

Chapter 5: Afternoon April Fools Day, 2003

Initial Interview by NYPD Detective Mark Cohen 4/1/2003

Dom Montain (11:15 A.M.)

Q: Mr. Montain, this is an informal interview. However, you do have the right to an attorney of your choosing. If you cannot afford an attorney, the City will provide one for you. Moreover, any statements you make to me today could be used against you in a court of law. This interview is being taped. Do you understand and agree to these conditions?

A: Yes and yes.

Q: Do you wish to be represented by an attorney?

A: Not at this time.

Q: If, at any time during this interview, you wish to be represented by an attorney, please make that known and the interview will cease until representation has been arranged. Is that understood?

A: Is what understood? By whom?

Q: Do YOU understand that the interview will be terminated at any time you wish to be represented by an attorney?

A: Yes. I understand.

Q: I am now handing you a consent form in which you acknowledge that I have advised you of your right to be represented by any attorney and that you have elected to proceed without an attorney at this time. Are you comfortable signing this form?

A: Do you mean will I sign the form?

Q: Will you sign the form of your own free will?

A: Yes, since that's how the game is played.

Q: The transcript of this interview will show that you reviewed the consent form, signed it, and handed it to me. Please state your full name?

A: Dom Carl Montain.

Q: Not Dominick?

A: Dom, not Dominick.

Q: Are you now or have you ever been married?

A: No, never.

Q: Have you ever used any other name?

A: No.

Q: What is your address?

A: 39 Worth Street, Apartment 10-B, New York, New York, 10013 dash 2989.

Q: Where and when were you born?

A: White Plains, New York. September 20, 1972.

Q: What is your educational background?

A: Public schools in White Plains through fourth grade. Sixth grade through eighth at Hommocks Middle School in Mamaroneck...

Q: Where were you for fifth grade?

A: I skipped fifth. Ninth grade through twelfth at Mamaroneck High School, although I skipped tenth grade. I attended California Institute of Technology in 1987 and 1988.

Q: Did you graduate?

A: No.

Q: Where is California Institute of Technology located?

A: The main campus is in Pasadena, California. There are Caltech facilities around the world.

Q: What facilities were you at?

A: I was at Pasadena.

Q: Why did you leave college before graduating?

A: I left to join a software startup.

Q: Were you asked to leave?

A: I was not!

Q: What was your grade-point average for the two years you were there? Did you complete two years?

A: My grade-point average was three-point-eight for the first year and three-point-nine for the second. Yes; I completed two years.

Q: What stopped you from having a perfect four-point-zero?

A: I had an incompetent Freshman English instructor my first year and a disagreement with a physics professor my second year.

Q: So you didn't make any mistakes that made your scores less than perfect?

A: I did not. Some people would say that not giving the physics professor the answers he wanted was a mistake but I disagree.

- Q: Did you have any disciplinary trouble at college?
- A: I have excellent discipline.
- Q: I mean was any disciplinary action taken against you?
- A: Caltech operates on the honor system.
- Q: Who enforces the honor system?
- A: The students do.
- Q: Was any enforcement action under the student honor system taken against you?
- A: No enforcement action was taken against me.
- Q: Was any enforcement action PROPOSED against you?
- A: Yes. How did you know? Have you looked up my records? That's not supposed to be in my record since no action was taken.
- Q: I didn't know. That's why I asked. For what infraction was action proposed against you?
- A: There was no infraction! I won the freshman robot demolition contest.
- Q: What is the freshman robot demolition contest and why would action be proposed against you for winning it?
- A: Each year freshmen are given basic materials to build robots. These robots compete in a series of one-on-one fights to the death. The student whose robot destroys all of its opponents wins. Action was proposed against me by some losers because I won. They were bitter. They thought they were smarter than me. They weren't.
- Q: On what grounds was the action proposed?
- A: On the grounds that I cheated.
- Q: Did you cheat?
- A: I DID NOT! There were no rules prohibiting my tactics!
- Q: What were your tactics?
- A: The other robots were programmed to lose to my robot.
- Q: There were no rules against tampering with other students robots?
- A: There was a very strict rule against any physical contact with any of the materials supplied to any students in any form including, of course, the finished robots.
- Q: Didn't you violate this rule?
- A: I did not.
- Q: Then how did you program the other students' robots to lose to yours?
- A: I didn't. They programmed themselves to lose to my robot.
- Q: I don't understand. How is that possible?

- A: All of the other students downloaded the same shareware to their robots for enemy recognition. This was not a "material supplied to them"; it was shareware they CHOSE to use because none of them could write a pattern recognition program as good in the time allotted. I did, of course, but the others couldn't. So I hacked the site that had the pattern recognition software and changed it so that it couldn't recognize my robot as an enemy. That meant my robot could easily approach and destroy my opponents.
- Q: I think I understand. But, if your pattern recognition software was different from and better than everybody else's, wouldn't you have won anyway?
- A: You're pretty smart. Yes, I probably would have. But why take a chance? This was war and the object was to win. I didn't know I had the best pattern recognition until I heard that all the others were downloading theirs from the same place. Once I knew that, I knew how vulnerable they were and that I could assure myself of victory. So I did.
- Q: What was the outcome of the proposed enforcement action?
- A: Since there was no rule against what I did, no action was taken. That was right. But, since the losers were popular, the contest that year was declared null and void. They said that the rules were "inadequate". That was unfair. I won under the same rules that applied to everyone. Of course, they changed the rules for subsequent years, and that's perfectly fair. But what they did to me was NOT fair.
- Q: Is that why you left college before graduating?
- A: It is not. That was unfair but I lived with it. That was the beginning of my freshman year and I stayed through my sophomore year.
- Q: Was your dispute with your chemistry professor why you left?
- A: It was a physics professor. No, I left to join a software startup.
- Q: Why did you want to do that instead of getting a degree from Caltech? Even I've heard of Caltech. It's very prestigious.
- A: Caltech was getting boring. All I care about ... all I cared about was the software I wrote. And the software I wrote for courses was boring. Joining the startup was a way to write great software and be recognized for it.
- Q: What was the name of the startup and where was it located?
- A: Do you know you often ask two questions at once?
- Q: Yes.
- A: The startup was named "Games of Woe and Dread". It was located in a commune on Malibu Beach. We called it GOWAD.
- Q: What did GOWAD do?
- A: We wrote games of woe and dread.

Q: What does that mean?

A: We wrote game software for commercial video parlors. Twitch games for people who can think.

Q: Okay, what's a "twitch" game and aren't games played on PCs?

A: There you go again with the double questions. Is that an interrogation technique?

Q: No.

A: Right... Twitch games are games that require fast finger movement in order to fire weapons or enter hyperspace or take other important action. We wrote for video parlors and not PCs for two reasons. One, back in those days, computers weren't fast enough for the kind of graphics and sound we wanted to do and; two, computer-to-computer communication wasn't usually fast enough for people to play really good twitch games against each other. Now, of course...

Q: Don't people often play video games by themselves?

A: Yeah, losers. How can you win if you don't beat somebody?

Q: What was your position at GOWAD?

A: Same as my position here at hackoff; I was CTO. But there I did almost all the cool programming.

Q: So you started at GOWAD in 1988. How long did you work there and why did you leave?

A: You could try three questions at once. I would remember them. I left GOWAD at the beginning of 1991 because it went out of business.

Q: Why did GOWAD go out of business?

A: Because the idiot who ran it was as stupid as he was when he complained to the honor committee about the way I beat him and his robot.

Q: You left Caltech to go to work for the guy who turned you into the honor committee? Why?

A: Yes. Because he knew I was a great programmer. They were writing cool stuff and I thought it would be a good opportunity.

Q: Where did you go to work next, what was your starting position, how long were you there, and why did you leave?

A: You catch on fast. You into role-playing games?

Q: A little.

A: Chase Manhattan Bank in New York City. I started as a lead programmer for GUI. I left in 1993. I left because I didn't get recognition for what I did there and it was really boring and stupid.

Q: What's Gooley; why did you choose Chase Manhattan in the first place; and is that where you first met the deceased?

A: GUI stands for graphical user interface. All computers have them now but then only the Mac and a brain-dead version of Windows did. I went to Chase Manhattan because Larry Lazard recruited me – so that answers your third question, too.

Q: Where did you first meet the deceased?

A: Only one question this time, you must be getting serious now that “the deceased” is in the game. I first met Larry at MacHack in 1990.

Q: What’s MacHack?

A: It’s a semi-official gathering of the best Mac programmers, those who’d rather hack than eat. Apple sort of sponsors it and sort of doesn’t. It’s sort of about cool Mac stuff and it’s sort of about cool hacks. There’s a lot of code swapping that goes on and passing the word about pirate boards.

Q: Why did Larry recruit you to Chase and why did you accept?

A: Larry knew my rep from MacHack. He knew I knew GUI inside and out and could make a computer do tricks whether it wanted to or not. We game writers wrote the book on cool graphics. He said that, once GUI was established, online banking would happen because even bozos’d be able to use it and he wanted Chase to have the best user interface first. Said he knew that if I were the lead programmer in the group we’d get there before anyone else.

I took the job because Larry recognized me for what I could do and because the bank had more computers than I’d ever seen in one place.

Q: You said you left Chase because you didn’t get recognition.

A: Is that a question?

Q: Yes.

A: Didn’t sound like one. Okay. So the real question is: Why did I leave Chase? Answer is: Things change. “Gotcha” happened. Larry confessed to it; he went to jail. Then the place was really boring and there was no one left who knew or cared what I could do. Just a bunch of sort-of programmers who maybe wished they were bankers.

Q: Then where did you go; why; in what capacity; for how long; and why did you leave?

A: Very good; five questions. Next I went to Microsoft in Redmond, Washington.

I went there because I was tired of being with dummies and wanted to be back with smart guys. Some guys from GOWAD, some guys from Caltech – especially physicists – some guys I knew from MacHack were already there and they’d been recruiting me for a while and telling me what a great place it was and how you could get rich on options in six months.

They already had Ferraris, some of them. Smart guys are recognized there.

I came in as a senior developer to work on fixing the fucked-up Windows GUI.

I stayed at Microsoft until 1996 when Larry recruited me for the security consulting business he had before hackoff.

Q: Why did you leave Microsoft to join Larry? Weren't you getting rich on options? Weren't you writing cool stuff? Weren't you getting recognized for it?

A: I left because Larry recruited me and he knew what I could do to keep hackers away from websites; he knew that I understood hackers.

I did well on options; not as well as the early guys, of course; and I cashed some in too soon.

I did write lots of cool stuff while I was in the Windows Desktop Group at Microsoft, but there was a big political dustup over how to deal with the Internet and whether Windows or something code-named Cairo that never happened was going to be the code base for the future and the cool stuff ended up moving into other groups, so I wasn't doing the coolest stuff anymore and I don't like that. You were smart to ask.

And I didn't get enough recognition. Billg understood what I did and what I could do. He knew all the top developers and he was always emailing us about what he thought was cool and what he didn't think was cool and why didn't we do this or that or were we brain dead. But by '96 Bill wasn't as involved and there wasn't as much to get recognition for because the cool stuff had moved away.

Q: Your first job with the deceased's consulting company was what?

A: CTO. Same job I've got now but I was the only technical person so no management bullshit then.

Q: Wasn't the deceased technical?

A: Larry? Yeah, I guess. But he didn't work for me and his job in the company was consulting and selling and, after a while, raising money and taking us public.

Q: Let's get to yesterday. When's the last time you saw the deceased?

A: At 3:00 PM yesterday.

Q: Where did you see him and why? Was anyone else present?

A: Three questions. This sounds like "Clue". I saw him in the boardroom because we were having an executive staff meeting. It ended at three so that's the last I saw him.

Since it was an executive staff meeting, the other executives were there: Donna Langhorne, our CFO; Aaron

Smyth, chief counsel; Frank Folger, sales guy; and Eve Gross, marketing slime.

Q: What's "Marketing slime"?

A: "Marketing slime" doesn't mean anything bad; it's what we called marketing women – they're usually women – at Microsoft. Folger's actually supposed to be in charge of marketing but he doesn't do it so Eve sort of reports around him – reported around him, I guess – to Larry and came to exec staff meetings usually.

Q: Was there anything unusual about Larry at that time? Was there anything unusual about the staff meeting?

A: Nothing unusual about Larry. He was the asshole he's been since the stock tanked. Not much unusual about the staff meeting either except that I quit.

Q: Why did you quit? And, if you quit, how come you came into work this morning?

A: I get it: you ask multiple questions so you can keep multiple threads going at once. That way you don't take a chance going down a blind alley with one line of questions and forgetting what you need to do to get back. Good gaming technique.

I quit because I'm not going to take any more of Larry's bullshit. He used to recognize what I did; I think he forgot. Now he's just an asshole, yelling and putting people down – putting me down. He forgets ... he forgot what he owes me.

When I said I quit, Larry said he expected an "orderly transition", that he respected my position, and that I'd be able to keep my options if I cooperated in a transition for the next couple of days and was available after that to answer questions.

Q: What was special about this meeting that made you quit? You said it was normal for the deceased to be abusive. Did he try to convince you to stay?

A: This time Larry said that everything that happened to the company was my fault. He said that if my people could get stuff done on time, the company would be profitable and the stock price wouldn't suck like it does. He said if I could manage development, then we wouldn't have any of these problems. He said that I'm a has-been technically, too, that I lost my edge and may never have been as good as people thought I was.

Other than for transition, he didn't try to convince me to stay.

Q: Did that surprise you? Did that disappoint you?

A: Didn't surprise me. He's an asshole – WAS an asshole – and he'd forgotten what I've done.

I suppose it disappointed me.

Q: Did you kill Larry Lazard?

A: Isn't that a little blunt?. I've been honest about the way I feel and could have had motive, I guess. But I didn't shoot him; he shot himself.

Q: How do you know he shot himself?

A: Everybody knows that. Donna told me. It was his gun; the one he always plays with. There were powder burns on his right hand. And the security log shows that he was alone in his office from the last time people heard him alive until Donna found him dead in the morning.

Q: How do you know what was in the security logs? Did you look at them?

A: Donna told me; I didn't look at them. I was sure that would have been done by now.

Q: When did you leave the office last night?

A: About six.

Q: Did you see Larry or communicate with him in any way after the staff meeting?

A: I already told you that the last time I saw him was at the end of staff meeting. The only other communication was that I sent him an email telling him that he's an asshole.

Q: When was that? Did he respond? Do you have a copy of that email?

A: About 3:30? He didn't respond. Yes, I do have a copy of the sent mail. I assumed you would have had all email dumped from the servers by now.

Q: We sent an image of the email server to the lab. They haven't gotten back to us yet. It would save time if you got me a copy of that email after this interview. You're sure you didn't see Larry again after staff meeting?

A: I'm sure.

Q: Didn't you see him when you went into his office at 4:14?

A: I... Who says I went into his office?

Q: The security log, of course. I assumed you would have assumed I'd seen that by now and I have. It says that you went into his office at 4:14. Why wouldn't you have thought I'd seen that in the security log?

A: Well, you're smart but sort of slow. I just didn't think you'd have gotten to the security log yet, just like you haven't gotten to the email yet. So I jumped to the assumption that someone told you I'd gone into Larry's office and that seemed strange because I don't remember anyone being around when I went in. No big deal.

- Q: So why did you tell me you didn't see the deceased again after staff meeting?
- A: He wasn't deceased then but I didn't see him either. I told you the truth; I didn't see him. I went into his office, but he wasn't there.
- Q: Why did you go into his office if he wasn't there?
- A: I went into his office to see him, but he wasn't there so I didn't see him.
- Q: Why did you want to see him?
- A: I was mad. When Larry didn't respond to my email and didn't try to get me to stay, I went into his office to tell him face-to-face what an unappreciative scumbag he is. But he wasn't there.
- Q: Why did you stay in his office six minutes if he wasn't there?
- A: I was waiting for him to come back.
- Q: Did he?
- A: Not then. I told you, I didn't see him again.
- Q: Why did you stop waiting for him?
- A: I was upset. I wasn't sure it was a good idea to see him anyway. I didn't like sitting around waiting for him to come back. It put him in control. So I left.
- Q: And you never saw or heard from the deceased again?
- A: Correct.
- Q: Were there other people in the office besides you and the deceased when you left at 5:50?
- A: Sure; there were a shit-load of people. We don't work bankers' hours at hackoff.
- Q: Can you name some of the people who were here when you left?
- A: Yes.
- Q: May I please have some names?
- A: Donna Langhorne...
- Q: Are you sure?
- A: Yes, why?
- Q: Would you be surprised if I told you she told me you were here when she left?
- A: Yeah. Did she say that?
- Q: I ask the questions, sorry. Who else was here when you left?
- A: Kevin Wong was here. I was talking to him just before I left.
- Q: What were you talking about?

- A: Word got around that I quit. Kevin and the developers were upset, naturally. They know that I'm ... I was all that was between them and Larry the Asshole. They were afraid that a new CTO'd be brought in and they'd all lose their jobs. That matters to programmers these days. Didn't used to.
- Q: What did you tell Kevin?
- A: I told him I appreciated their concern but they should chill out. I told them shit happens but hackoff is still a great opportunity and things can get better; they should give it a chance and not do anything rash. I told Kevin he ought to get some pizza for the troops; make things seem more normal.
- Q: If you were so angry at the deceased, why were you trying to smooth things over with the technical staff?
- A: I promised to cooperate in a transition, remember? Also, I'm still a big shareholder in hackoff and it's not in my interest to have the whole technical staff leave.
- Q: Who else?
- A: Who else what? Oh, yeah; I know: who else was here when I left. Matt Ralston, Irv Arkin, Irma Sukander, Sanjay Raj...
- Q: Okay. That's enough for now. Where did you go after you left the office?
- A: West 10th Squared.
- Q: So you like jazz. How long were you there? Who saw you there? Did you have any communication with anyone at hackoff while you were there?
- A: I was there until 3:00 AM. I listened to jazz and I played some jazz. I smoked a joint - are you going to arrest me for that?
- Q: Remember that anything you say can be used against you in a court of law. It would be one of my colleagues who'd arrest you for the joint, but probably for possession with intent to sell; then you can bargain that down to simple possession of a controlled substance. You didn't answer all of my questions. Should I repeat them?
- A: A bunch of people saw me there. Not sure any of them want you to have their names. Do I have to give them to you?
- Q: It makes things easier if we can verify your alibi sooner rather than later, but you don't have to make things easier.
- A: Look, the bartender, Kelly O'Kelly, knows me and saw me. She's supposed to be there so its no problem giving her name. Also the owner or manager or something Francis X ... Francis X. O'Shea. Is that enough?
- Q: It's enough for now. I may ask you for more names later. Can they verify you were there until three?
- A: I think so. They closed around three and I left then, so they may remember.

- Q: You still didn't answer all of my questions. Do you need me to repeat them?
- A: No. The only person I communicated with from hackoff was Donna. She called me on my cell phone when I was at West 10th Squared.
- Q: What time did Donna call? Why did she call?
- A: She called just before midnight. I was playing and didn't answer but I called her back. She called to be sure that I planned to come back to the office and complete the transition. She was concerned that I might go off the deep end and decide "fuck the transition".
- Q: Is it unusual for Donna to call you so late? Wouldn't she be concerned about waking you up?
- A: Donna calls anyone she wants whenever she wants. It is unusual for her to call so late but she knows I'm always up late. She might have apologized if she'd called me early in the morning but she would've called if she wanted to.
- Q: Did she say anything else?
- A: She said Larry IS an incurable asshole.
- Q: Where did you call her back?
- A: I used call-back on my cell phone. Just a second and I'll tell you. She was at her home number.
- Q: Can you think of any reason why the deceased would have taken his own life?
- A: I take it the time of death was before 3:00 AM. I don't think Larry would've shot himself just because he's an asshole. He basically likes himself the way he is - that's my take on him. He did sometimes say that the gun was his exit strategy but I always took that as a joke. I wouldn't pick him as someone who would rid the world of himself. I'm surprised he did.
- Q: Can you think of any reason anyone would want to kill the deceased?
- A: Yeah; mainly for being an asshole. As you pointed out, I had motive, but I didn't do it. There are lots of other people that Larry dissed badly. There's an Arab whose girlfriend he screwed; there's his wife who found out about it; there's probably other people he screwed one way or the other. There's Wrobly from antihack; Larry made him look like an idiot which, of course, he is.
- Q: Who besides yourself and the people you just mentioned did the deceased insult? Did he insult Donna?
- A: Man, if this isn't suicide, you have a long list of suspects, Mark. I heard him insult Aaron Smyth, our attorney. He's been very rough on Eve, the marketing slime. Larry's always all over Folger for crappy sales, but

Folger's a sales guy so I think it just rolls off his back. He yelled at Donna when she argued with him, but he didn't really diss her.

Q: Anyone else?

A: Give me time; I'm sure I'll think of some. Don't you have enough suspects? Isn't this pretty pointless for a suicide?

Q: I'd like you to get back to me as you think of more suspects; there aren't enough until the perp is caught. Larry is just another suspect, himself, at this point. If you think of anything else that might be relevant to this investigation, please call me. Thank you for your cooperation.

A: You're welcome. It's been good talking to you.

###

It's 1:00 PM and the hackoff.com executive staff is assembling for a hastily-called meeting in the hackoff boardroom. Donna is in Larry's usual seat in the middle of one side of the table. Dom Montain is on her right. As they come in, Aaron Smyth, newly-appointed CFO Lew Marigold, Frank Folger, and Eve Gross take seats across the table from Donna and Dom. Eve is seated between Folger and Smyth and dwarfed by them although she sits up very straight on the back of her chair with her back slightly arched. Marigold is next to Smyth.

All except Donna and Marigold have laptops open in front of them. They are connected to the corporate LAN by WiFi so they can access the Web and their email as they meet.

"Thanks for coming on short notice," Donna says. "I know this is a difficult day and this meeting will have to be short because Frank, I think, you have an interview with Detective Cohen at 1:45."

"Right," Frank says. "What's he like? Aaron, anything special I'm supposed to say or not say?"

"Well," says Aaron the lawyer, "you don't have to say anything. In fact, you can leave the interview at any time. You do have the right to be represented by an attorney. However, if you do decide..."

"Don't you represent me?" asks Frank.

"I represent you as far in your corporate role. For example, if you killed Larry as part of your corporate duties..."

"I didn't kill Larry," says Frank, not amused.

"If you killed Larry as part of your corporate duties," continues Aaron, "then I would represent you in your corporate role. However, if you killed him in your personal role or killed him in your corporate role but were being prosecuted personally, and there was likely to be a divergence between your personal interests and the corporate interests—"

“For Christ’s sake,” interjects Donna, “cut it out Aaron. Just tell Frank whether he needs to get a lawyer or not. Dom and I were interviewed without lawyers.”

“With all due respect,” says Aaron, “I can’t. This is a decision each of us — including me — needs to make on his or her own. These interviews are informal and are not sworn — you can’t be indicted for perjury for anything you say in them — but they are recorded and anything you say can be held against you. Investigators tend to think of people who immediately ask for a lawyer as more hostile but, for anyone who didn’t kill Larry — which I assume includes all of us since he apparently committed suicide — it shouldn’t really matter what the investigator thinks. But there shouldn’t really be any need for a lawyer. I cannot accompany you in these interviews since I am in the same class of ‘everybody is a suspect until we find the murderer or conclude formally that it was suicide’ as the rest of you.”

“Thanks a lot,” says Frank. “That really clears things up.” He doesn’t sound grateful.

“Let’s get on with the meeting,” says Donna. “We have a lot to cover. We know the company was in trouble before Larry died, the stock price has been awful. It’s held up surprisingly well today...”

“It’s up to one-point-fifty-five,” says Eve looking at her PC.

“Hey, boss, the Street likes you,” says Frank the salesman, cheering up some.

“Yeah,” says Donna, “we’ll see how much they love me. Okay, first of all...”

“Excuse me,” Aaron says. “Shouldn’t we ask Joanie to join us? She hasn’t usually been in our meetings, but she did report to Larry and presumably now reports to Donna and I’m assuming HR issues are among those we have to deal with.”

“Are we worried about Larry’s benefits?” asks Frank bitterly.

“Aaron, good idea; give her a call,” says Donna, ignoring Frank. “We’ll keep going, though. First of all, as I was saying, Dom has agreed to withdraw his resignation. We all know Larry probably would have apologized and tried to convince him to stay...”

“We do?” ask Lew Marigold and Frank in chorus.

“He probably would have asked him to stay and he would have been wrong if he didn’t,” continues Donna. “Dom has been essential to our past success and he’s essential to the future. In fact, although his duties remain largely the same as CTO, I will propose to the board that he be promoted to EVP.”

“Glad you’re staying, Dom,” says Eve. “Donna, are we gonna need PR on the promotion?”

“The Board hasn’t approved the promotion yet so let’s ready an announcement for later release. Aaron, I assume you’re taking down the action items.”

“Right,” says Aaron, who wasn’t but starts typing now.

Joan Johnson, HR VP, comes into the room without saying anything and sits next to Lew Marigold. She doesn't have a laptop with her but has a pad to take notes. She is a very tall woman, taller than Marigold and almost as tall as Folger. She has a thin face but an open smile and appears to be the oldest person in the room.

"Second," says Donna ignoring the interruption, "you all know that the board has approved Lew as acting CFO. We are going to do a search for a permanent CFO — could be Lew if he likes the job and is good at it; but we need to do the search."

Lew isn't sure where to look. "Congratulations, Lew," says Eve. "I'm sure you'll be great. We'll need to get a picture of you for the officers' page on the website."

"Right," says Donna abruptly. "So Lew may be 'acting' but he is the CFO; he's got to sign the Sarbanes-Oxley certifications and work with the auditors. So you all need to give him the same accurate information you gave me. And he needs to take the same 'no bullshit' approach I did. Right Lew?"

"Right," says Lew tentatively.

"Customers," Donna says. "Frank, how are customers gonna react? What do we have to do for them? How do we keep them with us or even improve their perception of us?"

"Well," answers Frank, "I think we ought to think about special compensation for sales for the next quarter or two."

"CUSTOMERS," says Donna. "I said CUSTOMERS, not greedy salesmen."

"It's the feet on the street who shape the customers' perceptions," says Frank undeterred. "The sales force is going to be apprehensive about what Larry's death means to them. We want to reassure them and—"

"Frank, we'll talk about that when we talk about all HR issues," says Donna. "Now I want to talk about customers."

"All of us in sales have more of our compensation tied to short-term results than anyone else," persists Frank. "The best way—"

"Then do your fucking jobs and sell and stop WHINING," says Donna. "That's the 'best way' to get paid. Is that simple enough for you to understand? Now what about the customers? Can anyone talk about them?"

"I've been looking at the sales figures," Lew says tentatively.

"And...?"

"A disproportionately large percentage of the sales of the Managed Service are to the equity customers."

"Tell us something we don't know," says Donna. Then, softening slightly: "I know you haven't been in these meetings, so you don't know that we've been over those numbers lots of times. Our overall sales look okay since we can book revenue from the equity customers, but cash is declining quickly."

"Maybe you already have discussed this, too," Lew continues, "but to make matters worse, we're paying cash commissions on the equity 'sales' and spending real dollars in the NOC to monitor their sites..."

"So now you want to stop paying commissions," Frank challenges. "That's a great way to help sales morale."

“We’re not talking about sales morale,” Donna warns. “Go ahead, Lew.”

“So looked at strictly from a cash point-of-view,” Lew says, “the equity ‘sales’ not only don’t get us cash, they COST us cash.”

“And?” asks Donna.

“I don’t know,” says Lew. “That’s just what the numbers say.”

“If we force them to be cash customers,” says Donna, “we have to give their equity back. Of course, if we’ve already written off the value of it, we don’t have to take another write-off. But we’d have to write off some of it. And we’d have to make sure they DO convert to cash and don’t just drop the service. After all, some don’t have any cash, but they’re a significant part of our sales.”

“We’ve been here a million times before,” says Frank. “Larry understood that we’d wreck the company if we screw these customers. That’s why we haven’t wasted time on this.”

“Larry’s dead,” says Donna. “And even Larry made mistakes. This might have been one of them.”

“This is a great plan if you want to crater sales,” says Frank.

“We’re losing cash on every sale we make to these guys,” says Lew. “We’d actually lose less cash if we made fewer sales.”

“Our stock price’ll crater if sales go down,” says Frank.

“How much further down can it go?” asks Dom.

“If it goes below a buck, NASDAQ’ll delist us,” reminds Aaron, the lawyer.

“There are two separate issues here,” says Donna. “One is: cut the loss from customers with worthless equity who are never going to convert to cash. Two: we need to make customers who HAVE cash upgrade to cash payments. In both cases, what works is to give them notice of discontinuation and tell them that they can only get monitored service and upgrades AFTER they convert to cash.”

“I don’t think we can do that contractually,” says Aaron. “I don’t think we can discontinue service without giving six months’ notice of discontinuance.”

“Okay,” says Donna. “No question this is gonna hurt reported sales this quarter; Frank is right about that. Question is: What will that do to the stock price and do we get delisted? If we get delisted, do we care? Stock still trades. Do we have to worry about another hostile with a low stock price? I’ll talk to Barcourt & Brotherson about that. But my guess is the Street’ll cut us some slack this quarter if they believe this is the necessary step to get cash flow positive and a good sign from new management. I think we will need to show some results in the third quarter, though. Something to show management knows what it’s doing and is on the right track.”

“With six months notice,” says Aaron, “they’ll still be entitled to a free ride next quarter.”

“We can come up with something to hurry them along,” says Donna. “Maybe some incentive to convert before the deadline — a lower price or something. We could tell them they can’t have the Managed Service until they convert to a cash basis. Aaron, can we do that?”

“I think so,” says Aaron, “but I’ll have to check the contracts.”

“You do that.”

“I think this whole idea stinks,” says Frank. “We’re betting the company and we’re gonna lose.”

“Look,” says Donna, “it’s your job to sell them the Managed Service. iHudson bought; it’s starting to move.”

“They don’t WANT the Managed Service,” says Frank. “They’ve been doing fine with just software protection. They don’t see any need for the Managed Service.”

“You know, Frank,” says Donna, “it’s a good thing you don’t sell life insurance. You’d be telling me nobody would buy it if they haven’t already died, because they don’t see any need. It’s your job to MAKE them see a need. They know what happened to antihack’s customers. They gonna wait for that to happen to them?”

“It’s not enough,” says Frank and grumbles some more but under his breath.

“This is one of the times that Larry would’ve put the gun to his head,” says Aaron. “He would’ve spun the cylinder and said ‘you bet your life’. Or, if he thought the idea was brain-dead, he’d have said ‘time for the exit strategy’. I’m glad there’s no gun in this conference room. This is an enormous risk.”

“It’s too bad there’s no Larry in this conference room,” says Frank. “We’re making an enormous mistake.”

“Anyone else feel that way?” asks Donna. When no one responds, she asks Eve: “How do we handle this from a positioning point of view? We differentiated the company to the investment community based on the equity-customer strategy. Now we’re throwing it overboard.”

Eve says: “I’ve been thinking about that. This is, in some sense, a perfect opportunity to reposition. Larry’s dead; we have to deal with that anyway. It’s natural for new leadership to have a new vision. And times have changed; the bubble has burst. We know Larry didn’t quite change with the times — of course, we don’t SAY that. He was the right guy for a different time. Now we position Donna as the right woman for THIS time; the person who understands that cash is now king — or maybe queen. And, to keep continuity for the sake of customers, we build up Dom’s role as the genius who can produce the best anti-hacker software. He’s been here all along in that role and our surveys do show that the customers respect our product.”

“But people think of Larry as the guy who confessed to ‘Gotcha’ and went to jail for it,” says Aaron. “He’s the one we positioned as understanding the hacker threat because he WAS one.”

“Well, that’s something we work,” says Eve. “Now that everybody understands the danger from hackers, maybe you don’t need the visionary with the warning so much. Now we need solid execution. We continue to get that on the financial side from Donna, and from Dom on the technical side. I think this message’ll fly.”

“Put it together,” commands Donna.

“What about employees?” asks Joan Johnson, the HR VP.

“What about them? Won’t the same message work for them?” asks Donna. “They have stock, too.”

“They’re worried,” says Joan. “They were coming into my office worried even before Larry shot himself, and now they’re freaked out. Most of them know the company is burning through cash. They think less about their stock than they do about just having jobs and whether they’ll get paid.”

“So,” says Donna, “they should like the message of concentrating on real cash, reducing the burn rate, and getting profitable. We should accent that part of the message to them.”

“They’re going to think that ‘reducing the burn rate’ is code for ‘reducing’ head count,” says Joan. “That’ll scare them even worse.”

“Can’t have it both ways,” Donna says. “If we’re going to have a real profitable company with good jobs, we may shed some jobs getting there. That’s just the way it is. What do you think we should do?”

“I think YOU’VE got to talk to them,” Joan says. “Go out and walk the halls and talk to them individually. Larry never did that; he just liked talking to people in groups. If you talk to them one-on-one, they’ll feel better.”

“What am I going to tell them ‘one-on-one’? Can’t tell them our new strategy before we announce it or we violate Reg FD. Can’t tell them that they’ll all keep their jobs, because it isn’t true. What do you want me to say to them?”

“Just listen,” says Joan. “It works for a while. Tell them you don’t know all the answers yet; that won’t surprise them. Ask them what worries them. Ask them how they’d get the company profitable. Pretend to listen to the answers. It’s good management.”

“Okay,” says Donna. “We have the beginning of a plan. Aaron, make sure there are dates and owners for the action items: only one owner for each item. We’ve gotten into some bad habits of unclear accountability lately.”

“Boss,” says Frank, “can I talk to you after my interview with the detective? We’ve got to talk about the sales force.”

“Yeah,” says Donna, “but don’t come back to me with another plan to increase commissions. Better start thinking about how your guys can live on the REAL sales they make — no more cash commissions for ‘equity’ sales.”

###

Email, April 1, 2003

From: Aaron Smyth [mailto:aaronsm@hackoff.com]
Sent: Tuesday, April 1, 2003 2:01 PM
To: Donna Langhorne; Dom Montain; Frank Folger; Joan Johnson; Lew Marigold
Subject: staff meeting action items

Action Item	Owner	Date
Prepare press release re Montain promotion	eveg	4/3/03

Check contracts re conversion and ms	aaronsm	4/2/03
Check with Barcourt re strategy	donnal	4/3/03
Prepare draft new company positioning	eveg; frankf	4/7/03
Employee walkabout	donnal	4/2/03
Produce list of equity customers	lewm	4/8/03
Propose sales comp plan	frankf	4/1/03
Approve sales comp plan	donnal	4/2/03

From: Donna Langhorne [mailto: donnal@hackoff.com]
Sent: Tuesday, April 1, 2003 2:04 PM
To: Aaron Smyth;
Cc: Dom Montain; Frank Folger; Joan Johnson; Lew Marigold
Subject: RE: staff meeting action items

Aaron:

Thanks for getting this out fast. Just a couple of corrections.

I said one owner per ai and I meant it. eve owns the new company position.

Lew, no reason for it to take a week to get the list of equity customers. let's have that tomomorrow.

There is NOT going to be a new sales comp plan other than the fact that we're not going to pay cash comp for noncash sales. Just want to make that clear.

From: Aaron Smyth [mailto: aaronsm@hackoff.com]
Sent: Tuesday, April 1, 2003 2:05 PM
To: Donna Langhorne
Subject: RE: RE: staff meeting action items

But eveg works for frankf???

From: Donna Langhorne [mailto: donnal@hackoff.com]
Sent: Tuesday, April 1, 2003 2:06 PM
To: Aaron Smyth

Subject: RE: RE: RE: staff meeting action items

Eve is going to report directly to me. frank doesn't add any value in managing her. haven't told him that yet.

Doesn't matter though; only ONE owner per ai. otherwise noones accountable.

From: Dom Montain [mailto:domm@hackoff.com]
Sent: Tuesday, April 1, 2003 2:08 PM
To: Donna Langhorne
Subject: RE: staff meeting action items

We've known for a year this what we had to do. Sure a lot easier without Lar trying to keep his wet dream of the ultimate holding company alive. Maybe he knew what he was doing when he shot himself.

From: Eve Gross [mailto:eveg@hackoff.com]
Sent: Tuesday, April 1, 2003 2:09 PM
To: Donna Langhorne
Subject: RE: staff meeting action items

Donna:

I'm really enthusiastic about this new plan and new positioning. I think we can pull it off; I do. I also know that you knew for a while that this is the right thing to do for the company. I'm sure Larry would have come around to this view eventually.

A also want to tell you privately, woman-to-woman, that I think you are doing a great job of taking command in a man's world. The guys respect you and this is gonna work; I know it!

Eve

From: Donna Langhorne [mailto:donnal@hackoff.com]
Sent: Tuesday, April 1, 2003 2:15 PM
To: Eve Gross
Subject: RE: RE: staff meeting action items

Thanks. I'm counting on your help.

From: Lew Marigold [mailto:lewm@hackoff.com]
Sent: Tuesday, April 1, 2003 2:15 PM
To: Joan Johnson
Subject: Staff Meeting

Joannie:

Do you think she can pull it off? Frank is really pissed. She told me to bring up those numbers.

Lew

From: Joan Johnson [mailto:joanj@hackoff.com]
Sent: Tuesday, April 1, 2003 2:17 PM
To: Lew Marigold
Subject: RE: Staff Meeting

She is certainly a controlling so and so.

Let's see if she really goes around and talks to the peeps. That'll be one test of whether she really wants to be a good CEO or just wants to give orders. She sounded like she was listening to us - except for Frank. Wow!

From: folger27@hotmail.com
Sent: Tuesday, April 1, 2003 2:15 PM
To: john.handler@shrecruiters.com
Subject: CONFIDENTIAL

John:

How have you been; long time no talk. You still hitting the long ball? Got the slice fixed?

Look, I'll get right to the point. You've probably read that our CEO shot himself last night. Obviously, things are a bit up in the air here. Donna Langhorne is the new CEO and a board member's become chair. They're both urging me to stay on because obviously I'm key to bringing the company forward just as I've

been responsible for much of its success so far. In fact, I think I'll be offered a healthy raise and some more options.

But I've got to know what my alternatives are. I've enclosed an updated copy of my resume for your confidential perusal. Obviously, I'd be looking for a position of EVP of global sales or higher; I think I'm ready for a CEO job maybe at a well-funded start-up. Would like your input on what's available. Comp should be at least \$275K base with at least as much more in incentive upside plus generous options.

Company doesn't know that I'm looking so please use my hotmail address above and don't pass my name around without clearing with me first.

Best to Frances.

Frank Folger

From: John Handler [mailto: john.handler@shrecruiters.com]
Sent: Tuesday, April 1, 2003 2:20 PM
To: Donna Langhorne
Subject: Recruiting

Donna:

Congratulations. Very sorry to hear about Larry but I know that hackoff.com is now in good hands.

I saw from the press release that you will be conducting searches for both a board member and a CFO. It goes without saying that Sherman Hanson Recruiters would like to help. As I'm sure you know, we are the leading retained search firm for the software industry. You and I met many moons ago at Esther Dyson's conference. I was very impressed by your presentation there.

I should tell you in confidence that we are receiving resumes from some of your key people who are understandably exploring their options. I sincerely hope that you don't lose anyone you value but, of course, stand ready to help with any vacancies.

I would appreciate a chance to meet with you at your convenience to explore what Sherman Hanson can do to help hackoff.com.

Sincerely,
John Handler

From: Donna Langhorne [mailto: donnal@hackoff.com]
Sent: Tuesday, April 1, 2003 2:20 PM
To: John Handler
Subject: RE: Recruiting

John:

I do remember how drunk you were at Esther's conference. I don't remember whether it was at that conference or another one that the organizers had to pay off the waitress you fondled.

If you start hunting in my staff, I will personally cut your balls off. Needless to say, you will also not get any business from hackoff in that case.

Who contacted you?

Sincerely,
Donna Langhorne

From: John Handler [mailto: john.handler@shrecruiters.com]
Sent: Tuesday, April 1, 2003 2:25 PM
To: Donna Langhorne
Subject: RE: RE: Recruiting

Thanks, Donna:

I think you may have a problem in Sales and Marketing at the EVP level. I'll have my admin call your office to set up an appointment at your convenience.

Sincerely,
John Handler

From: John Handler [mailto: john.handler@shrecruiters.com]
Sent: Tuesday, April 1, 2003 2:26 PM
To: folger27@hotmail.com
Subject: RE: CONFIDENTIAL

Frank, buddy,

Good to hear from you. Golf is not being kind to me, not that I get out that often.

Obviously, we will respect your need for confidentiality; discretion is what we do for a living.

That being said, despite the excellence of your resume, I'm not sure you should look for quick results or take too hard a line on your compensation requirements. Times aren't what they used to be. Although your qualifications are excellent, there are a large number of people on the market with superficially similar experience. And there isn't nearly the hiring going on that there was.

We will certainly keep your resume in the active file and see what good matches come up.

Thank you very much for thinking of Sherman and Hanson. We'll have to get out and hit some someday soon.

Sincerely,
John Handler

From: Dom Montain [mailto:domm@hackoff.com]
Sent: Tuesday, April 1, 2003 2:26 PM
To: Donna Langhorne
Subject: Are you available?<eom>

From: Donna Langhorne [mailto:donnal@hackoff.com]
Sent: Tuesday, April 1, 2003 2:30 PM
To: Dom Montain
Subject: RE: Are you available?<eom>

Come

###

A short while after the last email, Dom comes to Donna's office. She's behind her desk at the far end of the long room, facing the door, but moves to a

chair at the end of a coffee table as Dom comes in. He sits at the end of a couch across the corner of the coffee table from Donna.

The walls of the room are filled with pictures of Donna at various conferences, receiving awards, and sometimes handing oversized photo-op checks to grateful charitable recipients. There is a framed copy of the *Wall Street Journal* “tombstone” from the hackoff IPO next to a similar framed tombstone from the secondary.

Among the lucite and glass baubles on top of the bookcase are two with miniatures of the tombstones entombed in them. The books in the bookshelf are on finance, general business practices, business law, Bill Gates’ book on Microsoft, several Zagat guides, and a miscellany from vendors and would-be vendors, including books on good hiring practice from Sherman and Hanson Recruiters.

On the coffee table are today’s *Wall Street Journal* and *New York Times*, *Cranes New York Business*, *New York Magazine*, a pile of the most recent hackoff annual reports and an orchid.

“When are you moving into Larry’s office?” Dom asks.

“Not until the investigation moves out of it. But not long after that. You want my office when I move out?”

“No. I want to stay near the developers. Thanks.”

“You didn’t come here to talk about real estate. What’s up?”

“We have a problem,” Dom says. “Two problems, in fact.”

“We have a lot of problems including a company that Larry damn near ran into the ground. But what are the two problems you came to tell me about?”

“One: Larry’s cyberkey is missing. Two: you activated the back door for Larry’s office yesterday afternoon.”

“How do you know that? You wouldn’t log the back door, would you? I mean that would be pretty self-defeating, wouldn’t it?”

“Of course I don’t log the back door,” says Dom. “That would be self-defeating — you’re right. What happened is yesterday I went up to Larry’s office after staff meeting. Before I went, I activated the back door to ignore me going in. But, when I got up there, I saw you going in so I went back to my office for a while. Then I went back to his office. He was gone and you weren’t there either, obviously. But this morning when the cop interviewed me, he had a log entry of my going in and out of the office. That log entry shouldn’t be there.”

“Is the back door broken?” asks Donna. She looks nervous.

“No, it’s not broken. The reason the back door didn’t work was that, right after I activated it for me and Larry’s office, you activated it for YOU and Larry’s office. That overwrote my activation. You went in and out unrecorded. Then you deactivated. So the log recorded me going in and out of his office. I was surprised when the cop knew I’d been in the office — I’m not sure whether he noticed that or not — because I thought the back door was protecting me. So I looked at the log to see what had happened. That’s when I saw that you weren’t

logged, even though I'd seen you go in. So it doesn't take a lot to figure out what happened. But what were you doing in his office?"

"He is..." says Donna, "he was my boss. I went to his office all the time, remember."

"You didn't deactivate the log every time you went in. You didn't use the back door. Why did you do it this time?"

"Why are you questioning me? Are we playing games? I don't like games, Dom. I didn't steal Larry's cyberkey. And, anyway, I mean why did YOU use the back door? You're the one who just quit."

"I didn't say you stole the cyberkey."

"I repeat: I don't like games, Dom. That's your thing, not mine. Tell me what you want."

"So why did you?" Dom replies.

"I asked you first."

"No you didn't. ...I thought we weren't playing games."

"Okay," Donna concedes, "I went to his office for the same reason you did. I wanted to secure the cyberkey. I didn't think he was ... rational. That is why you went in, isn't it?"

"Yeah," says Dom. "And I agree — he wasn't rational. I thought it was too dangerous for him to have the key. He might've suspected me, but chances are he wouldn't be sure when it disappeared. He'd look at the security log and it wouldn't show me in the office recently. He'd have to admit, to you at least, that it was gone since we agreed to keep them visible to each other and you're in and out of his office all the time. When was the last time you saw it there?"

"I'm not sure," answers Donna. "It's not that I really think to look for it, but I would've noticed if it had been gone for long. It wasn't there when I went to retrieve it yesterday, obviously."

"So," Dom says, "do you think someone stole the cyberkey and that's why he killed himself; he was afraid that whoever had it would expose our anti-takeover defense?"

Donna thinks before answering. "Maybe, but probably not. No one's supposed to know about the cyberkeys except the three of us. Any one of us could expose the others whenever we wanted but not without exposing ourselves. So who would steal it besides one of us? And we wouldn't use it."

"Maybe he told someone about it."

"Then he would know who he told," objects Donna. "He would have a pretty good idea who stole it. And it doesn't make sense for him to tell anyone about it."

"I have a worse theory," Dom says.

"Go ahead."

"He knew he was gonna kill himself — I don't know why — so he gave someone the cyberkey so they could expose us. He's got nothing to lose anymore."

"He's got nothing to gain, either," says Donna.

"He could be setting someone up so they could blackmail us. Maybe that's Louise's insurance policy. This worries me."

“Everything worries you. Louise won’t want to defame his memory. Remember the yellow ribbon crap? She’s stuck with him through all his bullshit. If she has it, it’s insurance against us. She won’t actually use it. So, maybe your theory is right and maybe it’s not so bad if it is.”

“Well, yeah, if it’s Louise, it’s not so bad. I’m still worried, though. Especially given Larry’s latest project. You did call that off, didn’t you?”

“Didn’t have to. The way I understand it, nothing happens without Larry giving the go-ahead. You know him; alpha he kept controlcontrol-freak. And obviously he’s not going to give the go-ahead now. But we’re probably going to have to pay them for it. I mean they did do the work.”

“Pisses me off,” says Dom. “But better than having it happen. I think I would’ve blocked it but I was worried.”

“Maybe I should give the go-ahead,” says Donna. “You heard what Frank said. The customers still—”

Dom stiffens in shock. “NO. This not going to happen! What is it with CEOs?”

“Relax, Dom,” Donna says. “I was kidding. It’s not gonna happen.”

“I think I’m going to block it so there are no accidents,” says Dom.

“That’s not a good idea. You know it’s not a good idea; you told me that any emergency patch is dangerous. And we really don’t want to do any kind of upgrade while we still have those equity parasites who wouldn’t convert to cash. I’ll make sure it’s stopped.”

“I don’t know...”

“Don’t you trust me? I mean is that why you were questioning me about the back door and the cyberkey?”

“I-don’t-know,” answers Dom mechanically. “I-trusted-Larry-and-that-was-a-mistake. I learn from my mistakes.”

“You can trust me,” says Donna. “I mean Larry was treating you like shit. He forgot what we owe you; he even let you quit when there really is no company without you. I KNOW we need you. That’s why I promoted you. You can trust someone who respects you and needs you. Leave it, Dom, please. You’re the greatest, and I trust you when the time comes — IF the time comes — you’ll do what needs to be done. But there’s no reason to take that risk now.”

“Okay,” says Dom. “I guess.”

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