes. I do not know whether it was exact and I do
20 not know the extent to which I discussed it with Ann, but I
21 believe that when she went to talk with Connor that they,
22 Connor and Ann, talked about it.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

1 I think he did that, in fact, I am sure he did
2 that, demonstrate to her that there was a body of support for
3 her. Again, the important point is saying, "Not all is lost.
4 Still a tough row to hoe, but not all is lost."

5 Q. How much did she swear?

6 A. In times of crisis, a lot.

7 Q. Do other people at Price Waterhouse swear a lot?

8 A. Yes.

9 MR. HURON: It is 5:00 o'clock and I think it
10 would be a convenient time to break. I appreciate your
11 patience and I wish it was over today. I know you do. We
12 will finish it tomorrow.

13 (Whereupon, at 5:00 o'clock p.m., the deposition
14 of THOMAS O. BEYER was adjourned, to reconvene, Thursday,
15 February 7, 1985.)

16 *****

17 I have read the foregoing pages which reflect a
18 correct transcript of the answers given by me to the questions
19 herein recorded.

20
21
22 _____
DATE

_____ DEPONENT

Diversified Reporting Services, Inc.

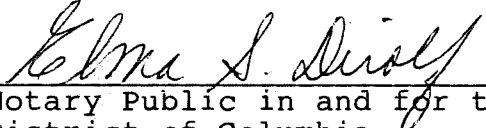
1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121

CERTIFICATE OF NOTARY PUBLIC

I, Elma S. Dirolf, the officer before whom the foregoing deposition was taken, do hereby certify that the witness, whose testimony appears in the foregoing deposition, was duly sworn by me; that the testimony of said witness was taken by me using stenomask dictation and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



Notary Public in and for the
District of Columbia

My commission expires
September 30, 1989

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 808

WASHINGTON, D.C. 20005

(202) 628-2121