



# The Commonwealth of Massachusetts

## Office of the Inspector General

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INSPECTOR GENERAL

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October 8, 2008

William Francis Galvin  
Secretary of the Commonwealth  
State House  
Boston, MA 02133

Dear Secretary Galvin:

Pursuant to 945 CMR 1.09(3)(c), I am writing to notify you of matters that may be appropriate for administrative action by the Secretary of the Commonwealth's Public Records – Lobbyist Section. This letter contains no audit or investigative findings. The information given below may be appropriate for administration action by your agency.

On December 7, 2007, Leslie A. Kirwan, Secretary of Administration and Finance, wrote asking my office to review the purchase of software from Cognos Corporation that took place on Aug. 31, 2007 for \$13 million. On June 16, 2008, Mitchell D. Chester, Commissioner of Elementary and Secondary Education, wrote asking my office to review the procurement in 2006 of software from the same firm at a cost of \$4.5 million.

Both of those reviews are under way and are not yet completed. However, during the course of our work, information has come to our attention that may warrant administrative action by your office. Therefore, I am writing to provide you with the following information.

Among the documents reviewed by my staff are records showing payments made by Cognos Corporation to persons identified by company officials in internal documents as lobbyists for the firm in Massachusetts. Those records indicate that, during the period 2003 to present, Cognos Corporation directly paid four individuals or companies that Cognos officials identified as lobbyists for the firm. Those names and amounts do not match what Cognos Corporation disclosed to your office.

Specifically, Cognos Corporation documents indicate that:

- Cognos Corporation paid "Richard W. McDonough Associates – Richard W. McDonough" \$1,164,497.60 between June 2003 and July 2008. Cognos Corporation filings in your office report payments of \$335,200 in lobbying expenses to McDonough Associates, Richard McDonough (Lobbyist Section Entity 1700, Lobbyist 0081) between 2003 and July 2008.
- Cognos Corporation paid Waterville Consulting, Sean Q. Curran (Entity 1461, Lobbyist 0817) \$127,500 between January 2003 and November 2005. Cognos Corporation filings in your office report payments to Waterville Consulting of \$38,750 in 2003 and no lobbying relationship, fees or activity since that time.
- Cognos Corporation paid Steven J. Topazio \$125,000 between April 2005 and March 2007. He was identified by Cognos officials in internal documents as a lobbyist in Massachusetts, Maine, Vermont and New Hampshire.
- A company referred to as State Street, which billed Cognos \$7,500 per month for several months in 2007 and possibly earlier, is described in documents as a lobbying entity for Cognos. Records reviewed to date do not provide enough information to identify this entity or to determine the total amount of lobbying fees paid.

This office has not attempted to determine whether the amounts paid to the firms above relate to lobbying or sales efforts. However, internal records identify the payments as coming from the firm's budget allocated to a lobbyist program.

Also, records indicate that another firm made sizable payments to lobbyists simultaneously or shortly after it received large commissions from Cognos Corporation on the two state purchases of software under review by my staff.

One state purchase took place on July 31, 2006, when the state Department of Education, as it was then known, signed an order agreement with Cognos Corporation for software to create and operate a data warehouse. The state paid \$4.5 million for the software and related services. In connection with that sale, Cognos Corporation paid a commission of \$891,000 to Montvale Solutions LLC, an independent reseller of software, by check dated Aug. 24, 2006.

On Aug. 28, 2006, Montvale Solutions LLC paid distributions of \$492,000 to Joseph P. Lally and \$123,000 to Bruce A. Major. Both men are managers of Montvale Solutions LLC, according to records in the Corporations Division. On Aug. 31, 2006, Montvale Solutions LLC paid \$100,000 to McDonough Associates. On Sept. 14, 2006, Montvale Solutions LLC paid \$100,000 to WN Advisors LLC.

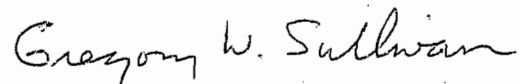
The other software purchase under review by my office took place last year. The state signed an order agreement with Cognos Corporation to license performance

management software for deployment across many state agencies. The state paid Cognos \$13 million by wire transfer on Aug. 31, 2007. In connection with that sale, Cognos paid a commission of \$2.8 million to Montvale Solutions LLC by wire transfer on Aug. 31, 2007.

On the same day, Montvale Solutions LLC paid distributions of \$1,438,275 to Joseph P. Lally and \$561,275 to Bruce A. Major. Montvale Solutions LLC also paid \$500,000 to WN Advisors LLC and \$200,000 to Richard McDonough. Also on Aug. 31, 2007, Montvale Solutions LLC paid \$25,000 to Berluti & McLaughlin LLC. A principal of that firm, John T. McLaughlin, is listed with your office as an Entity Sub-Agent of WN Advisors LLC.

Please feel free to contact this office if there is any additional information that we can provide.

Sincerely,

A handwritten signature in cursive script that reads "Gregory W. Sullivan".

Gregory W. Sullivan  
Inspector General