

**MEMORANDUM FOR THE RECORD**

Event: Morgan Stanley

Type of event: Briefing

Date: Thursday, October 23, 2003

Special Access Issues: None

Prepared by: Geoffrey Brown

Team Number: 8

Location: 75 Varick Street

Participants - Non-Commission:

- 1) Peter F. Huezy, Executive Director, Administration Division, Client & Technology Services;
- 2) Eileen Hillock, Vice President; and
- 3) Bret Galloway, Public Relations

Participants - Commission: Emily Walker, Ellie Hartz, George DelGrosso, Samuel Caspersen, Geoffrey Brown

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Commission staff was provided previous to this meeting with a slide show from Steve VanWhite of MS's response to the World Trade Center (WTC) attacks (attached).

The WTC was the headquarters for the old Dean Witter.

The Varick site was set up as their back up facility. The lease for it went back to early 1991 in anticipation of a problem because of the Gulf War. In Feb of 1993 the parking garage of the WTC building was bombed, and Dean Witter was in Tower 2. They evacuated and ran the firm from the Varick site for 30 days. This site was originally a warehouse that had the connectivity set up. Efforts were made at that occasion over the weekend and corporate operations were running that Monday.

MS's main frame computer is in Texas with a back up computer branch in Ohio. There are 500 sites across the country so no matter what part is "cut out" the services to customers are still operational.

In 1993, the core research group was still at the trade center. In 93 at 5 WTC where the operations were everything was okay, so some of the space in that event was used by the workers from tower 2.

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9/11 they didn't expect for both Tower 2 and Tower 5 to be down. MSs employees were long term and had been there for 93, so they thought to leave; though in the lobby some heard from building security that they should stay in the building. This is a relatively sensitive issue. MS understands that there were a lot of cross currents of information. MSDW security people though were telling their employees to leave. The message was delivered by bull horn. Rick Riscola said something like "Be calm. Be strong, and don't ever forget that you are an American". He was not leaving until everyone was out, and perished in the collapse. Eileen took the picture of Rick on the bullhorn.

Heuzy has spoken to people on the 23<sup>rd</sup> floor who heard the announcement. 23 had the general counsel offices. There was some confusion, but the message from the people traveling down was to "keep going", thus that combined with the experience of the people who had been there in 93 kept people going. So 93, security, and information had people going down.

According to NY code there can only be one PA system. So on the 43<sup>rd</sup> floor their understanding of the events was due to the CNN coverage; and their actions were prompted by the bull horn announcements.

Contingency Planning Exchange – Eileen Hillock is on their board. Part of the initiatives in NY State is to build relationships with a number of the firms. It was in existence on 9/11 but since then has become more of a presence.

## PRESENTATION

At 8:20, leaving the WTC was Steve himself (the creator of the presentation). He left because he had a meeting uptown. At 8:55, the Contingency Plan with orders to start evacuating the building came through. Riscola was getting information on his cell phone from outside sources of the severity of the situation. Hillock noted that since Varick building was the contingency site, and several tests had been done involving this site, most employees started to head towards Varick, thus north, away from the WTC.

MSDW has a network control center that interfaces with the remote data centers. At 4<sup>th</sup> floor 5 WTC the traders decided to evacuate, and at Varick established connectivity to the NASB by 9:30. But now they have people evacuating at false alarms, but that's a problem in the right direction.

Their offices at the Trade Center did have fire drills. They would evacuate two floors down or two floors up. Fortunately for MSDW their workers were familiar with the stairwells, etc. After 93 Port Authority spent 90 million dollars, and the MSDW staff understood the egress methods that were implemented. The floors were so big at MSDW so it's understandable that the fire wardens may not know all the exits.

The biggest challenge with the fire wardens is to make sure they pick the right people. They have an outside consultant firm come in and train these wardens. Then MSDW does

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their own training, and after that the building does fire drills coordinated by outside consultants. The building consultants are extremely comprehensive.

MSDW is issuing blackberries to the evacuation safety teams and the fire wardens for intercommunication. Their abilities are practiced.

MSDW next week is doing their third evacuation drill at Harborside, NJ.

Some buildings require liability certificates, and the buildings make it difficult for companies to practice their evacuation practices. Morgan Stanley has provided the liability certificate to their building in Harborside, a multi-tenant building and are still waiting for the ok to set up the evacuation practice.

Harborside in Jersey City has an evacuation point about half a mile away. Their security team exits and blocks the streets so their employees can evacuate safely.

On 9/11 they had to evacuate Varick at 10:40 because of a bomb scare. Some of the IT team headed to Brooklyn, another MSDW IT facility.

They had 13 people total lost, and half of which were security employees. MSDW was the largest tenant in the WTC. But they did not know how many of their employees were present in building on that day. Now, at Varick Street, they have to swipe in and out on a daily basis. The information is monitored from Jersey City, as well as the video feeds. The information at the muster point is an attendance with portal card readers. In theory, that information can be mapped against the database in Harborside (Jersey City).

At the McGraw Hill building they had a drill at which everyone went to the muster points and swiped in, then went back to their offices. The next evolution of this drill is to incorporate the blackberry use of the security managers.

On 9/11 they did a sign in sheet. Discover Card got their 800 lines to facilitate MSDW employees. Those Discover Card coworkers took all those calls for their employees to check in. There is now a contingency number that the employees can call in for information and instructions that is printed on the back of their cards. There is also a Phoenix Discover site that has the ability to take in information.

On the black out, they were taking updates up until midnight for their call-in line. Over that night Sprint made a mistake in their ability to facilitate information. MSDW "learned a lot" from that, as well as from the Chicago evacuations. In NYC there is a law to evacuate only the floor where the fire is and the floor above. MSDW employees will probably not listen to this, and will clog the stairwells.

The Telecom backup issue is an industry failure. The failure of Verizon during the blackout is another show of telecom industry failure.

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At broker dealers there is a regulatory requirement that all emails are recorded – using the back-up to blackberries (Cingular) the emails do not get recorded, thus a serious issue to those companies subject to financial regulation.

Since the blackberries are not on cell phone networks, they had no problems during the blackout. On 9/11 they had no problems with them either. That's why they are issuing them to everyone in crisis management. Deutsche Bank can confirm as well that they were using blackberries on 9/11. Eileen was communicating with her blackberry to their offices in San Francisco as she fled down the street.

Commission staff asked for a copy of the evacuation manual that existed for WTC2 which Eileen said she has a copy, as an example of a success story.

All MSDW crisis management plans are now web based in PDF files. Staff are suggested to send them to themselves and save on their blackberry and keep a copy at home.

The senior executives of MSDW were at Times Square site. There was a management committee meeting uptown on 9/11, so the management representatives that were at the WTC site were uptown.

They now have a secondary site with full trading capability outside of NY in Harrison NY that is being built. That will be an active site.

The Harborside site is multi-tenant. There are two buildings, and in the evacuation drill next week they are going to all the MSDW employees evacuate at once. It is going to be a "very hard" exercise, according to Heuzy, but it has to be done.

MSDW has contacts at the Mayor's Office of Emergency Management, and Hillock offered contacts.

Huezy notes that the key to pushing these emergency management steps is the "tone at the top...most employees want to have the comfort that there is somebody in charge and those people in charge are communicating".

They are doing "calling tree" tests now – they go through the calling tree, and then call the hotline, then they have to email to their business continuity coordinator that they finished the test. These tests involve over 20,000 people.

They offered to work with Commission staff on recording the Harborside evacuation.

Background:

Attachment 1: Slide Show "Sept. 11 Looking Back & Looking Forward" by Steven C. Van Wyk

Attachment 2: Evacuation Plan WTC2 Morgan Stanley