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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

DEPARTMENT 17

HON. RICHARD E. RICO, JUDGE

PRECISION DEVELOPMENT LLC, ET AL., )  
 )  
 PLAINTIFF(S), )  
 )  
 VS. ) NO. BC384285  
 )  
 )  
 YURI PLYAM, ET AL., )  
 )  
 DEFENDANT(S). )  
 \_\_\_\_\_ )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

**APRIL 7, 2011**  
**A.M. & P.M. SESSIONS**

APPEARANCES:

FOR THE PLAINTIFF(S): LATHAM & WATKINS LLP  
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SYLVIA ALMAGUER-MILLER, CSR #8767  
OFFICIAL REPORTER

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2 APPEARANCE DATE(S)

3 APRIL 7, 2011

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6 PLAINTIFFS' DIRECT CROSS REDIRECT RECROSS DIRE

7 JAMES DEL NEGRO 2C 65R  
8 (RESUMED)

9 LEGEND: C - MR. CROCKETT  
10 R - MR. RILEY

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1 CASE NUMBER: BC384285  
2 CASE NAME: PRECISION DEVELOPMENT, LLC. VS.  
3 YURI PLYAM, ET AL.  
4 LOS ANGELES, CALIFORNIA THURSDAY, APRIL 7, 2011  
5 DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE  
6 REPORTER: SYLVIA ALMAGUER-MILLER, CSR #8767  
7 TIME: 10:01 A.M.

8 APPEARANCES:

9 ROBERT D. CROCKETT AND SEENA SAMIMI, ATTORNEYS AT LAW,  
10 REPRESENTING THE PLAINTIFF;  
11 DENNIS P. RILEY, ATTORNEY AT LAW, REPRESENTING THE  
12 DEFENDANTS.

13

14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
15 HELD IN OPEN COURT IN THE PRESENCE OF THE  
16 JURY:)

17

18 THE COURT: ALL RIGHT. WELCOME BACK, LADIES AND  
19 GENTLEMEN.

20 THE JURORS AND ALTERNATES ARE PRESENT. COUNSEL  
21 ARE PRESENT. THE PARTIES ARE PRESENT.

22 I APOLOGIZE FOR THE DELAY. AS I SAID I DO HAVE  
23 OTHER MATTERS TO TEND TO AND SOMETIMES THE MORNING GETS AWAY  
24 FROM ME.

25 WE HAVE MR. DEL NEGRO ON THE STAND.

26 YOU'RE STILL UNDER OATH; UNDERSTAND?

27 THE WITNESS: YES.

28

1 JAMES DEL NEGRO,  
2 RESUMED THE WITNESS STAND, HAVING BEEN PREVIOUSLY DULY SWORN,  
3 FURTHER TESTIFIED AS FOLLOWS:

4

5 DIRECT EXAMINATION (RESUMED)

6 BY MR. CROCKETT:

7 Q MR. DEL NEGRO, DO YOU HAVE A POSITION OF  
8 RESPONSIBILITY TODAY WITH PRECISION?

9 A YES. I'M THE PRESIDENT.

10 Q AND DO YOU SPEND FULL-TIME ON THAT JOB?

11 A NO, I DO NOT.

12 Q WHY NOT?

13 A THERE'S NOT A LOT CURRENTLY FOR ME TO DO  
14 BUSINESS WISE. MOST OF THE WORK IS TAKING PLACE WITH CLEAN UP  
15 BY THE CONTRACTOR, CONNECT CONSTRUCTION. BASICALLY, EVERY  
16 ONCE IN A WHILE SOME MAIL COMES IN, SOME BILLS COME IN, BUT  
17 THERE'S NOT A LOT TO DO.

18 Q AND WHEN DID YOU TAKE OVER THE CONTROL OF  
19 PRECISION PERSONALLY?

20 A IT WAS ROUGHLY IN MARCH OF '08, AFTER MR.  
21 PARLATO LEFT.

22 Q AND DO YOU KNOW WHY MR. PARLATO LEFT?

23 A I BELIEVE MR. PARLATO HAD SOME INVOICES AND  
24 BILLINGS THAT HE DIDN'T HAVE BACKUP FOR, AND WE WERE LOOKING  
25 TO GET THOSE RECORDS AND HE NEVER PROVIDED THEM, SO HE WAS LET  
26 GO.

27 Q DO YOU SPEND MOST OF YOUR TIME DOING SOMETHING  
28 ELSE FOR A PROFESSION?

1           A           YES.  I AM A TRAINER FOR EXECUTIVE SUCCESS  
2 PROGRAMS.

3           Q           IS THAT ALSO KNOWN AS NXIVM?

4           A           YES.

5           Q           WHAT KIND OF BUSINESS IS NXIVM IN?

6           A           IT'S A FOR-PROFIT CORPORATION THAT DOES HUMAN  
7 POTENTIAL TRAININGS.  IT'S SPECIALIZED IN THAT IT'S A  
8 SCIENTIFIC BASED MODEL.  IT'S NOT A RELIGIOUS MODEL.  IT  
9 ACTUALLY INCLUDES ANYBODY FROM ANY RELIGION.  ATHEISTS CAN  
10 TAKE OUR PROGRAMS.  THEY'RE BUSINESS ORIENTED.  I GUESS WE  
11 COULD SAY OUR COMPETITORS ARE LIKE A TONY ROBBINS OR DALE  
12 CARNEGIE, ALTHOUGH OUR PROGRAMS ARE VERY DIFFERENT.  I'VE  
13 ACTUALLY TAKEN THE DALE CARNEGIE AND HAD THAT IN A BUSINESS  
14 SETTING.  OURS ARE MORE SCIENTIFIC BASED AND TRY TO MEASURE  
15 THINGS.

16          Q           AND WHAT WOULD -- ARE THE COURSES EXPENSIVE?

17          A           YEAH.  I MEAN, THEY'RE PRICEY COURSES.

18          Q           AND HOW LONG WOULD, FOR INSTANCE, A TYPICAL  
19 COURSE TAKE IF SOMEBODY WANTED TO TAKE A COURSE?

20          A           WELL, WE HAVE DIFFERENT FORMATS, BUT OUR  
21 MODULES -- WE CALL THEM MODULES -- ARE TWO HOURS.  WE HAVE  
22 INTENSIVE FORMATS WHERE YOU CAN TAKE FIVE COURSES A DAY, FIVE  
23 MODULES, OVER A SERIES OF DAYS IN DIFFERENT LENGTHS.  WE ALSO  
24 HAVE KIND OF LIKE A GYM MEMBERSHIP WHERE PEOPLE THAT LIVE IN A  
25 TOWN WHERE WE HAVE CENTERS.  WE HAVE CENTERS IN THREE  
26 DIFFERENT COUNTRIES.  IF YOU HAPPEN TO HAVE A CENTER IN YOUR  
27 TOWN, YOU CAN GO IN AND TAKE A TWO-HOUR MODULE ANY TIME DURING  
28 THE WEEK WHEN THEY'RE OFFERED.

1 Q WHAT PERSONS TEACH THESE COURSES?

2 A WE HAVE TRAINERS AND COACHES. THEY'RE  
3 INDEPENDENT CONTRACTORS, SO THE COMPANY -- LIKE, I'M NOT  
4 EMPLOYED BY THE COMPANY. I'M A CONTRACTOR. SO I CAN TAKE --  
5 IF THEY SAY THERE'S THIS TRAINING, I CAN DECIDE ON MY OWN  
6 WHETHER I WANT TO DO THE TRAINING OR NOT. SO WE HAVE PEOPLE  
7 THAT HAVE BEEN TRAINED THAT ARE COACHES AND TRAINERS THAT  
8 PARTICIPATE IF THEY WANT TO PARTICIPATE.

9 Q AND WHERE DOES THE COURSE MATERIAL COME FROM?

10 A KEITH RANIERE IS THE CONCEPTUAL FOUNDER, BUT  
11 NANCY SALZMAN IS ACTUALITY PRESIDENT. SHE ACTUALLY DEVELOPS  
12 THE MODULES BASED ON HIS THEORIES. SO HE HAS IDEAS AND SHE  
13 ACTUALLY PUTS THEM INTO A FORM, INTO A STRUCTURE THAT CAN BE  
14 DELIVERED. SO SHE DOES THAT.

15 Q NOW, DOES KEITH RANIERE -- DO KEITH RANIERE AND  
16 NANCY SALZMAN HAVE TITLES?

17 A YEAH. KEITH RANIERE HAS THE TITLE OF VANGUARD,  
18 AND NANCY SALZMAN HAS THE TITLE PREFECT, AND THAT'S KIND OF  
19 JUST A TITLE LIKE PRESIDENT, VICE PRESIDENT. AND PREFECT IS  
20 USED IN MANY CIRCLES IN SCHOOLS AND THIS IS KIND OF AN  
21 EDUCATIONAL MODULE AND, I GUESS, THEY PICKED PREFECT AS HEAD  
22 OF THE SCHOOL.

23 Q BUT NXIVM IS FOR PROFIT AS OPPOSED TO  
24 NONPROFIT?

25 A DEFINITELY. IT'S A MONEY-MAKING COMPANY FOR  
26 PROFIT.

27 Q AND HAS NO RELIGIOUS BASIS; CORRECT?

28 A NO. IT'S -- UNLIKE -- I MEAN, I DON'T REALLY

1 KNOW IF AROUND HERE, I GUESS, ROBERT SCHULLER IS A BIG THING.  
2 I THINK THAT MIGHT BE FAITH BASED. BUT THIS HAS NOTHING TO DO  
3 WITH ANY OF THAT.

4 Q IS NXIVM CONSIDERED CONTROVERSIAL IN SOME  
5 CIRCLES?

6 A THERE HAVE BEEN CRITICAL PEOPLE. ACTUALLY,  
7 WHEN I FIRST STARTED THE PROGRAM, I DIDN'T KNOW OF ANY  
8 CRITICS. BUT WE HAD A GENTLEMAN WHO WAS A COACH WHO WAS FROM  
9 NEW JERSEY AND HE HAD A FALLING OUT WITH HIS FAMILY. HE  
10 DIDN'T LIKE UNETHICAL BUSINESS PRACTICES THAT THEY WERE DOING  
11 AFTER PARTICIPATING IN OUR PROGRAM, AND THE FAMILY GOT UPSET  
12 AND THEY STARTED TO BAD MOUTH US IN THE PRESS AND BLOGS.

13 Q SO THERE ARE WEBSITES AND NEWSPAPER ARTICLES  
14 THAT HAVE BAD PRESS ABOUT NXIVM?

15 A YES.

16 Q AND HAS NXIVM EVER RESPONDED IN THE PRESS?

17 A NO. WE HAVE A CORPORATE POLICY OF BASICALLY  
18 NOT RESPONDING TO STUFF IN THE PRESS.

19 Q SO IF YOU WERE TO LOOK, FOR INSTANCE, BLOG IT,  
20 GOOGLE IT, OR SOMETHING LIKE THAT, YOU'D PROBABLY ONLY SEE  
21 NEGATIVE ARTICLES?

22 A CORRECT.

23 Q AND DO THESE CRITICS TEND TO BE FORMER COACHES  
24 WHO MAY BE UNHAPPY?

25 A WE'VE HAD OVER 10,000 STUDENTS, CLIENTS, AND WE  
26 HAVE A HANDFUL OF PEOPLE THAT, YOU KNOW, FIVE TO TEN, THAT ARE  
27 UPSET FOR SOMEONE REASON OR ANOTHER WITH SOMEBODY. AND THEY  
28 TEND TO BE THE ONES THAT YOU WOULD READ ABOUT.



1 Q AND SO THEN YOU TRAVEL FOR THE COMPANY?

2 A YES.

3 Q AND YOU RUN -- YOU HELP RUN OPERATIONS IN  
4 VARIOUS PARTS OF THE WORLD OR THE CONTINENT?

5 A I DO TRAININGS. I'VE DONE TRAININGS IN  
6 IRELAND, CANADA, IN MEXICO, IN L.A., NEW YORK CITY.

7 Q SO IF I WERE, FOR INSTANCE, A LAWYER AND  
8 SIGNING UP FOR THE PROGRAM AND WANTING TO IMPROVE MY LIFE, I  
9 MEAN, WHAT WOULD I BE EXPECTED TO SEE IF I CAME TO THE  
10 PROGRAM?

11 A BASICALLY, YOU WOULD COME AND HAVE DISCUSSIONS  
12 AND GO THROUGH OUR MODULES THROUGH THE DAY AND HAVE  
13 DISCUSSIONS ABOUT THINGS IN OUR PROPRIETARY MODEL IN A WAY  
14 THAT GOES THROUGH THE WHOLE DAY, TWO HOURS AT A TIME; YOU TAKE  
15 A BREAK AND THEN YOU COME BACK ON A DIFFERENT TOPIC. AND  
16 THAT'D BE A, YOU KNOW, STANDARD DAY.

17 Q AND HOW IS KEITH RANIERE CONSIDERED THESE DAYS  
18 IN THE ORGANIZATION? WOULD I -- FOR INSTANCE, IF I WERE A  
19 LAWYER AND SIGNED UP FOR THE PROGRAM, WOULD I BE REQUIRED TO  
20 DO ANYTHING WITH RESPECT TO KEITH RANIERE?

21 A NO. HE'S NOT INVOLVED ACTIVELY IN THE RUNNING  
22 OF THE COMPANY OR THE DAILY OPERATIONS. HE'S JUST THE  
23 CONCEPTUAL FOUNDER OF THE METHODS.

24 Q SO PEOPLE RESPECT HIM BECAUSE HE IS THE  
25 FOUNDER?

26 A YEAH.

27 Q AND BECAUSE HE OCCASIONALLY GIVES SPEECHES OR  
28 TALKS?

1           A           YEAH.  A COUPLE TIMES A YEAR HE'LL END UP  
2    GIVING A FORUM, WHICH IS A DISCUSSION WHERE PEOPLE ASK HIM  
3    QUESTIONS.  WE HAVE A CORPORATE RETREAT AND HE'LL SPEAK AT  
4    THAT CORPORATE RETREAT, AND PEOPLE ASK HIM ABOUT HOW HE CAME  
5    UP WITH THE MODEL AND WHAT HIS LIFE IS LIKE.

6           Q           AND KEITH RANIERE -- I'VE HEARD SOME COMMENT  
7    ABOUT HIM, ABOUT CLAIMS THAT HE'S LIKE ONE OF THE SMARTEST MEN  
8    IN THE WORLD.  DO YOU HAVE AN UNDERSTANDING ABOUT THAT CLAIM?

9           A           WELL, HE WAS RECOGNIZED IN THE GUINNESS BOOK OF  
10   RECORDS AS -- I GUESS THERE'S A WOMAN FOR PARADE MAGAZINE,  
11   MARILYN SOMETHING, THAT WRITES FOR "ASK MARILYN", SO SHE  
12   WAS -- SHE'S BEEN RECOGNIZED AS HAVING THE HIGHEST IQ ONE  
13   YEAR.

14          Q           SO YOU'RE SAYING THERE'S A PARADE COLUMNIST  
15   WHO'S RECOGNIZED AS HAVING THE HIGHEST IQ IN THE WORLD?

16          A           YES.

17          Q           MARILYN -- WHAT'S HER NAME -- VOS SAVANT?

18          A           YES.

19          Q           AND SO HE'S -- AS FAR AS YOU KNOW, HE'S  
20   REFERRED TO THAT ON OCCASION?

21          A           YEAH.  YUP.  PEOPLE ASK HIM.  TYPICALLY -- I'VE  
22   NEVER HEARD HIM VOLUNTEER IT.  PEOPLE ASK HIM ABOUT IT AND HE  
23   ACTUALLY SAYS, "YEAH."  HE DOESN'T SAY MUCH ABOUT IT.

24          Q           AND WHAT -- DOES HE HAVE AN EDUCATIONAL  
25   BACKGROUND?

26          A           YEAH.  HE GRADUATED FROM A WELL-KNOWN TECHNICAL  
27   COLLEGE IN UPSTATE NEW YORK CALLED RENSSELAER POLYTECHNIC  
28   INSTITUTE AND HE HAD A TRIPLE DEGREE THERE.  I THINK IT WAS IN

1 MATH, IN BIOLOGY, IN PHYSICS, BUT I'M NOT SURE. BUT IT WAS  
2 LIKE THREE MAJORS AND TWO MINORS, AND I THINK HE WAS THE ONLY  
3 ONE IN THE SCHOOL'S HISTORY TO DO THAT.

4 Q NOW, IN TERMS OF YOUR WORK FOR PRECISION, HAVE  
5 YOU SEEN MR. RANIERE GIVE ANY KIND OF -- DOES HE WEIGH IN AT  
6 ALL IN TERMS OF STRATEGIC DIRECTION ON MITIGATION OR CLEAN UP  
7 OR CONTROL OF THE PROPERTIES?

8 A NO. I HAVEN'T HAD ANY.

9 Q DOES HE TELL YOU WHAT TO DO IN TERMS OF HOW THE  
10 LITIGATION SHOULD BE RUN?

11 A NO. I'M -- I MEAN, I SEE HIM. I PLAY  
12 VOLLEYBALL AND I PLAYED VOLLEYBALL WITH HIM, AND WE NEVER  
13 DISCUSSED PRECISION MATTERS.

14 Q IS HE SOME SORT OF CONSULTANT IN THE ATHLETIC  
15 AREA?

16 A YEAH. HE ACTUALLY WAS A JUDO CHAMPION WHEN HE  
17 WAS YOUNG, AND HE'S VERY IMPRESSED WITH MARTIAL ARTS AND GREW  
18 UP DOING THAT AND DOES THAT. I KNOW HE CONSULTS WITH PEOPLE  
19 ON RUNNING AND HE HAS A DIFFERENT NUMBER OF PATENTS THAT HE  
20 WORKS ON IN HUMAN PERFORMANCE AND ATHLETICS IS ONE OF THEM.  
21 SO I KNOW HE CONSULTS WITH PEOPLE ON ATHLETICS A LOT.

22 Q YOU MENTIONED HE WAS INTERESTED IN MARTIAL  
23 ARTS. IS THERE SOME CONNECTION BETWEEN NXIVM AND MARTIAL  
24 ARTS?

25 A YEAH. WE ACTUALLY HAVE A MEASUREMENT SYSTEM  
26 AND WE WEAR ACTUALLY SASHES WHEN WE'RE ACTUALLY WORKING, LIKE  
27 THE BELT SYSTEM IN MARTIAL ARTS WHERE YOU MEASURE IF YOU'RE AT  
28 A CERTAIN STAGE WHAT YOU'VE DONE. IN THE BELT SYSTEM, THE WAY

1 I UNDERSTAND IT -- I'VE NEVER TAKEN MARTIAL ARTS -- YOU HAVE  
2 TO BASICALLY GET APPROVED IN ONE AREA AND THEN YOU GET A  
3 PROMOTION IN YOUR BELT. AND WE HAVE THE SAME THING WITH  
4 REGARD TO THE PERSONAL GROWTH PROGRAM.

5 Q NOW, WITH RESPECT TO THE THINGS YOU DID WHEN  
6 YOU ASSUMED CONTROL OF PRECISION, DID YOU HAVE TO RELY UPON  
7 PEOPLE TO HELP YOU UNDERSTAND WHAT WAS GOING ON?

8 MR. RILEY: OBJECTION, LEADING.

9 THE COURT: SUSTAINED. REPHRASE.

10 Q BY MR. CROCKETT: IS THERE ANYBODY YOU LOOK TO  
11 TO HELP YOU IN YOUR JOB?

12 A YEAH. WE HAD -- WE WERE LOOKING FOR EMPLOYEES  
13 THAT COULD HELP US FIGURE OUT WHAT WAS GOING ON, AND WE ENDED  
14 UP -- FRANK PARLATO -- MR. PARLATO ENDED UP FINDING MOISES  
15 CONTRERAS AND RANDY HARRIS AND JENNIFER ROBERTS. THEY WERE  
16 THE FIRST COUPLE THAT CAME TO US. ALSO JUDITH CUKIER CAME AND  
17 GAVE US SOME INFORMATION ABOUT PRINTS AND ARCHITECTURE.

18 SO WE ACTUALLY HAD THOSE GUYS AVAILABLE TO HELP  
19 US. SO WE PAID THEM TO HELP US AND JUST KIND OF STAND BY. SO  
20 SOMETIMES THEY WERE HELPING US AND ACTUALLY ACTIVELY DOING  
21 THINGS AND OTHER TIMES THEY WERE KIND OF RETAINED TO BE ON  
22 CALL TO HELP US IF WE NEED THEM.

23 Q AND THESE WERE FORMER PLYAM EMPLOYEES?

24 A CORRECT.

25 Q DID SOME OF THEM JUST SIT THERE AND DO NOTHING  
26 WHILE YOU PAID THEM?

27 A YEAH. AT TIMES WE HAD THEM AT MEETINGS. WE  
28 WERE ASKING THEM TO DO THINGS, ASKING THEM FOR INFORMATION.

1 AT TIMES WHEN WE WERE GATHERING THAT, THEY, YOU KNOW, DIDN'T  
2 HAVE ANY DUTIES, WE WOULD SEND THEM OUT TO CLEAN UP  
3 PROPERTIES, TO GET TOOLS, AND THEY WOULD COME BACK AND THEY'D  
4 MIGHT NOT HAVE ANYTHING TO DO, SO WE'D TELL THEM TO, YOU KNOW,  
5 HANG OUT HERE OR TO WAIT TILL WE HAVE SOMETHING FOR THEM.

6 Q HOW MUCH MONEY APPROXIMATELY WOULD YOU PAY  
7 THESE PEOPLE?

8 A I DON'T KNOW THEY WERE GETTING WHATEVER -- I  
9 THINK WHATEVER THEY WERE PAID. WE TENDED TO PAY PEOPLE  
10 WHATEVER THEIR RATE WAS WHEN THEY WERE GETTING PAID WITH THE  
11 PLYAMS. SO IT WASN'T A LOT OF MONEY AS I RECALL. I DON'T  
12 KNOW THE EXACT NUMBERS.

13 Q WHEN YOU ASSUMED CONTROL, DID YOU HAVE OR WHEN  
14 YOU WERE THERE WITH MR. PARLATO AND HE ASSUMED CONTROL, DID  
15 YOU HAVE ALL THE COMPANY'S TOOLS AND COMPUTERS AND PLOTTERS  
16 AND FILE CABINETS AND ACCOUNTING RECORDS?

17 A NO. WE -- AT ONE POINT, PROBABLY AFTER MR.  
18 PARLATO TOOK CONTROL, IT MIGHT HAVE BEEN ROUGHLY FIVE DAYS  
19 AFTER THAT, WE WENT TO THE BEVERLY HILLS OFFICE ON WILSHIRE  
20 BOULEVARD AND ALL OF THE PLOTTERS, THE FILES, THE COMPUTERS,  
21 EVERYTHING WAS GONE. SO WE DIDN'T HAVE ACCESS TO ALL THOSE  
22 RECORDS AND ALL THAT EQUIPMENT. SO IT WAS -- THE OFFICE WAS  
23 EMPTIED OUT.

24 Q SO ARE YOU SAYING THAT FIVE DAYS AFTER THE  
25 PLYAMS HAD SURRENDERED CONTROL OF THE COMPANY TO MR. PARLATO,  
26 YOU WENT TO THE OFFICE TO TAKE CONTROL AND IT WAS COMPLETELY  
27 BARE?

28 A YES.

1 Q SO THERE WERE NO PLANS IN THERE?

2 A NO.

3 Q THERE WERE NO ACCOUNTING RECORDS?

4 A NO.

5 Q I IMAGINE PLOTTERS ARE PRETTY EXPENSIVE. THERE  
6 WAS NONE OF THAT THERE?

7 A NO.

8 Q AND WHAT KIND OF EFFORTS DID YOU TAKE TO TRY  
9 AND RECOVER THE PLOTTERS, THE COMPUTERS, THE FURNITURE, THE  
10 RECORDS, THE PLANS?

11 MR. RILEY: OBJECTION, RELEVANCE.

12 THE COURT: WHY DON'T YOU APPROACH.

13

14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
15 HELD AT SIDEBAR:)

16

17 THE COURT: OKAY. GO AHEAD, MR. RILEY.

18 MR. RILEY: I JUST DON'T KNOW WHAT THE RELEVANCE OF  
19 THIS IS.

20 MR. CROCKETT: CONVERSION. THE COMPANY ASSETS.  
21 STOLEN.

22 THE COURT: OKAY. I'LL ALLOW IT.

23

24 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
25 HELD IN OPEN COURT IN THE PRESENCE OF THE  
26 JURY:)

27

28 Q BY MR. CROCKETT: SO WHAT EFFORTS DID YOU TRY

1 TO DO TO UNDERTAKE -- AT THAT POINT IN TIME, YOU KNEW THAT  
2 MR. PLYAM HAD TURNED OVER THE COMPANY TO YOU; CORRECT?

3 A CORRECT.

4 Q HE HAD SIGNED DOCUMENTS PUTTING THE BRONFMANS  
5 SQUARELY IN CONTROL AND OWNERSHIP OF THE COMPANY; CORRECT?

6 A CORRECT.

7 Q AND SO WHAT EFFORTS DID YOU MAKE TO TRY AND  
8 RECOVER COMPANY ASSETS?

9 A WELL, WE SUED. SO WE FILED THE LAWSUIT TO TRY  
10 TO RECOVER EVERYTHING. WE ALSO HIRED PRIVATE INVESTIGATORS,  
11 WHICH WERE POLICE OFFICERS OFF DUTY. WE HAD AN OFF-DUTY  
12 POLICE OFFICER, KIND OF LIKE WHAT YOU SEE IN THE MOVIE SETS  
13 WHERE THEY HAVE HIRED PEOPLE THAT ARE POLICE OFFICERS THAT ARE  
14 OFF DUTY, AND WE HIRED MR. GERVAIS, WHO WAS AN OFF-DUTY POLICE  
15 OFFICER, TO TRY TO FIND THE COMPUTERS BECAUSE WE HAD HEARD THE  
16 PLYAMS HAD THEM. AND SO WE LOOKED AT ROXBURY AND AT THEIR  
17 HOME AND AT DIFFERENT CONTAINER UNITS, AND WE WERE TRYING TO  
18 FIGURE OUT WHERE ALL THE STUFF WENT.

19 Q AND THE PLYAMS, THEY DIDN'T TURN THAT STUFF  
20 OVER TO YOU?

21 A NO. AT SOME POINT, I THINK, IN FEBRUARY, THEY  
22 SENT A BOX OF A COUPLE -- BOX OF RECORDS AND SOME PRINTS AND  
23 SOME OTHER RECORDS IN A BOX THAT WERE TURNED OVER FROM  
24 MR. PILLEMER'S OFFICE TO MR. THOMAS.

25 Q SO MR. PILLEMER COOPERATED BY TURNING OVER A  
26 BOX; CORRECT?

27 A CORRECT. AFTER WE SUED.

28 Q BUT YOU NEVER GOT -- DID YOU SEE SOME COMPUTERS

1 THERE IN THE FIRST WEEKS OF JANUARY THAT YOU VISITED THE  
2 OFFICE?

3 A YEAH. THERE WERE STANDARD COMPUTERS IN THE  
4 OFFICES, REGULAR DESK TOP COMPUTERS.

5 Q HOW MANY?

6 A I DON'T KNOW EXACTLY BECAUSE I DIDN'T COUNT  
7 THEM, BUT SOMEWHERE -- MAYBE EIGHT TO TEN COMPUTERS.

8 Q AND PLOTTERS, WHAT DO PLOTTERS DO?

9 A PLOTTERS WILL ACTUALLY DRAW THE PRINTS.

10 Q AND YOU SAW PLOTTERS THERE?

11 A YES.

12 Q NOW, DID THE PLYAMS EVER TURN OVER ANY  
13 COMPUTERS TO YOU?

14 A WELL, AFTER A COURT ORDER, WE GOT A COPY OF  
15 THEIR HARD DRIVE OF A PERSONAL LAPTOP. I BELIEVE IT WAS  
16 MR. PLYAM'S PERSONAL LAPTOP. SO IT WAS A COPY OF FILES ON  
17 THAT BUT NEVER ANY COMPANY COMPUTERS OR COMPANY RECORDS.

18 Q AND DID YOU EVER GET THE PLOTTERS RETURNED TO  
19 YOU?

20 A NO.

21 Q DID YOU EVER GET THE FILING CABINETS OR  
22 FURNITURE?

23 A NO.

24 Q NOW, DID YOU COME TO THE CONCLUSION THAT THE  
25 COMPUTERS WERE AT THE PLYAMS' HOUSE?

26 A YES.

27 Q HOW DID YOU COME TO THAT CONCLUSION?

28 A MR. MERINO HAD TOLD ME THAT HE HAD MOVED -- HE



1 AND A NUMBER OF OTHER PEOPLE HAD MOVED THE COMPUTERS FROM THE  
2 OFFICE INTO THREE DIFFERENT LOCATIONS. HE SAID THAT THERE WAS  
3 FURNITURE AND COMPUTERS, AND THE COMPUTERS, HE SAID, WENT TO  
4 THE PLYAMS' HOME. HE SAID THERE WERE OTHER BUSINESS EQUIPMENT  
5 THAT WENT TO ANOTHER OFFICE THAT THEY HAD ON WILSHIRE  
6 BOULEVARD, AND I DON'T KNOW THE ADDRESS OFFHAND, AND THEN HE  
7 SAID SOME OF THE OFFICE FURNITURE WENT TO A CONTAINER UNIT ON  
8 ALTA MESA.

9 Q DO YOU KNOW IF DEMANDS WERE MADE TO SURRENDER  
10 ALL THIS STUFF?

11 A YES.

12 Q AND SO TELL ME ABOUT THE SURVEILLANCE  
13 OPERATIONS THAT YOU ATTEMPTED TO TRY TO LOCATE THIS STUFF?

14 A I HAD BEEN TALKING WITH THE INVESTIGATOR,  
15 POLICE OFFICER GERVAIS, AND HAD TOLD HIM THAT MARIO MERINO HAD  
16 A LOT OF INFORMATION. HE WAS THE ONE. SO TO TALK TO HIM SO  
17 THAT MAYBE HE COULD TAKE A PICTURE OR MR. GERVAIS COULD TAKE A  
18 PICTURE. SO I KEPT TYING TO SET THEM UP. AND I WOULD ASK  
19 MARIO THAT THIS IS THE PERSON; HE'S WORKING FOR US; YOU KNOW,  
20 YOU CAN COOPERATE WITH HIM.

21 SO GERVAIS WOULD CALL ME AND TELL ME THAT, YOU  
22 KNOW, I CAN'T GET A HOLD OF MARIO, AND THEN ANOTHER WEEK WOULD  
23 GO BY AND I'D CALL MARIO, AND HE'D SAY I CAN'T GET A HOLD OF  
24 GERVAIS AND SO THE TWO OF THEM KEPT GOING BACK AND FORTH. SO  
25 FINALLY I DECIDED TO GO LOOK MYSELF. SO I ACTUALLY, A COUPLE  
26 OF TIMES, I WENT TO TRY TO CATCH THE GARAGE DOOR OPEN.

27 GERVAIS ACTUALLY WENT AND WAS FILMING AT THE  
28 ROXBURY CONTAINER UNIT. WE THOUGHT MAYBE THE COMPUTERS WERE

1 IN THE CONTAINER UNIT AT ROXBURY. SO THE TWO OF THEM WERE THE  
2 ONES THAT ACTUALLY SURVEILLED THE HOMES.

3 Q SO THIS OFF-DUTY COP WAS TRYING TO DO SOME  
4 FILMING TO SEE IF HE COULD SEE THE DOORS OPEN.

5 MR. RILEY: OBJECTION, LEADING.

6 THE COURT: SUSTAINED.

7 Q BY MR. CROCKETT: WHO WAS DOING FILMING?

8 A MR. GERVAIS WAS ACTUALLY -- WELL, ACTUALLY, WE  
9 HAD LOU LAURENTI, TOO, WHO WAS A POLICE OFFICER INVESTIGATOR.  
10 I THINK ACTUALLY HIS -- ONE OF HIS ASSOCIATES WAS DOING  
11 ROXBURY. HE WAS THE ONE VIDEOTAPING THERE.

12 AT THE PLYAMS' HOME, I JUST HAD A CAMERA AND  
13 WAS HOPING TO CATCH THE GARDENER OPENING UP THE GARAGE DOOR SO  
14 I COULD TAKE A PICTURE WHEN HE DID THAT, BUT I NEVER DID.

15 Q SO IN THE END, NO COMPUTERS WERE EVER RECOVERED  
16 OTHER THAN THE IMAGE OF A LAPTOP?

17 A CORRECT.

18 Q AND WOULD THOSE COMPUTERS HAVE BEEN HELPFUL TO  
19 YOU TO RUN THE OPERATIONS OF THE BUSINESS?

20 MR. RILEY: OBJECTION, LEADING, SPECULATION,  
21 FOUNDATION.

22 THE COURT: SUSTAINED. LEADING.

23 Q BY MR. CROCKETT: WHY DID YOU WANT THE  
24 COMPUTERS?

25 A THE COMPUTERS HAD ALL THE COMPANY RECORDS. AT  
26 THAT POINT, WE DIDN'T HAVE A LOT OF HARD COPY RECORDS AND WE  
27 JUST ASSUMED THAT EVERYTHING OF THE DAILY BUSINESS WAS RUN ON  
28 THAT AND WE DIDN'T HAVE VERY -- HAD VERY FEW RECORDS AND THE

1 RECORDS WE HAD WERE DISJOINTED AND DIDN'T GIVE US MUCH OF A  
2 PICTURE. SO TO HAVE COMPUTERS WOULD HAVE BEEN -- YOU KNOW,  
3 SAVED US A LOT OF TIME AND EFFORT IN RUNNING THE COMPANY.

4 Q AND THE PLOTTERS HAVE VALUE?

5 A YEAH.

6 Q YOU COULD HAVE SOLD THOSE?

7 A YUP.

8 Q THE FURNITURE HAVE VALUE; YOU COULD HAVE SOLD  
9 THAT?

10 A UM-HHM.

11 THE COURT: IS THAT YES?

12 THE WITNESS: YES. I'M SORRY, YOUR HONOR.

13 Q BY MR. CROCKETT: DID YOU UNDERSTAND THAT THE  
14 COMPANY HAD A LOT OF TOOLS?

15 A YEAH. THERE WAS A LIST OF TOOLS THAT I GOT  
16 FROM MR. MERINO -- WELL, ACTUALLY, I THINK I GOT IT FROM --  
17 THERE WAS A NORM HOFFMAN WHO WAS A DRIVER AND EITHER HIM OR  
18 NORM LEWIS -- HE OR NORM LEWIS, WHO WAS ANOTHER DRIVER, GAVE  
19 ME A LIST OF ALL THE TOOLS. AT ONE TIME THEY HAD TAKEN AN  
20 INVENTORY OF ALL THE HAND TOOLS AND THE TOOLS THAT WERE IN ALL  
21 THESE CONTAINER UNITS. SO WE HAD A LIST OF ALL OF THOSE TOOLS  
22 AND WE WERE CHECKING ON THAT LIST BECAUSE THE TOOLS CAME  
23 EMPTY -- MISSING.

24 SO WE HAD TO FILE A POLICE REPORT. SO AT THAT  
25 POINT, THE INVESTIGATORS WORKED WITH MR. MERINO TO GET AN  
26 INVENTORY OF ALL THE TOOLS, SO WE COULD SHOW THIS IS WHAT  
27 WE'RE SUPPOSED TO HAVE AND THIS IS WHAT WE ACTUALLY HAVE, AND  
28 THEN WE FILED A POLICE REPORT.

1 Q AND WHAT KIND OF TOOLS ARE THESE?

2 A THESE ARE HAND TOOLS LIKE SAWS AND DRILLS AND  
3 THINGS LIKE THAT.

4 Q DO YOU HAVE AN ESTIMATE ON THOSE MISSING TOOLS?

5 A YOU KNOW, I CAN'T RECALL THE ACTUAL NUMBER ON  
6 WHAT THE VALUE OF THOSE WERE.

7 Q IT WAS SEVERAL HUNDRED THOUSAND DOLLARS?

8 MR. RILEY: OBJECTION, LEADING.

9 THE COURT: SUSTAINED.

10 Q BY MR. CROCKETT: CAN YOU ESTIMATE -- GIVE ME  
11 AN ESTIMATE?

12 MR. RILEY: OBJECTION, ASKED AND ANSWERED.

13 THE COURT: OVERRULED.

14 THE WITNESS: YES. AS I RECALL, IT WAS COUPLE HUNDRED  
15 THOUSAND DOLLARS.

16 Q BY MR. CROCKETT: AND YOU NEVER RECOVERED THEM?

17 A NO.

18 Q DID YOU MAKE DEMAND FOR THEM?

19 A YES.

20 Q DID IT APPEAR THAT THE -- TO YOU THAT THE  
21 CONTAINER LOCKS HAD BEEN CUT?

22 A YES.

23 Q AND DID YOU TRY AND FIND OUT WHO CUT THOSE?

24 A YES.

25 Q AND WHAT DID YOU DETERMINE?

26 A WELL, THAT THERE WAS INSTRUCTIONS GIVEN TO  
27 EMPLOYEES TO CUT THE LOCKS.

28 MR. RILEY: OBJECTION, MOVE TO STRIKE, HEARSAY.

1 THE COURT: SUSTAINED.

2 Q BY MR. CROCKETT: WHO GAVE YOU INFORMATION  
3 ABOUT THE LOCKS?

4 A MR. MERINO.

5 Q AND DID HE REFER TO SOME EMPLOYEES?

6 MR. RILEY: OBJECTION, HEARSAY.

7 THE COURT: SUSTAINED.

8 Q BY MR. CROCKETT: WAS -- AT THE TIME THAT YOU  
9 HAD THIS CONVERSATION WITH MR. MERINO, WAS HE A FOREMAN  
10 WORKING FOR THE PLYAMS?

11 MR. RILEY: OBJECTION, LEADING.

12 THE COURT: SUSTAINED.

13 Q BY MR. CROCKETT: DO YOU KNOW WHAT MR. MERINO'S  
14 ROLE WAS WITH CASTLE ASSET MANAGEMENT WHEN YOU HAD THIS  
15 CONVERSATION WITH HIM?

16 A HE WAS A FOREMAN FOR CASTLE.

17 Q HOW DID YOU KNOW THAT?

18 A FROM HIS TIME SHEETS --

19 Q AND --

20 A -- AND FROM WHAT HE SAID.

21 Q AND SO WHAT DID HE TELL YOU ABOUT THE LOCKS?

22 MR. RILEY: OBJECTION, HEARSAY.

23 THE COURT: WELL, FOUNDATION. SUSTAINED.

24 Q BY MR. CROCKETT: DID HE TELL YOU ANYTHING  
25 ABOUT THE LOCKS?

26 MR. RILEY: OBJECTION, HEARSAY.

27 Q MR. CROCKETT: YES OR NO?

28 THE COURT: YES OR NO. OVERRULED.

1 THE WITNESS: YES.

2 Q BY MR. CROCKETT: DID HE TELL YOU THAT HE HAD  
3 SOME ROLE WITH RESPECT TO THOSE LOCKS?

4 MR. RILEY: OBJECTION, HEARSAY, LEADING.

5 THE COURT: SUSTAINED.

6 Q BY MR. CROCKETT: WHAT DID HE TELL YOU ABOUT  
7 THE LOCKS?

8 MR. RILEY: OBJECTION, HEARSAY.

9 THE COURT: SUSTAINED.

10 Q BY MR. CROCKETT: WELL, IT'S A PARTY ADMISSION.

11 THE COURT: NO FOUNDATION. YOU WANT TO APPROACH?

12

13 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
14 HELD AT SIDEBAR:)

15

16 THE COURT: I DON'T KNOW WHEN THIS OCCURRED. I DON'T  
17 KNOW; RIGHT?

18 MR. CROCKETT: I'LL ASK HIM THAT.

19

20 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
21 HELD IN OPEN COURT IN THE PRESENCE OF THE  
22 JURY:)

23

24 Q BY MR. CROCKETT: WHEN DID THIS CONVERSATION  
25 WITH MR. MERINO OCCUR REGARDING THE LOCKS?

26 A SOMETIME IN 2008, MAYBE IN THE SUMMER.

27 Q NOW, WITH RESPECT TO THE ACCOUNTING RECORDS,  
28 DID YOU GET -- WERE YOU ABLE TO GET BANK RECORDS?

1           A           SLOWLY FROM THE BANKS. IT TOOK OVER A YEAR AND  
2 A HALF, MAYBE TWO YEARS TO GET THE COMPLETE RECORDS.

3           Q           YOU HAD TO SUBPOENA THOSE?

4           A           YES.

5           Q           DID THE PLYAMS GIVE YOU THE BANK RECORDS?

6           A           THEY GAVE US SOME. VERY LITTLE. I MEAN, THERE  
7 WAS A LOT OF CHECKS. THEY ACTUALLY GAVE US A LOT OF CHECKS.  
8 THERE WAS SOME CHECKS IN BOXES INITIALLY WHEN WE DID  
9 DISCOVERY, BUT IT WASN'T A COMPLETE RECORD OF IT.

10          Q           AND WERE THE CHECKS HELPFUL IN DETERMINING HOW  
11 THE MONEY WAS SPENT WITHOUT THE INVOICES?

12          A           YEAH, WITHOUT THE INVOICES, IT WAS DIFFICULT TO  
13 MATCH UP WHERE THINGS WENT AND WHERE THEY CAME FROM.

14          Q           COULD YOU TRUST WHAT THE CHECKS SAID IN TERMS  
15 OF IF IT HAD A MEMO ON IT SAYING HOW IT WAS APPLIED?

16          MR. RILEY: OBJECTION, LEADING.

17          THE COURT: SUSTAINED.

18          Q           BY MR. CROCKETT: DID THE CHECKS COME WITH  
19 MEMOS?

20          A           YES. THE CHECKS WOULD HAVE -- THERE WAS A LOT  
21 OF MEMOS ON THE CHECKS HAVING PROPERTY STREET NAMES ON IT,  
22 LIKE LIBBIT OR IT WOULD SAY ALTA MESA IN THE MEMO.

23          Q           AND DID YOU WANT SOME ADDITIONAL INFORMATION  
24 ABOUT THOSE CHECKS, THE CHECKS THEMSELVES?

25          A           YEAH. WE WANTED TO MATCH UP TO SEE THAT THAT  
26 WAS TRULY THE THING THAT WAS MATCHED UP WITH THE INVOICE. SO  
27 THE INVOICES WERE AN IMPORTANT PART THAT WERE MISSING, AND WE  
28 SPENT A LOT OF TIME TRYING TO TALK TO VENDORS TO GET COPIES OF

1 INVOICES AND, OF COURSE, NOBODY IN SMALL BUSINESS OR ANY  
2 BUSINESS WANTS TO GO AHEAD AND PROVIDE COPIES OF ALL THEIR  
3 RECORDS OF INVOICES THAT THEY'VE ALREADY SENT. SO THEY DIDN'T  
4 REALLY WELCOME US IN HELPING TO GET INVOICES. SO WE ENDED UP  
5 HAVING TO GO THROUGH TRYING TO SUBPOENA THEM, AND SOME OF THEM  
6 WERE SMALLER SHOPS, SO IT WAS DIFFICULT TO GET THEM TO  
7 COOPERATE TO GIVE US INVOICES.

8 Q EVEN WITH SUBPOENAS?

9 A EVEN WITH SUBPOENAS.

10 Q WHY WAS THAT?

11 MR. RILEY: OBJECTION, FOUNDATION, RELEVANCE,  
12 HEARSAY.

13 THE COURT: SUSTAINED.

14 Q BY MR. CROCKETT: WERE YOU DIRECTLY RESPONSIBLE  
15 FOR WORKING WITH VENDORS TO HELP THEM COMPLY WITH SUBPOENAS?

16 A YES.

17 Q AND YOU BASICALLY WENT AROUND THE LAWYERS TO  
18 WORK DIRECTLY WITH THE VENDORS ON THE SUBPOENAS?

19 MR. RILEY: OBJECTION, LEADING.

20 THE COURT: SUSTAINED.

21 Q BY MR. CROCKETT: NOW, WHEN YOU WORKED WITH THE  
22 VENDORS, DID YOU HAVE A LAWYER INTERFACE?

23 A YES.

24 Q AND DID -- DO YOU KNOW IF THE LAWYERS ACTUALLY  
25 TALKED TO THE VENDORS OR DID YOU TALK TO THE VENDORS?

26 MR. RILEY: OBJECTION, RELEVANCE.

27 THE COURT: OVERRULED.

28 THE WITNESS: I TALKED TO THE VENDORS DIRECTLY.



1 Q BY MR. CROCKETT: AND EXPLAIN TO ME WHY IT  
2 WAS -- ANY DIFFICULTY YOU HAD WITH THE SUBPOENA PROCESS WITH  
3 THOSE VENDORS?

4 MR. RILEY: OBJECTION, RELEVANCE, HEARSAY.

5 THE COURT: OVERRULED.

6 THE WITNESS: THEY JUST DIDN'T COMPLY. SO THEY  
7 BASICALLY SAID THAT, YOU KNOW, THAT THEY'VE GIVEN US THE  
8 INVOICES BEFORE, AND I EXPLAINED TO THEM THAT WE DIDN'T HAVE  
9 THEM, THAT I DIDN'T HAVE THEM, THAT WE WERE IN LITIGATION AND  
10 WE NEEDED THE INVOICES TO MATCH UP TO SEE.

11 A LOT OF TIMES SOME OF THEM HAD OUTSTANDING  
12 BILLS. SO I TRIED TO LEVERAGE THAT AND SAY, "LOOK, WE'LL PAY  
13 YOU FOR OUTSTANDING BILLS IF YOU PROVIDE US THE BACK  
14 INVOICES." AND SO KEPT TRYING TO LEVERAGE THEM TO HELP THEM  
15 TO HELP US.

16 Q BY MR. CROCKETT: AND IN THE END, DID YOU GET  
17 EVERY SINGLE INVOICE YOU NEEDED?

18 A NO.

19 Q DID THERE COME A TIME IN WHICH YOU DECIDED IT  
20 WAS JUST FRUITLESS TO PURSUE THE INVOICES?

21 MR. RILEY: OBJECTION, LEADING.

22 THE COURT: SUSTAINED.

23 Q BY MR. CROCKETT: WHY DIDN'T YOU GET EVERY  
24 INVOICE?

25 A AFTER OVER A YEAR WHEN WE DIDN'T GET CERTAIN  
26 INVOICES FROM CERTAIN PEOPLE, WE JUST GAVE UP. WE SAID, WELL,  
27 WE HAVE A CERTAIN AMOUNT THAT WE HAVE AND WE'LL JUST USE THAT  
28 BECAUSE IT'S FRUITLESS TO GO AFTER EVERY SINGLE ONE.

1 Q WAS THIS A COSTLY PROCESS?

2 A IT WAS VERY COSTLY.

3 Q AND, NOW, THERE'S A FELLOW BY THE NAME OF TED  
4 PHELPS. DO YOU KNOW WHO THAT IS?

5 A YES.

6 Q AND WHO'S TED PHELPS?

7 A HE WAS THE AUDITOR WHO DID OUR INVESTIGATION OF  
8 THE FINANCES.

9 Q AND DID THE PARTIES INITIALLY AGREE TO PICK  
10 SOMEBODY, A NEUTRAL ACCOUNTANT TO LOOK AT THE PROPERTIES OR  
11 THE RECORDS?

12 A YES.

13 Q WHO WAS THAT, DO YOU REMEMBER?

14 A MARIE FEINBACHER OR SOMETHING LIKE THAT.

15 Q AND WHAT HAPPENED TO HER?

16 A SHE WASN'T EVENTUALLY CHOSEN.

17 Q DO YOU KNOW WHY?

18 MR. RILEY: OBJECTION, HEARSAY.

19 THE COURT: AS PHRASED, OVERRULED.

20 THE WITNESS: I BELIEVE SHE'S WITH A FAMILY DIVORCE  
21 LAWYER, SO WE DIDN'T THINK IT WAS APPROPRIATE TO USE HER AS  
22 THE PERSON.

23 Q BY MR. CROCKETT: YOU MEAN DIVORCE ACCOUNTANT?

24 A DIVORCE ACCOUNTANT. I'M SORRY.

25 Q SO SOMEBODY ELSE WAS PICKED?

26 A YES. MR. PHELPS.

27 Q DO YOU KNOW IF THE PLYAMS WENT ALONG WITH  
28 MR. PHELPS?

1 MR. RILEY: OBJECTION, FOUNDATION, HEARSAY.

2 THE COURT: OVERRULED AS PHRASED.

3 THE WITNESS: NO. THEY DISAGREED WITH HIM.

4 Q BY MR. CROCKETT: AND WHAT EFFORTS, IF ANY, DID  
5 YOU MAKE -- DO YOU KNOW IF PRECISION MADE TO TRY AND CONVINCED  
6 THE PLYAMS TO ACCEPT MR. PHELPS?

7 MR. RILEY: OBJECTION, RELEVANCE, HEARSAY, FOUNDATION.

8 THE COURT: OVERRULED.

9 THE WITNESS: I KNOW OUR COUNSEL WAS CONSTANTLY  
10 TALKING WITH --

11 MR. RILEY: OBJECTION, FOUNDATION, HEARSAY.

12 THE COURT: SUSTAINED.

13 Q BY MR. CROCKETT: DID MR. PHELPS WORK OUT IN  
14 THE END?

15 A NO, HE DIDN'T.

16 Q WHAT HAPPENED?

17 A WE HAD TROUBLE WITH GETTING ALL THE INVOICES AS  
18 I SAID, AND MR. PHELPS WAS FRUSTRATED WITH THAT. HE WAS  
19 SUPPOSED TO DO EVERYTHING IN 90 DAYS, AND IT ENDED UP DRAGGING  
20 ON AND COSTING A LOT OF MONEY, \$714,000. AND WE ACTUALLY SENT  
21 A CREW, A COUPLE PEOPLE AND MYSELF INTO HIS OFFICE AND WOULD  
22 USE HIS PHONES AND CALL DIFFERENT VENDORS AND TRY TO PUT  
23 TOGETHER INFORMATION FOR HIM TO BE ABLE TO USE. AND HE  
24 BASICALLY WAS SITTING IN HIS OFFICE. ONE TIME I SAW HIM IN  
25 THERE JUST WATCHING TV.

26 AND IT CAME TIME FOR HIM TO BE PAID AND WE HELD  
27 BACK AN INVOICE, AND HE GOT UPSET AND KICKED ME AND COUPLE  
28 OTHER PEOPLE OUT OF HIS OFFICE AND SAID THAT SUBSEQUENTLY HE

1 RESIGNED FROM THE POSITION, QUIT.

2 Q DO YOU KNOW IF HE TRIED TO GET BACK INTO THE  
3 POSITION?

4 A WE ACTUALLY --

5 MR. RILEY: OBJECTION, FOUNDATION, HEARSAY.

6 THE COURT: OVERRULED.

7 THE WITNESS: WE ACTUALLY TRIED TO GET HIM TO CONTINUE  
8 UNDER STIPULATIONS THAT HE WOULD SAY WHAT HE IS UPSET ABOUT  
9 AND WHAT DOES HE NEED AND WHAT HAVEN'T WE PROVIDED TO HIM, AND  
10 HE NEVER COMPLIED WITH THAT AND NEVER GAVE US WHAT WE ASKED  
11 FOR. AND WE HIRED MS. GOTTLIEB AND SHE STARTED. AND AFTER  
12 SHE STARTED ON HER WAY, THEN MR. PHELPS HAD COME BACK TO US  
13 AND SAID HE WOULD LIKE TO CONTINUE, AND WE SAID NO.

14 MR. RILEY: OBJECTION, MOVE TO STRIKE THE LAST PART AS  
15 HEARSAY.

16 THE COURT: SUSTAINED.

17 Q BY MR. CROCKETT: AND SO DO YOU KNOW IF  
18 MR. PHELPS -- WAS THERE A REASON WHY IN THE END YOU DECIDED  
19 NOT TO LET MR. PHELPS BACK INTO THE PROJECT?

20 A YEAH. WE -- I MEAN, SHE HAD STARTED --  
21 MS. GOTTLIEB HAD STARTED AND WE SAW THAT MR. PHELPS ACTUALLY  
22 DIDN'T HAVE AN ACCOUNTANT THAT WAS CERTIFIED. SO HE DIDN'T  
23 ACTUALLY HAVE THE CREDENTIALS THAT WE THOUGHT HE HAD.

24 Q NOW, DID PHELPS RETURN SOME OF HIS FEES?

25 A YES, HE DID.

26 MR. RILEY: OBJECTION, RELEVANCE.

27 THE COURT: SUSTAINED.

28 Q BY MR. CROCKETT: AND DID PHELPS PROVIDE HELP?

1           A           YEAH. HE ACTUALLY COLLECTED A LOT OF DOCUMENTS  
2 AND ORGANIZED THEM.

3           Q           DID HE EVENTUALLY PRODUCE A REPORT?

4           A           IN 2010, EVENTUALLY HE GAVE US A REPORT OF WHAT  
5 HE HAD BUILT.

6           Q           YOU MEAN TWO YEARS LATER?

7           A           TWO YEARS LATER.

8           Q           AND DID YOU LIKE WHAT WAS IN THE REPORT?

9           A           YEAH. THERE WAS USEFUL INFORMATION.

10          Q           WHAT KIND OF USEFUL INFORMATION WAS IN THERE?

11          MR. RILEY: OBJECTION, HEARSAY.

12          THE COURT: SUSTAINED.

13          Q           BY MR. CROCKETT: WAS HE CRITICAL OF YOU?

14          MR. RILEY: OBJECTION, LEADING, HEARSAY.

15          THE COURT: SUSTAINED.

16          Q           BY MR. CROCKETT: WERE THERE ANY CRITICISMS OF  
17 PERSONS OTHER THAN THE PLYAMS?

18          MR. RILEY: OBJECTION, LEADING, HEARSAY.

19          THE COURT: SUSTAINED.

20          Q           BY MR. CROCKETT: NOW, LET ME ASK YOU ABOUT  
21 SOMEBODY BY THE NAME OF SHANNON SHEEHAN. DO YOU KNOW OF THAT  
22 NAME?

23          A           YES.

24          Q           WHO IS THAT?

25          A           SHE'S THE OWNER OF CITIZEN PROPERTIES, THE  
26 CONSTRUCTION COMPANY THAT ACTUALLY MAINTAINED THE PROPERTIES  
27 FOR THE YEAR IMMEDIATELY AFTER WE TOOK OVER.

28          Q           SO WHY DID YOU NEED A CONTRACTOR? WHY DIDN'T

1 YOU JUST HIRE PEOPLE TO DO WHAT YOU NEEDED TO BE DONE?

2 A THAT'S NOT MY AREA OF EXPERTISE AND WE WANTED  
3 SOMEBODY WHO WAS LOCAL WHO WAS PROFESSIONAL, THAT THAT'S WHAT  
4 THEY DID FOR A LIVING.

5 Q AND DID SHE APPEAR TO BE EXPERIENCED TO YOU?

6 A YEAH. SHE HAD MANY YEARS. SHE SHOWED ME A  
7 RESUME AND HAD LOT OF YEARS OF EXPERIENCE HERE IN THIS DIRECT  
8 AREA IN LOS ANGELES.

9 Q AND DID SHE HAVE A GENERAL CONTRACTOR'S  
10 LICENSE?

11 A SHE HAD A GENERAL CONTRACTOR'S LICENSE.

12 Q WHAT DID CITIZEN PROPERTIES DO FOR PRECISION?

13 A THEY MAINTAINED THE PROPERTIES. THEY BASICALLY  
14 BUTTONED THEM DOWN, MADE THEM SECURE AND SAFE, CLEANED THEM  
15 UP, MADE SURE THE FENCES WERE UP, AND THEN PUT TOGETHER ALL  
16 THE RECORDS REGARDING THE PRINTS, THE PERMITS. BASICALLY  
17 BUILT BINDERS LIKE THIS WITH EACH PROPERTY SO THAT WE HAD  
18 EVERYTHING ORGANIZED AND WE KNEW WHAT PERMITS WERE UP WHEN.  
19 SO SHE DID ALL THE DETAIL, PULLING TOGETHER ALL THAT  
20 INFORMATION.

21 Q NOW, HAD THE PLYAMS TURNED OVER TO YOU BINDERS  
22 LIKE THE FOUR-INCH BINDERS YOU HAVE IN FRONT OF YOU ON EACH  
23 PROPERTY?

24 A NO.

25 Q WOULD THAT HAVE BEEN OF HELP TO YOU HAD THEY  
26 PROVIDED REPORTS AND PERMITS IN AN ORGANIZED FASHION?

27 A YES.

28 Q AND THEY DIDN'T DO THAT, DID THEY?

1           A           THEY PROVIDED SOME THINGS THAT WERE IN THE  
2 BOXES WE HAD, BUT IT WAS DISORGANIZED IN THE BOXES THAT WE  
3 RECEIVED.

4           Q           JUST LOOSELY DUMPED IN?

5           A           RIGHT.

6           Q           AND CERTAINLY NOT ORGANIZED IN ANY FASHION, IN  
7 BINDER FASHION; CORRECT?

8           A           RIGHT.

9           MR. RILEY:   OBJECTION, COUNSEL IS TESTIFYING.

10          THE COURT:   SUSTAINED.

11          Q           BY MR. CROCKETT:   AND HOW DID CITIZEN  
12 PROPERTIES AND SHANNON SHEEHAN DO IN HER TASK?

13          A           THEY DID WELL.   I MEAN, THEY CLEANED UP  
14 EVERYTHING.   THEY BUTTONED IT DOWN.   THEY FOLLOWED UP ON THE  
15 PERMITS AND TOLD US WHEN THEY WERE DUE, WHAT THE BONDS WERE,  
16 WHEN THE BONDS WERE DUE.   SO SHE SET UP ALL OF THE TIMELINE OF  
17 WHAT HAD TO BE DONE AT WHAT TIME.

18          Q           WERE THERE DEMANDS PUT UPON YOU BY CITY  
19 INSPECTORS?

20          A           YES.

21          Q           AND WHAT DID SHE DO TO HELP YOU WITH THAT?

22          A           SHE WOULD COMPLY.   SHE WOULD TELL ME WE GOT  
23 THIS LETTER; WE NEED TO DO THIS; WE NEED TO COMPLY WITH THIS.  
24 SO SHE BASICALLY KEPT EVERYTHING IN ORDER.

25          Q           AND DID SHE DEAL WITH ANY LABOR ISSUES, WAGE  
26 ISSUES?

27          MR. RILEY:   OBJECTION, LEADING.

28          THE COURT:   OVERRULED.

1 THE WITNESS: SHE DIDN'T DEAL WITH ANY WAGE ISSUES. I  
2 WAS THE ONE THAT BASICALLY DEALT WITH ALL THE LABORERS FOR  
3 CASTLE.

4 Q BY MR. CROCKETT: WHAT HAPPENED TO CITIZENS  
5 PROPERTIES IN THE END?

6 A IN THE END, THEY WERE -- WE WERE JUST  
7 MAINTAINING THE PROPERTIES, SO WE WEREN'T BUILDING ON THEM.  
8 AND SHE WAS EXPENSIVE. SO TO HAVE HER MAINTAIN THE PROPERTIES  
9 BECAME NOT COST-EFFECTIVE. SO WE ENDED UP USING ANOTHER  
10 COMPANY TO CONTINUE ON WHAT SHE HAD STARTED.

11 Q AND DID YOU SETTLE UP WITH HER HER OUTSTANDING  
12 BILLS?

13 A YES.

14 Q AND WHAT COMPANY DID YOU SETTLE ON TO REPLACE  
15 HER?

16 A CONNECT CONSTRUCTION.

17 Q IS THAT WHO'S IN CHARGE OF THE PROPERTIES  
18 TODAY?

19 A CORRECT.

20 Q AND ARE THEY -- DO THEY HAVE -- SOMEBODY HAVE A  
21 GENERAL CONTRACTOR'S LICENSE THERE?

22 A YES.

23 Q WHAT'S THEIR EXPERTISE?

24 A THEY BUILD IN MEXICO AND SOUTHERN CALIFORNIA  
25 AND THEY DO CONDO AND DEVELOPMENT WORK.

26 Q AND LET ME ASK YOU ABOUT SOME OF THESE  
27 PROPERTIES BY MY -- I'LL TRY DISPLAYING -- WELL, LET ME  
28 APPROACH YOU WITH ONE OF THE DEFENSE EXHIBITS 765 AND ASK YOU



1 IF THIS FAIRLY REPRESENTS THE GENERAL LOCATION OF THE LOS  
2 ANGELES AREA PROPERTIES. 765.

3 A YES.

4 MR. CROCKETT: MOVE TO ADMIT.

5 MR. RILEY: OBJECTION. YOUR HONOR, THIS IS THE  
6 EXHIBIT I TRIED TO GET IN AND COUNSEL OBJECTED AS NO  
7 FOUNDATION. SO TURN IT AROUND. FAIR PLAY.

8 Q BY MR. CROCKETT: WELL, DOES THIS LOOK LIKE A  
9 MAP THAT IS FAMILIAR WITH THE AREA?

10 MR. RILEY: OBJECTION.

11 Q BY MR. CROCKETT: I MEAN, DOES THIS LOOK LIKE A  
12 MAP OF LOS ANGELES?

13 A YES.

14 Q HAVE YOU VISITED EACH SITE SPECIFICALLY?

15 A YES.

16 Q HAVE YOU BECOME FAMILIAR WITH EACH ADDRESS?

17 A YES.

18 Q DO THE POINTERS ON THAT FAIRLY POINT TO EVERY  
19 SINGLE PIECE OF PROPERTY IN THE LOS ANGELES AREA?

20 A IT LOOKS LIKE THEY'RE ALL HERE.

21 Q AND DO THE ADDRESSES APPEAR TO BE ACCURATE TO  
22 THE EXTENT THEY'RE SET FORTH?

23 A YES.

24 Q DO YOU SEE ANY INACCURACIES WITH THE WAY THE  
25 MAP'S DISPLAYED?

26 A NO.

27 MR. CROCKETT: MOVE TO ADMIT.

28 MR. RILEY: OBJECTION, HEARSAY, FOUNDATION. I THINK I

1 ASKED THE SAME QUESTIONS OF MR. PLYAM.

2 THE COURT: NO, NOT QUITE. YOU HADN'T ESTABLISHED  
3 FOUNDATION.

4 SO OVERRULED. ADMITTED.

5

6 (EXHIBIT 765 WAS ADMITTED INTO EVIDENCE.)

7

8 Q BY MR. CROCKETT: LET'S -- I'M GOING TO TRY AND  
9 DISPLAY FIRST ON MY MONITOR. IF THAT DOESN'T WORK, I'LL PUT  
10 IT ON THE OVERHEAD.

11 ALL RIGHT. LET'S SEE. COULD I ASK YOU TO STEP  
12 TO THE DISPLAY OR TO EXHIBIT 765 AND JUST BRIEFLY POINT OUT  
13 WHERE ALL THESE PROPERTIES ARE AND WHAT THEY ARE?

14 A SURE.

15 Q THERE MAY BE A POINTER BACK THERE. THAT MIGHT  
16 HELP. LET'S SEE IF WE CAN FIND IT.

17 A THE UHEA PROPERTIES ARE HERE (INDICATING). ONE  
18 OF THE HOMES THAT WAS IN THE PLYAMS' NAME THAT WAS FORECLOSED  
19 ON.

20 THIS IS THE ALONZO PROPERTY (INDICATING), WHICH  
21 WAS THE PROPERTY THAT WAS IN THE PLYAMS' NAME THAT WAS  
22 FORECLOSED ON.

23 MR. RILEY: OBJECTION TO THE COMMENTARY. I THINK THE  
24 QUESTION WAS TO JUST POINT OUT THE PROPERTY.

25 THE COURT: YES. SUSTAINED.

26 THE WITNESS: LIBBIT. THIS IS THE LIBBIT PROPERTY  
27 (INDICATING), WHICH IS JUST A VACANT LOT.

28 MR. RILEY: OBJECTION.

1 THE COURT: ALL RIGHT. THAT'S NOT THE QUESTION. JUST  
2 POINT OUT.

3 THE WITNESS: OKAY.

4 I CAN'T ACTUALLY SEE WHAT THAT SAYS.

5 Q BY MR. CROCKETT: LET ME GIVE YOU THE REAL  
6 EXHIBIT SO YOU CAN EXAMINE IT MORE CLOSELY.

7 A THIS IS SUMAC, KNOBHILL, NEWCOMB, AVENIDA DEL  
8 SOL, GENTRY, LAUREL TERRACE (INDICATING). THIS IS LORAE, ALTA  
9 MESA, LAURELMONT, FRANKLIN, VIEWMONT, ANGELO DRIVE, ROXBURY,  
10 WANDA PARK, BENEDICT CANYON, HAYVENHURST, OAKFIELD, AND NATOMA  
11 (INDICATING).

12 Q WHICH OF THOSE PROPERTIES ARE OVER THE HILL AND  
13 IN THE VALLEY?

14 A IT'S MY UNDERSTANDING THE RIDGE RUNS ALONG HERE  
15 (INDICATING), AND SO MOST OF THESE TO THIS SIDE ARE IN THE  
16 VALLEY SIDE (INDICATING), AND THEN THESE ARE IN THE HOLLYWOOD  
17 HILLS (INDICATING).

18 Q SO THERE'S -- IT LOOKS LIKE THERE'S ONE  
19 PROPERTY ON THE OTHER SIDE OF THE HOLLYWOOD FREEWAY? DO YOU  
20 SEE THAT? THAT NORTH AND SOUTH FREEWAY RIGHT THERE?

21 A YEAH.

22 Q AND THAT'S LORAE?

23 A THAT'S LORAE.

24 Q CAN YOU POINT OUT WHERE THE PLYAMS' OFFICE WAS  
25 IN DOWNTOWN BEVERLY HILLS?

26 A ROUGHLY AROUND HERE (INDICATING).

27 Q OKAY. THANK YOU. I'LL ASK YOU ABOUT THE  
28 INDIVIDUAL PROPERTIES. AND I PUT BINDERS OF THE PHOTOGRAPHS

1 IN FRONT OF YOU AND I OPENED THEM UP.

2 AND STARTING WITH NUMBER -- IT LOOKS LIKE 81.  
3 IS THAT IN FRONT OF YOU?

4 A YES.

5 Q IS THAT AN ACCURATE DEPICTION OF ONE OF THE  
6 PROPERTIES?

7 A YES.

8 Q WHICH PROPERTY?

9 A AVENIDA DEL SOL.

10 MR. CROCKETT: MOVE TO ADMIT.

11 MR. RILEY: OBJECTION, CUMULATIVE AS TO THE OTHER  
12 PHOTOGRAPHS.

13 THE COURT: LET ME JUST HAVE A BIT MORE FOUNDATION.

14 MR. CROCKETT: OKAY.

15 Q HOW DO YOU KNOW THAT THIS IS AN ACCURATE  
16 DEPICTION OF THE PROPERTY?

17 A I'VE BEEN TO THIS LOCATION.

18 Q MORE THAN ONCE?

19 A YES.

20 Q AND THIS IS A PHOTOGRAPH TAKEN FROM THE STREET?

21 A YES.

22 Q AND IT'S ACCURATE IN EVERY REGARDS?

23 A YES.

24 MR. CROCKETT: MOVE TO ADMIT.

25 MR. RILEY: OBJECTION, VAGUE AS TO TIME.

26 Q BY MR. CROCKETT: AND IS THIS REPRESENTATIVE OF  
27 WHAT THE PROPERTY LOOKS LIKE TODAY?

28 A YES.

1 MR. CROCKETT: MOVE TO ADMIT.

2 THE COURT: ALL RIGHT. ADMITTED.

3

4 (EXHIBIT 81 WAS ADMITTED INTO EVIDENCE.)

5

6 Q BY MR. CROCKETT: SO CAN YOU EXPLAIN WHAT YOU  
7 KNOW ABOUT THIS PROPERTY?

8 MR. RILEY: OBJECTION, VAGUE, RELEVANCE.

9 THE COURT: OVER BROAD. SUSTAINED. WE'RE TALKING  
10 ABOUT EXHIBIT 81 NOW?

11 MR. CROCKETT: YES. EXHIBIT 81.

12 Q WHAT KIND OF WORK HAS BEEN DONE ON AVENIDA DEL  
13 SOL?

14 A GRADING. AND WE PAID BILLS FOR SEPTIC SYSTEM  
15 PUTTING IN. I HAVEN'T ACTUALLY SEEN IT, BUT I KNOW THAT WE  
16 PAID BILLS FOR SEPTIC LINES GOING IN.

17 Q SO IN OTHER WORDS, YOU PAID THE PLYAMS' BILLS  
18 FOR THAT?

19 MR. RILEY: OBJECTION, LEADING.

20 THE COURT: SUSTAINED.

21 Q BY MR. CROCKETT: WHO PAID THE PLYAMS' BILLS  
22 FOR THAT?

23 MR. RILEY: OBJECTION, LEADING, FOUNDATION.

24 THE COURT: SUSTAINED.

25 Q BY MR. CROCKETT: WERE THE PLYAMS' BILLS PAID?

26 MR. RILEY: OBJECTION, VAGUE.

27 Q BY MR. CROCKETT: WERE SEPTIC BILLS PAID?

28 A YES.

1 Q BY WHOM?

2 A BY PRECISION.

3 Q AND IS THERE A HOUSE ON THE PROPERTY?

4 A NO.

5 Q IS THERE ANY DEVELOPMENT OTHER THAN A SEPTIC  
6 SYSTEM?

7 A JUST THE GRADING.

8 Q ANY PROBLEMS YOU SEE WITH FUTURE DEVELOPMENT?

9 MR. RILEY: OBJECTION, RELEVANCE, FOUNDATION.

10 THE COURT: SUSTAINED.

11 Q BY MR. CROCKETT: WELL, HAVE YOU DONE AN  
12 ANALYSIS OF EACH ONE OF THE PROPERTIES TO DETERMINE WHETHER  
13 THEY SHOULD BE DEVELOPED OR HELD?

14 MR. RILEY: OBJECTION, YOUR HONOR. CAN WE APPROACH?

15 THE COURT: OKAY.

16

17 (WHEREUPON THE FOLLOWING PROCEEDINGS

18 WERE HELD AT SIDEBAR:)

19

20 MR. RILEY: IT APPEARS THAT MR. CROCKETT IS JUST GOING  
21 TO GO DOWN PROPERTY BY PROPERTY AND SAY ALL THE PROBLEMS WITH  
22 THE PROPERTIES. THAT'S NOT RELEVANT TO THE CLAIMS HERE.  
23 THERE'S NO FOUNDATION. IT'S JUST HEARSAY.

24 THE COURT: WELL --

25 MR. CROCKETT: IT GOES STRAIGHT TO MITIGATION. HE HAS  
26 TO EXPLAIN WHY IT'S SITTING THERE AND NOTHING'S BEEN DONE.  
27 IT'S THE OWNER TESTIFYING.

28 THE COURT: OKAY. WELL, CERTAINLY TALKING ABOUT THE

1     CONDITION OF THE PROPERTY THAT IT IS NOW IN, THAT'S ALLOWED.

2             MR. RILEY:    I UNDERSTAND THAT.

3             MR. CROCKETT:  BUT HE HAS TO EXPLAIN WHY IT'S NOT BEEN  
4     DEVELOPED.

5             THE COURT:    OKAY.    WHAT DO YOU SAY TO THAT?

6             MR. RILEY:    WELL, THE OWNER -- AND HE WASN'T THE  
7     OWNER.  HE WASN'T A PLAINTIFF PRESIDENT UNTIL A YEAR LATER.

8             MR. CROCKETT:  NO.    THAT'S NOT TRUE.

9             THE COURT:    WELL, IT DOESN'T MATTER.  HE'S THE OWNER.

10            MR. RILEY:    ANYWAY, THE REASONS FOR NOT DEVELOPING IT  
11     AREN'T IMPORTANT.  ALL HE'S GOING TO SAY IS A BUNCH OF  
12     HEARSAY, THAT SOMEBODY TOLD HIM.  THAT'S GETTING IT IN THROUGH  
13     THE BACKDOOR.

14            MR. CROCKETT:  WHEN IT COMES TO EVIDENCE, THE OWNER  
15     HAS A RIGHT TO TESTIFY TO HIS OPINION AS TO THE CONDITION OF  
16     THE PROPERTY.

17            THE COURT:    I SAID IT WAS FAIR GAME TO TELL WHAT THE  
18     CONDITION OF THE PROPERTY IS IN NOW.

19            MR. CROCKETT:  AND WHAT HE PLANS TO DO WITH IT.

20            MR. RILEY:    BUT THAT IS NOT RELEVANT.

21            MR. CROCKETT:  WELL, BECAUSE THEY'VE BEEN ASKING A LOT  
22     OF QUESTIONS ABOUT WHY YOU HAVEN'T DONE ANYTHING AND THEY  
23     ASSUMED YOU'VE DONE NOTHING TO DEVELOP THEM, WHY NOT, AND HE'S  
24     GOING TO EXPLAIN WHY NOT.

25            MR. RILEY:    I HAVEN'T GONE DOWN THAT ROAD.  I SAID YOU  
26     HAVEN'T DEVELOPED IT.  THAT WAS THE END OF THAT LINE OF  
27     QUESTIONING.

28            THE COURT:    HE'S NOT ARGUING MITIGATION BECAUSE --

1 MR. CROCKETT: YES, HE IS.

2 THE COURT: WAIT. TELL ME NOW, MR. RILEY, ARE YOU  
3 ARGUING MITIGATION?

4 MR. RILEY: THERE IS NO MITIGATION IN THIS CASE. THIS  
5 CASE IS A CONVERSION CASE, AND IF THERE ARE NO DAMAGES FROM  
6 THE VALUES OF THE PROPERTIES, THERE IS NO MITIGATION.

7 THE COURT: OKAY. SO YOU'RE NOT GOING TO ARGUE  
8 ANYTHING ABOUT MITIGATION?

9 MR. RILEY: NO.

10 MR. CROCKETT: LET ME UNDERSTAND. THERE IS AN  
11 AFFIRMATIVE DEFENSE OF FAILURE TO MITIGATE. IS HE WAIVING  
12 THAT AFFIRMATIVE DEFENSE?

13 MR. RILEY: THERE IS NO AFFIRMATIVE DEFENSE AT THIS  
14 POINT BECAUSE THERE ARE NO DAMAGES TO AFFIRMATIVELY MITIGATE.

15 MR. CROCKETT: THAT'S CORRECT.

16 THE COURT: SO THE ANSWER IS YES.

17 MR. CROCKETT: THE ANSWER IS YES? ARE YOU WAIVING?

18 MR. RILEY: WHAT I STATED IS THERE ARE NO DAMAGES IN  
19 CONVERSION. IN THE CONVERSION CLAIM, THERE ARE NO DAMAGES SO  
20 THERE'S NOTHING TO MITIGATE.

21 MR. CROCKETT: THERE ARE DAMAGES.

22 THE COURT: WAIT, WAIT. HE CAN ARGUE HIS DAMAGES.

23 MR. CROCKETT: YEAH.

24 THE COURT: SO IF YOU'RE NOT GOING TO ARGUE  
25 MITIGATION, THEN, YES, WE'LL KEEP IT OUT.

26 MR. RILEY: OKAY.

27 MR. CROCKETT: OKAY.

28 THE COURT: SO WE'LL KEEP IT OUT.



1

2

(WHEREUPON THE FOLLOWING PROCEEDINGS WERE

3

HELD IN OPEN COURT IN THE PRESENCE OF THE

4

JURY:)

5

6

MR. CROCKETT: LET'S MOVE ON TO EXHIBIT 82.

7

Q ARE THOSE PICTURES REPRESENTATIVE OF THE

8

CONDITION OF BENEDICT CANYON TODAY?

9

A YES.

10

Q AND HAVE YOU PERSONALLY VISITED BENEDICT CANYON

11

MANY TIMES?

12

A YES.

13

Q HAVE YOU WALKED ALMOST EVERY FOOT OF THAT?

14

A YES.

15

Q AND HAVE YOU LOOKED IN HOLES AND TRENCHES IN

16

BENEDICT CANYON?

17

A YES.

18

Q AND HAVE YOU LOOKED AT REBAR AND THE OTHER

19

THINGS THAT ARE ON THE PREMISES?

20

A YES.

21

Q AND ARE THESE PHOTOS FAIRLY REPRESENTATIVE OF

22

WHAT YOU'VE SEEN AND WHAT APPEARS TO BE THERE TODAY?

23

MR. RILEY: I HAVE NO OBJECTION TO THE PHOTOS. THE

24

ONLY OBJECTION IS CUMULATIVE TO ALL THE OTHER PHOTOS THAT ARE

25

IN. I HAVE NO OTHER OBJECTION TO THAT.

26

THE COURT: LET'S MAKE IT CLEAR. THEY'RE DIFFERENT

27

PHOTOS; CORRECT?

28

MR. CROCKETT: RIGHT. MOVE TO ADMIT 82.

1 THE COURT: ALL RIGHT. OTHER THAN CUMULATIVE?

2 MR. RILEY: NO OBJECTION.

3 THE COURT: ALL RIGHT. ADMITTED.

4

5 (EXHIBIT 82 WAS ADMITTED INTO EVIDENCE).

6

7 Q BY MR. CROCKETT: ALL RIGHT. BENEDICT CANYON,  
8 THAT MEANS IT'S ON BENEDICT CANYON; RIGHT?

9 A IT ACTUALLY HAS A BEVERLY HILLS ADDRESS IN L.A.

10 Q SO IT'S IN LOS ANGELES WITH A BEVERLY HILLS  
11 ADDRESS?

12 A CORRECT.

13 Q AND CAN YOU DESCRIBE WHAT YOU SEE HERE ON THIS  
14 PICTURE?

15 MR. RILEY: OBJECTION. THE PICTURE SPEAKS FOR ITSELF.

16 Q BY MR. CROCKETT: CAN YOU DESCRIBE THE  
17 CONDITION OF THE PREMISES USING THIS PICTURE?

18 MR. RILEY: OBJECTION, SPEAKS FOR ITSELF.

19 THE COURT: OVERRULED.

20 Q BY MR. CROCKETT: YOU GOT YOUR POINTER?

21 THE COURT: OVERRULED. YOU CAN ANSWER.

22 THE WITNESS: THERE'S A RETAINING WALL THAT'S ON THIS  
23 SIDE (INDICATING), AND UP IN THE BACK (INDICATING), THERE ARE  
24 CAISSON DRILLED HOLES THAT DON'T HAVE CAISSONS IN THEM YET,  
25 JUST HOLES THAT ARE READY FOR CAISSON WORK.

26 BUT THE FOUNDATIONS AREN'T COMPLETE. IT'S IN  
27 THE, I WOULD SAY, EARLY STAGES.

28 Q BY MR. CROCKETT: AND WHEN YOU TOOK OVER

1 CONTROL OF THE PROPERTY, WERE THE HOLES JUST LEFT OPEN?

2 A THERE WAS A BOARD OVER THE HOLE.

3 Q AND IS THIS ANOTHER PICTURE OF -- 81-2, ANOTHER  
4 PHOTO?

5 MR. RILEY: WAIT.

6 THE COURT: THERE IS NO 81-2.

7 THE CLERK: WE'RE TALKING ABOUT 82; CORRECT?

8 MR. CROCKETT: 82. 82-2.

9 MR. RILEY: I DON'T HAVE 82-2.

10 THE COURT: NO. THERE'S NO 82-2.

11 MR. CROCKETT: I THINK WE -- WELL --

12 I PROVIDED COUNSEL WITH THIS EXHIBIT. WE'LL DO  
13 IT AGAIN.

14 MR. RILEY: I HAVE THE EXACT SAME BINDER HERE,  
15 COUNSEL.

16 MR. CROCKETT: ALL RIGHT. SO WE'LL GO WITH THAT ONE  
17 SHOT. JUST 82-1.

18 Q ALL RIGHT. TAKE A LOOK AT 83.

19 A UM-HMM.

20 Q WHAT DOES 83 REPRESENT?

21 MR. RILEY: NO OBJECTION.

22 THE WITNESS: FRANKLIN.

23 Q BY MR. CROCKETT: AND CAN YOU EXPLAIN USING  
24 THIS PHOTOGRAPH THE CONDITION OF THE PROPERTY?

25 A YEAH. THE RETAINING WALLS ARE IN AND SOME OF  
26 THE -- A LOT OF THE FOUNDATION (INDICATING), AND THERE'S STILL  
27 SOME REMEDIATION WORK THAT NEEDS TO BE DONE BEFORE WE CAN  
28 ACTUALLY --

1 MR. RILEY: OBJECTION, NONRESPONSIVE, MOVE TO STRIKE.

2 THE COURT: SUSTAINED. WELL, THE ANSWER UP TO NOW IS  
3 IN. BUT ASK THE NEXT QUESTION.

4 Q BY MR. CROCKETT: ARE THERE PROBLEMS WITH THE  
5 PROPERTY REQUIRING SOME SORT OF WORK THAT NEEDS TO BE DONE  
6 BEFORE YOU DO ANYTHING WITH IT?

7 MR. RILEY: OBJECTION, LEADING, RELEVANCE, FOUNDATION.

8 THE COURT: SUSTAINED.

9 Q BY MR. CROCKETT: WHAT REMEDIATION WORK NEEDS  
10 TO BE DONE?

11 MR. RILEY: OBJECTION, LEADING, RELEVANCE.

12 THE COURT: SUSTAINED.

13 Q BY MR. CROCKETT: DOES THE PROPERTY HAVE ANY  
14 PROBLEMS?

15 MR. RILEY: SAME OBJECTION.

16 THE COURT: WELL, LET'S APPROACH.

17

18 (WHEREUPON THE FOLLOWING PROCEEDINGS

19 WERE HELD AT SIDEBAR:)

20

21 MR. RILEY: I THOUGHT WE JUST COVERED THIS?

22 THE COURT: ALL HE NEEDS TO DO IS DESCRIBE THE  
23 CONDITION OF THE PROPERTY PERIOD. RIGHT?

24 MR. CROCKETT: YEAH.

25 THE COURT: OKAY.

26 MR. CROCKETT: THANK YOU.

27 ///

28 ///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
2 HELD IN OPEN COURT IN THE PRESENCE OF THE  
3 JURY:)

4

5 Q BY MR. CROCKETT: SO HAVE YOU COMPLETED YOUR  
6 DESCRIPTION OF THE PROPERTY CONDITIONS?

7 A YES.

8 Q SO THERE'S NOT A HOUSE ON THERE; RIGHT?

9 A NO.

10 THE COURT: 83 IS IN EVIDENCE; YES?

11 MR. RILEY: YES.

12

13 (EXHIBIT 83 WAS ADMITTED INTO EVIDENCE.)

14

15 Q BY MR. CROCKETT: THE NEXT ONE I WOULD LIKE YOU  
16 TO LOOK AT IS EXHIBIT 84.

17 MR. RILEY: NO OBJECTION TO ADMISSION.

18 THE COURT: ALL RIGHT.

19

20 (EXHIBIT 84 WAS ADMITTED INTO EVIDENCE.)

21

22 Q BY MR. CROCKETT: WHAT'S THIS PROPERTY?

23 A LAUREL TERRACE.

24 Q AND IT LOOKS KIND OF VACANT; RIGHT?

25 A IT'S A VACANT LOT.

26 Q KIND OF STEEP; RIGHT?

27 A IT'S A VERY STEEP HILL.

28 Q AND DESCRIBE WHAT YOU KNOW ABOUT IT?

1           A           IT'S ON A CORNER LOT AND IT'S A STEEP HILL  
2   BASICALLY.

3           Q           OKAY.   NEXT PHOTO IS EXHIBIT 85 DOES THAT  
4   REPRESENT A PROPERTY?

5           MR. RILEY:   WHICH ONE ARE YOU ON, COUNSEL?

6           MR. CROCKETT:   85.

7           THE WITNESS:   YES.

8           Q           BY MR. CROCKETT:   WHICH PROPERTY?

9           A           LAURELMONT.

10          Q           I APOLOGIZE, THERE'S A MISSPELLING ON THERE.  
11   BUT LET'S TAKE A LOOK AT THAT.   CAN YOU DESCRIBE THE PROPERTY  
12   CONDITION?

13          A           IT'S AN EMPTY LOT.

14          Q           NO HOUSE ON IT?

15          A           THERE'S NO HOUSE ON IT, NO.

16          Q           LET'S LOOK AT EXHIBIT 86.

17          THE COURT:   OKAY.   THAT'S ADMITTED AS WELL.

18          MR. CROCKETT:   OKAY.

19          MR. RILEY:   NO OBJECTION, YOUR HONOR.   NO OBJECTION TO  
20   86 EITHER.

21

22                           (EXHIBITS 85 AND 86 WERE ADMITTED INTO  
23                           EVIDENCE.)

24

25          Q           BY MR. CROCKETT:   WHAT'S THAT?

26          A           THAT'S LIBBIT.

27          Q           JUST A VACANT LOT?

28          A           YEAH.   THERE WAS AN APARTMENT BUILDING THERE

1 APPARENTLY. I NEVER SAW THE APARTMENT BUILDING, BUT THAT IS  
2 WHAT THE RECORDS SHOW.

3 Q AND THE PROPERTY BUILDING WAS DERIVING INCOME?

4 A YES.

5 Q AND WHAT HAPPENED TO THAT BUILDING?

6 A IT WAS RAZED.

7 Q ANY WORK BEEN DONE ON THAT PROPERTY OTHER THAN  
8 MAKE IT VACANT?

9 MR. RILEY: OBJECTION, FOUNDATION.

10 THE COURT: WELL, TO YOUR KNOWLEDGE. OVERRULED.

11 THE WITNESS: NOT THAT I KNOW OF.

12 Q BY MR. CROCKETT: NEXT PROPERTY I'D LIKE YOU TO  
13 LOOK AT IS EXHIBIT 87. IS THAT LORAE?

14 A THAT IS LORAE.

15 MR. CROCKETT: MOVE TO ADMIT.

16 MR. RILEY: NO OBJECTION.

17 THE COURT: ALL RIGHT.

18

19 (EXHIBIT 87 WAS ADMITTED INTO EVIDENCE.)

20

21 Q BY MR. CROCKETT: AND CAN YOU DESCRIBE THE  
22 PROPERTY CONDITIONS THERE?

23 A THIS IS PROBABLY THE STEEPEST OF THE HILLS, AND  
24 WE HAD A PROBLEM WITH IT FALLING DOWN. WE HAD TO SHORE IT UP.

25 Q SO WHEN IT WAS TURNED OVER TO YOU, IT WAS  
26 FALLING DOWN?

27 A YES. IT WAS IN NEED OF REPAIR.

28 Q AND WERE THERE OTHER CONDITIONS YOU CAN

1 DESCRIBE THERE?

2 MR. RILEY: OBJECTION, RELEVANCE, FOUNDATION.

3 THE COURT: OVERRULED.

4 THE WITNESS: THERE WASN'T A LOT OF WORK DONE OTHER  
5 THAN -- I DON'T REMEMBER. THERE WAS A LOT OF CONCRETE WORK  
6 THERE, BUT IT'S MOSTLY JUST A HILLSIDE WITH SOME WORK DONE ON  
7 IT, SOME GRADING WORK, MAYBE A CAISSON.

8 Q BY MR. CROCKETT: AND THERE'S CERTAINLY NOT A  
9 HOUSE THERE; RIGHT?

10 A NO.

11 Q THE NEXT PROPERTY I'D LIKE YOU TO LOOK AT IS  
12 89. DOES THAT LOOK LIKE A PROPERTY TO YOU?

13 A YEAH. THAT'S NATOMA.

14 MR. CROCKETT: MOVE TO ADMIT.

15 MR. RILEY: NO OBJECTION.

16

17 (EXHIBIT 89 WAS ADMITTED INTO EVIDENCE.)

18

19 Q BY MR. CROCKETT: WILL YOU DESCRIBE THAT  
20 PROPERTY?

21 A YEAH. IT'S A HORSESHOE-SHAPED PROPERTY THAT  
22 ACTUALLY WINDS UP, AND THERE'S TWO -- THERE'S PLACES FOR TWO  
23 HOMES TO BE BUILT. IT'S A LONG DRIVE. IT'S BASICALLY EMPTY  
24 LOTS. THERE'S -- ACCORDING TO OUR BILLS, THERE WAS A FIRE  
25 HYDRANT PUT IN BECAUSE APPARENTLY IT'S -- YOU NEED ACCESS TO  
26 THE FIRE HYDRANT AND ONE OF THE PLOTS ISN'T CLOSE ENOUGH TO  
27 THE STREET, SO A FIRE HYDRANT WAS PUT IN.

28 Q OKAY. AND IS THERE A HOUSE ON THAT?



1 A NO.

2 Q TAKE A LOOK AT 90. DOES THAT LOOK LIKE A  
3 PROPERTY TO YOU?

4 A THAT'S THE OTHER SIDE OF NATOMA -- OR WAIT.  
5 OKAY. NOT 90.

6 Q WHAT'S 90? I'M SORRY. TURN TO 90 TAB.

7 A OKAY. THAT'S NEWCOMB.

8 MR. CROCKETT: MOVE TO ADMIT.

9 MR. RILEY: NO OBJECTION.

10 THE COURT: ALL RIGHT.

11

12 (EXHIBIT 90 WAS ADMITTED INTO EVIDENCE.)

13

14 Q BY MR. CROCKETT: DESCRIBE WHAT YOU KNOW ABOUT  
15 NEWCOMB?

16 A THIS IS -- DOESN'T HAVE ACCESS DIRECTLY TO THE  
17 ROAD. I MEAN, THERE'S ACCESS, I GUESS. THERE'S THAT PATH  
18 THAT COMES UP AND WE HAVE TO BUILD A LARGE DRIVEWAY OR A  
19 STREET TO GET TO THIS PROPERTY. AND THERE'S A CONCRETE SWALE  
20 THAT RUNS THROUGH THE MIDDLE OF THE PROPERTY.

21 Q SO YOU'RE SAYING IT'S NOT EVEN ON A ROAD?

22 A YEAH. YOU HAVE TO ACCESS IT THROUGH THAT DIRT  
23 ROAD.

24 Q AND DO YOU KNOW HOW FAR THE DIRT ROAD IS FROM  
25 THE STREET?

26 A I DON'T KNOW HOW LONG IT IS.

27 Q DO YOU KNOW IF THERE ARE UTILITIES OR ANYTHING  
28 UP TO THE PROPERTY?

1           A           THAT I'VE NEVER SEEN. I'M NOT SURE UNLESS  
2 THEY'RE BURIED.

3           Q           AND TAKE A LOOK AT 91. IT'S ALREADY IN.  
4 THE COURT: YES.

5           Q           BY MR. CROCKETT: DESCRIBE WHAT YOU KNOW ABOUT  
6 OAKFIELD. THIS IS TWO PAGES.

7           A           THERE'S A NUMBER OF LOTS THAT ARE EMPTY THAT  
8 ARE ON THIS LEDGE, AND THEY HAVEN'T BEEN DEVELOPED. THEY  
9 HAVEN'T BEEN GRADED. THEY'RE JUST EMPTY LOTS.

10          Q           AND IS THAT YOUR FOR SALE SIGN THERE?

11          A           NO. I'M NOT SURE WHAT THAT IS. I KNOW THERE'S  
12 A NUMBER OF LOTS ADJACENT TO THE LOT WE OWN, AND I'M ASSUMING  
13 THAT'S A LOT ADJACENT TO OURS.

14          Q           TAKE A LOOK AT 92. WHAT'S 92?

15          A           IS SUMAC.

16          MR. CROCKETT: MOVE TO ADMIT.

17          MR. RILEY: NO OBJECTION.

18

19                       (EXHIBIT 92 WAS ADMITTED INTO EVIDENCE.)

20

21          Q           BY MR. CROCKETT: TELL ME WHAT YOU KNOW ABOUT  
22 SUMAC.

23          A           SUMAC HAS A LOT OF PROBLEMS IN THE BOTTOM.

24          MR. RILEY: OBJECTION, MOVE THE STRIKE, RELEVANCE.

25          THE COURT: SUSTAINED.

26          THE WITNESS: IT'S A SITE THAT HAS RETAINING WALLS IN  
27 AND A FOUNDATION.

28          Q           BY MR. CROCKETT: AND DID YOU HAVE TO DO ANY

1 WORK TO IT?

2 MR. RILEY: OBJECTION, RELEVANCE, LEADING.

3 THE COURT: WHY DON'T YOU APPROACH?

4

5 (WHEREUPON THE FOLLOWING PROCEEDINGS

6 WERE HELD AT SIDEBAR:)

7

8 THE COURT: TIMEFRAME?

9 MR. CROCKETT: DURING THE TIME HE WAS PRESIDENT, WHEN  
10 HE TOOK OVER.

11 THE COURT: WELL, I NEED MORE.

12 MR. RILEY: HE'S TRYING TO BACKDOOR PROBLEMS.

13 THE COURT: OKAY.

14 MR. CROCKETT: I'LL ASK HIM --

15 THE COURT: IF THERE'S SOMETHING THAT HAD TO BE DONE  
16 WHEN THEY TOOK IT OVER.

17 MR. CROCKETT: I'LL ASK HIM.

18

19 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE

20 HELD IN OPEN COURT IN THE PRESENCE OF THE

21 JURY:)

22

23 Q BY MR. CROCKETT: WAS THERE SOMETHING THAT  
24 NEEDED TO BE DONE TO SUMAC RIGHT WHEN IT WAS TAKEN OVER?

25 MR. RILEY: OBJECTION, LEADING.

26 THE COURT: OVERRULED. FOUNDATION.

27 THE WITNESS: THE -- JUST THE GENERAL CLEAN UP THAT  
28 I'M AWARE OF.

1 Q BY MR. CROCKETT: OKAY. TAKE A LOOK AT 94.  
2 WHAT'S 94?

3 A IS THAT UHEA?

4 Q NO. 94. THE NEXT ONE.

5 A 94. OKAY.

6 MR. RILEY: OBJECTION, COUNSEL IS TESTIFYING.

7 THE WITNESS: VIEWMONT.

8 MR. CROCKETT: MOVE TO ADMIT.

9 MR. RILEY: NO OBJECTION.

10 THE COURT: ALL RIGHT.

11

12 (EXHIBIT 94 WAS ADMITTED INTO EVIDENCE.)

13

14 Q BY MR. CROCKETT: EXPLAIN WHAT YOU KNOW ABOUT  
15 VIEWMONT.

16 A VIEWMONT HAS RETAINING WALLS IN IT, AS YOU CAN  
17 SEE, AND THEN IT HAS A SIDE RETAINING WALL THAT IS NOT  
18 FINISHED YET AND HAS A FOUNDATION.

19 Q TAKE A LOOK AT 95, EXHIBIT 95. WHAT'S THAT?

20 A THAT'S GENTRY.

21 MR. CROCKETT: MOVE TO ADMIT.

22 MR. RILEY: NO OBJECTION.

23 THE COURT: ALL RIGHT.

24

25 (EXHIBIT 95 WAS ADMITTED INTO EVIDENCE.)

26

27 Q BY MR. CROCKETT: NOW, IT'S A LITTLE HARD TO  
28 SEE IN THIS LIGHT. IS GENTRY A FLAT LOT?

1           A           YEAH.    GENTRY IS A FLAT LOT FOR THE FOUR-PLEX  
2 CONDO.   YEAH, IT WOULD BE EASY -- AN EASIER PROPERTY TO BUILD  
3 ON.

4           Q           IS THERE ANYTHING IN THE BACKGROUND THERE?

5           A           THAT IS ANOTHER -- I BELIEVE AN APARTMENT  
6 COMPLEX.

7           Q           BUT THAT'S NOT PART OF GENTRY?

8           A           NO.    GENTRY IS JUST AN EMPTY LOT.

9           Q           WAS THERE ANY PHYSICAL DEVELOPMENT OF GENTRY AT  
10 ALL?

11          A           NO.

12          Q           SO ALL THESE PROPERTIES I'VE SHOWN YOU ARE THE  
13 ONES YOU UNDERSTAND ARE IN PRECISION'S NAME?

14           MR. RILEY:   OBJECTION, LEADING.

15           THE COURT:   FOUNDATION.   OVERRULED.

16          Q           BY MR. CROCKETT:   I'VE SHOWN YOU -- LET ME  
17 RESTATE IT.   I'VE SHOWN YOU BENEDICT CANYON, FRANKLIN, LAUREL  
18 TERRACE, LAURELMONT, LIBBIT, LORAE, NATOMA, NEWCOMB, OAKFIELD,  
19 SUMAC, VIEWMONT, AND GENTRY.   DO YOU UNDERSTAND THAT -- AND  
20 AVENIDA DEL SOL.   DO YOU UNDERSTAND THAT ALL OF THOSE ARE IN  
21 THE NAME OF PRECISION?

22          A           YES.

23          Q           NOW, I'D LIKE TO SHOW YOU EXHIBIT 104, WHICH  
24 MAY BE IN THE NEXT BINDER.   AND I'M JUST GOING TO ASK YOU  
25 ABOUT THE FIRST PAGE.

26           MR. RILEY:   OBJECTION, RELEVANCE.

27           THE COURT:   OVERRULED.

28          Q           BY MR. CROCKETT:   WHAT'S EXHIBIT 104?

1 MR. RILEY: OBJECTION, FOUNDATION.

2 THE COURT: WELL, TO YOUR KNOWLEDGE. OVERRULED.

3 THE WITNESS: THE INSIDE OF BEVERLY HILLS ROXBURY  
4 PROPERTY.

5 Q BY MR. CROCKETT: MAYBE -- I GOT TO MAKE SURE I  
6 GOT THE RIGHT PHOTO YOU'RE LOOKING AT. JUST A SECOND HERE.  
7 IT'S 104-11. LOOK AT PAGE 11. THAT'S THE ONLY ONE I'M  
8 SEEKING TO ADMIT.

9 A OKAY.

10 THE COURT: ALL RIGHT.

11 MR. CROCKETT: MOVE TO ADMIT.

12 MR. RILEY: OBJECTION, RELEVANCE, FOUNDATION.

13 CAN WE APPROACH?

14 MR. CROCKETT: I'LL ASK HIM IF HE'S SEEN IT.

15 THE COURT: ALL RIGHT. WELL, APPROACH.

16

17 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
18 HELD AT SIDEBAR:)

19

20 MR. RILEY: WHEN THEY TOOK OVER PRECISION, THIS  
21 PROPERTY WAS STICKS AND DIRT, AND NOW THEY'RE SHOWING  
22 SOMETHING THAT WAS FINISHED A YEAR AND A HALF AFTER THEY TOOK  
23 OVER PRECISION. IT'S IRRELEVANT. THEY JUST WANT TO SHOW  
24 ASSETS, AND IT'S PREJUDICIAL. IT HAS NOTHING TO DO WITH THIS  
25 CASE.

26 MR. CROCKETT: WELL, WE'LL ARGUE THIS IS THE CONDITION  
27 IT WAS IN. I'LL ASK HIM THE CONDITION IT IS IN TODAY AND ASK  
28 HIM WHAT CONDITION IT WAS IN WHEN HE TOOK OVER.

1 THE COURT: WELL, IT'S TANGENTIALLY RELEVANT, AND I  
2 KNOW YOU DISAGREE, BUT THAT'S PART OF HIS CASE. THAT MONEY  
3 WAS SPENT ON ROXBURY.

4 MR. RILEY: BUT NOT THIS ONE HE'S SHOWING. HE'S  
5 PURPOSELY WANTING TO MISLEAD.

6 THE COURT: WELL, YOU CAN CROSS.

7 MR. RILEY: I SHOULDN'T HAVE TO COME BACK. HE NEVER  
8 SAW IT WHEN THEY TOOK IT OVER. THIS IS A YEAR AND A HALF FROM  
9 WHEN THEY TOOK OVER.

10 THE COURT: MAKE IT CLEAR, WHEN HE FIRST SAW IT, ET  
11 CETERA, BUT I'LL ALLOW IT.

12 MR. CROCKETT: OKAY.

13

14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
15 HELD IN OPEN COURT IN THE PRESENCE OF THE  
16 JURY:)

17

18 Q BY MR. CROCKETT: SO WHEN YOU WERE THERE WITH  
19 MR. PARLATO IN JANUARY OF 2008, DID YOU GO BY THE ROXBURY  
20 PROPERTY?

21 A YES.

22 Q AND SO YOU SAW THE CONDITION IT WAS IN?

23 A CORRECT.

24 Q AND WHERE WAS ROXBURY LOCATED?

25 A IN THE FLATS IN BEVERLY HILLS CLOSE TO RODEO  
26 DRIVE AND THE BEVERLY HILLS HILTON.

27 Q AND WHAT CONDITION WAS ROXBURY IN WHEN YOU SAW  
28 IT FIRST?

1           A           IT WAS FRAMED AND LOOKED LIKE A HOUSE WAS  
2 COMPLETE AS FAR AS THE FRAMING GOES.

3           Q           AND --

4           A           IT HAD A ROOF ON IT.

5           Q           AND THE ROOF WAS ON IT. WAS THE TILE ON IT OR  
6 JUST THE UNDER ROOF?

7           A           YOU KNOW MI DON'T RECALL IF THERE WERE TILES.

8           Q           ALL RIGHT. AND SO EXHIBIT 104-11, IS THAT THE  
9 CONDITION OF ROXBURY TODAY?

10          A           YES.

11          Q           AND HAVE YOU SEEN THE CONDITION TODAY YOURSELF?

12          A           YES.

13          MR. CROCKETT: MOVE TO ADMIT.

14          MR. RILEY: RELEVANCE, 352.

15          THE COURT: OVERRULED.

16

17                       (EXHIBIT 104-11 WAS ADMITTED INTO EVIDENCE.)

18

19          Q           BY MR. CROCKETT: SO THIS IS A SHOT OF AT LEAST  
20 A PART OF THE PLYAMS' HOUSE IN BEVERLY HILLS?

21          A           CORRECT.

22          Q           AND THERE'S BEEN SOME CLAIM BY THE PLYAMS THAT  
23 YOU SOMEHOW GOT BEHIND THAT GATE AND GOT INTO THE GARBAGE CAN  
24 AREA; IS THAT TRUE?

25          A           NO.

26          Q           SO THE ONLY THING YOU'VE EVER DONE IS LOOK AT  
27 IT FROM THE STREET SIDE?

28          A           CORRECT.



1 Q AND LET ME ASK YOU TO LOOK AT EXHIBIT 103.

2 MR. RILEY: YOUR HONOR, DO YOU MIND IF WE TOOK A  
3 BATHROOM BREAK?

4 THE COURT: ALL RIGHT.

5 LADIES AND GENTLEMEN, WE'LL TAKE OUR MORNING  
6 RECESS NOW.

7 SO, AGAIN, DON'T TALK ABOUT THE CASE AMONGST  
8 YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT THE CASE UNTIL  
9 YOU'VE HEARD ALL THE EVIDENCE.

10 ABOUT 10 MINUTES. ABOUT 20 AFTER 11:00, MEET  
11 OUTSIDE.

12

13 (A RECESS WAS TAKEN AT THIS TIME.)

14

15 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
16 HELD IN OPEN COURT IN THE PRESENCE OF THE  
17 JURY:)

18

19 THE COURT: ALL RIGHT. LADIES AND GENTLEMEN, EVERYONE  
20 IS BACK.

21 THE JURORS AND ALTERNATES ARE PRESENT. COUNSEL  
22 ARE PRESENT. THE PARTIES ARE PRESENT.

23 MR. DEL NEGRO, YOU'RE STILL UNDER OATH;  
24 UNDERSTAND?

25 THE WITNESS: SURE.

26 THE COURT: ALL RIGHT. YOU MAY CONTINUE, MR.  
27 CROCKETT.

28 ///

1 DIRECT EXAMINATION (CONT'D)

2 BY MR. CROCKETT:

3 Q WHAT IS EXHIBIT 103?

4 A ALONZO.

5 MR. CROCKETT: MOVE TO ADMIT.

6 MR. RILEY: NO OBJECTION.

7 THE COURT: ALL RIGHT.

8

9 (EXHIBIT 103 WAS ADMITTED INTO EVIDENCE.)

10

11 Q BY MR. CROCKETT: DESCRIBE WHAT YOU SEE THERE.

12 A THAT'S THE WALL, RETAINING WALL TO THE STREET

13 UP ON THE RIGHT AND PART OF THE HOUSE, THE HOME.

14 Q IS THIS ONE OF THE PLYAM PROPERTIES?

15 A YES.

16 Q AND SO THE HOUSE IS ON THE LEFT?

17 A YES.

18 Q AND THE STREET'S TO THE RIGHT?

19 A CORRECT.

20 Q AND IS THE DRIVE -- I TAKE IT THE DRIVEWAY IS

21 NOT INSTALLED YET?

22 A CORRECT.

23 Q TAKE A LOOK AT EXHIBIT 102. WHAT'S THAT?

24 A WANDA PARK.

25 MR. CROCKETT: MOVE TO ADMIT.

26 MR. RILEY: NO OBJECTION.

27 THE COURT: ALL RIGHT.

28

1 (EXHIBIT 102 WAS ADMITTED INTO EVIDENCE.)

2

3 Q BY MR. CROCKETT: WHAT'S THERE?

4 A WELL, THIS IS AN OLD PICTURE. ON THE RIGHT,  
5 THERE'S A HOME THERE NOW.

6 Q AND WHO OWNS THIS PROPERTY?

7 A PLYAMS.

8 Q BOTH SIDES?

9 A YES.

10 MR. RILEY: OBJECTION, FOUNDATION.

11 MR. CROCKETT: HAS THIS -

12 THE COURT: OVERRULED.

13 Q BY MR. CROCKETT: HAS THIS BEEN FORECLOSED  
14 UPON?

15 A YES.

16 Q AND THE PRIOR PROPERTY ALONZO WAS FORECLOSED  
17 UPON?

18 A CORRECT.

19 Q SO THIS IS WHAT IT LOOKED LIKE WHEN YOU TOOK  
20 OVER?

21 A CORRECT.

22 Q AND ARE THESE RETAINING WALLS AND FOUNDATIONS  
23 OR WHAT ARE WE LOOKING AT?

24 A YEAH. I BELIEVE THOSE -- YOU SEE THOSE  
25 RETAINING WALLS AND THEN THERE'S FOUNDATION ON THE LEFT. I  
26 DON'T BELIEVE THE RIGHT-HAND ONE THE FOUNDATIONS WERE  
27 COMPLETE.

28 Q LET'S LOOK AT EXHIBIT 93. I THINK THAT MAY BE

1 IN THE OTHER BINDER. I'M NOT SURE.

2 OKAY. WHAT'S EXHIBIT 93?

3 A HOME AT UHEA.

4 MR. CROCKETT: MOVE TO ADMIT.

5 MR. RILEY: NO OBJECTION.

6 THE COURT: ALL RIGHT.

7

8 (EXHIBIT 93 WAS ADMITTED INTO EVIDENCE.)

9

10 Q BY MR. CROCKETT: IS THIS ANOTHER ONE OF THE  
11 PLYAMS' PROPERTIES?

12 A YES.

13 Q AND ARE YOU ALSO -- ARE YOU LOOKING AT MORE  
14 THAN JUST THE PLYAMS' PROPERTIES?

15 A YEAH. ACTUALLY, THIS IS -- OVER HERE  
16 (INDICATING) THERE'S LOTS THAT RUN DOWN THE HILL. SO THERE'S  
17 A HILL. THIS IS AT THE TOP OF THE HILL AND THE HILL RUNS  
18 DOWN, AND THESE ARE THE PRECISION PROPERTIES. THEY'RE EMPTY  
19 LOTS.

20 Q SO WHAT WE'RE LOOKING AT IS THE PLYAMS'  
21 PROPERTY HAS A HOUSE ON IT AND THE PRECISION'S ARE VACANT?

22 MR. RILEY: OBJECTION, LEADING, ARGUMENTATIVE.

23 THE COURT: REPHRASE. SUSTAINED.

24 Q BY MR. CROCKETT: WHAT'S THE CURRENT CONDITION  
25 OR CURRENT CONDITION OF THESE PROPERTIES? DO YOU KNOW?

26 MR. RILEY: OBJECTION, VAGUE.

27 THE COURT: OVERRULED.

28 THE WITNESS: THE HOME IS SITTING ON TWO LOTS, SO

1 THOSE TWO LOTS WHERE THE HOME IS WAS THE PLYAMS' AND IT WAS  
2 FORECLOSED UPON, AND THEN THERE'S THREE LOTS ON THIS SIDE  
3 (INDICATING), DOWN THE HILL. THOSE THREE LOTS ARE PRECISION  
4 PROPERTIES THAT ARE EMPTY, VACANT.

5 Q BY MR. CROCKETT: CAN I ASK YOU TO LOOK AT  
6 EXHIBIT 97?

7 A OKAY.

8 Q AND I'M ONLY GOING TO ASK YOU TO LOOK AT THE  
9 FRONT PAGE OR THE SECOND PAGE, WHICH IS -2, 97-2.

10 WHAT'S 97-2?

11 A IT'S THE PLYAMS' RENTAL PROPERTY AT LAKE  
12 ARROWHEAD.

13 MR. CROCKETT: MOVE TO ADMIT.

14 MR. RILEY: RELEVANCE, 352, FOUNDATION.

15 THE COURT: WELL, LAY THE FOUNDATION.

16 MR. CROCKETT: YEAH.

17 Q HAVE YOU BEEN TO THIS PROPERTY AT LAKE  
18 ARROWHEAD?

19 A YES.

20 Q AND DOES THIS FAIRLY REPRESENT WHAT IT LOOKED  
21 LIKE THE LAST TIME YOU WERE THERE?

22 A YES.

23 MR. CROCKETT: AND MOVE TO ADMIT.

24 MR. RILEY: RELEVANCY, 352.

25 THE COURT: OVERRULED.

26

27 (EXHIBIT 97-2 WAS ADMITTED INTO EVIDENCE.)

28

1 Q BY MR. CROCKETT: SO YOU SAID THAT THIS WAS A  
2 RENTAL PROPERTY. WHAT DID YOU MEAN BY THAT?

3 A WELL, THAT'S NOT THE HOME THAT THEY LIVE IN.

4 Q IN ARROWHEAD?

5 A RIGHT. THERE'S TWO HOMES THERE. ONE IS -- ONE  
6 THAT IS THEIR VACATION HOME, AND THIS ONE IS THE ONE THAT'S  
7 FOR RENTAL PROPERTY (INDICATING).

8 Q LET'S LOOK AT 101. I BELIEVE THIS IS ALREADY  
9 IN.

10 THE COURT: YES.

11 Q BY MR. CROCKETT: THIS IS THEIR PERSONAL  
12 RESIDENCE AT LAKE ARROWHEAD?

13 A CORRECT.

14 Q AND THIS SHOT I'M SHOWING IS A FRONT SHOT?

15 A YES.

16 Q AND THIS IS A BACK SHOT?

17 A CORRECT.

18 Q DO YOU KNOW IF YOU'RE PAYING ANY UTILITY BILLS  
19 ON THE PROPERTIES THAT WERE IN OR HAVE BEEN IN THE PLYAMS'  
20 NAMES?

21 MR. RILEY: OBJECTION, VAGUE, OVER BROAD.

22 THE COURT: SUSTAINED. REPHRASE.

23 Q BY MR. CROCKETT: YOU'VE HEARD REFERENCE OR  
24 SUGGESTION IN QUESTIONING THAT PRECISION HAS CONTINUED TO PAY  
25 THE UTILITY BILLS ON THE FORECLOSED PROPERTIES?

26 A YES.

27 Q DO YOU KNOW ANYTHING ABOUT THAT?

28 A NO, I DON'T.

1 Q ARE YOU INTENTIONALLY PAYING ANY UTILITY BILLS  
2 ON THOSE FORECLOSED PROPERTIES?

3 A NO.

4 Q ARE THERE CONTINUING BONDED OBLIGATIONS ON SOME  
5 OF THE PROPERTIES?

6 A YES.

7 MR. RILEY: OBJECTION, LEADING, VAGUE.

8 THE COURT: OVERRULED.

9 Q BY MR. CROCKETT: EXPLAIN THAT.

10 A TO MY UNDERSTANDING, I'M NOT A CONTRACTOR, BUT  
11 THE BONDS NEED TO BE COMPLETED OR NEED TO BE UPHELD UNTIL THE  
12 WORK IS COMPLETED. SO IF THERE'S A GRADING BOND WITH THE  
13 CITY, THEY WON'T RELEASE THE BOND UNTIL THE WORK IS FINISHED.  
14 SO WE HAVE BASICALLY STOPPED AND HALTED WORK, SO THOSE BONDS  
15 WON'T BE RELEASED.

16 Q AND DOES PRECISION CONTINUE TO HAVE LIABILITY  
17 ON THOSE BONDS?

18 MR. RILEY: OBJECTION, FOUNDATION, RELEVANCE.

19 THE COURT: OVERRULED.

20 THE WITNESS: YES.

21 Q BY MR. CROCKETT: NOW, WHEN YOU TOOK OVER IN  
22 2008, DID YOU -- DID CITIZENS PROPERTY EVER TAKE ANY ACTIONS  
23 AT ALL WITH RESPECT TO THE PROPERTIES THAT WERE IN THE PLYAMS'  
24 NAMES, WANDA PARK, ALONZO, AND UHEA?

25 A YES. CITIZENS PROPERTIES TOOK CARE OF ALL THE  
26 PROPERTIES TO MAKE SURE THAT THEY WERE SAFE AND THEY WERE  
27 GATED AND THEY WERE MAINTAINED.

28 Q NOW, WHY WOULD YOU SPEND MONEY ON THOSE THREE

1 PROPERTIES THAT WERE NOT IN PRECISION'S NAME?

2 A BECAUSE WE DIDN'T WANT TO BE SUED AND LIENED,  
3 PROPERTY LIENED, SO WE TOOK CARE OF ALL OF THOSE, AND ALSO  
4 JUST FOR THE SAFETY OF, YOU KNOW, WE'RE INVOLVED AND THE  
5 SAFETY AND SECURITY OF THOSE NEIGHBORHOODS.

6 Q WERE THESE PROPERTIES LEFT IN AN UNSAFE  
7 CONDITION?

8 MR. RILEY: OBJECTION, FOUNDATION, RELEVANCE, LEADING.

9 THE COURT: SUSTAINED.

10 Q BY MR. CROCKETT: DID YOU BECOME SATISFIED THAT  
11 CITIZENS PROPERTIES ADEQUATELY SECURED THESE PROPERTIES?

12 A YES.

13 Q AND BY HELPING TO SECURE THOSE PROPERTIES IN  
14 THE PLYAMS' NAME, DID YOU -- WERE YOU ATTEMPTING TO ASSERT  
15 CONTROL OVER THEM FOR OWNERSHIP PURPOSES?

16 MR. RILEY: OBJECTION, LEADING?

17 THE WITNESS: NO.

18 THE COURT: OVERRULED.

19 Q BY MR. CROCKETT: IF YOU HADN'T DONE SOMETHING  
20 TO PROTECT THOSE PROPERTIES, WHO WOULD HAVE DONE IT?

21 MR. RILEY: OBJECTION, RELEVANCE.

22 THE COURT: SUSTAINED.

23 Q BY MR. CROCKETT: DO YOU THINK THE PLYAMS WOULD  
24 HAVE STEPPED FORWARD TO PROTECT THOSE PROPERTIES?

25 MR. RILEY: OBJECTION, LEADING, FOUNDATION.

26 THE COURT: SUSTAINED.

27 Q BY MR. CROCKETT: DID YOU HAVE A DISPUTE WITH  
28 MR. PHELPS OVER SOME QUICKBOOK RECORDS?



1 MR. RILEY: OBJECTION, LEADING.

2 THE COURT: OVERRULED.

3 THE WITNESS: YES. HE -- WE DELAYED -- WE DIDN'T GIVE  
4 HIM THE QUICKBOOKS RIGHT AWAY FROM MONAGHAN AND MONAGHAN  
5 DELIVERED THEM TO HIM AFTER A MONTH OR TWO, SOMETHING LIKE  
6 THAT.

7 MR. CROCKETT: ONE SECOND, PLEASE.

8 Q DID YOU, IN ADDITION TO VEHICLES, MOTOR  
9 VEHICLES, AND TOOLS, WAS THERE ROLLING STOCK OTHER THAN  
10 VEHICLES?

11 A YES. THERE WAS TRACTORS AND BACKHOES AND EARTH  
12 MOVING EQUIPMENT, CATERPILLAR TRACTORS, THAT TYPE OF THING.

13 Q NOW, WHAT HAPPENED TO THAT ROLLING STOCK AFTER  
14 YOU TOOK CONTROL OF PRECISION?

15 A WELL, IMMEDIATELY AFTER MR. PARLATO TOOK  
16 CONTROL, WE WERE TRYING TO FIND OUT WHERE IT WAS. AND I KNOW  
17 THAT AT TIMES WE LOCATED IT AND PUT IT SOMEWHERE, AND THEN IT  
18 WOULD BE MOVED AND WE WEREN'T SURE WHERE IT WAS MOVED. AND  
19 THEN WE'D GATHER IT, AND EVENTUALLY WE RETURNED THEM, ALL THE  
20 VEHICLES TO CATERPILLAR, AND LOOKED FOR BUYERS FOR THEM. SO  
21 WE EVENTUALLY SOLD MOST OF THEM.

22 Q WAS THERE ANY ONE NEVER RECOVERED?

23 A YES. ONE OF THEM WASN'T RECOVERED. WE NEVER  
24 FOUND ONE OF THEM.

25 Q SO WHAT YOU'RE SAYING, YOU WOULD SECURE THEM  
26 AND THEN YOU'D GO BACK TO THE SITE AND THEY'D BE MISSING?

27 A CORRECT.

28 Q AND THE CATERPILLAR ITEM THAT WAS NEVER

1 RECOVERED, DO YOU KNOW WHAT IT LOOKS LIKE?

2 A YEAH. IT'S ONE OF THOSE SMALL -- SMALL ONES  
3 THAT YOU SEE OPERATING IN FRONT YARDS OR WHATEVER IN THE CITY,  
4 LIKE A ONE-PERSON SMALL --

5 Q BOBCAT?

6 A -- MTL BOBCAT. WE CALL THEM BOBCAT BUT BOBCAT  
7 IS ANOTHER BRAND. IT'S LIKE A BOBCAT.

8 Q AND WHAT DID MR. PLYAM HIMSELF DO PERSONALLY TO  
9 MAKE SURE THAT YOU GOT PHYSICAL CUSTODY AND CONTROL OVER THAT  
10 ROLLING STOCK?

11 A NOTHING.

12 Q WHAT DID MRS. PLYAM DO PERSONALLY TO MAKE SURE  
13 THAT YOU GOT PHYSICAL CUSTODY OR CONTROL OVER THAT ROLLING  
14 STOCK?

15 A NOTHING.

16 Q WHAT DID MIKHAIL PLYAM, THE FATHER OF YURI AND  
17 THE GENERAL CONTRACTOR, WHAT DID HE PERSONALLY DO TO MAKE SURE  
18 THAT YOU GOT PHYSICAL CUSTODY AND CONTROL OVER THE ROLLING  
19 STOCK?

20 A HE ACTUALLY MOVED IT. NOT TO OUR SITES. I  
21 DON'T KNOW WHERE HE WAS MOVING IT.

22 Q HE MOVED IT AWAY FROM ONE OF YOUR SITES?

23 A CORRECT.

24 Q AND WHAT DID ANY ONE OF THOSE THREE HELP YOU DO  
25 PERSONALLY TO RECOVER THE TOOLS?

26 A NOTHING.

27 Q AND WHAT DID ANY OF THOSE THREE HELP YOU DO  
28 HELP YOU RECOVER THE FURNITURE AND THE PLOTTERS?

1           A           NOTHING.  ACTUALLY, LET ME CORRECT ON THE  
2 TOOLS.  THEY HANDED OVER SOME TOOLS.  SO THE TOOLS THAT WERE  
3 MISSING, THEY DIDN'T HELP.  BUT THERE WAS A UNIT THAT AT ONE  
4 POINT THEY HANDED OVER.  I THINK IT WAS IN FEBRUARY.  SO THEY  
5 GAVE MR. PARLATO ACCESS, AND I ACTUALLY WENT TO IT AND LOOKED  
6 AT WHAT WE HAD AND IT WAS A SMALL AMOUNT OF MATERIALS,  
7 FENCING, AND SOME HAND TOOLS.  SMALL AMOUNT.

8           MR. CROCKETT:  OKAY.  I HAVE NO FURTHER QUESTIONS OF  
9 THIS WITNESS.

10          THE COURT:  CROSS.

11          MR. RILEY:  THANK YOU.

12          MR. CROCKETT:  YOUR HONOR, THERE IS ONE PHOTO I FORGOT  
13 TO GET IT.

14          MR. RILEY:  TOO LATE.

15          Q           BY MR. CROCKETT:  CAN YOU TURN TO EXHIBIT 99,  
16 PLEASE.

17          A           OKAY.

18          Q           WHAT'S EXHIBIT 99?

19          A           THE HAYVENHURST PROPERTY.

20          Q           AND YOU'VE SEEN THAT IN PERSON?

21          A           YES.

22          MR. CROCKETT:  MOVE TO ADMIT.

23          MR. RILEY:  RELEVANCE, 352.

24          THE COURT:  OVERRULED.

25

26                       (EXHIBIT 99 WAS ADMITTED INTO EVIDENCE.)

27

28          Q           BY MR. CROCKETT:  NOW, WE'RE JUST LOOKING AT A

1 CAR IN A DRIVEWAY BASICALLY?

2 A YES. THE HOME IS BEHIND THAT DRIVEWAY. IT  
3 GOES BACK.

4 Q SO THIS IS A LARGE PIECE OF PROPERTY?

5 A YEAH. IT LOOKS LIKE A SIZABLE PIECE OF  
6 PROPERTY FROM THE ROAD AND HAS A HOME ON IT.

7 Q AND WHERE IN THE VALLEY IS THIS LOCATED?

8 A I BELIEVE IT'S ENCINO.

9 Q AND THIS IS ONE OF THE PLYAMS' PROPERTIES?

10 A CORRECT.

11 MR. CROCKETT: ALL RIGHT. NO FURTHER QUESTIONS.

12 THE COURT: ALL RIGHT.

13 MR. CROCKETT: LET ME DOUBLE CHECK MY PHOTOS, YOUR  
14 HONOR, ONE LAST TIME.

15 ONE MORE PHOTO -- NO FURTHER QUESTIONS.

16 THE COURT: ALL RIGHT. MR. RILEY.

17 MR. RILEY: THANK YOU, YOUR HONOR.

18

19 CROSS-EXAMINATION

20 BY MR. RILEY:

21 Q GOOD MORNING, MR. DEL NEGRO.

22 A GOOD MORNING, MR. RILEY.

23 Q HAVE WE EVER MET?

24 A NO, NOT OTHER THAN HERE.

25 Q OKAY. YOU WERE TALKING A LITTLE WHILE AGO  
26 ABOUT THESE PLOTTERS. DO YOU KNOW WHAT A PLOTTER IS?

27 A YES.

28 Q AND YOU'RE TRYING TO INSINUATE THAT THESE

1 PLOTTERS WENT MISSING, AREN'T YOU?

2 A THEY WERE MISSING.

3 Q AND YOU'RE SAYING THAT THEY WERE OWNED BY

4 PRECISION; RIGHT?

5 A I BELIEVE SO.

6 Q SIR, YOU KNEW THEY WERE LEASED; RIGHT?

7 A NO.

8 Q YOU DIDN'T KNOW THEY WERE LEASED?

9 A NO.

10 Q I THOUGHT YOU'D BEEN THROUGH ALL THESE RECORDS,

11 ALL THESE VENDORS, EVERYTHING, AND YOU DIDN'T KNOW THEY WERE

12 LEASED?

13 A I KNOW WE LEASED SOME EQUIPMENT.

14 Q WELL, COME ON. HOW MUCH ARE THESE PLOTTERS

15 WORTH?

16 A I DON'T KNOW.

17 Q NO IDEA AT ALL?

18 A NO.

19 Q WHY ARE YOU SITTING UP THERE TESTIFYING ABOUT

20 THESE MISSING PLOTTERS IMPLYING THAT MY CLIENTS TOOK THEM WHEN

21 YOU HAVE NO IDEA WHAT THEY'RE WORTH OR WHAT'S GOING ON WITH

22 THEM?

23 A I SAW THEM THERE AND THEN THEY WEREN'T THERE.

24 THAT'S WHAT I'M TESTIFYING TO.

25 Q AND THEY GOT RETURNED TO CANON; RIGHT?

26 A I KNOW THERE'S A CANON DISPUTE OVER SOMETHING.

27 THAT I KNOW.

28 Q YOU KNOW THEY GOT RETURNED TO CANON, DON'T YOU?

1 A MY RECOLLECTION OF CANON IT WAS COPIERS.

2 Q ALL RIGHT. MR. DEL NEGRO, YOU MENTIONED A  
3 LITTLE WHILE AGO, YOU TALKED ABOUT THE CITIZENS PROPERTY,  
4 SHANNON SHEEHAN?

5 A YES.

6 Q IS SHE OR WAS SHE A FELLOW NXIVM PERSON?

7 A I BELIEVE SHE'S TAKEN CLASSES, BUT I CAN'T  
8 VERIFY THAT.

9 Q AND MR. CROCKETT ASKED YOU IF YOU TOOK CARE OF  
10 ALL OF HER BILLS AND YOU AGREED WITH HIM; RIGHT?

11 A YES.

12 Q YOU DIDN'T TAKE CARE OF ALL OF HER BILLS, DID  
13 YOU?

14 A WE DID.

15 Q YOU PAID EVERY PENNY THAT SHE BILLED YOU?

16 A NO. SHE BILLED US AND THEN WE ASKED FOR A  
17 REDUCTION AND SHE AGREED.

18 Q YOU THREATENED TO SUE HER AND ASKED FOR A  
19 REDUCTION, AND THAT'S HOW YOU SETTLED IT; RIGHT?

20 A THAT'S NOT TRUE.

21 Q YOU SAID THAT YOU WERE IN CHARGE OF ALL THE  
22 PAYING, PAYING ALL THE BILLS AFTER JANUARY; CORRECT?

23 A CORRECT.

24 Q ALL RIGHT. LET'S TAKE YOU TO EXHIBIT 6 --  
25 WHAT'S BEEN PREVIOUSLY MARKED AS EXHIBIT 673.

26 ARE YOU THERE?

27 A 673. YES.

28 Q 673 IS AN E-MAIL YOU RECEIVED FROM MICHELE;

1 CORRECT?

2 A IT'S AN E-MAIL, YES.

3 MR. RILEY: MOVE TO ADMIT EXHIBIT 673.

4 MR. CROCKETT: NO OBJECTION.

5 THE COURT: ALL RIGHT.

6

7 (EXHIBIT 673 WAS ADMITTED INTO EVIDENCE.)

8

9 Q BY MR. RILEY: OKAY. NOW, THIS IS AN E-MAIL  
10 DATED NOVEMBER 13, 2008; CORRECT?

11 A CORRECT.

12 Q AND WHO IS MICHELE?

13 A SHE WORKS IN THE ACCOUNTING OFFICE.

14 Q WHO'S ACCOUNTING OFFICE?

15 A PRECISION.

16 Q OKAY. WHERE IS PRECISION'S OFFICE?

17 A IN CLIFTON PARK.

18 Q WHAT'S THE ADDRESS OF PRECISION DEVELOPMENT'S  
19 OFFICE?

20 A PLANK ROAD.

21 Q WHAT'S THE ADDRESS?

22 A OUR MAILING ADDRESS OR PHYSICAL ADDRESS?

23 Q PHYSICAL ADDRESS.

24 A THE NUMBER I DON'T KNOW. IT'S ON PLANK ROAD.

25 Q PLANK ROAD IN CLIFTON?

26 A CLIFTON PARK, NEW YORK.

27 Q WELL, DO YOU EVER GO TO THE PHYSICAL ADDRESS?

28 A JUST SOMETIMES.

1 Q YOU DON'T KNOW WHAT THE ADDRESS IS?

2 A CORRECT.

3 Q AND WHO WORKS THERE AT THE PRECISION OFFICES ON  
4 PLANK ROAD?

5 A MICHELE.

6 Q ANYONE ELSE?

7 A SHE'S THE ONLY ONE FOR PRECISION.

8 Q WHAT IS THAT PLANK ROAD?

9 A BUSINESS OFFICES.

10 Q OFFICE SUITES?

11 A YEAH.

12 Q WHAT OTHER BUSINESSES ARE THERE?

13 A I DON'T KNOW ALL THE BUSINESSES THAT ARE IN  
14 THERE.

15 Q DO YOU KNOW ANY OF THE BUSINESSES THAT ARE  
16 THERE?

17 A THERE'S AN ACCOUNTING FIRM THAT'S THERE. MAYBE  
18 SOME ENGINEERS THAT WORK THERE.

19 Q AND SO WHAT'S DONE OUT OF THIS PLANK ROAD  
20 OFFICE IN CLIFTON, NEW YORK?

21 A PAY THE BILLS.

22 Q NOW, WHAT'S MICHELE'S LAST NAME?

23 A TARZIA.

24 Q COULD YOU SPELL IT FOR THE COURT REPORTER?

25 A T-A-R-Z-I-A.

26 Q THANK YOU. AND SO WE HAVE THIS FROM MICHELE TO  
27 CLARE BRONFMAN, SARA BRONFMAN, AND THEN CC'D TO DAZZLE, BECKY  
28 FREEMAN, AND YOURSELF; CORRECT?



1           A           CORRECT.

2           Q           AND THIS IS REGARDING MARIO MERINO; RIGHT?

3           A           YES.

4           Q           THE GENTLEMAN WHO WAS IN HERE TESTIFYING

5 YESTERDAY?

6           A           CORRECT.

7           Q           AND THIS E-MAIL READS:

8                        "HI, SHELL, I THINK MARIO'S INVOICE IS OKAY. I

9           KNOW HE SPENT A COUPLE DAYS WITH US AND DID

10           SURVEILLANCE AND RESEARCH ON THE SIDE."

11                        SO CONTRARY TO WHAT MR. MERINO WAS TESTIFYING

12 YESTERDAY, HE WAS DOING SURVEILLANCE FOR YOU, WASN'T HE?

13           A           HE WAS SUPPOSED TO.

14           Q           IT DOESN'T SAY "SUPPOSED TO" HERE. IT SAYS HE

15 DID SURVEILLANCE WORK; RIGHT?

16           A           THAT WAS MY BELIEF AT THE TIME.

17           Q           OH. SO WHEN DID YOU COME UP WITH THIS NEW

18 BELIEF THAT HE ACTUALLY DIDN'T DO THE SURVEILLANCE?

19           A           WHEN I TALKED TO MR. GERVAIS.

20           Q           WELL, YOU PAID HIM FOR SURVEILLANCE BUT HE

21 DIDN'T ACTUALLY DO SURVEILLANCE?

22           A           WELL, FOR HIS WORK.

23           Q           WHAT WAS HIS WORK?

24           A           HE WAS DOING INVENTORY AND WITH THE TOOL LIST.

25 I'M NOT SURE WHEN HE DID THE TOOL LIST, BUT HE WAS PUTTING

26 TOGETHER A LIST FOR US OF THE TOOLS.

27           Q           THIS IS IN NOVEMBER OF 2008, ALMOST A YEAR

28 AFTER YOU GUYS TOOK CONTROL; RIGHT?

1           A           YES.

2           Q           SO WHAT'S HE DOING THIS FAR AFTER THE TAKEOVER

3 REGARDING SURVEILLANCE OR TOOL LIST?

4           A           I DON'T KNOW ON THIS PARTICULAR DAY WHAT HE WAS

5 DOING.

6           Q           NOW, LET'S GO AHEAD AND TAKE A LOOK AT -- WELL,

7 IN THE FUTURE, JUST SO WE KNOW. IT SAYS IT'S A FORWARDED

8 E-MAIL AND THE BOTTOM E-MAIL IS A "SIGNATURE EVENT MARKETING

9 GROUP". WHO IS THAT?

10          A           TRACEY CHRISTOPHER.

11          Q           AND WHO IS TRACEY CHRISTOPHER?

12          A           SHE DID SOME PULLING TOGETHER OF FILES AND DATA

13 STORAGE FOR THE PROJECT.

14          Q           WELL, IS TRACEY CHRISTOPHER ANOTHER NXIVM

15 PERSON?

16          A           NO, SHE'S NOT.

17          Q           SHE'S NOT ASSOCIATED WITH NXIVM AT ALL?

18          A           WELL, SHE'S NOT ACTIVE. I MEAN, SHE HAS

19 TAKEN -- I KNOW SHE'S TAKEN COURSES. SO WHEN YOU SAY "NXIVM

20 PERSON", I DON'T KNOW WHAT YOU MEAN.

21          Q           WHAT IS "SIGNATURE EVENT MARKETING GROUP"?

22          A           THAT'S HER EVENT GROUP. SHE DOES -- SHE HAS A

23 COMPANY THAT DOES EVENT MARKETING.

24          Q           SO LIKE PARTIES AND THINGS?

25          A           I BELIEVE SHE DOES TALENT AND RECRUITING. SO

26 SHE'S INVOLVED WITH BANDS AND PROMOTING -- PROMOTIONS,

27 PROMOTIONAL EVENTS.

28          Q           WHAT WAS SHE DOING FOR PRECISION?

1           A           SHE PULLED TOGETHER RECORDS AND DID KIND OF  
2 DATA ENTRY STUFF.

3           Q           FOR WHO?

4           A           FOR US. FOR PRECISION.

5           Q           FOR YOU?

6           A           YEAH.

7           Q           DID YOU HIRE HER?

8           A           I DIDN'T SPECIFICALLY, NO.

9           Q           WHO DID?

10          A           CLARE.

11          Q           CLARE BRONFMAN HERE?

12          A           YES.

13          Q           AND DO YOU KNOW WHAT SHE WAS SPECIFICALLY HIRED  
14 TO DO?

15          A           TO HELP WITH THE -- TAKE DIRECTION FROM OUR  
16 COUNSEL AND PULL TOGETHER INFORMATION.

17          Q           WHAT KIND OF INFORMATION?

18          A           ALL THE INFORMATION THAT WE NEED TO PUT THINGS  
19 BACK TOGETHER.

20          Q           WELL, LET'S GO AHEAD AND HAVE YOU TAKE A LOOK  
21 AT WHAT'S BEEN PREVIOUSLY MARKED AS EXHIBIT 669.

22                      ARE YOU THERE?

23          A           YES.

24          Q           THOSE ARE THE ACTUAL INVOICES FROM MARIO  
25 MERINO; CORRECT? THERE'S A COUPLE OF PAGES.

26          A           YES.

27          MR. RILEY: MOVE TO ADMIT 669.

28          MR. CROCKETT: ALL OF IT?

1 MR. RILEY: YES.

2 MR. CROCKETT: HAS THE WITNESS SEEN ALL OF IT?

3 THE WITNESS: I HAVEN'T. I LOOKED THROUGH THE FIRST  
4 ONE.

5 Q BY MR. RILEY: GO AHEAD. THUMB THROUGH THEM  
6 ALL.

7 SO THOSE ARE ADDITIONAL INVOICES?

8 A YES.

9 MR. RILEY: MOVE TO ADMIT 669.

10 MR. CROCKETT: NO OBJECTION.

11 THE COURT: ALL RIGHT.

12

13 (EXHIBIT 669 WAS ADMITTED INTO EVIDENCE.)

14

15 Q BY MR. RILEY: OKAY. LET'S TAKE A LOOK AT THE  
16 FIRST PAGE OF EXHIBIT 669 AND LET ME JUST CALL TO ATTENTION  
17 THE TOP FIRST. MAKE IT EASY TO READ HERE.

18 I DIDN'T DO SO WELL THERE. LET'S TRY THAT  
19 AGAIN.

20 SO THIS IS FROM MARIO MERINO TO PRECISION  
21 DEVELOPMENT IN CLIFTON PARK, NEW YORK, AN INVOICE DATE OF  
22 NOVEMBER 2008; CORRECT?

23 A CORRECT.

24 Q AND SO THESE WERE THE INVOICES THAT YOU WERE  
25 MAKING SURE GOT PAID; RIGHT?

26 A UM-HMM.

27 Q IS THAT YES?

28 A YES.

1 Q THANK YOU.

2 A SORRY.

3 Q OKAY. AND I THINK THE INVOICE SAID THAT THEY  
4 WERE FOR SERVICES IN SEPTEMBER OF 2008, AT THE TOP THERE;  
5 CORRECT? DO YOU SEE THAT?

6 A YES.

7 Q OKAY. SO THE TOP LINE THERE READS:  
8 "WE HAD FOUR INTERVIEWS."  
9 WHO IS MARIO MERINO INTERVIEWING IN SEPTEMBER  
10 2008?

11 A I'M NOT SURE.

12 Q (READING:) "COLLECTING INFORMATION FOR THE  
13 COMPANY."  
14 DO YOU KNOW WHAT INFORMATION MARIO MERINO WAS  
15 COLLECTING FOR THE COMPANY IN SEPTEMBER 2008?

16 A I'M NOT POSITIVE, BUT I KNOW WE WERE TALKING  
17 WITH A LOT OF THE EX-EMPLOYEES ALL ALONG IN TRYING TO STILL  
18 RECOVER INFORMATION AND FIND OUT WHAT THEY KNEW ABOUT  
19 DIFFERENT THINGS.

20 Q WELL, MARIO MERINO IS A CONSTRUCTION WORKER;  
21 RIGHT?

22 A YES.

23 Q WHY WERE YOU USING HIM TO COLLECT INFORMATION?

24 A HE HAD CONTACT INFORMATION OF A LOT OF THE  
25 WORKERS, SO WE WERE TRYING TO GET IN TOUCH WITH A LOT OF THE  
26 WORKERS TO COLLECT AS MUCH INFORMATION AS WE CAN. WE STILL  
27 DON'T HAVE ALL THE INFORMATION. SO...

28 Q ALL RIGHT.

1 A WE WERE CONTINUALLY LOOKING FOR INFORMATION.

2 Q ALL RIGHT. NOW, LET'S GO DOWN AND TAKE A LOOK  
3 AT THIS BOTTOM NOTE. I KNOW IT'S DIFFICULT TO READ.

4 AND IT SAYS SOMETHING THE VIDEOS. CAN'T READ  
5 IT THAT WELL. THE COMPUTERS WERE TAKEN TO -- AND IT SAYS  
6 JURY'S HOME. THAT'S YURI PLYAM'S HOUSE; RIGHT?

7 A I WOULD ASSUME.

8 Q WHAT WAS MARIO MERINO DOING WITH VIDEOS  
9 REGARDING THE PLYAMS' HOUSE?

10 A I DON'T KNOW. I DON'T HAVE ANY VIDEOS OF THEIR  
11 HOME.

12 Q WELL, WEREN'T YOU STANDING OUT IN FRONT OF THE  
13 HOUSE TAKING VIDEOS?

14 A THAT WAS IN THE ROXBURY, THE ROXBURY HOME.

15 Q OKAY. SO YOU WERE TAKING VIDEOS OF THEIR HOME.  
16 THE ROXBURY; RIGHT?

17 A I DIDN'T. THE INVESTIGATOR WAS TAKING IT.

18 Q WERE YOU OUT THERE HOLDING A VIDEO CAMERA IN  
19 FRONT OF THE HOUSE?

20 A I DON'T BELIEVE I WAS, NO.

21 Q NOW, YOU SAID THAT YOU DIDN'T GO -- MR.  
22 CROCKETT SHOWED YOU A PICTURE OF THE ROXBURY HOUSE AND HE SAID  
23 DID YOU GO BEHIND THAT GATE TO GO THROUGH THE TRASH. DO YOU  
24 RECALL THAT TESTIMONY?

25 A YES.

26 Q NOW, YOU KNOW THAT IN THAT NEIGHBORHOOD THE  
27 TRASH CANS ARE ACTUALLY KEPT ON THE ALLEY; RIGHT?

28 A YES.

1 Q AND SO YOU WOULDN'T HAVE TO GO BEHIND THOSE  
2 GATES TO GET TO THE TRASH; RIGHT?

3 A CORRECT.

4 Q MR. CROCKETT KNOWS THAT, DOESN'T HE?

5 A I DON'T THINK HE DOES.

6 Q WELL, YOU'VE BEEN OUT THERE WITH HIM, HAVEN'T  
7 YOU?

8 A NO.

9 Q AND SO WERE YOU FISHING THROUGH THE TRASH OF  
10 THE PLYAMS' HOUSE IN BEVERLY HILLS?

11 A NO.

12 Q YOU NEVER WENT THROUGH A TRASH CAN THERE?

13 A NOT TO MY RECOLLECTION.

14 Q WHERE DID YOU LEARN YOUR INVESTIGATIVE  
15 TECHNIQUES?

16 A ON THIS CASE PRETTY MUCH.

17 Q AND DID MR. RANIERE HELP YOU WITH YOUR  
18 INVESTIGATIVE TECHNIQUES?

19 A NO.

20 Q NOT AT ALL?

21 A NO.

22 Q WHEN WAS THE LAST TIME YOU SPOKE TO MR.  
23 RANIERE?

24 A PROBABLY THREE WEEKS AGO.

25 Q YOU HAVEN'T SPOKEN TO HIM AT ALL SINCE THE  
26 BEGINNING OF THIS CASE?

27 A NO.

28 Q BUT YOU SPOKE TO HIM RIGHT BEFORE THE CASE;

1 HUH?

2 A YEAH.

3 Q WHEN IS THE LAST TIME YOU SPOKE TO NANCY  
4 SALZMAN?

5 A I SOME SPOKE TO HER ONCE SINCE I'VE BEEN OUT  
6 HERE.

7 Q WHAT ABOUT BECKY FREEMAN?

8 A HAVEN'T SPOKEN TO BECKY IN A LONG TIME.

9 Q WHAT ABOUT KRISTIN KEEFFE?

10 A HAVEN'T SPOKEN TO KRISTIN IN LONG TIME.

11 THE COURT: MR. RILEY, I THINK THIS A GOOD TIME. IT'S  
12 NOON.

13 MR. RILEY: OKAY.

14 THE COURT: AGAIN, LADIES AND GENTLEMEN, WE'LL TAKE  
15 OUR LUNCH BREAK.

16 SO, AGAIN, DON'T TALK ABOUT THE CASE AMONGST  
17 YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT THE CASE UNTIL  
18 YOU'VE HEARD ALL THE EVIDENCE.

19 SEE YOU AT 1:30 OUTSIDE THE COURTROOM.

20

21 (WHEREUPON THE NOON RECESS WAS TAKEN UNTIL  
22 1:30 P.M. OF THE SAME DAY.)

23

24

25

26

27

28



1 CASE NUMBER: BC384285  
2 CASE NAME: PRECISION DEVELOPMENT, LLC. VS.  
3 YURI PLYAM, ET AL.  
4 LOS ANGELES, CALIFORNIA THURSDAY, APRIL 7, 2011  
5 DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE  
6 REPORTER: SYLVIA ALMAGUER-MILLER, CSR #8767  
7 TIME: 1:44 P.M.  
8 APPEARANCES: (AS HERETOFORE NOTED.)  
9

10 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
11 HELD IN OPEN COURT IN THE PRESENCE OF THE  
12 JURY: )  
13

14 THE COURT: ALL RIGHT. WELCOME BACK, LADIES AND  
15 GENTLEMEN.

16 THE JURORS AND ALTERNATES ARE PRESENT. COUNSEL  
17 ARE PRESENT. THE PARTIES ARE PRESENT.

18 MR. DEL NEGRO, YOU'RE STILL UNDER OATH;  
19 UNDERSTAND?

20 THE WITNESS: YES.

21 THE COURT: ALL RIGHT. MR. RILEY, YOU MAY CONTINUE  
22 WITH YOUR CROSS.  
23  
24  
25

26 ///

27 ///

28 ///

1 JAMES DEL NEGRO,  
2 RESUMED THE WITNESS STAND, HAVING BEEN PREVIOUSLY DULY SWORN,  
3 FURTHER TESTIFIED AS FOLLOWS:

4

5 CROSS-EXAMINATION (RESUMED)

6 BY MR. RILEY:

7 Q MR. DEL NEGRO, THIS MORNING YOU WERE TALKING  
8 ABOUT MR. MIKE PLYAM TAKING CATERPILLAR EQUIPMENT. DO YOU  
9 RECALL THAT TESTIMONY?

10 A YES.

11 Q DID YOU ACTUALLY PHYSICALLY SEE HIM TAKE  
12 CATERPILLAR EQUIPMENT?

13 A NO.

14 Q SO THAT'S WHAT SOMEBODY TOLD YOU?

15 A I BELIEVE IT WAS IN A DECLARATION OF RANDY  
16 HARRIS OR MOISES CONTRERAS.

17 Q OKAY. SO YOU'RE JUST PULLING INFORMATION FROM  
18 OTHER PLACES FOR YOUR TESTIMONY?

19 A CORRECT.

20 Q ALL RIGHT. NOW, YOU KNOW THAT MR. PLYAM  
21 ACTUALLY RETURNED CATERPILLAR EQUIPMENT TO CATERPILLAR, DIDN'T  
22 YOU?

23 A NO. I DON'T KNOW THAT.

24 Q IT ALL ENDED UP AT CATERPILLAR, DIDN'T IT?

25 A I BELIEVE WE TRANSPORTED IT THERE.

26 Q MR. PLYAM DIDN'T TAKE ANY CATERPILLAR  
27 EQUIPMENT, DID HE?

28 A HE TOOK IT FROM THE PROPERTIES WHERE WE WERE

1 STORING IT.

2 Q NOW, YOU DID MENTION THAT ONE OF -- TO USE THE  
3 PHRASE BOBCAT STYLE OF CATERPILLAR EQUIPMENT WAS MISSING;  
4 RIGHT?

5 A CORRECT.

6 Q YOU ENDED UP FINDING IT; RIGHT?

7 A NO, WE NEVER FOUND IT.

8 Q WELL, DON'T YOU RECALL ABOUT A YEAR AFTER  
9 TAKING OVER GETTING A PHOTOGRAPH OF IT SITTING ON A PIECE OF  
10 PROPERTY WHERE IT WAS LEFT SINCE JANUARY 2008?

11 A NO, I DON'T RECALL THAT.

12 Q YOU KNOW NATOMA; RIGHT?

13 A YES.

14 Q BIG PROPERTY; RIGHT?

15 A YUP.

16 Q AND, IN FACT, YOU ASKED FOR -- IF THE PLYAMS  
17 KNEW WHERE IT WAS; RIGHT?

18 A I DON'T RECALL THAT.

19 Q AND YOU RECALL GETTING A PHOTOGRAPH OF THE  
20 BOBCAT SITTING ON NATOMA WHERE IT HAD BEEN FOR A YEAR, YEAR  
21 AND A HALF?

22 A ACTUALLY, I DON'T RECALL THAT.

23 Q NOW, THERE WAS A LOT OF DISARRAY GOING AROUND  
24 IN JANUARY 2008, WASN'T THERE?

25 A YES.

26 Q YOU HAD NO IDEA WHAT YOU WERE DOING, DID YOU?

27 A I KNEW WHAT I WAS DOING, YEAH.

28 Q YOU HAD NO INVOLVEMENT -- YOU HAVE NO PRIOR

1 EXPERIENCE IN DEVELOPING RAW LAND, DID YOU?

2 A NO. THAT'S NOT WHAT I WAS DOING THERE.

3 Q AND TO YOUR KNOWLEDGE, MR. PARLATO HAD NO  
4 EXPERIENCE DEVELOPING RAW LAND; RIGHT?

5 A TO MY KNOWLEDGE, HE DID.

6 Q WHAT KNOWLEDGE DID YOU HAVE ABOUT MR. PARLATO?

7 A WELL, THAT HE HAD DEVELOPED PROPERTIES OUT IN  
8 BUFFALO.

9 Q WHAT PROPERTIES?

10 A I'M NOT SURE. I KNOW THAT WAS WHAT HE TOLD ME,  
11 THAT HE WAS A DEVELOPER FOR OUT IN BUFFALO.

12 Q WHAT ELSE DID YOU HEAR ABOUT MR. PARLATO?

13 A THAT HE OWNED A BUILDING AT NIAGRA FALLS.

14 Q DID YOU EVER HEAR ANYTHING ABOUT HIM BEING  
15 BASICALLY A SCAM ARTIST?

16 A NO.

17 Q NOTHING ABOUT THAT?

18 A NO.

19 Q WHAT INVOLVEMENT DO YOU HAVE IN THE BRONFMANS'  
20 CURRENT SUIT AGAINST MR. PARLATO?

21 A NONE.

22 Q NONE AT ALL?

23 A NONE AT ALL.

24 Q YOU'RE NOT GIVING THEM INFORMATION ABOUT WHAT  
25 HAPPENED OUT HERE IN CALIFORNIA?

26 A NO.

27 Q NOW, I WANT TO SHOW YOU A PICTURE I'M GOING TO  
28 DISPLAY. IT'S ALREADY IN EVIDENCE 800-3, AND YOU CAN JUST

1 LOOK AT THE SCREEN.

2 DO YOU RECOGNIZE THAT PHOTOGRAPH?

3 A IT'S EITHER FRANKLIN OR VIEWMONT.

4 Q FRANKLIN OR VIEWMONT?

5 A CORRECT.

6 Q OKAY. YOU CAN'T TELL THE DIFFERENCE BETWEEN

7 THE TWO?

8 A NOT FROM THAT PICTURE, NO.

9 Q OKAY.

10 A THEY BOTH HAVE HIGH RETAINING WALLS AND THEY'RE

11 ON A STEEP PITCH.

12 Q ALL RIGHT. LET ME SHOW YOU 790- -- PAGE ONE.

13 DO YOU RECOGNIZE THAT PHOTOGRAPH?

14 A CAN'T REALLY TELL FROM THAT ANGLE.

15 Q OKAY. LET'S TRY ANOTHER ONE. 799-001. DO YOU

16 RECOGNIZE THAT?

17 A THAT LOOKS LIKE LAURELMONT.

18 Q SO WHEN THESE PICTURES WERE PUT UP TO YOU BY

19 YOUR ATTORNEY -- THAT'S OKAY, YOU CAN LOOK FORWARD NOW.

20 A OKAY.

21 Q -- THEY HAD THE NAME ACROSS THE BOTTOM OF THEM;

22 RIGHT?

23 A CORRECT.

24 Q SO THAT'S WHAT YOU WERE LOOKING AT TO FIGURE

25 OUT THE NAMES OF THESE PROPERTIES EXCEPT FOR THE ONES YOU

26 SPECIFICALLY RECALL LIKE THIS; RIGHT?

27 A NO. I RECOGNIZED THE PROPERTIES.

28 Q YOU RECOGNIZED EVERY SINGLE ONE OF THOSE

1 PROPERTIES?

2 A YEAH.

3 Q BUT THE LAST TWO PHOTOGRAPHS YOU COULDN'T TELL  
4 WHICH ONES THEY WERE?

5 A NOT FROM THAT SEGMENT. IT WAS JUST A SMALL  
6 PORTION OF THE PROPERTY.

7 Q NOW, I WANT TO ASK YOU ABOUT -- YOU SAID THAT  
8 THE PHYSICAL ADDRESS -- EXCUSE ME -- THE PHYSICAL ADDRESS WAS  
9 ON PLANK ROAD IN CLIFTON, NEW YORK?

10 A CLIFTON PARK.

11 Q CLIFTON PARK. OKAY.

12 DO YOU KNOW THE ENTITY, VILLAGE HALL, LLC?

13 A I DON'T RECOGNIZE THE NAME.

14 Q DO YOU RECOGNIZE THE NAME AS HAVING THE SAME  
15 ADDRESS ON PLANK ROAD IN CLIFTON PARK?

16 A NO. I HAVEN'T HEARD THAT NAME.

17 Q WHAT IS THE MAILING ADDRESS FOR PRECISION  
18 TODAY?

19 A 5 SOUTH SIDE DRIVE, CLIFTON PARK.

20 Q DO YOU RECOGNIZE THE ENTITY J.L. CRICKET, LLC?

21 A YEAH. THAT'S MINE. THAT'S MY LIMITED  
22 LIABILITY COMPANY.

23 Q AND WHAT DO YOU USE THAT FOR?

24 A FOR ANY BUSINESS CONSULTING THAT I DO.

25 Q WHAT IS ETHICAL VALUE EXCHANGE INCORPORATED?

26 A IT'S A PAYMENT COMPANY, LLC.

27 Q WHAT DO YOU MEAN A PAYMENT COMPANY?

28 A THEY DO PAYMENT PROCESSING.

1 Q DO YOU OWN THAT COMPANY?

2 A NO.

3 Q HOW ARE YOU RELATED TO THAT COMPANY?

4 A I STARTED THE COMPANY AND -- FOR THE OWNERS.

5 Q WHO ARE THOSE?

6 A THEY'RE MEMBERS, PRIVATE MEMBERS.

7 Q WHAT DO YOU MEAN PRIVATE MEMBERS?

8 A THEY'RE MEMBERS OF AN LLC.

9 Q WERE THEY MEMBERS OF NXIVM?

10 A YEAH.

11 Q WHO IS IT?

12 MR. CROCKETT: OBJECTION, IRRELEVANT. SOMEBODY ELSE'S

13 PRIVACY.

14 THE COURT: SUSTAINED. UNLESS YOU WANT TO APPROACH.

15 MR. RILEY: WELL I'LL ASK A FEW MORE QUESTIONS. WE'LL

16 SEE WHERE THIS ENDS UP.

17 Q DO YOU KNOW THE ENTITY EVENTS FOR HUMANITY,

18 INC.?

19 A I'VE HEARD OF IT, YES.

20 Q WELL, IN FACT, DIDN'T YOU INCORPORATE THAT

21 ENTITY?

22 A IT'S POSSIBLE. I'VE INCORPORATED A LOT OF

23 DIFFERENT ENTITIES.

24 Q HOW MANY DIFFERENT ENTITIES HAVE YOU

25 INCORPORATED?

26 A PROBABLY OVER 30.

27 Q HOW DO YOU INCORPORATE ENTITIES?

28 A I HELP ENTREPRENEURS. OUR COMPANY HAS A LOT OF

1 ENTREPRENEURS THAT COME THROUGH THAT WANT TO START UP  
2 BUSINESSES, AND I ADVISE THEM AND HELP THEM.

3 Q SO YOU START UP COMPANIES FOR PEOPLE THAT COME  
4 TO NXIVM?

5 A FOR OTHER PEOPLE AS WELL.

6 Q I'M SORRY?

7 A FOR ANYBODY THAT COMES TO ME THAT WANTS TO DO  
8 THAT.

9 Q THE PEOPLE THAT COME TO YOU MOSTLY ARE MEMBERS  
10 OF NXIVM; RIGHT?

11 A MANY OF THEM.

12 Q SO TECHNICALLY YOU'RE IN THE BUSINESS OF  
13 SETTING UP LLC'S; RIGHT?

14 A I DO BUSINESS CONSULTING.

15 Q BUT --

16 A THAT'S ONE OF THE THINGS.

17 Q PART OF YOUR BUSINESS --

18 A THAT'S ONE OF THE THINGS, YES.

19 Q PART OF YOUR BUSINESS IS SETTING UP LLC'S?

20 A UM-HMM. YES.

21 Q DO YOU RECALL MR. CROCKETT'S OPENING STATEMENT  
22 WHERE HE SAID MR. PLYAM WAS IN THE BUSINESS OF OPENING UP  
23 LLC'S? DO YOU RECALL THAT?

24 A I DON'T RECALL THAT.

25 Q HE HAD THE WRONG PERSON, DIDN'T HE?

26 DO YOU REMICK CONSULTING?

27 A YES.

28 Q WHAT IS THAT?



1           A            THAT WAS A LIMITED LIABILITY COMPANY THAT I SET  
2 UP FOR SOMEBODY.

3           Q            FOR WHOM?

4           MR. CROCKETT:  OBJECTION, IRRELEVANT, PRIVACY ISSUES,  
5 THIRD PARTY.

6           THE COURT:  SUSTAINED.

7           Q            BY MR. RILEY:  WELL, DO YOU KNOW OCCAM'S,  
8 O-C-C-A-M-APOSTROPHE S, LLC?

9           MR. CROCKETT:  OBJECTION, IRRELEVANT.

10          THE COURT:  OVERRULED.

11          THE WITNESS:  THAT ONE IS NOT FAMILIAR.

12          Q            BY MR. RILEY:  YOU DON'T RECOGNIZE THAT AS ONE  
13 OF MS. BRONFMAN'S LLC'S?

14          A            NO.

15          Q            HOW ABOUT OUR EVOLUTION, LLC?  DO YOU RECOGNIZE  
16 THAT ONE?

17          A            I RECOGNIZE THAT, YES.

18          Q            WHOSE COMPANY IS THAT?

19          MR. CROCKETT:  OBJECTION, IRRELEVANT, SOMEBODY ELSE'S  
20 PRIVACY.

21          THE COURT:  SUSTAINED.

22          Q            BY MR. RILEY:  IS THAT SARA BRONFMAN'S COMPANY?

23          A            I DON'T KNOW.

24          Q            DO YOU KNOW ETHICAL FOUNDATION, INC.?

25          MR. CROCKETT:  OBJECTION, IRRELEVANT.

26          THE COURT:  OVERRULED.

27          THE WITNESS:  NO.

28          Q            BY MR. RILEY:  HOW ABOUT ETHICAL SCIENCE

1 FOUNDATION?

2 MR. CROCKETT: OBJECTION, IRRELEVANT.

3 THE COURT: ALL RIGHT. YOU WANT TO APPROACH?

4

5 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
6 HELD AT SIDEBAR:)

7

8 THE COURT: ALL RIGHT. I LET YOU GO THROUGH SOME OF  
9 THIS, BUT WHERE'S IT'S GOING NOW?

10 MR. RILEY: I'M JUST ABOUT DONE. IT HAD TO DO WITH  
11 MR. CROCKETT'S OPENING OF MY CLIENT'S LLC.

12 THE COURT: ALL RIGHT. MOVE ON. WE'VE ALREADY  
13 ESTABLISHED THAT. ALL RIGHT. SUSTAINED.

14

15 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
16 HELD IN OPEN COURT IN THE PRESENCE OF THE  
17 JURY:)

18

19 Q BY MR. RILEY: ALL RIGHT. LET'S GO BACK TO THE  
20 BEGINNING.

21 NOW, YOU HAVE A BACHELOR'S DEGREE; CORRECT?

22 A CORRECT.

23 Q AND YOU HAVE WORKED IN THE MANUFACTURING FIELD;  
24 CORRECT?

25 A CORRECT.

26 Q NO REAL EXPERIENCE IN REAL ESTATE DEVELOPMENT;  
27 CORRECT?

28 A CORRECT. I'VE DONE SOME CONSTRUCTION. I'VE

1 OWNED MY OWN REAL ESTATE.

2 Q YOU WORKED FOR A COMPANY CALLED NXPMC. DO YOU  
3 RECALL THAT?

4 A YES.

5 Q WHAT IS THAT?

6 A IT'S A COMPANY THAT OWNS RENTAL PROPERTY, AND I  
7 HELPED DO SOME PROJECTS, MANAGE SOME RENOVATIONS THAT ARE  
8 THERE.

9 Q IS THAT A NXIVM-RELATED COMPANY?

10 A NO.

11 Q WELL, YOU'VE INDICATED THE ADDRESS OF THAT  
12 COMPANY IS ON 447 NEW KARNER ROAD IN ALBANY?

13 A CORRECT.

14 Q AND THAT'S NOT NXIVM PEOPLE THAT OWN THAT  
15 PROPERTY?

16 A NO.

17 Q NOW, JUST PRIOR TO COMING OUT TO LOS ANGELES IN  
18 2008, YOUR LAST BUSINESS WAS CLUB Z TUTORING; RIGHT?

19 A CORRECT.

20 Q AND THAT WAS A BUSINESS THAT KID -- CHILDREN  
21 WERE TUTORED FOR SCHOOLWORK; RIGHT?

22 A YES.

23 Q THAT WAS YOUR LINE OF WORK; RIGHT?

24 A YEAH. I HAD 80 TUTORS THAT WOULD GO AND HELP  
25 STUDENTS IN THEIR HOMES.

26 Q NOW, WHEN DID YOU FIRST BECOME ASSOCIATED WITH  
27 NXIVM?

28 A I THINK I TOOK THE PROGRAM IN 2001.

1 Q AND HOW DID YOU COME IN CONTACT WITH NXIVM?

2 A I SAW A FRIEND WHO SAID THAT YOU WOULD PROBABLY  
3 LIKE THIS, AND SHE REFERRED ME TO IT.

4 Q AND SO HAVE YOU BEEN INVOLVED IN NXIVM EVER  
5 SINCE?

6 A I'VE TAKEN PROGRAMS FROM THEM AND THEN STARTED  
7 DOING TRAINING, YES.

8 Q WHEN DID YOU START DOING THE TRAINING?

9 A PROBABLY THREE, FOUR YEARS AGO.

10 Q AND WHO TRAINED YOU TO BE A TRAINER?

11 A NANCY SALZMAN AND LAUREN SALZMAN.

12 Q AND IS LAUREN SALZMAN NANCY'S DAUGHTER?

13 A YES.

14 Q AND SO DO YOU GET PAID AS A TRAINER FOR NXIVM?

15 A YES.

16 Q DO YOU GET PAID FOR ACTUALLY THESE CLASSES THAT  
17 YOU PUT ON?

18 A YES.

19 Q DO YOU GET PAID BY THE HOUR FOR THIS WORK?

20 A NO, IT'S NOT BY THE HOUR.

21 Q HOW DO YOU GET PAID?

22 A BY THE TRAINING.

23 Q I DON'T UNDERSTAND.

24 A IN OTHER WORDS, THERE'S A TRAINING, THE SIZE,  
25 AND THEY SAY THIS IS WHAT IT WOULD GO FOR, THIS IS WHAT YOU'D  
26 BE PAID. SO I GET PAID SO MUCH TO DO A FIVE-DAY TRAINING.

27 Q GIVE ME AN EXAMPLE.

28 A THEY'LL SAY X DOLLARS TO DO THIS FIVE-DAY IN

1 ALBANY COMING UP NEXT WEEKEND.

2 Q AND SO WHAT TYPE OF DOLLARS ARE WE TALKING  
3 ABOUT?

4 MR. CROCKETT: OBJECTION, IRRELEVANT.

5 THE COURT: SUSTAINED.

6 Q BY MR. RILEY: WELL, DO YOU ALSO DO RECRUITING  
7 FOR NXIVM?

8 A NO.

9 Q YOU DON'T HAVE PEOPLE COME TO TELL FRIENDS  
10 ABOUT NXIVM AND HAVE THEM COME?

11 A I TELL PEOPLE ABOUT IT, BUT I DON'T GET PAID  
12 FOR TELLING THEM TO DO IT.

13 Q BUT IF THEY COME AND THEY TAKE CLASSES AND PAY  
14 MONEY, YOU GET A PORTION OF THAT; RIGHT?

15 A NO.

16 Q NONE OF IT?

17 A I DON'T. THERE'S SALESPEOPLE THAT GET PAID FOR  
18 THAT.

19 Q WELL, YOU TALKED A LOT ABOUT MR. RANIERE BY THE  
20 QUESTIONS OF MR. CROCKETT. YOU RECALL ALL THAT THIS MORNING?

21 A YES.

22 Q HOW HE'S A SMART INDIVIDUAL AND HE COMES UP  
23 WITH ALL THESE IDEAS FOR THE COURSE WORK?

24 A YES.

25 Q YOU SPEND A LOT OF TIME WITH MR. RANIERE?

26 A I PLAY VOLLEYBALL WITH HIM.

27 Q ASIDE FROM THAT, DO YOU SPEND TIME WITH HIM?

28 A NO.

1 Q AND YOU SAID, TALKED A LOT ABOUT HIM, YOU KNOW  
2 A LOT ABOUT HIM, IT SOUNDS LIKE FROM YOUR TESTIMONY THIS  
3 MORNING?

4 A FROM PLAYING VOLLEYBALL WITH HIM.

5 Q AND WAS HE THE ONE THAT TOLD YOU THAT HE HAD  
6 THIS GUINNESS BOOK OF WORLD RECORD?

7 A NO. SOMEONE ELSE TOLD ME.

8 Q DID HE TELL YOU ABOUT HIS THREE DEGREES FROM  
9 COLLEGE?

10 A NO.

11 Q WHO TOLD YOU THAT?

12 A I CAN'T REMEMBER THE FIRST TIME I HEARD IT.

13 Q WELL, IN GETTING ALL THIS GOOD INFORMATION  
14 ABOUT MR. RANIERE, DID HE TELL YOU THAT HE HAD BEEN BANNED FOR  
15 A MULTI-LEVEL MARKETING SCHEME IN THE STATE OF NEW YORK?

16 MR. CROCKETT: OBJECTION, IRRELEVANT.

17 THE COURT: OVERRULED.

18 THE WITNESS: NO, HE DIDN'T TELL ME THAT.

19 Q BY MR. RILEY: SOMEBODY ELSE?

20 A YEAH.

21 Q DO YOU KNOW WHAT A MULTI-LEVEL MARKETING SCHEME  
22 IS?

23 A THERE WAS --

24 MR. CROCKETT: OBJECTION, IRRELEVANT.

25 THE COURT: OVERRULED.

26 THE WITNESS: THERE WAS, I CAME TO FIND OUT, THAT AT  
27 ONE TIME HE WAS SUED BY A NUMBER OF ATTORNEY GENERALS FOR THAT  
28 BUSINESS, AND THEN I LEARNED THAT EVENTUALLY IT WAS DROPPED.

1 BUT BY THE TIME IT WAS DROPPED, HIS COMPANY HAD RUN OUT OF  
2 MONEY DEFENDING ITSELF. SO...

3 Q SO YOU WERE TOLD IT WAS DROPPED?

4 A YEAH. IT WAS IN VIRGINIA.

5 Q 23 ATTORNEY GENERALS?

6 A I BELIEVE THAT WAS THE -- THAT WAS THE  
7 SPEARHEAD OF THE CASE WAS TAKEN OUT IN VIRGINIA.

8 Q AND NANCY SALZMAN WAS INVOLVED IN THAT, TOO?

9 MR. CROCKETT: OBJECTION, IRRELEVANT.

10 Q BY MR. RILEY: RIGHT?

11 THE COURT: OVERRULED.

12 THE WITNESS: NO, I DON'T BELIEVE SHE WAS.

13 Q BY MR. RILEY: AND IT WASN'T DROPPED, WAS IT?

14 A I BELIEVE IT WAS.

15 Q HE DIDN'T ENTER INTO A CONSENSUS AGREEMENT WITH  
16 THE ATTORNEY GENERALS?

17 A I DON'T KNOW WHAT THE PARTICULARS ARE OF THE  
18 CASE.

19 Q NOW, YOU TALKED ABOUT THAT THERE WAS A LOT OF  
20 NEGATIVE PRESS ABOUT NXIVM. DO YOU RECALL THAT TESTIMONY?

21 A I DON'T BELIEVE I SAID THAT. I SAID THERE WAS  
22 SOME PRESS AND SOME PEOPLE WERE CRITICAL.

23 Q WELL, I THINK THE TERM THAT ONLY NEGATIVE  
24 THINGS IN THE PRESS WERE OUT THERE; RIGHT?

25 A I DON'T BELIEVE I SAID THAT.

26 Q WAS IT YOUR ATTORNEY WHO SAID THAT?

27 A MAYBE.

28 Q OKAY. SO YOU'VE HEARD ALL THOSE NEGATIVE

1 THINGS?

2 A YES.

3 Q AND YOU'RE SAYING THAT NXIVM NEVER RESPONDS;  
4 RIGHT?

5 A IN GENERAL, YEAH. THAT'S OUR POLICY.

6 Q IS ONE OF THE NEGATIVE THINGS MEMBERS  
7 COMMITTING SUICIDE?

8 MR. CROCKETT: OBJECTION, IRRELEVANT, AND 352.

9 THE COURT: SUSTAINED.

10 Q BY MR. RILEY: IS ONE OF THE NEGATIVE THINGS --

11 MR. CROCKETT: OBJECTION, YOUR HONOR. THIS IS JUST  
12 FRIVOLOUS AND FALSE.

13 THE COURT: WAIT. WHY DON'T YOU APPROACH.

14 MR. CROCKETT: ALL RIGHT.

15

16 (WHEREUPON THE FOLLOWING PROCEEDINGS

17 WERE HELD AT SIDEBAR:)

18

19 MR. CROCKETT: HE CAN'T JUST PREJUDICE THE JURY WITH  
20 QUESTIONS THAT ARE GOING TO BE OBJECTED TO AND SUSTAINED.

21 THE COURT: OKAY. WELL --.

22 MR. RILEY: YOUR HONOR, I HAD NO IDEA MR. CROCKETT WAS  
23 GOING TO GO DOWN THIS PATH THIS MORNING AND HE DID AT LENGTH.

24 THE COURT: I'M AFRAID I MUST AGREE WITH MR. RILEY.  
25 YOU OPENED IT AND I WAS SURPRISED BECAUSE WE WERE TRYING TO  
26 KEEP IT OUT AT YOUR REQUEST. I KEPT OUT STUFF AND YOU BROUGHT  
27 IT UP, MR. CROCKETT. NOW MR. RILEY IS ENTITLED TO GO INTO  
28 SOME OF IT. BUT DON'T BELABOR THE POINT.



1 MR. RILEY: I WON'T GO TOO LONG.

2 THE COURT: YOU BROUGHT IT UP.

3 MR. CROCKETT: MY CLIENT WILL BE ASKED TO GIVE  
4 TESTIMONY IN REBUTTAL.

5 THE COURT: COME HERE.

6 MR. CROCKETT: THAT'S WHAT I'M GOING TO DO.

7 THE COURT: LOOK YOU ASKED ME TO KEEP IT OUT. I KEPT  
8 IT OUT, BUT YOU BROUGHT IT UP. SO IF YOU BROUGHT IT UP --

9 MR. CROCKETT: THEN HE'LL GIVE AN EXTENSIVE REBUTTAL.

10 THE COURT: NO, NOT EXTENSIVE.

11

12 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
13 HELD IN OPEN COURT IN THE PRESENCE OF THE  
14 JURY:)

15

16 Q BY MR. RILEY: MR. DEL NEGRO, IS PART OF THE  
17 INFORMATION YOU'RE TALKING ABOUT ABOUT MR. RANIERE CONTROLLING  
18 THE MINDS OF YOUNG WOMEN?

19 MR. CROCKETT: OBJECTION, IRRELEVANT, HEARSAY, AND  
20 FALSE.

21 THE COURT: OVERRULED.

22 THE WITNESS: I'VE NEVER READ THAT.

23 Q BY MR. RILEY: IS PART OF THE INFORMATION THAT  
24 YOU'RE TALKING ABOUT MR. RANIERE SLEEPING WITH ALL THE MEMBERS  
25 OF THIS GROUP?

26 MR. CROCKETT: OBJECTION, WE HAVE A --

27 THE COURT: SUSTAINED.

28 Q BY MR. RILEY: YOU SAID THAT NXIVM NEVER

1 RESPONDS AND THAT'S WHY IT'S JUST NEGATIVE STUFF OUT THERE;  
2 RIGHT?

3 A I SAID THE POLICY IS NOT TO RESPOND.

4 Q WELL, DOESN'T NXIVM RESPOND BY SUING PEOPLE?

5 MR. CROCKETT: OBJECTION, IRRELEVANT.

6 THE COURT: WELL, I'LL ALLOW THAT. OVERRULED.

7 THE WITNESS: THERE'S A LAWSUIT FOR SOMEBODY WHO STOLE  
8 OUR INTELLECTUAL PROPERTY BECAUSE REALLY WHAT WE HAVE -- WE  
9 DON'T HAVE A PRODUCT LIKE A TV OR WHATEVER. WE HAVE  
10 INTELLECTUAL PROPERTY AND SO THAT'S OUR MOST VALUABLE THING.  
11 SO WHEN SOMEBODY MAKES THAT PUBLIC OR DOES SOMETHING WITH IT,  
12 THEN WE NEED TO RESPOND AND TO ACTUALLY STOP THAT.

13 SO THOSE LAWSUITS -- THERE'S A LAWSUIT ABOUT  
14 THAT.

15 Q HOW MANY OF THOSE LAWSUITS?

16 A I BELIEVE JUST ONE.

17 Q WHO IS THAT AGAINST?

18 A I THINK THERE'S A NUMBER OF PEOPLE NAMED BUT  
19 RICK ROSS IS THE MAIN PERSON THAT IT'S AGAINST.

20 Q WHAT ABOUT MR. O'HARA?

21 A I DON'T KNOW OF NXIVM IN A LAWSUIT AGAINST HIM.

22 Q WHAT ABOUT BARBARA BOUCHEY?

23 A SHE MIGHT BE IN A LAWSUIT BASICALLY FOR TAKING,  
24 AGAIN, INTELLECTUAL PROPERTY, BUT I DON'T KNOW THE DETAILS OF  
25 THAT LAWSUIT OF WHY SHE'S BEING -- BUT SHE'S SOMEBODY THAT HAD  
26 TAKEN THINGS AND DISSEMINATED THEM THAT WERE PROPRIETARY OR  
27 CONFIDENTIAL.

28 Q DISSEMINATING BAD INFORMATION; RIGHT?

1           A           NO. IT WAS THE PRIVATE INFORMATION OF THE  
2 COMPANY.

3           Q           SUSAN DONES?

4           A           I DON'T KNOW IF NXIVM IS IN A LAWSUIT WITH HER.

5           Q           WHAT ABOUT THE UCLA PROFESSOR THAT WROTE AN  
6 ARTICLE ABOUT NXIVM?

7           A           I DON'T KNOW OF THAT.

8           Q           NOW, AND I THINK YOU MENTIONED ONE THIS MORNING  
9 ON YOUR QUESTION FROM YOUR COUNSEL ABOUT MR. SUTTON, DO YOU  
10 RECALL HIM?

11          A           I KNOW HIM, YES.

12          Q           IS THAT THE FAMILY THAT NXIVM IS INVOLVED IN A  
13 LAWSUIT WITH?

14          A           YES.

15          Q           AND THESE LAWSUITS, HOWEVER MANY THERE ARE,  
16 THEY'RE ALL FINANCED FOR THE MOST PART BY THE BRONFMANS;  
17 CORRECT?

18                 MR. CROCKETT: OBJECTION, IRRELEVANT.

19                 THE COURT: SUSTAINED.

20          Q           BY MR. RILEY: YOU HEARD THE TESTIMONY FROM  
21 MS. BRONFMAN THAT ONE OF HER GOALS IN LIFE IS TO CLEAR THE  
22 NAME OF NXIVM. DO YOU RECALL THAT TESTIMONY?

23          A           I BELIEVE SHE SAID SHE WOULD LIKE TO STAND UP  
24 FOR INJUSTICE AND BASICALLY DO THAT WITH NXIVM AND WITH  
25 HERSELF AND WITH HER SISTER. SO WHERE SHE BELIEVES SHE HAD  
26 BEEN WRONGED AND OTHER COMPANIES HAD BEEN WRONGED.

27          Q           NOW, YOU INDICATED THAT NXIVM, THEY'RE  
28 BASICALLY HUMANITARIANS. DO YOU RECALL THAT TESTIMONY?

1 A YES.

2 Q WHAT DO YOU MEAN BY THAT?

3 A WE LOOK TO THE INDIVIDUAL AND UPHOLD THEM AND  
4 BASICALLY LOOK FOR THEM TO IMPROVE THEMSELVES, AND THROUGH  
5 THAT, TO RESPECT OTHERS AND BE A HUMANITARIAN PERSON, SOMEONE  
6 WHO RESPECTS HUMANITY AND RESPECTS OTHER PEOPLE.

7 Q AND AS PART OF YOUR HUMANITARIANISM, PART OF  
8 THE PEOPLE YOU TRAIN, YOU ACTUALLY SET UP LLC'S FOR; CORRECT?

9 A NOT AFFILIATED WITH THE COMPANY, NO.

10 Q WHAT DO YOU MEAN "NOT AFFILIATED WITH THE  
11 COMPANY"?

12 A IN OTHER WORDS, THAT'S A SEPARATE THING I DO ON  
13 MY OWN. IT'S NOT SOMETHING THAT'S PART OF NXIVM'S BUSINESS.

14 Q AND YOU SAID THAT YOU'RE AN INDEPENDENT  
15 CONTRACTOR FOR NXIVM; RIGHT?

16 A CORRECT.

17 Q WHAT DID YOU MEAN BY THAT?

18 A I CAN WORK FOR THEM OR NOT WORK FOR THEM. I  
19 DON'T HAVE TO SHOW UP EVERY WEEK, AND I DON'T PUNCH A TIME  
20 CLOCK. I'M A 1099 CONTRACTOR, THAT I CAN TRAIN WHAT'S BEING  
21 OFFERED TO ME.

22 Q NOW, MR. CROCKETT ASKED YOU SOME QUESTIONS  
23 ABOUT WHAT IF HE HAD SIGNED UP FOR SOME CLASSES. DO YOU  
24 RECALL THAT?

25 A YES.

26 Q HAS HE SIGNED UP FOR CLASSES?

27 A NO.

28 Q DO YOU HAVE A BIRTHDAY PARTY EVERY YEAR FOR MR.

1 RANIERE?

2 A YES.

3 Q AND THAT'S A TWO-WEEK-LONG AFFAIR?

4 A NO. IT'S A ONE-DAY AFFAIR.

5 Q IT'S NOT VANGUARD WEEK OR WEEKS?

6 A YEAH. BUT THAT'S OUR CORPORATE RETREAT.

7 DURING -- IT HAPPENS THAT THAT COINCIDES WITH HIS BIRTHDAY, SO  
8 WE USUALLY CELEBRATE HIS BIRTHDAY AT THAT CORPORATE RETREAT  
9 BECAUSE EVERYBODY IS THERE AND THEY LIKE TO SEE HIM, SO WE  
10 HAVE THAT WHEN WE HAVE OUR CORPORATE OUTING.

11 Q SO WHAT IS THIS VANGUARD WEEK OR WHATEVER?

12 A BASICALLY EVERYBODY COMES TOGETHER THAT'S EVER  
13 TAKEN OUR PROGRAM, THEY'RE OFFERED THE OPPORTUNITY TO COME UP  
14 THERE. WE HAVE SOME COURSE WORK. WE HAVE A LOT OF  
15 ENTERTAINMENT. IT'S A WHOLE WEEK RETREAT OF JUST ENJOYING  
16 EACH OTHER AND NETWORKING AND HAVING FUN.

17 Q YOU TALKED ABOUT THESE SASHES. DO YOU RECALL  
18 THAT?

19 A YES.

20 Q DO YOU HAVE A SASH?

21 A YES.

22 Q WHAT COLOR ARE YOU UP TO?

23 A ORANGE.

24 Q AND WHAT IS THE HIERARCHY ON THE COLORS?

25 A IT GOES FROM WHITE TO YELLOW TO ORANGE TO GREEN  
26 TO BLUE TO PURPLE AND THEN THERE'S BROWN AND BLACK.

27 Q WHO ARE THE BLACK SASHES?

28 A WE DON'T HAVE ANY.

1 MR. CROCKETT: OBJECTION, IRRELEVANT, PRIVACY.

2 THE COURT: SUSTAINED.

3 Q BY MR. RILEY: ARE YOU PART OF -- IN ADDITION  
4 TO DOING THIS TRAINING, ARE YOU PART OF THE EXECUTIVE TEAM FOR  
5 NXIVM?

6 A NO.

7 Q DO YOU DO OTHER WORK FOR NXIVM BESIDES TAKE  
8 THEIR CLASSES?

9 A NO.

10 Q NOW, HOW LONG HAVE YOU KNOWN THE BRONFMANS?

11 A PROBABLY ABOUT EIGHT YEARS.

12 Q AND DID YOU MEET THEM THROUGH NXIVM?

13 A YES.

14 Q AND YOU SAID THAT AT SOME POINT IN TIME, I  
15 THINK IN EARLY NOVEMBER OF 2007, YOU HEARD FROM A MR. PARLATO;  
16 CORRECT?

17 A CORRECT.

18 Q NOW, WHERE WERE YOU IN EARLY 2007 WHEN YOU  
19 HEARD FROM MR. PARLATO?

20 A IN CLIFTON PARK.

21 Q AND HOW WAS IT THAT YOU MADE CONTACT WITH MR.  
22 PARLATO IN EARLY NOVEMBER 2007?

23 A HE CALLED ME.

24 Q AND JUST OUT OF THE BLUE?

25 A YEAH.

26 Q HAD YOU MET HIM BEFORE?

27 A YEAH, I HAD MET HIM. I CAN'T REMEMBER WHEN,  
28 BUT I HAD BEEN INTRODUCED TO HIM.

1 Q AND WHAT WAS MR. PARLATO DOING FOR NXIVM AT  
2 THAT TIME?

3 A I'M NOT SURE WHAT HE WAS DOING.

4 Q DO YOU HAVE ANY IDEA WHAT HE WAS DOING?

5 A NO.

6 Q WELL, DIDN'T YOU TESTIFY THAT HE WAS HELPING  
7 OUT ON THE O'HARA CASE?

8 A I'M NOT SURE.

9 Q I'D LIKE TO READ FROM THE DEPOSITION OF MR. DEL  
10 NEGRO TAKEN JUNE 3RD, 2009, HOLIDAY INN EXPRESS IN ALBANY, NEW  
11 YORK, PAGE 24, LINES ONE THROUGH SEVEN.

12 MR. CROCKETT: OKAY.

13 THE COURT: ALL RIGHT. GO AHEAD.

14 MR. RILEY: (READING:)

15 "QUESTION: WHEN YOU MET HIM AT THAT TIME, WERE  
16 YOU INTERVIEWED BY KRISTIN KEEFFE OR --

17 "ANSWER: IT WAS JUST AN INTRODUCTION --

18 "QUESTION: WHAT WERE YOU TOLD ABOUT HIM?

19 "ANSWER: THAT HE WAS A CONSULTANT. THAT WAS  
20 PRETTY MUCH IT. HE WAS HELPING ON THE O'HARA CASE, I  
21 BELIEVE."

22 Q AND THE O'HARA CASE WAS ONE OF THE NXIVM CASES;  
23 CORRECT?

24 A I DON'T BELIEVE SO.

25 Q SO WHAT WAS THE O'HARA CASE THAT YOU WERE  
26 REFERRING TO HERE IN YOUR DEPOSITION?

27 A I THINK THAT WAS CLARE AND SARA.

28 Q SO ARE CLARE AND SARA SUING MR. O'HARA?

1 MR. CROCKETT: OBJECTION, IRRELEVANT.

2 THE COURT: SUSTAINED.

3 Q BY MR. RILEY: ARE THEY SUING MR. O'HARA ON  
4 BEHALF OF NXIVM?

5 A NO, I DON'T -- I DON'T KNOW THAT. I DON'T KNOW  
6 THAT.

7 Q SO YOU HAD MET MR. PARLATO AT THE NXIVM CAFE;  
8 CORRECT?

9 A YES.

10 Q AND THEN SOMETIME IN EARLY NOVEMBER, YOU GET A  
11 CALL FROM HIM; CORRECT?

12 A YES.

13 Q AND HE HAS A LIST OF PROPERTIES HE WANTS YOU TO  
14 DO RESEARCH ON; RIGHT?

15 A CORRECT.

16 Q WHY DID HE COME TO YOU, A TRAINER FOR NXIVM, TO  
17 RESEARCH PROPERTIES IN CALIFORNIA?

18 MR. CROCKETT: NO FOUNDATION.

19 THE COURT: WELL, TO YOUR KNOWLEDGE. OVERRULED.

20 THE WITNESS: I DON'T KNOW.

21 Q BY MR. RILEY: AND DID YOU ACTUALLY MEET WITH  
22 HIM TO GET THIS LIST?

23 A YES.

24 Q AND WHERE DID YOU MEET?

25 A AT MY HOUSE.

26 Q AND SO IN EARLY NOVEMBER WHEN YOU MET MR.  
27 PARLATO AT YOUR HOUSE, WHAT DID HE BRING WITH HIM?

28 A A LIST OF PROPERTIES.



1 Q DO YOU KNOW WHERE MR. PARLATO GOT THIS LIST  
2 FROM?

3 A THAT I DON'T.

4 Q DID HE GIVE YOU MORE THAN THIS SHEET OF  
5 PAPER -- LET ME ASK YOU. WAS IT ONE SHEET OF PAPER?

6 A AS I RECALL, IT WAS ONE SHEET OF PAPER.

7 Q WELL, DID HE ALSO GIVE YOU FINANCIAL DOCUMENTS?

8 A NO.

9 Q DID HE GIVE YOU EXCEL SPREADSHEETS ON ALL THE  
10 PROPERTIES?

11 A NO.

12 Q SO HE JUST GAVE YOU A SINGLE SHEET WITH A LIST  
13 OF PROPERTIES ON IT?

14 A YEAH. HE JUST WANTED ME TO DO TITLE RESEARCH  
15 ON THEM.

16 Q DID HE TELL YOU WHY HE WANTED YOU TO DO THIS  
17 TITLE RESEARCH IN EARLY NOVEMBER '07?

18 A HE JUST SAID THIS WAS A PROJECT THAT CLARE AND  
19 SARA WERE INVOLVED WITH AND THESE WERE ALL IN THE NAME OF A  
20 COMPANY CALLED PRECISION DEVELOPMENT, AND THAT'S ALL HE TOLD  
21 ME.

22 Q WELL, WHAT DID HE TELL YOU SPECIFICALLY TO LOOK  
23 FOR?

24 A HE SAID WHO ARE THEY TITLED TO AND ANY  
25 TRANSACTIONS OF BUYING OR SELLING THE MOST RECENT TRANSACTIONS  
26 AND ANY LOANS.

27 Q WHO WAS PRESENT AT THIS MEETING IN EARLY  
28 NOVEMBER 2007 AT YOUR HOUSE WITH MR. PARLATO AND YOU?

1           A           JUST HE AND I.

2           Q           AND AT THAT TIME, YOU WERE GOOD FRIENDS WITH

3 THE BRONFMANS; CORRECT?

4           A           YES.

5           Q           NOW, YOU SAID THAT YOU STARTED DOING SOME

6 RESEARCH ON THESE PROPERTIES; RIGHT?

7           A           CORRECT.

8           Q           AND I THINK YOU DID WEST LAW RESEARCH?

9           A           YES.

10          Q           DO YOU HAVE A WEST LAW ACCOUNT?

11          A           I HAVE ACCESS TO ONE.

12          Q           WHOSE ACCOUNT IS IT?

13          A           LISA DERKS.

14          Q           LISA?

15          A           DERKS.

16          Q           WHO IS SHE?

17          A           SHE'S SOMEONE THAT DOES LEGAL RESEARCH.

18          Q           IS SHE PART OF NXIVM?

19          A           SHE'S SOMEONE WHO ATTENDED NXIVM TRAININGS.

20          Q           IS SHE AN ATTORNEY?

21          A           NO.

22          Q           WELL, DID YOU GO TO HER OFFICE OR HER HOUSE TO

23 DO THIS WEST LAW RESEARCH?

24          A           NO.

25          Q           SHE JUST GIVES YOU HER PASS CODE AND YOU GO ON

26 THE INTERNET AND USE IT?

27          A           YES.

28          Q           DID YOU CONSULT WITH HER ABOUT THESE

1 PROPERTIES?

2 A NO.

3 Q WHAT DID YOU FIND OUT WHEN YOU DID THIS  
4 RESEARCH?

5 A THERE WERE A NUMBER OF PROPERTIES TITLED TO  
6 PRECISION AND THERE WERE THREE PROPERTIES TITLED TO THE  
7 PLYAMS, AND THERE WAS KNOBHILL PROPERTY TITLED TO CASTLE  
8 TRADING.

9 Q SO THE THREE PROPERTIES THAT YOU FOUND IN EARLY  
10 NOVEMBER TO BE TITLED TO THE PLYAMS WERE ALONZO; CORRECT?

11 A YES.

12 Q UHEA?

13 A THAT WAS ONE OF THE ONES.

14 Q AND WANDA PARK?

15 A YOU KNOW, I DON'T REMEMBER AT THAT TIME WHAT  
16 EXACTLY I FOUND, BUT I KNOW, YOU KNOW, WHAT THEY ARE --  
17 EVENTUALLY DOWN THE ROAD WHAT IT WAS. IN THAT MOMENT, I KNOW  
18 THERE WAS A NUMBER OF THEM THAT WERE IN THE PLYAMS' NAME. SO  
19 IN THAT MOMENT, I DON'T REMEMBER EXACTLY WHICH ONES THEY WERE  
20 ON THAT RESEARCH ON THAT DATE. ON THAT DATE, I'M NOT SURE  
21 WHICH ONES WERE WHICH.

22 Q WELL, I ASSUME YOU SAVED AND OR PRINTED OUT  
23 YOUR RESEARCH; RIGHT?

24 A IT'S SOMEWHERE, YEAH.

25 Q AND YOU BELIEVE AT THAT TIME THAT THERE WERE  
26 THREE PROPERTIES IN THE PLYAMS' NAME; CORRECT?

27 A THERE WERE A NUMBER OF PROPERTIES. I DON'T  
28 REMEMBER WHAT I SAW IN THAT MOMENT. LATER ON I FOUND OUT THAT

1 THERE WERE THREE, BUT IN THAT MOMENT, I DON'T REMEMBER HOW  
2 MANY THERE WERE.

3 Q WELL, YOU REMEMBER YESTERDAY YOU PULLED OUT OF  
4 YOUR BREAST POCKET A LIST?

5 A YES.

6 Q WHEN DID YOU MAKE UP THAT LIST?

7 A EARLY IN THE WEEK.

8 Q AND WHY DID YOU MAKE UP THAT LIST?

9 A JUST TO REMIND MYSELF OF THE PROPERTIES RATHER  
10 THAN JUST COMING OFF THE TOP OF MY HEAD.

11 Q OKAY. SO YOU HAD A LOT OF TIME TO REMEMBER.  
12 SO WHICH PROPERTIES DO YOU REMEMBER BEING TITLED IN THE  
13 PLYAMS' NAME?

14 A ON THAT DATE, I'M NOT SURE.

15 Q SO THE LIST THAT YOU PULLED OUT WASN'T THE LIST  
16 OF THE PROPERTIES YOU RESEARCHED ON THAT DAY?

17 A NO. THOSE WERE THE PROPERTIES THAT I WENT AND  
18 VISITED.

19 Q NOW, YOU ALSO MENTIONED THAT IN YOUR RESEARCH  
20 YOU CAME UP WITH THIS KNOBHILL PROPERTY BEING TITLED TO CASTLE  
21 TRADING; CORRECT?

22 A YEAH. I MEAN, I REMEMBER A CASTLE TRADING  
23 PROPERTY AT THAT TIME. I'M NOT SURE IF I KNEW AT THAT TIME  
24 THAT WAS KNOBHILL OR REMEMBER THAT THAT WAS IT. BUT THERE WAS  
25 A CASTLE TRADING PROPERTY ON THE LIST.

26 Q OKAY. AND YOU CAN JUST PUT IN CASTLE TRADING  
27 AND FIND ALL THE PROPERTIES IN L.A. COUNTY THAT COME UP UNDER  
28 THAT NAME; RIGHT?

1           A           UM-HHM.

2           Q           IS THAT YES?

3           A           YES.

4           Q           AND YOU CAN PUT IN PRECISION AND FIND ALL THE

5 PROPERTIES THAT COME UP IN THAT NAME; RIGHT?

6           A           YES.

7           Q           AND YOU CAN DO THE SAME FOR THE PLYAMS' NAME;

8 CORRECT?

9           A           CORRECT.

10          Q           ALL RIGHT. SO YOU ALSO FOUND OUT WHEN YOU DID

11 YOUR RESEARCH IN EARLY NOVEMBER, THAT THERE WERE DEEDS OF

12 TRUST THAT HAD BEEN RECORDED ON THREE OF THE PROPERTIES;

13 CORRECT?

14          A           I'M ASSUMING THAT I FOUND THAT, BUT I DON'T

15 KNOW IN THAT PARTICULAR DATE IF I LOOKED FOR THE DEEDS OF

16 TRUST.

17          Q           WELL, THAT'S WHAT YOU SAID YESTERDAY, THAT YOU

18 FOUND THESE DEEDS OF TRUSTS THAT HAD BEEN RECORDED; RIGHT?

19          A           THE TITLE. DEED OF TRUST, IS THAT WHAT YOU

20 MEAN?

21          Q           NO. LOANS.

22          A           OH. THE LOANS. THERE WERE SOME LOANS ON THE

23 PROPERTIES.

24          Q           OKAY. SO IN YOUR EARLY RESEARCH YOU DETERMINED

25 THAT THERE WERE THESE LOANS WITH INDYMAC BANK; CORRECT?

26          A           I SAW THAT THERE WERE LOANS.

27          Q           THESE WERE THE LOANS WITH INDYMAC BANK;

28 CORRECT?

1           A           I'M NOT SURE.

2           Q           WELL, THEY WERE THE LOANS ON ALONZO AND UHEA;  
3 RIGHT?

4           A           AT THAT TIME, I'M NOT SURE.

5           Q           WELL, WHAT PROPERTIES WERE THESE LOANS ON?

6           A           I'M NOT SURE ON THAT DATE IF I VERIFIED THOSE  
7 PROPERTIES -- I DON'T REMEMBER WHICH LOANS I ASSIGNED TO WHICH  
8 PROPERTIES AT THAT POINT.

9           Q           ALL RIGHT. IN ANY EVENT, YOU FOUND LOANS?

10          A           UM-HMM. YES.

11          Q           AND I THINK YOUR TESTIMONY WAS THAT THAT CAUSED  
12 YOU SOME CONCERN; CORRECT?

13          A           YES.

14          Q           AND THAT YOU RELAYED YOUR CONCERNS IN EARLY  
15 NOVEMBER TO MR. PARLATO; CORRECT?

16          A           YES.

17          Q           AND I ASSUME YOU ALSO RELAYED THESE CONCERNS TO  
18 YOUR GOOD FRIENDS THE BRONFMANS; CORRECT?

19          A           I DIDN'T SPECIFICALLY TALK TO HER ABOUT IT, NO.

20          Q           WHEN YOU'RE SAYING HER, YOU'RE REFERRING TO  
21 CLARE --

22          A           CLARE.

23          Q           -- BRONFMAN?

24          A           YES.

25          Q           DO YOU LIVE CLOSE TO MS. BRONFMAN, MS. CLARE  
26 BRONFMAN?

27          A           NO.

28          Q           DID YOU AT THE TIME?

1           A           WHEN YOU SAY CLOSE, WHAT DO YOU MEAN?

2           Q           HOW FAR AWAY DO YOU LIVE?

3           A           OTHER SIDE OF TOWN, SAME CITY.

4           Q           HOW MANY MILES IS THAT WHERE YOU LIVE? IT

5 COULD BE -- HERE IN LOS ANGELES OTHER SIDE OF TOWN COULD BE 20

6 MINUTES AWAY.

7           A           I DON'T KNOW.  MAYBE SIX MILES, EIGHT MILES.

8           Q           SO YOU KNEW THAT WHEN YOU WERE DOING THE

9 RESEARCH THAT THIS WAS THE BRONFMANS' REAL ESTATE INVESTMENT;

10 RIGHT?

11          A           YES.

12          Q           AND MR. PARLATO HAD SOME CONCERNS AND WANTED

13 YOU TO LOOK THINGS UP; RIGHT?

14          A           YES.

15          Q           AND YOU LOOKED SOME THINGS UP AND YOU HAD SOME

16 CONCERNS YOURSELF; RIGHT?

17          A           YES.

18          Q           SO I ASSUME AT SOME POINT IN TIME YOU WANTED TO

19 TELL YOUR GOOD FRIEND ABOUT YOUR CONCERNS; RIGHT?

20          A           NO.

21          Q           WHY NOT?

22          A           BECAUSE I DID IT -- I WAS EMPLOYED BY MR.

23 PARLATO AT THE TIME AND I GAVE HIM THE INFORMATION.

24          Q           WAS MR. PARLATO PAYING YOU TO DO THE RESEARCH?

25          A           YES.

26          Q           WHAT WAS HE PAYING YOU TO DO THIS RESEARCH?

27          A           \$20 AN HOUR.

28          Q           SO RIGHT UP FRONT HE SAID I'M GOING TO PAY YOU

1 \$20 AN HOUR TO DO THIS RESEARCH?

2 A UM-HMM. YES.

3 Q NOW, WHEN DO YOU BELIEVE THE FIRST TIME WAS  
4 THAT YOU TOLD YOUR FRIENDS, THE BRONFMANS, THAT YOU HAD THESE  
5 CONCERNS ABOUT THEIR PROPERTIES IN LOS ANGELES?

6 A MAYBE AFTER THE SECOND DAY OF BEING HERE.  
7 I DON'T REMEMBER THE EXACT DAY WHEN I TALKED TO HER. I SPOKE  
8 TO CLARE.

9 Q WELL, YOU SPOKE TO CLARE BEFORE YOU WENT OUT  
10 HERE, DIDN'T YOU?

11 A YES.

12 Q OKAY. SO IT WASN'T THE SECOND DAY BEING IN LOS  
13 ANGELES?

14 A WELL, THAT I GAVE HER MORE DETAILS.

15 Q OKAY. THAT'S NOT MY QUESTION.

16 A OKAY.

17 Q MY QUESTION IS: WHEN DID YOU FIRST TELL  
18 MS. BRONFMAN ABOUT YOUR CONCERNS ABOUT SEEING THESE PROPERTIES  
19 TITLED IN THE NAME OF THE PLYAMS AND CASTLE TRADING AND THESE  
20 LOAN DOCUMENTS?

21 A ONCE I WAS HERE.

22 Q SO YOU FIND OUT IN EARLY NOVEMBER AND HAVE  
23 THESE CONCERNS, AND THEN ALL OF NOVEMBER GOES BY, ALL OF  
24 DECEMBER GOES BY, AND YOU FLY OUT TO LOS ANGELES AND YOU DON'T  
25 TELL HER ABOUT THESE CONCERNS UNTIL AFTER YOU'RE HERE?

26 A CORRECT.

27 Q YET YOU HAD TALKED TO HER IN THE INTERIM;  
28 RIGHT?



1           A           YES.

2           Q           AND YOU TOLD HER YOU WERE COMING OUT TO LOS  
3 ANGELES?

4           A           YES.

5           Q           WHY DIDN'T YOU TELL HER YOUR CONCERNS?

6           A           BECAUSE I GAVE THEM TO MR. PARLATO WHO I WAS  
7 WORKING FOR, AND I WAS COMING OUT HERE AND WOULD SEE MORE.

8           Q           BUT MS. BRONFMAN WAS YOUR FRIEND?

9           A           YES.

10          Q           DID MR. PARLATO TELL YOU NOT TO TELL HER?

11          A           NO.

12          Q           SO AT SOME POINT IN TIME, MR. PARLATO GETS BACK  
13 TO YOU AND SAYS LET'S GO TO CALIFORNIA?

14          A           YES. IN DECEMBER.

15          Q           AND DID MR. PARLATO SAY WHY HE WANTED YOU TO GO  
16 TO CALIFORNIA?

17          A           HE SAID HE WAS ACTUALLY INTERESTED IN THE  
18 PROJECT AND THAT HE WAS GOING TO POSSIBLY GET INVOLVED IN IT,  
19 AND HE SAID SINCE I DID THE RESEARCH ON THE TITLES AND STUFF,  
20 HE WANTED ME TO COME OUT AND IT WAS JUST GOING TO BE A  
21 THREE-DAY TRIP AND WOULD I COME OUT AND HE'D PAY ME FOR IT.

22          Q           AND WHAT DID HE SAY THAT HE WAS GOING TO PAY  
23 YOU?

24          A           \$20 AN HOUR AND WHATEVER EXPENSES I HAD.

25          Q           NOW, DID YOU MEET FRANK FACE-TO-FACE BEFORE YOU  
26 CAME OUT TO CALIFORNIA?

27          A           I DON'T KNOW THAT I DID. I DON'T RECALL.

28          Q           NOW, IN BETWEEN THE TIME IN EARLY NOVEMBER WHEN

1 YOU LEARNED ABOUT THESE PROBLEMS, YOU WENT TO MS. BRONFMAN'S  
2 EVENT IN EARLY DECEMBER; CORRECT?

3 A I DON'T REMEMBER.

4 Q THE A CAPPELLA EVENT?

5 A IF THAT'S WHEN IT WAS, YES.

6 Q AND YOU DIDN'T TALK ABOUT IT TO HER THEN?

7 A NO.

8 Q YOU SAW THE PLYAMS THERE EARLY 2007?

9 A I DON'T RECALL THAT. I MIGHT HAVE.

10 Q WHY DIDN'T YOU TALK TO THE PLYAMS WHILE YOU  
11 WERE THERE?

12 A I JUST DID RESEARCH FOR FRANK PARLATO. NO  
13 REASON TO TALK TO THEM.

14 Q WELL, WHO WAS RUNNING THIS THING THAT WAS GOING  
15 ON, THIS GAME THAT WAS GOING ON?

16 A AT THAT POINT, IT WAS JUST RESEARCH THAT I HAD  
17 DONE.

18 Q WELL, DID YOU TALK TO ANYONE ELSE OTHER THAN  
19 FRANK PARLATO?

20 A NO.

21 Q HAD YOU DONE WORK FOR FRANK PARLATO BEFORE?

22 A NO.

23 Q HOW MANY TIMES HAVE YOU MET FRANK PARLATO?

24 A MAYBE COUPLE TIMES.

25 Q AND THEN IN DECEMBER HE SAYS COME OUT TO  
26 CALIFORNIA WITH ME?

27 A YES.

28 Q AND YOU DROPPED EVERYTHING YOU WERE DOING AND

1 DID IT; RIGHT?

2 A YEAH.

3 Q AND HOW LONG DID YOU STAY IN CALIFORNIA FOR?

4 A IT ENDED UP BEING MONTHS.

5 Q SO WHAT WERE YOU DOING BEFORE YOU CAME TO

6 CALIFORNIA FOR A LIVING?

7 A BUSINESS CONSULTING.

8 Q WHAT KIND OF BUSINESS CONSULTING?

9 A I WAS DOING TRAININGS AND OCCASIONAL WORK

10 SETTING UP LLC'S, LIKE I SAID.

11 Q SO YOU COME OUT, FLY OUT TO LOS ANGELES, AND

12 YOU MEET FRANK PARLATO AT A HOTEL AIRPORT; RIGHT?

13 A YES.

14 Q AND HE'S GOT A COUPLE OF THUGS WITH HIM; RIGHT?

15 A WELL, HE HAD TWO GENTLEMEN WITH HIM.

16 Q YOU SAW -- YOU WERE HERE WHEN I SHOWED THE

17 NOTES OF YOUR EXPERT; RIGHT?

18 A THE NOTES OF MY EXPERT?

19 Q YOU KNOW BARBARA GOTTLIEB?

20 A OH, YES.

21 Q YOU MET BARBARA GOTTLIEB BEFORE; RIGHT?

22 A YES.

23 Q DO YOU RECALL THE DAY I PUT THOSE NOTES ON THE

24 SCREEN THERE?

25 A I DON'T KNOW WHAT NOTES YOU'RE REFERRING TO.

26 Q HOW ABOUT THE NOTE THAT SAYS MR. DEL NEGRO

27 SLEPT WITH ONE OF THE THUGS' WIFE? DO YOU RECALL THAT NOTE?

28 MR. CROCKETT: OBJECTION. DIDN'T WE HAVE A MOTION IN

1 LIMINE ON THIS?

2 THE COURT: WELL, WHY DON'T YOU APPROACH.

3 MR. CROCKETT: HE CAN ANSWER. GO AHEAD AND ANSWER.

4 THE WITNESS: YEAH, I SAW THAT.

5 Q BY MR. RILEY: YOU SAW THAT NOTE?

6 A YES.

7 Q OKAY. AND SO THAT WAS INFORMATION THAT WAS  
8 BEING EVIDENTLY RELAYED BY YOUR ATTORNEY TO MS. GOTTLIEB;  
9 RIGHT?

10 A APPARENTLY, YES.

11 Q AND HE WAS CALLING HIM THUGS; RIGHT?

12 A I THINK HE WAS WRITING DOWN THINGS THAT HAVE  
13 BEEN SAID THAT WERE POSSIBLY UNTRUE AND WERE UNTRUE BECAUSE I  
14 NEVER SLEPT WITH THAT WOMAN. SO MANY OF THE THINGS ON THERE,  
15 AS FAR AS I'M CONCERNED, WERE THINGS THAT WERE SAID. AND WHEN  
16 WE APPROACHED SOMEONE, WE TELL THEM EVERYTHING THAT'S GOING ON  
17 AND EVERYTHING BEING SAID. SO THE THINGS ON THAT LIST WEREN'T  
18 NECESSARILY TRUE. THEY WERE JUST THINGS THAT WERE THROWN OUT  
19 THERE TO PREPARE OUR EXPERT FOR WHAT'S GOING TO BE SAID TO  
20 THEM.

21 Q SO THAT STORY ABOUT BEING -- YOU BEING  
22 THREATENED ABOUT KEN THOMAS FOR SLEEPING WITH HIS WIFE WAS ALL  
23 FALSE?

24 A HE ACTUALLY LEFT THE MESSAGE AND WAS UPSET  
25 BECAUSE HE IS A JEALOUS GUY AND THOUGHT SOMETHING HAPPENED.  
26 AND SO HE LEFT A MESSAGE WITH HIS DISPLEASURE, AND IT WASN'T  
27 TRUE. BUT THAT'S WHAT HAPPENED.

28 Q WHAT WAS THE MESSAGE THAT HE LEFT YOU?

1           A           THAT HE WAS -- I CAN'T REMEMBER WHAT HE SAID.  
2 HE JUST SEEMED UPSET, THAT HE THOUGHT THAT THIS HAD HAPPENED,  
3 AND IT WAS A MISUNDERSTANDING.

4           Q           GIVE ME YOUR BEST RECOLLECTION, PLEASE.

5           A           HE SAID THAT'S NOT GOOD OR SOMETHING LIKE THAT.  
6 YOU KNOW, I CAN'T REMEMBER. IT WAS BACK IN 2008.

7           Q           BUT YOU DON'T GET THESE MESSAGES EVERYDAY.  
8 COME ON, GIVE US YOUR BEST RECOLLECTION?

9           A           THAT WAS IT. HE WAS UPSET. THIS ISN'T RIGHT,  
10 BLAH, BLAH, BLAH. I MEAN, IT WAS WHAT A GUY WOULD SAY IF HE  
11 THINKS HIS GIRLFRIEND IS SLEEPING AROUND.

12          Q           WELL, YOU GUYS WERE ACTUALLY LIVING IN THE SAME  
13 HOUSE AT THE TIME?

14          A           PREVIOUS TO THAT, WE WERE.

15          Q           AND DID YOU ACTUALLY LEAVE TOWN AFTER GETTING  
16 THAT THREAT FROM MR. THOMAS?

17          A           NO. NO, I WAS HERE.

18          Q           DID YOU -- WHEN DID YOU LEAVE LOS ANGELES FOR  
19 THE FIRST TIME AFTER GETTING HERE?

20          A           I THINK 4TH OF JULY. I THINK 4TH OF JULY I --  
21 AND THEN I CAME BACK.

22          Q           DIDN'T YOU LEAVE IN APRIL?

23          A           I MIGHT HAVE FLOWN -- I'M NOT SURE WHEN MY  
24 FLIGHTS WERE BACK.

25          Q           DIDN'T YOU LEAVE AFTER YOU GOT THE THREAT?

26          A           NO. IT WASN'T IMMEDIATELY AFTER THAT.

27          Q           OKAY. SO WE'RE BACK -- YOU'RE JANUARY 2008. I  
28 THINK YOU FLY OUT JANUARY 2ND; RIGHT?

1           A           YEAH. I BELIEVE I LANDED HERE JANUARY 2ND.

2           Q           AND DURING THAT TIME, YOU'RE WITH THESE TWO

3 GENTLEMEN AS YOU DESCRIBED THEM, ONE AT LEAST WEARING A LONG,

4 BLACK TRENCH COAT?

5           A           YEAH.

6           Q           DARK SUNGLASSES?

7           A           YEAH. HE LOOKED LIKE THE MATRIX.

8           Q           AND YOU SAY IT'S KIND OF FUNNY NOW; RIGHT?

9           A           IT WAS KIND OF COMICAL.

10          Q           WELL, LET ME ASK YOU THIS: IF YOU'RE SITTING

11 IN YOUR OFFICE, YOUR QUOTE POSH BEVERLY HILLS OFFICE, AND FOUR

12 GENTLEMEN THAT SOME HAVE DESCRIBED AS THUGS, WALK IN AND WANT

13 TO TAKE CONTROL OF YOUR COMPANY THAT YOU'VE BEEN WORKING ON

14 FOR THREE YEARS, DO YOU THINK THAT'S FUNNY?

15          A           NO, I DON'T THINK THAT'S FUNNY.

16          Q           SO YOU COME OUT AND YOU MEET UP WITH PARLATO,

17 AVINO, AND THOMAS, AND YOU GUYS HOP IN A CAR AND DRIVE AROUND;

18 RIGHT?

19          A           CORRECT.

20          Q           AND WHOSE CAR WERE YOU IN?

21          A           A RENTAL CAR. I'M NOT SURE WHO RENTED IT.

22          Q           AND THEN YOU STARTED LOOKING AT -- GOING TO

23 SOME OF THESE PROPERTIES; RIGHT?

24          A           CORRECT.

25          Q           AND NOBODY CALLED MR. PLYAM, DID THEY?

26          A           MR. PARLATO WAS TALKING TO MR. PLYAM AT

27 DIFFERENT TIMES, BUT I DON'T RECALL WHEN. DURING THE FIRST

28 COUPLE DAYS, I KNOW A COUPLE TIMES HE HAD CALLED HIM, BUT I

1 CAN'T RECALL EXACTLY WHEN HIS COMMUNICATIONS WERE.

2 Q YOU NEVER SPOKE TO MR. PLYAM, DID YOU?

3 A NO.

4 Q AND YOU ACTUALLY WERE GOING TO SOME OF THESE

5 PROPERTIES AT NIGHTTIME; RIGHT?

6 A IT STARTED TO GET DARK WHEN WE WERE FINISHING.

7 Q SO WHY ARE YOU TRAIPSING AROUND THESE

8 PROPERTIES AT NIGHTTIME?

9 A LOOKING AT THE PROPERTIES.

10 Q WHAT WERE YOU LOOKING FOR?

11 A WHERE THEY WERE, WHERE THEY WERE LOCATED, THE

12 LAYOUT.

13 Q HAD YOU DONE THIS KIND OF WORK WITH MR. PARLATO

14 BEFORE?

15 A NO.

16 Q DID YOU FIND THAT A LITTLE UNUSUAL?

17 A NO.

18 Q AND THEN THE NEXT THING YOU KNOW ON THE 2ND

19 OR -- EXCUSE ME -- ON THE 4TH, DID YOU HAVE A MEETING WITH

20 MR. PLYAM?

21 A I THINK IT WAS THE 4TH.

22 Q WHAT'S THAT?

23 A I BELIEVE IT WAS THE 4TH.

24 Q AND WHAT DAY OF THE WEEK WAS THIS?

25 A I DON'T REMEMBER THE DAY OF THE WEEK.

26 Q IT WAS A FRIDAY?

27 A POSSIBLE.

28 Q AND YOU HAD YOUR TOUR ON A SATURDAY?

1           A           SOUNDS POSSIBLE, YEAH.   SOUNDS RIGHT.

2           Q           AND SO YOU GO INTO THE OFFICE AND THAT'S WHEN  
3 MR. PLYAM IS ALLEGEDLY CONFRONTED BY THESE FOUR MEN INCLUDING  
4 YOURSELF; RIGHT?

5           A           WELL, WE CAME IN AND STARTED -- MR. PARLATO  
6 STARTED TALKING TO HIM ABOUT WHY HE WAS THERE AND TALKING  
7 ABOUT THE PROPERTIES.

8           Q           AND THIS IS WHERE YOU SAID MR. KEN THOMAS IS  
9 VIDEOTAPING EVERYTHING; RIGHT?

10          A           I DON'T REMEMBER IF HE WAS VIDEOTAPING IN THAT  
11 MOMENT.   HE MAY HAVE.

12          Q           NOW, YOU SAID THAT WHILE YOU WERE LOOKING  
13 AROUND -- ACTUALLY, YOU SAID THAT YOU KNEW THAT \$26 MILLION  
14 HAD BEEN INVESTED; RIGHT?

15          A           CORRECT.

16          Q           HOW DID YOU FIND THAT OUT?

17          A           I BELIEVE MR. PARLATO TOLD ME.

18          Q           AND NOW ON TESTIMONY FROM YOUR ATTORNEY, YOU  
19 SAID THAT YOU HAD CONCERNS THAT THE PLYAM HOUSES WERE ALMOST  
20 FINISHED; RIGHT?

21          A           CORRECT.

22          Q           WELL, WASN'T IT REALLY YOUR CONCERN HAVING TO  
23 DO WITH THE FACT THAT IT WAS DIFFICULT FOR YOU TO UNDERSTAND  
24 THEM WORKING ON SO MANY PROPERTIES AT ONE TIME AND FIGURING  
25 OUT HOW THEY COULD SPEND MONEY?

26          A           THAT WAS ANOTHER CONCERN.

27          Q           WHAT'S THAT?

28          A           THAT WAS ANOTHER CONCERN.   SINCE THERE WERE



1 SO --

2 Q SO YOU HAD A PROBLEM -- YOU COULDN'T TELL BY  
3 JUST LOOKING IN THE SOIL OR GRADING HOW MUCH MONEY HAD BEEN  
4 SPENT; RIGHT?

5 A YEAH. WE COULDN'T SEE HOW MUCH MONEY WAS SPENT  
6 JUST BY LOOKING AT IT FROM THE ROADSIDE.

7 Q WHY DIDN'T YOU ASK MR. PLYAM?

8 A I BELIEVE AT ONE POINT WE DID.

9 Q WHEN DID THAT HAPPEN?

10 A SOMETIME DURING THE WEEK WHEN WE WERE ASKING  
11 FOR THE BANK RECORDS TO SEE, YOU KNOW, HOW MUCH WAS SPENT AND  
12 ASKING FOR RECORDS.

13 Q WELL, WHAT ABOUT BEFORE YOU HAD HIM SIGN OVER  
14 THE COMPANY?

15 A YEAH. I DON'T KNOW WHEN IT WAS SAID.

16 Q NOW, YOU ALSO SAID IN YOUR TESTIMONY THAT WHILE  
17 MR. PARLATO WAS TALKING TO MR. PLYAM WHEN YOU STARTED SNOOPING  
18 AROUND; RIGHT?

19 A I WAS LOOKING WHILE I WAS THERE.

20 Q AND THAT'S WHEN YOU FOUND OUT THAT THERE WAS  
21 SOME ROXBURY PLANS THERE; RIGHT?

22 A CORRECT.

23 Q WELL, YOU DIDN'T FIND ROXBURY PLANS THERE AT  
24 THE TIME, DID YOU?

25 A THERE WERE PLANS THAT SAID ROXBURY ON THEM.

26 Q WELL, WHEN YOU WERE THERE AT THAT MEETING ON  
27 FRIDAY AFTERNOON, YOU DIDN'T SEE ANY ROXBURY PLANS, DID YOU?

28 A I DID SEE ROXBURY PLANS.

1 Q ALL RIGHT. I WANT TO READ FROM THE DEPOSITION  
2 OF MR. DEL NEGRO PAGE 53, LINE SIX THROUGH 12.

3 MR. CROCKETT: 53 WHAT?

4 MR. RILEY: SIX THROUGH 12.

5 MR. CROCKETT: NO OBJECTION.

6 MR. RILEY: (READING:)

7 "QUESTION: WERE YOU AWARE OF THE ROXBURY  
8 PROPERTY AT THAT TIME?

9 "ANSWER: I THINK AT THAT TIME I MAY HAVE BEEN,  
10 BUT I CAN'T SAY FOR SURE BECAUSE AT THAT POINT, I  
11 THINK I DID MORE RESEARCH. IT'S DIFFICULT FOR ME TO  
12 SAY EXACTLY WHEN I BECAME AWARE OF ALL THE PLYAMS'  
13 PROPERTIES."

14 Q NOW, YOUR DEPOSITION WAS TAKEN BACK IN 2009;  
15 CORRECT?

16 A I'M NOT SURE. IF YOU SAY THAT.

17 Q WELL, DO YOU RECALL HAVING YOUR DEPOSITION  
18 TAKEN AT THAT MOTEL -- EXCUSE ME -- HOTEL ON JUNE 3RD, 2009?

19 A YES.

20 Q AND WHEN ASKED ABOUT WHEN YOU KNEW ABOUT THESE  
21 PROPERTIES, YOU COULDN'T REMEMBER; RIGHT? THE TESTIMONY I  
22 JUST READ?

23 A OKAY.

24 Q NOW WE'RE IN MARCH -- ACTUALLY APRIL 2011, AND  
25 ALL OF A SUDDEN, YOU HAVE THIS SPECIFIC RECOLLECTION OF SEEING  
26 THE PLANS OF ROXBURY ON YOUR FIRST ENTRY INTO THE OFFICE;  
27 RIGHT?

28 A YES.

1 Q THAT'S JUST MADE UP, ISN'T IT?

2 A NO, IT'S NOT. I SAW -- I KNOW WE WERE THERE ON  
3 A FRIDAY OR SATURDAY OR TWO DAYS IN A ROW, AND THE DETAILS OF  
4 WHEN I SAW WHAT, I'M NOT SURE WHICH OF THOSE TWO DAYS BECAUSE  
5 WE WERE THERE TWO DAYS IN A ROW. AND I KNOW THAT I SAW  
6 ROXBURY PLANS IN THE OFFICE. SO WHETHER OR NOT AT THAT TIME I  
7 KNEW THAT WAS THEIR HOME OR NOT, I'M NOT SURE ABOUT, BUT I  
8 KNOW THERE WAS A PROPERTY CALLED ROXBURY. BUT I'M NOT SURE AT  
9 THAT TIME THAT I KNEW THAT THAT WAS THEIR PARTICULAR HOME, BUT  
10 THERE WAS SOMETHING UNDER CONSTRUCTION THAT HAS PLANS THAT'S  
11 CALLED ROXBURY.

12 Q YOUR TESTIMONY WAS THAT YOU SPECIFICALLY OPENED  
13 A DRAWER AND WENT, "AHA, HERE'S A PROPERTY I DON'T KNOW  
14 ABOUT."

15 A CORRECT.

16 Q BUT YOU DIDN'T SAY THAT IN YOUR DEPOSITION, DID  
17 YOU?

18 NOW, YOU THEN WENT ON A TOUR ON SATURDAY WITH  
19 THE PLYAMS; RIGHT?

20 A CORRECT. ON ONE OF THOSE TWO DAYS.

21 Q AND -- WELL, IT WAS A SATURDAY; RIGHT?

22 A IT MIGHT HAVE BEEN.

23 Q AND YOU SAW THE BAT IN THE CAR?

24 A NO.

25 Q COME ON.

26 A NO, I DON'T RECALL SEEING A BAT.

27 Q AND YOU TESTIFIED YOU WERE ALSO LOOKING FOR  
28 EMPLOYEES?

1 A CORRECT.

2 Q WHY WOULD YOU BE LOOKING FOR EMPLOYEES ON A  
3 SATURDAY AFTERNOON?

4 A WE WERE LOOKING FOR EMPLOYEES EVERY TIME WE  
5 WENT THERE.

6 Q AND THEN THE NEXT THING THAT HAPPENS IS THERE'S  
7 THIS MEETING SET UP SUNDAY NIGHT. DO YOU RECALL THAT?

8 A YES.

9 Q AND YOU KNOW SPECIFICALLY THAT MR. PLYAM WAS  
10 TOLD IF HE SIGNED THAT DOCUMENT \$400,000 WOULD BE PUT IN THE  
11 ACCOUNT TO PAY THE EMPLOYEES; RIGHT?

12 A THAT I DON'T KNOW.

13 Q YOU DON'T KNOW?

14 A NO.

15 Q YOU'RE SAYING IT DIDN'T HAPPEN?

16 A I DIDN'T HEAR A PROMISE FOR THAT.

17 Q WELL, WASN'T THIS ALL ABOUT GETTING MONEY TO  
18 PAY THE EMPLOYEES?

19 A NOT THAT I KNOW.

20 Q WAS IT MENTIONED AT ALL?

21 A YES. MR. PLYAM BROUGHT IT UP AT DIFFERENT  
22 TIMES AT DIFFERENT DAYS.

23 Q NOW, YOU ALSO SAID THAT -- YOU SAID SOMETHING  
24 ABOUT MR. PARLATO TALKING ABOUT KNOWING MR. BRONFMAN. DO YOU  
25 RECALL THAT?

26 A YES.

27 Q AND SO I WASN'T CLEAR. WHAT IS YOUR TESTIMONY?  
28 DID HE SAY HE WAS WORKING FOR MR. BRONFMAN OR NOT?

1           A           YOU KNOW, I DON'T KNOW IF HE SPECIFICALLY SAID  
2 IT, BUT I KNOW HIS NAME CAME UP AND THERE WAS AT LEAST AN  
3 INSINUATION HE KNEW MR. BRONFMAN, BUT I DON'T REMEMBER EXACTLY  
4 WHAT HE SAID. BUT I REMEMBER MR. BRONFMAN'S NAME COMING UP.

5           MR. RILEY: I'D LIKE TO READ FROM THE DEPOSITION OF  
6 MR. DEL NEGRO PAGE 49, LINES SEVEN THROUGH 11.

7           MR. CROCKETT: NO OBJECTION.

8           THE COURT: ALL RIGHT.

9           MR. RILEY: (READING:)

10                   "QUESTION: DO YOU RECALL MR. PARLATO SAYING HE  
11 WAS WORKING FOR EDGAR BRONFMAN SR.?

12                   "ANSWER: YES.

13                   "QUESTION: WHY DID HE SAY THAT?

14                   "ANSWER: I DON'T KNOW. I ASSUMED THAT HE  
15 WAS."

16                   PAGE 51, LINES ONE THROUGH FIVE.

17           MR. CROCKETT: NO OBJECTION. SORRY.

18           THE COURT: ALL RIGHT.

19           MR. RILEY: (READING:)

20                   "QUESTION: DID HE SAY TO YOU WHY HE WAS USING  
21 THE NAME OF EDGAR BRONFMAN SR.?

22                   "ANSWER: NO.

23           Q           SO, MR. DEL NEGRO, HE WAS REPRESENTING THAT HE  
24 WAS THERE ON BEHALF OF EDGAR BRONFMAN SR.; RIGHT?

25           A           NO. HE SAID THAT HE WAS REPRESENTING THE  
26 BRONFMANS BUT BROUGHT UP EDGAR.

27           Q           I'LL READ IT AGAIN.

28           MR. CROCKETT: OBJECTION.

1 MR. RILEY: DO YOU RECALL --

2 MR. CROCKETT: REPETITIVE, YOUR HONOR.

3 THE COURT: IS IT THE SAME SECTION?

4 MR. RILEY: IT IS.

5 THE COURT: ALL RIGHT. THEN SUSTAINED.

6 Q BY MR. RILEY: ARE YOU TAKING BACK YOUR  
7 TESTIMONY IN YOUR DEPOSITION?

8 A NO.

9 Q ALL RIGHT. NEXT, YOU TESTIFIED THAT -- WELL,  
10 THIS MEETING WHERE THE DOCUMENT IS SIGNED, THE NEW AGREEMENTS,  
11 DO YOU RECALL THAT?

12 A YES.

13 Q AND YOU HEARD MR. PILLEMER TESTIFY YESTERDAY;  
14 RIGHT?

15 A YES.

16 Q AND WHERE DID YOU GO AFTER THAT?

17 A I ASSUME I WENT BACK TO THE HOTEL.

18 Q DID YOU TELL MR. PLYAM YOU WERE LEAVING TOWN?

19 A I DON'T BELIEVE SO.

20 Q WHEN'S THE NEXT TIME YOU PERSONALLY LAID EYES  
21 ON MR. PLYAM?

22 A GOD, I DON'T EVEN KNOW. PROBABLY AT -- WHEN WE  
23 SUED HIM.

24 Q SO THESE AGREEMENTS ARE ENTERED INTO, WHAT,  
25 JANUARY -- THAT AGREEMENT WAS ENTERED INTO ON JANUARY 6;  
26 RIGHT?

27 A CORRECT.

28 Q AND YOU DIDN'T SEE HIM AGAIN UNTIL -- IN YOUR

1 ATTORNEY'S OFFICE IN SOMETIME IN FEBRUARY?

2 A I BELIEVE --

3 Q OR EVEN LATER?

4 A I BELIEVE IT WAS HERE. IT WAS WHEN WE HAD THE  
5 PRELIMINARY INJUNCTION, TEMPORARY RESTRAINING ORDER.

6 Q SO YOU DIDN'T SEE HIM FOR A LONG TIME?

7 A FOR COUPLE WEEKS.

8 Q SO YOU HAVE NO IDEA WHAT HE WAS DOING DURING  
9 THAT TIMEFRAME?

10 A CORRECT.

11 Q AND YOU NEVER SAW MRS. PLYAM, DID YOU?

12 A NO.

13 Q AND YOU NEVER SAW MIKE PLYAM, DID YOU?

14 A NO.

15 Q WHERE WERE YOU OPERATING OUT OF?

16 A DIFFERENT HOTELS.

17 Q AND YOU GUYS DIDN'T WANT TO TAKE OVER THE  
18 OFFICE; RIGHT?

19 A NO. ACTUALLY, WE WENT THERE AT ONE POINT -- I  
20 DON'T KNOW WHAT THE DATE WAS -- BUT WE SHOWED UP AT THE  
21 BEVERLY HILLS OFFICE AND NOTHING WAS THERE.

22 Q YOU WERE ASKED IF YOU WERE GOING TO PAY FOR THE  
23 RENT ON THE OFFICE; CORRECT?

24 A THAT I DON'T KNOW.

25 Q WELL, LET'S PUT IT THIS WAY. YOU DIDN'T PAY  
26 FOR THE RENT FOR THE OFFICE, DID YOU?

27 A NO.

28 Q AND YOUR COMMENT WAS THAT WHEN YOU WALKED IN

1 THE OFFICE, YOU WERE LIKE, WOW, THIS IS PRETTY POSH; RIGHT?

2 A THE LOCATION, I THINK. YEAH.

3 Q DID YOU HAVE A PROBLEM WITH THAT?

4 A NO.

5 Q SO WHY DID YOU MAKE THAT REMARK?

6 A WELL, I THOUGHT IT WAS STRANGE, THE LOCATION  
7 BEING THAT THE PROPERTIES WERE -- A LOT OF THEM WERE IN THE  
8 VALLEY AND THERE'S A LOT OF OPPORTUNITIES AND SPACES WHERE THE  
9 SQUARE FOOTAGE IS A LOT CHEAPER. TO HAVE SOMETHING IN THAT  
10 LOCATION, DIDN'T MAKE SENSE FOR ME FOR A CONSTRUCTION COMPANY.

11 Q SO YOU WANTED THEM TO HAVE LOWER DIGS; RIGHT?

12 A I THOUGHT IT WOULD HAVE BEEN MORE APPROPRIATE.

13 Q AND WHO GAVE YOU THE RIGHT TO DECIDE WHAT WAS  
14 APPROPRIATE IN THIS PROJECT?

15 A MYSELF.

16 Q AND SO WHEN YOU SPOKE TO MS. BRONFMAN AFTER  
17 BEING HERE, DID YOU CONVEY THAT THOUGHT, THAT YOU DIDN'T THINK  
18 THE OFFICES WERE APPROPRIATE?

19 A I DON'T BELIEVE I EVER SAID THAT, BUT I MIGHT  
20 HAVE. I MIGHT HAVE BECAUSE I SHARED, YOU KNOW, WHAT I WAS  
21 SEEING, WHAT WAS GOING ON, SO I SHARED MY THOUGHTS WITH HER.

22 Q SO WHAT WAS THE RENT FOR THAT OFFICE?

23 A I DON'T KNOW WHAT THE RENT WAS.

24 Q WELL, DON'T YOU THINK YOU SHOULD FIND OUT WHAT  
25 THE RENT IS BEFORE YOU'RE TELLING SOMEBODY THEY'RE PAYING TOO  
26 MUCH RENT BASICALLY?

27 A IT WASN'T ABOUT THE RENT. IT WAS THE LOCATION.  
28 THE LOCATION DIDN'T MAKE SENSE TO ME TO RUN AN OFFICE WHERE



1 YOU HAVE SUPERVISORS COMING IN, YOU HAVE PRINTS, YOU HAVE ALL  
2 THIS STUFF, AND THEN YOU HAVE TO GO THROUGH THE CANYONS TO GET  
3 TO THE PROPERTIES, DIDN'T MAKE MUCH SENSE TO ME.

4 Q WELL, NO MATTER WHETHER YOU WERE ON THE OTHER  
5 SIDE OF THE HILL OR THIS SIDE OF THE HILL, YOU HAD TO GO  
6 THROUGH THE CANYONS TO GET TO THE PROPERTIES, DIDN'T YOU?

7 A THE MAJORITY OF THE PROPERTIES LOOKED LIKE THEY  
8 WERE ON THE OTHER SIDE.

9 Q ALL RIGHT. NOW, LET'S TAKE A LOOK. YOU SAID  
10 THAT YOU WERE IN CHARGE OF PAYING ALL THESE BILLS; RIGHT?

11 A CORRECT.

12 Q ALL RIGHT. LET ME BACK UP A SECOND. YOU SAID  
13 YOU HAD AN AGREEMENT WITH -- TO COME OUT HERE AND WORK FOR THE  
14 COMPANY; RIGHT? AFTER JANUARY?

15 A YES.

16 Q AND WAS THAT AGREEMENT PUT IN WRITING?

17 A NO.

18 Q IT WAS A VERBAL AGREEMENT; RIGHT?

19 A YES.

20 Q AND SO YOU WERE GOING TO WORK FOR THE NEXT YEAR  
21 ON A VERBAL AGREEMENT; RIGHT?

22 A ACTUALLY, I WAS WORKING WEEK TO WEEK BECAUSE WE  
23 DIDN'T KNOW WHAT WAS GOING ON. REALLY, THERE WAS LITIGATION  
24 UNFOLDING. THERE WERE EMPLOYEES THAT NEEDED TO BE PAID.  
25 THERE WERE TOOLS THAT NEEDED TO BE FOUND. SO I KEPT SAYING  
26 I'LL STAY HERE ANOTHER WEEK; I'LL STAY HERE ANOTHER WEEK, AND  
27 THAT KEPT HAPPENING. AND THEY SAID COULD YOU STAY A MONTH; WE  
28 MIGHT NEED YOU FOR A MONTH. AND THEN THERE WAS MORE THINGS OF

1 NOT GETTING COMPUTERS AND PAPERWORK, SO IT WAS JUST TRYING TO  
2 FIGURE OUT HOW TO PUT THE COMPANY BACK TOGETHER. AND THOUGHT  
3 THAT I COULD JUST DO THAT AND THEN LEAVE, AND FOUND OUT IT WAS  
4 A LOT MORE DIFFICULT THAN THAT BECAUSE THE BANKS WEREN'T  
5 COOPERATING, THE VENDORS WEREN'T COOPERATING. THE COURTS --  
6 WE TRIED TO GET THROUGH THE COURTS TO GET --

7 MR. RILEY: OBJECTION, MOVE TO STRIKE HIS ANSWERS.

8 THE COURT: WELL, THE QUESTION HAS BEEN ANSWERED. ASK  
9 THE NEXT QUESTION.

10 Q BY MR. RILEY: LET'S TAKE A LOOK AT WHAT'S BEEN  
11 PREVIOUSLY MARKED AS EXHIBIT 594.

12 ALL RIGHT. ACTUALLY, LET'S TAKE A LOOK AT  
13 EXHIBIT THAT'S BEEN PREVIOUSLY MARKED AS 595. ACTUALLY, IT'S  
14 NOT IN EVIDENCE.

15 I'M GOING TO HAVE TO HAVE YOU FIND A BINDER  
16 THERE, MR. DEL NEGRO.

17 ARE YOU ABLE TO FIND IT?

18 A YUP. I THINK SO.

19 Q ARE THOSE SOME OF THE BILLS THAT YOU AUTHORIZED  
20 TO BE PAID?

21 MR. CROCKETT: OBJECTION, NO FOUNDATION FOR THIS  
22 DOCUMENT.

23 THE COURT: SUSTAINED. WELL, NO. OVERRULED. THE  
24 NEXT ONE MIGHT BE.

25 Q BY MR. RILEY: LET'S DO THIS A LITTLE FASTER.  
26 I'M SORRY. TURN TO 619.

27 A OKAY.

28 Q DO YOU RECOGNIZE THAT DOCUMENT?

1           A           I RECOGNIZE THE ENTRIES. I DON'T NECESSARILY  
2 RECOGNIZE THE DOCUMENT.

3           Q           BUT YOU RECOGNIZE ALL THOSE ENTRIES AS  
4 TRANSACTIONS THAT YOU ENGAGED IN REGARDING PRECISION; CORRECT?

5           A           YES.

6           MR. RILEY: MOVE TO ADMIT EXHIBIT 619.

7           MR. CROCKETT: NO OBJECTION.

8           THE COURT: ALL RIGHT.

9

10                           (EXHIBIT 619 WAS ADMITTED INTO EVIDENCE.)

11

12           Q           BY MR. RILEY: ALL RIGHT. AT THE TOP HERE, WE  
13 HAVE CHECK FROM JIM DEL NEGRO \$75,000. WHAT WAS THAT?

14           A           THAT WAS -- WE DIDN'T HAVE A BANK ACCOUNT TO  
15 OPERATE OUT OF BECAUSE THE BANK ACCOUNTS WERE CLOSED, SO I HAD  
16 A PERSONAL BANK ACCOUNT AT BANK OF AMERICA AND WE HAD WIRED AN  
17 AMOUNT OF MONEY INTO THAT SO THAT WE COULD PAY EXPENSES WHILE  
18 WE WERE OUT HERE. AND AT ONE POINT, MR. GRENGA, WHO IS THE  
19 ATTORNEY, FRANK SAID REALLY CAN'T BE RUNNING THIS THROUGH YOUR  
20 PERSONAL STUFF; YOU WANT TO TRANSFER IT TO A BUSINESS, LIMITED  
21 LIABILITY OR BUSINESS ACCOUNT. AND THAT CHECK, I BELIEVE, I'M  
22 NOT POSITIVE, BUT I BELIEVE THAT WENT INTO THE BANK ACCOUNT  
23 OWNED BY MR. PARLATO THAT WAS AN LLC. THAT WENT IN THERE.

24           Q           SO MR. -- THAT \$75,000, WHERE DID THAT MONEY  
25 COME FROM?

26           A           THAT WAS WIRED FROM THE BRONFMANS.

27           Q           AND MR. PARLATO CONVINCED YOU THAT IT HAD TO GO  
28 INTO A COMPANY ACCOUNT; CORRECT?

1 A WELL, THE LAWYER, MR. GRENGA, ADVISED ME OF  
2 THAT.

3 Q OKAY. AND WAS GRENGA PARLATO'S ATTORNEY?

4 A I BELIEVE SO.

5 Q OR EDGAR BRONFMAN SR.?

6 A WELL, HE WAS AN ATTORNEY THAT MR. PARLATO HAD  
7 BROUGHT OUT. I HAD KNOWN THAT.

8 Q SO MR. PARLATO CONVINCED YOU TO ACTUALLY  
9 DEPOSIT THE \$75,000 INTO HIS BUSINESS ACCOUNT; CORRECT?

10 A NO, NOT MR. PARLATO. MR. GRENGA.

11 Q SO MR. PARLATO'S ATTORNEY, MR. GRENGA,  
12 CONVINCED YOU TO PUT THE 75,000 INTO MR. PARLATO'S BANK  
13 ACCOUNT; RIGHT?

14 MR. CROCKETT: THIS IS NOW DUPLICATIVE.

15 THE COURT: OVERRULED.

16 THE WITNESS: INTO A COMPANY THAT HE HAD OWNED.

17 Q BY MR. RILEY: AND THEN IT SAYS FRANK'S  
18 EXPENSES THERE, \$24,000.

19 A YES.

20 Q WHO PAID THOSE?

21 A OUT OF THIS ACCOUNT.

22 Q DID HE PAY THEM HIMSELF?

23 A AND THEN REIMBURSED THAT MONEY.

24 Q WHAT DO YOU MEAN AND THEN REIMBURSED THEM?

25 A WELL, THAT WAS OUT OF -- WHATEVER THE FUNDS  
26 WERE THAT THE BRONFMANS HAD WIRED AND SET UP FOR THE EXPENSES  
27 THAT WE WERE INCURRING OUT HERE. THOSE WERE EXPENSES THAT HE  
28 HAD INCURRED.

1 Q WELL, DO YOU KNOW HOW MUCH MONEY MR. PARLATO  
2 WAS MAKING ON THIS DEAL?

3 A I DON'T.

4 Q WELL, DID YOU SEE HIM GET PAID A MILLION  
5 DOLLARS?

6 A NO.

7 Q YOU NEVER SAW THAT?

8 A NO.

9 Q OKAY. LET'S GO TO WHAT'S BEEN PREVIOUSLY  
10 MARKED AS EXHIBIT 625.

11 DO YOU RECALL THAT AS BEING AN E-MAIL FROM YOU  
12 TO MS. KEEFFE REGARDING THESE EXPENDITURES?

13 A I DON'T RECALL THE E-MAIL, BUT I SEE THAT IT'S  
14 FROM ME.

15 Q AND IT DETAILS THESE EXACT SAME EXPENSES THAT  
16 WE'RE LOOKING AT?

17 A CORRECT.

18 MR. RILEY: MOVE TO ADMIT 625.

19 MR. CROCKETT: OBJECTION, PRIVILEGE.

20 THE COURT: ALL RIGHT, YOU WANT TO APPROACH?

21 ALL RIGHT. LET'S TAKE OUR AFTERNOON BREAK,  
22 LADIES AND GENTLEMEN.

23 AGAIN, DON'T TALK ABOUT THE CASE AMONGST  
24 YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT THE CASE UNTIL  
25 YOU'VE HEARD ALL THE EVIDENCE.

26 WE'LL SEE YOU OUTSIDE THE COURTROOM AT ABOUT  
27 FIVE AFTER 3:00.

28 YOU MAY STEP DOWN.

1 (A RECESS WAS TAKEN AT THIS TIME.)

2

3 (AN OFF-THE-RECORD DISCUSSION WAS HELD  
4 IN CHAMBERS AT THIS TIME.)

5

6 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
7 HELD IN OPEN COURT IN THE PRESENCE OF THE  
8 JURY:)

9

10 THE COURT: ALL RIGHT. THE JURORS AND ALTERNATES ARE  
11 PRESENT, COUNSEL, AND PARTIES.

12 MR. DEL NEGRO, YOU'RE STILL UNDER OATH?

13 THE WITNESS: YES, YOUR HONOR.

14 THE COURT: ALL RIGHT. MR. RILEY, YOU MAY CONTINUE.  
15 AND WE'VE RESOLVED EXHIBIT 625, PAGES ONE AND TWO WILL BE  
16 ADMITTED.

17 MR. RILEY: THANK YOU, YOUR HONOR.

18

19 (EXHIBIT 625-1 AND 625-2, WERE  
20 ADMITTED INTO EVIDENCE.)

21

22 CROSS-EXAMINATION (CONT'D)

23 BY MR. RILEY:

24 Q OKAY. LOOKING AT THE TOP E-MAIL, THIS IS FROM  
25 KRISTIN KEEFFE FEBRUARY 18 TO BECKY FREEMAN.

26 A OKAY.

27 Q AND WHAT IS KRISTIN KEEFFE DOING AT THIS POINT  
28 IN TIME?

1           A           SHE WAS INVOLVED PROBABLY ON BEHALF OF CLARE  
2 AND SARA AS AN ADVISOR ON LEGAL MATTERS.

3           Q           WAS SHE PAID ALSO OUT OF PRECISION'S MONEY?

4           A           I DON'T BELIEVE SO.

5           Q           ALL RIGHT. LET'S GET DOWN TO YOUR E-MAIL AND  
6 LET'S TRY THAT AGAIN.

7                        ALL RIGHT. THIS IS FROM YOU, SAME DATE  
8 FEBRUARY 18, TO KRISTIN KEEFFE. SO HOW WERE YOU SET UP OR  
9 TOLD TO GIVE ALL THIS INFORMATION TO KRISTIN KEEFFE?

10          A           CLARE, I'M ASSUMING.

11          Q           AND WHAT WE HAVE HERE IS THE EXACT SAME  
12 EXPENSES THAT WE JUST SAW ON THE LAST DETAILED DOCUMENT;  
13 RIGHT?

14          A           I BELIEVE SO.

15          Q           OKAY. SO LET'S GO DOWN TO THE BODY.

16                        ALL RIGHT. NOW, IT SAYS:

17                        "SEE ATTACHED SPREADSHEET FOR ACCOUNTING OF ALL  
18 112,000 OF WIRE INTO MY PERSONAL ACCOUNT. I MADE TWO  
19 WITHDRAWALS OF 10,000 EACH AND WROTE SOME STIPEND  
20 CHECKS."

21                        SO DID YOU PUT MONEY INTO YOUR PERSONAL  
22 ACCOUNT?

23          A           YES.

24          Q           THEN YOU WROTE "STIPEND CHECKS"; CORRECT?

25          A           CORRECT.

26          Q           WHAT'S A STIPEND CHECK?

27          A           FROM MY UNDERSTANDING, PAUL GRENGA TOLD ME TO  
28 ADVANCE SOME OF THE EMPLOYEES LIKE JENNIFER ROBERTS, RANDY

1 HARRIS, AND MOISES CONTRERAS, TO GIVE THEM A STIPEND CHECK.  
2 TO BE HONEST WITH YOU, I DON'T KNOW THE TECHNICAL DEFINITION,  
3 BUT IT WAS TO RETAIN THEM TO BASICALLY HAVE THEM DO WORK FOR  
4 US.

5 Q SO YOU WERE BASICALLY JUST PAYING THEM CASH OR  
6 JUST CHECKS; RIGHT?

7 A CORRECT.

8 Q AND WHAT WORK WERE THEY DOING FOR YOU?

9 A THEY WERE HELPING US FIGURE THINGS OUT, MAYBE  
10 RANDY HARRIS AND MOISES WERE DOING SOME, LIKE ABATEMENT,  
11 CLEANING UP PROPERTIES, MAKING SURE THINGS WERE RETAINED. AND  
12 THEY WERE BEING AROUND JUST FOR HELPING US WITH PEOPLE'S NAMES  
13 AND PHONE NUMBERS AND THINGS LIKE THAT.

14 Q ALL RIGHT. I'M READING A LINE:  
15 "THE FIRST THREE PEOPLE ON THE LIST BELOW  
16 SIGNED AFFIDAVITS AGAINST YURI. WE'VE BEEN PAYING  
17 THEM FOR DOING VERY LITTLE."

18 WHAT THAT READS REALLY IS WE'RE PAYING THEM FOR  
19 INFORMATION AGAINST YURI; RIGHT?

20 A NO. THAT'S NOT TRUE. IT'S TWO DIFFERENT  
21 SENTENCES.

22 Q WELL, YOU WERE PAYING THEM FOR NOT DOING  
23 ANYTHING; RIGHT?

24 A NO. WE WERE PAYING THEM FOR DOING VERY LITTLE.  
25 SO AT THE TIME THEY WERE DOING CERTAIN THINGS, BUT WE NEEDED  
26 TO HAVE THEM BECAUSE IT WAS THE ONLY THREE PEOPLE THAT WE KNEW  
27 FROM CASTLE ASSET MANAGEMENT THAT HAD ANY INFORMATION. WE  
28 WERE TRYING AT THE TIME TO GET A HOLD OF HUGH GRIMES, WHO WAS



1 THE MANAGER, AND JOSE LARCO, WHO WE WERE TOLD BY THEM, THOSE  
2 TWO GUYS HAD THE MOST INFORMATION, BUT YET, MR. PARLATO WAS  
3 UNABLE TO GET THEM TO COOPERATE AND TO HELP US.

4 Q WELL, SO WHY ARE YOU TELLING KRISTIN KEEFFE  
5 THESE THREE PEOPLE SIGNED AFFIDAVITS AGAINST YURI?

6 A BECAUSE SHE'S PART OF THE LEGAL TEAM.

7 Q AND SO YOU WENT AND MADE PROMISES TO THESE  
8 PEOPLE, JENNIFER ROBERTS, RANDY HARRIS, AND MOISES CONTRERAS,  
9 SIGN THESE DECLARATIONS AGAINST YURI AND WE'LL KEEP YOU ON THE  
10 PAYROLL; RIGHT?

11 A NO. IT WASN'T AN EXCHANGE FOR THAT AT ALL.  
12 THEY ACTUALLY VOLUNTEERED AND SAID THIS IS WHAT'S GOING ON; WE  
13 SAID WOULD YOU BE WILLING TO PUT THAT IN AN AFFIDAVIT; AND  
14 THEY SAID YES; WE SAID APPRECIATE THAT.

15 Q THE NEXT LINE READS:

16 "THE PLAN IS TO MAKE THEM SUBCONTRACTORS THAT  
17 CAN BID THE JOBS AND WE PAY THEM AS SUBS."

18 SO YOU WERE MAKING THEM PROMISES THAT YOU WERE  
19 GOING TO RETAIN SERVICES IN THE FUTURE ON THE CONSTRUCTION;  
20 RIGHT?

21 A THIS WAS ACTUALLY A HYPOTHESIS OF FRANK  
22 PARLATO'S. HE THOUGHT THAT, DIFFERENT FROM YURI HAD THOUGHT  
23 THAT BRINGING EVERYONE IN-HOUSE, IS THAT WHEN YOU HAVE THIS  
24 MANY PROJECTS, YOU'RE GOING TO NEED A LOT OF SUBCONTRACTORS.  
25 YOU'VE GOT 20-SOME ODD PROPERTIES. ONE CONSTRUCTION CAN'T  
26 HANDLE ALL THAT. SO WE'RE GOING TO NEED TO HIRE  
27 SUBCONTRACTORS.

28 AND FRANK HAD MENTIONED, YOU KNOW, WE'RE GOING

1 TO NEED A LOT OF PEOPLE SO YOU CAN BASICALLY BID ON ALL THIS  
2 AND WE'RE PROBABLY GOING TO DO IT THROUGH SUBCONTRACTORS.

3 Q (READING:)

4 "THE THREE EMPLOYEES, ONE THROUGH THREE, THAT  
5 WAS JENNIFER ROBERTS, RANDY HARRIS, AND MOISES  
6 CONTRERAS, THINK WE COULD FINISH ALONZO IN THREE  
7 MONTHS FOR A COST OF \$200,000."

8 IS THAT WHAT THEY TOLD YOU?

9 A IF THAT'S WHAT I WROTE, THEY PROBABLY DID.  
10 THEY PROBABLY HEARD THAT FROM YURI.

11 Q AND -- NEVER MIND.

12 ALL RIGHT. LET'S HAVE YOU TAKE A LOOK AT  
13 WHAT'S BEEN PREVIOUSLY MARKED AS EXHIBIT 667, AND THAT'S GOING  
14 TO BE IN BINDER NUMBER THREE.

15 DID YOU FIND THE RIGHT BINDER?

16 A I THINK SO.

17 Q OKAY. NOW, ARE THESE THE DETAILED TRANSACTIONS  
18 FOR THE PERIOD OF MARCH THROUGH JUNE OF 2008 FOR PRECISION  
19 DEVELOPMENT?

20 A I BELIEVE SO.

21 MR. RILEY: MOVE TO ADMIT.

22 MR. CROCKETT: MAY I BE HEARD, YOUR HONOR?

23 THE COURT: YOU WANT TO APPROACH?

24 MR. CROCKETT: THANK YOU.

25

26 ///

27 ///

28 ///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS  
2 WERE HELD AT SIDEBAR:)

3

4 MR. CROCKETT: THESE ARE THE RECORDS THAT WERE TURNED  
5 OVER BY BARBARA BOUCHEY OVER MY CLIENT'S OBJECTION. WE'VE  
6 ASKED FOR THE RETURN AND THEY HAVE BEEN RETURNED. THESE ARE  
7 ALL LAWYERS WITH THE EXCEPTION OF A COUPLE ITEMS. THAT'S A  
8 LAWYER.

9 THE COURT: HERE?

10 MR. RILEY: I CAN REDACT.

11 MR. CROCKETT: THIS IS A MEDIATOR WE HIRED.

12 THE COURT: MEDIATOR.

13 MR. RILEY: I CAN REDACT THAT.

14 MR. CROCKETT: THAT'S MY PERSONAL PRIVATE  
15 INVESTIGATOR. THAT'S ONE OF THEIR LAWYERS. THIS IS A LAWYER.  
16 THIS IS A LAWYER THAT HIRED ME. THIS IS A BUFFALO LAWYER.  
17 THIS IS MY CO-COUNSEL. THIS IS A LAWYER.

18 THE COURT: THEY'RE ALL LAWYERS?

19 MR. CROCKETT: THIS IS A LAWYER. THAT'S THEIR LAWYER,  
20 TOO.

21 MR. RILEY: THESE ARE BILLS. THE FIRST THING HE SAID,  
22 UP TO DATE WE HAD TO SPEND ALL THIS MONEY, AND HERE'S A  
23 DIVVYING OF THE MONEY. HE'S THE ONE THAT BROUGHT IT UP. I  
24 DON'T MIND BLOCKING OUT LATHAM & WATKINS. I DO WANT HIM TO  
25 LOOK UP A COUPLE OF ENTRIES.

26 THE COURT: WHICH TWO ENTRIES? IT SEEMS ANY ENTRY ON  
27 THE LAWYERS IS OUT.

28 MR. CROCKETT: WHAT'S INTERESTING IS IF WE GET THIS

1 NUMBER IN, I'M GOING TO USE IT IN MY CLOSING. I WILL USE IT  
2 IN CLOSING. I WOULD LIKE MY NAME TAKEN OFF. YOU CAN LET THE  
3 REST IN. I'M GOING TO REFER TO THAT IN CLOSING.

4 MR. RILEY: I'M JUST GOING TO SHOW ONE ENTRY.

5 THE COURT: WHICH ENTRY?

6 MR. RILEY: THIS ENTRY RIGHT HERE (INDICATING).

7 THE COURT: JOHNSTON & PEACH. WHAT IS THAT?

8 MR. RILEY: PARLATO'S PAYMENT.

9 THE COURT: IS THERE SUCH A WAY YOU CAN REDACT AND SAY  
10 IS IT --

11 MR. RILEY: YEAH.

12 THE COURT: OKAY.

13 MR. CROCKETT: OKAY.

14

15 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
16 HELD IN OPEN COURT IN THE PRESENCE OF THE  
17 JURY:)

18

19 MR. CROCKETT: I WITHDRAW ALL OBJECTIONS, YOUR HONOR.  
20 THE DOCUMENT CAN BE SHOWN IN ITS ENTIRETY.

21 THE COURT: WELL, I THINK WE'LL STICK TO THE ONE WE'RE  
22 TALKING ABOUT.

23 MR. RILEY: ACTUALLY, YOUR HONOR, CAN I MAKE THE TWO  
24 ENTRIES? THE ONE ABOVE THAT?

25 MR. CROCKETT: I'D WANT THE ENTIRE DOCUMENT IN.  
26 THERE'S NO REASON TO NOT PUT THE ENTIRE DOCUMENT.

27 MR. RILEY: I'LL JUST DO THE ONE WE TALKED ABOUT.

28 MR. CROCKETT: I'M GOING TO REQUEST THE ENTIRE

1 DOCUMENT GO IN LATER.

2 THE COURT: WE'LL TAKE IT UP LATER. LET'S JUST STICK  
3 TO THE ONE ENTRY FOR NOW.

4 MR. RILEY: ALL RIGHT.

5 Q ALL RIGHT. LET ME SEE IF I COULD CALL THIS OUT  
6 NOW. BRING IT UP A LITTLE BIT BIGGER. THERE WE GO.

7 ALL RIGHT. DO YOU SEE THAT ENTRY "JOHNSTON &  
8 PEACH" AND THEN THE AMOUNT OF \$1 MILLION? DO YOU SEE THAT THE  
9 ENTRY?

10 A YES.

11 Q YOU KNOW JOHNSTON & PEACH; RIGHT?

12 A I BELIEVE IT'S MR. PARLATO'S COMPANY.

13 Q AND THIS IS THE MILLION DOLLARS THAT HE GOT  
14 PAID; RIGHT?

15 A I BELIEVE -- THE ONLY MILLION DOLLARS THAT I  
16 KNOW OF IS A LOAN.

17 Q I'M SORRY?

18 A THE ONLY MILLION DOLLARS I KNOW OF IS A LOAN TO  
19 MR. PARLATO.

20 Q OKAY. LET'S GO TO WHAT'S BEEN PREVIOUSLY  
21 MARKED, 629, PAGE TWO.

22 MR. CROCKETT: ARE WE GOING TO GET THAT DOCUMENT IN  
23 SOMEHOW, AT LEAST THAT NUMBER?

24 THE COURT: YES. WE'LL REDACT IT LATER AND GET THAT  
25 TAKEN OUT.

26 MR. CROCKETT: OKAY. THANK YOU.

27 MR. RILEY: I CAN PRINT IT OUT.

28 Q SO PAGE -- EXHIBIT 629 PAGE TWO, PLEASE. DO

1 YOU RECOGNIZE THAT E-MAIL OF MARCH 2008 TO YOU?

2 A I DON'T RECALL THE E-MAIL, BUT I SEE THAT I'M  
3 LISTED.

4 Q AND YOU WERE HAVING CONVERSATIONS WITH  
5 MS. KEEFFE AT THIS TIME REGARDING THIS SUBJECT?

6 A I REMEMBER THE TOPIC COMING UP BUT --

7 MR. RILEY: MOVE TO ADMIT 629-2.

8 MR. CROCKETT: INSUFFICIENT FOUNDATION AND IRRELEVANT.

9 THE COURT: I'M NOT SURE WHAT MR. DEL NEGRO'S RESPONSE  
10 WAS WITH HIS FAMILIARITY TO THIS DOCUMENT.

11 Q BY MR. RILEY: OKAY. MR. DEL NEGRO, YOU RECALL  
12 THAT PART OF YOUR JOB IN THIS CASE WAS TO FIND OUT WHERE THE  
13 \$65 MILLION WENT; RIGHT?

14 A NO.

15 Q WELL, DID YOU DO ANY LOOKING INTO MR. PLYAM'S  
16 COMMODITY TRADING?

17 A I DON'T -- I DID NOT, NO. NO. WE WERE LOOKING  
18 FOR THE 26 MILLION, WHERE THAT WENT, AND THEN WHERE ALL THE  
19 MONIES WENT FROM THERE, WHICH THEN WENT INTO VARIOUS ACCOUNTS  
20 AND VARIOUS PLACES.

21 Q AND YOU RECALL HAVING DISCUSSIONS WITH  
22 MS. FREEMAN ABOUT ALL THE MONIES FROM FIRST PRINCIPLES; RIGHT?

23 A NO. I DIDN'T REALLY TALK TOO MUCH TO BECKY  
24 FREEMAN.

25 Q AND -- WELL, DID YOU TALK TO HER ABOUT -- DID  
26 YOU HAVE WRITTEN COMMUNICATIONS WITH MS. FREEMAN ABOUT THE  
27 COMMODITY TRADING WITH FIRST PRINCIPLES?

28 A NO.

1 MR. RILEY: MOVE TO ADMIT EXHIBIT 629-2.

2 MR. CROCKETT: OBJECTION, SAME AS THE ONE I JUST MADE.

3 THE COURT: SUSTAINED.

4 Q BY MR. RILEY: WELL, THIS IS YOUR E-MAIL, IT  
5 WENT TO YOU; CORRECT?

6 MR. CROCKETT: OBJECTION, ASKED AND ANSWERED.

7 THE COURT: SUSTAINED. IT'S IRRELEVANT.

8 Q BY MR. RILEY: ALL RIGHT. PLEASE TAKE A LOOK  
9 AT WHAT'S BEEN PREVIOUSLY MARKED AS EXHIBIT 632. IS THE  
10 BOTTOM E-MAIL AN E-MAIL FROM MR. PHELPS TO YOU IN MARCH OF  
11 2008?

12 A YES.

13 MR. RILEY: MOVE TO ADMIT.

14 MR. CROCKETT: NO OBJECTION.

15 THE COURT: ALL RIGHT.

16

17 (EXHIBIT 632 WAS ADMITTED INTO EVIDENCE.)

18

19 Q BY MR. RILEY: ALL RIGHT. THIS BOTTOM E-MAIL  
20 HERE IS MARCH 2008, AND MR. PHELPS IS ATTACHING HIS INVOICE;  
21 CORRECT?

22 A IT LOOKS LIKE THAT, YES.

23 Q AND THEN THE NEXT E-MAIL UP IS YOU FORWARDING  
24 THAT E-MAIL ON; CORRECT? TO MS. KEEFFE?

25 MR. CROCKETT: I THOUGHT THE TOP ONE -- THIS TOP  
26 E-MAIL WAS NOT ADMITTED, WAS IT?

27 MR. RILEY: THE WHOLE DOCUMENT WAS ADMITTED.

28 THE COURT: ARE YOU GOING TO OBJECT?

1 MR. CROCKETT: I THOUGHT HE WAS ONLY OFFERING TO THE  
2 BOTTOM E-MAIL. I'M SORRY, YOUR HONOR. I THOUGHT HE WAS ONLY  
3 OFFERING THE BOTTOM E-MAIL.

4 THE COURT: I'M SORRY. ONLY THE BOTTOM E-MAIL FOR  
5 NOW. DO YOU HAVE SOMETHING TO SAY ABOUT THE TOP.

6 Q BY MR. RILEY: IS THE TOP E-MAIL COMMUNICATIONS  
7 WITH MS. KEEFFE AND THE BRONFMANS ABOUT MR. PHELPS?

8 MR. CROCKETT: OBJECTION, NO FOUNDATION.

9 THE COURT: SUSTAINED.

10 Q BY MR. RILEY: TO YOUR KNOWLEDGE IS THIS  
11 COMMUNICATION REGARDING THE WORK OF MR. PHELPS?

12 MR. CROCKETT: NO FOUNDATION.

13 THE COURT: WELL, YOU'RE SHOWING HIM THE DOCUMENT. SO  
14 WHY DON'T YOU APPROACH.

15

16 (WHEREUPON THE FOLLOWING PROCEEDINGS  
17 WERE HELD AT SIDEBAR:)

18

19 THE COURT: JUST SO IT'S CLEAR. THE BOTTOM DOCUMENT  
20 IS WHAT MR. CROCKETT DIDN'T OBJECT TO; CORRECT? THAT'S THIS  
21 ONE.

22 MR. CROCKETT: RIGHT.

23 THE COURT: OKAY.

24 MR. RILEY: AND THIS.

25 THE COURT: AND THIS; RIGHT? NOW, THIS IS THE  
26 DOCUMENT WE'RE TALKING ABOUT?

27 MR. CROCKETT: RIGHT.

28 THE COURT: OKAY. AND I ASSUME YOU HAVE AN OBJECTION.



1 MR. CROCKETT: I DO. NO FOUNDATION. IT'S ALSO  
2 PRIVILEGED. WE'VE ACTUALLY -- WE ACTUALLY DISCUSSED THIS  
3 BEFORE. THIS IS THEIR LEGAL REPRESENTATIVE OR INTERNAL  
4 PARALEGAL TALKING ABOUT ADVICE THAT IS GOING TO BE SOUGHT.

5 MR. RILEY: THERE'S NO SUCH THING AS AN INTERNAL  
6 PARALEGAL. THIS IS TO KEEFFE, BECKY FREEMAN, TO CLARE  
7 BRONFMAN, THE PRINCIPALS IN THIS CASE.

8 THE COURT: RIGHT.

9 MR. CROCKETT: BUT THERE'S NO FOUNDATION THAT THIS  
10 WITNESS WOULD KNOW ANYTHING ABOUT THIS.

11 THE COURT: YEAH.

12 MR. RILEY: OKAY. I'LL ASK. THAT'S WHAT I'LL ASK.  
13 I'LL LAY A FOUNDATION.

14 THE COURT: YEAH.

15 MR. RILEY: OKAY.

16 THE COURT: OKAY.

17

18 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
19 HELD IN OPEN COURT IN THE PRESENCE OF THE  
20 JURY:)

21

22 THE COURT: GO AHEAD.

23 Q BY MR. RILEY: MR. DEL NEGRO, DID YOU HAVE  
24 CONVERSATIONS WITH MS. KRISTIN KEEFFE, SARA BRONFMAN, AND  
25 CLARE BRONFMAN ABOUT THE PROS AND CONS OF HAVING MR. PHELPS  
26 CONTINUE WITH HIS WORK?

27 A I DON'T RECALL THAT.

28 Q WELL, DO YOU RECALL HAVING ANY CONVERSATIONS

1 ABOUT CONCERNS WITH MR. PHELPS THAT YOU HAD NO GUARANTEES WITH  
2 WHAT HIS OUTCOME WAS GOING TO BE?

3 A I DON'T RECALL THAT.

4 Q MR. DEL NEGRO, HOW MUCH MONEY WAS PAID OUT OF  
5 PRECISION FOR RANDY HARRIS TO COME OUT AND DO HIS THING?

6 A I DON'T KNOW WHAT THE TOTAL WAS FOR RANDY  
7 HARRIS.

8 Q TAKE A LOOK AT PAGE 640 PAGE TWO AND TELL ME IF  
9 THAT REFRESHES YOUR RECOLLECTION.

10 A OKAY.

11 Q DOES THAT REFRESH YOUR RECOLLECTION?

12 A OKAY. THERE'S AN INDIVIDUAL TRANSACTION  
13 SHOWING HERE --

14 Q DOES THAT REFRESH YOUR RECOLLECTION HOW MUCH  
15 RANDY HARRIS WAS PAID FOR HIS WORK OUT HERE?

16 A YES.

17 Q HOW MUCH WAS HE PAID?

18 A WELL, IT SAYS 1200, \$1258, 3325, AND 600. SO  
19 ROUGHLY JUST OVER \$5,000.

20 Q AND DO YOU KNOW WHAT HE DID FOR ALL THAT  
21 \$5,000?

22 A HE WORKED FOR US FOR A NUMBER OF WEEKS DOING  
23 SOME LANDSCAPING, GRADING, USING ONE OF THE BOBCATS. HE  
24 BASICALLY HELPED US TRY TO FIND PEOPLE. HE WAS AT OUR REQUEST  
25 BEING SOMEONE WHO COULD CONTACT AND ANSWER QUESTIONS ABOUT  
26 WHAT'S GOING ON WITH THE PROPERTIES, WHAT'S GOING ON AT THE  
27 PROPERTIES THAT HE WORKED ON. SO HE WAS INFORMING US AND  
28 TELLING US, GIVING US INFORMATION AND HELPING US MAINTAIN THE

1 PROPERTIES.

2 Q NOW, DID YOU HIRE AN INVESTIGATOR ON  
3 PRECISION'S DIME TO INVESTIGATE MR. PARLATO?

4 A NO.

5 Q OKAY. PLEASE TAKE A LOOK AT WHAT'S BEEN  
6 PREVIOUSLY MARKED AS 647 PAGE ONE. AFTER YOU READ THAT, TELL  
7 ME IF THAT REFRESHES YOUR RECOLLECTION THAT YOU HIRED AN  
8 INVESTIGATOR TO INVESTIGATE MR. PARLATO.

9 A YEAH, I DON'T RECALL WHAT THIS IS FOR. I KNOW  
10 THAT MICHAEL GERVAIS IS AN INVESTIGATOR, BUT I DON'T RECALL  
11 WHAT ONE HOUR OF THAT -- ONE HOUR OF THAT SERVICE WAS FOR.

12 Q NOW, AT SOME POINT IN TIME, WAS MR. PARLATO  
13 FIRED?

14 A YES.

15 Q AND WHEN WAS HE FIRED?

16 A I BELIEVE IT WAS IN MID-MARCH OF 2008.

17 Q ALL RIGHT. I'D LIKE TO READ FROM THE  
18 DEPOSITION, PAGE 63 LINE 16 THROUGH 20.

19 MR. CROCKETT: NO OBJECTION.

20 THE COURT: ALL RIGHT.

21 MR. RILEY: (READING:)

22 "QUESTION: DURING THE TIME -- WHEN WAS MR.  
23 PARLATO FIRED?

24 "ANSWER: SOMETIME IN FEBRUARY.

25 "QUESTION: BEGINNING, MIDDLE, END?

26 "ANSWER: I THINK IT WAS AROUND THE MIDDLE."

27 Q NOW, WHY WAS MR. PARLATO FIRED?

28 A FOR NOT PROVIDING BACKUP TO HIS EXPENSES AND

1 DETAILS OF EXPENSES.

2 Q WELL, WASN'T HE FIRED FOR STEALING?

3 A NO.

4 Q ALL RIGHT. LET'S TAKE A LOOK AT WHAT'S BEEN  
5 PREVIOUSLY MARKED AS EXHIBIT 770 AND SPECIFICALLY PAGES TEN  
6 THROUGH 14.

7 A OKAY.

8 Q DO YOU HAVE THAT IN FRONT OF YOU?

9 A YES.

10 Q NOW, IS EXHIBIT 770 A POLICE REPORT THAT YOU  
11 SWORE OUT AGAINST MR. PARLATO?

12 A NO.

13 Q DO YOU SEE YOUR SIGNATURE ON PAGE 770-10 ABOUT  
14 TWO-THIRDS OF THE WAY DOWN?

15 A YES. THIS IS A POLICE REPORT THAT I SIGNED ON  
16 A STOLEN VEHICLE THAT I ACTUALLY CAUGHT IN THE ACT. I CAUGHT  
17 A GENTLEMAN STEALING OUR PROPERTY AND I CALLED THE POLICE, AND  
18 THIS WAS THE POLICE REPORT FROM THAT INCIDENT.

19 MR. RILEY: MOVE TO ADMIT. 770-10 THROUGH -14.

20 MR. CROCKETT: OBJECTION, NO FOUNDATION OF ANYTHING  
21 BEYOND PAGE TEN AND BEFORE.

22 THE COURT: ALL RIGHT. SUSTAINED.

23 Q BY MR. RILEY: PLEASE TURN TO 770 PAGE 13 --  
24 EXCUSE ME -- PAGE 14 AT THE VERY TOP.

25 ARE YOU THERE?

26 A YES.

27 Q DID YOU OR THE COMPANY TELL THE POLICE THAT  
28 FRANK PARLATO WAS SUSPECTED OF DIVERTING FUNDS INTO HIS

1 PERSONAL ACCOUNT AND LIQUIDATING COMPANY PROPERTY FROM THE  
2 JOBSITES?

3 A IT LOOKS LIKE THERE WAS A STATEMENT MADE --  
4 MR. CROCKETT: OBJECTION, YOUR HONOR, NO FOUNDATION,  
5 HEARSAY, READING FROM THE FOUNDATIONLESS DOCUMENT. MOVE TO  
6 STRIKE.

7 THE COURT: WELL, THE QUESTION AS STANDS IS OVERRULED.

8 BUT YOU DON'T HAVE TO REFER TO THAT, MR. DEL  
9 NEGRO?

10 THE WITNESS: OKAY.

11 THE COURT: THE QUESTION IS JUST AS MR. RILEY PHRASED  
12 IT.

13 Q BY MR. RILEY: OKAY. LET ME ASK THE QUESTION  
14 THIS WAY:

15 IS IT FAIR TO SAY AT THE TIME OF THIS POLICE  
16 REPORT YOU WERE IN CHARGE OF PRECISION COMPANY; CORRECT?

17 A WHAT WAS THE DATE OF THIS? YES.

18 Q BECAUSE IT WAS AFTER MR. PARLATO WAS GONE  
19 OBVIOUSLY?

20 A YES.

21 Q OKAY. AND DID THE COMPANY INFORM THE POLICE  
22 THAT MR. PARLATO WAS SUSPECTED OF DIVERTING FUNDS FROM THE  
23 COMPANY INTO HIS PERSONAL ACCOUNT AND LIQUIDATING PROPERTY  
24 FROM JOBSITES?

25 A I WOULD SAY THE COMPANY DIDN'T. I NEVER SAID  
26 THAT, AND I WAS REPRESENTING THE COMPANY.

27 Q WELL, WAS KRISTIN KEEFFE, THE LEGAL LIAISON,  
28 ALSO REPRESENTING THE COMPANY IN TALKING TO THE POLICE

1 REGARDING THIS POLICE REPORT?

2 A I'M NOT SURE IF SHE WAS REPRESENTING THE  
3 COMPANY AT THAT TIME OR NOT.

4 Q WELL --

5 A I MEAN, AS OFFICIALLY TALKING TO THE POLICE.

6 Q WHERE DO YOU STAND IN THE HIERARCHY OF NXIVM AS  
7 OPPOSED TO MS. KEEFFE?

8 A I'M A CONTRACTOR FOR THEM.

9 Q AND WHAT IS HER POSITION WITH THE COMPANY?

10 A I DON'T KNOW WHAT HER POSITION IS. I KNOW SHE  
11 DOES LEGAL CONSULTING.

12 Q WELL, DO YOU KNOW THAT SHE WAS COMMUNICATING  
13 WITH THE POLICE REGARDING THE STOLEN VEHICLE?

14 A I WAS UNAWARE OF THIS.

15 Q SO YOU WERE UNAWARE THAT MS. KEEFFE WAS TALKING  
16 TO THE POLICE?

17 A IN THIS INSTANCE, YES.

18 Q WELL, LET ME BACK YOU UP IN THIS -- YOU CAN  
19 LOOK BACK A COUPLE OF PAGES IF YOU NEED TO. BUT AFTER --  
20 STRIKE THAT.

21 YOU ACTUALLY SAW THE PERSON STEALING THE TRUCK;  
22 RIGHT?

23 A YES.

24 Q AND IT WASN'T MY CLIENTS, WAS IT?

25 A NO.

26 Q ALL RIGHT. AND YOU STARTED FOLLOWING THIS  
27 PERSON; RIGHT?

28 A CORRECT.

1 Q AND WHO DID YOU CALL FIRST?

2 A I'M NOT SURE.

3 Q KRISTIN KEEFFE; RIGHT?

4 A IT'S POSSIBLE.

5 Q GO AHEAD AND READ THE REPORT IF YOU NEED TO

6 REFRESH YOUR RECOLLECTION.

7 A YES.

8 Q SO YOUR FIRST REACTION AS YOU'RE FOLLOWING THIS

9 CAR THIEF WAS TO CALL KRISTIN KEEFFE; RIGHT?

10 A WELL, IT'S ONE OF THE PEOPLE THAT I MUST HAVE

11 CALLED.

12 Q AND SHE INSTRUCTED YOU TO CALL THE POLICE;

13 RIGHT?

14 A I THINK I DECIDED FIRST, BUT I'M NOT SURE.

15 Q WELL, DID SHE INSTRUCT YOU TO CALL THE POLICE?

16 A SHE MIGHT HAVE OR I MIGHT HAVE DECIDED ON MY

17 OWN. I'M NOT SURE.

18 Q AND THEN YOU TWO BOTH HANDLED THE DISCUSSIONS

19 WITH THE POLICE ON THIS INCIDENT; CORRECT?

20 A I SPOKE TO THE POLICE. AT ONE POINT, SHE DID.

21 Q OKAY. AND SHE WAS AUTHORIZED TO TALK TO THE

22 POLICE REGARDING THIS INCIDENT, WASN'T SHE?

23 A YEAH. I PROBABLY TOLD HER THAT.

24 Q AND YOU KNEW THAT SHE TOLD THE POLICE THAT MR.

25 PARLATO WAS SUSPECTED OF DIVERTING FUNDS INTO HIS PERSONAL

26 ACCOUNT AND LIQUIDATING PROPERTY?

27 A IF I READ THIS.

28 Q PERMISSION TO DISPLAY JUST THIS PARAGRAPH AT

1 THE TOP OF THIS PAGE OF EXHIBIT 770.

2 MR. CROCKETT: OBJECTION, HEARSAY, NO FOUNDATION.

3 THE COURT: SUSTAINED.

4 Q BY MR. RILEY: ALL RIGHT. LET'S GO TO WHAT'S  
5 BEEN PREVIOUSLY MARKED AS EXHIBIT 650.

6 DO YOU RECOGNIZE THAT AS E-MAIL COMMUNICATIONS  
7 BETWEEN YOU, CLARE BRONFMAN, AND OTHERS?

8 A YES.

9 MR. RILEY: MOVE TO ADMIT EXHIBIT 650.

10 MR. CROCKETT: NO OBJECTION.

11 THE COURT: ALL RIGHT.

12

13 (EXHIBIT 650 WAS ADMITTED INTO EVIDENCE.)

14

15 Q BY MR. RILEY: ALL RIGHT. THIS IS JULY 2ND,  
16 2008; CORRECT?

17 A CORRECT.

18 Q AND YOU'RE HAVING A DISCUSSION ABOUT THIS  
19 ALONZO PROPERTY; RIGHT?

20 A CORRECT.

21 Q AND YOU HAD SOUGHT TO HAVE THE -- HAD THE LOAN  
22 TRANSFERRED FROM MR. PLYAM'S NAME INTO PRECISION'S NAME;  
23 CORRECT?

24 A CORRECT. WE WERE LOOKING AT THE POSSIBILITIES  
25 OF ALL THE PROPERTIES AS WE WERE COLLECTING INFORMATION ON  
26 THEM TO MAKE A DECISION WHETHER WHICH PROPERTIES WERE OF  
27 VALUE.

28 Q SO IF THIS PROPERTY DIDN'T HAVE THE VALUE YOU



1 WANTED, YOU WERE GOING TO LET IT GO; RIGHT?

2 A WELL, NO. WE DIDN'T HAVE CONTROL OF THE LOAN,  
3 SO WE COULDN'T DO ANYTHING WITH IT BECAUSE THE DRAW DOWNS WERE  
4 CONTROLLED BY MR. PLYAM AND THEN THE PROPERTY WAS CONTROLLED  
5 BY HIM.

6 Q WELL, THE E-MAIL CONTINUES ON:

7 "WE CAN MAKE AN OFFER TO YURI TO PURCHASE FOR  
8 AN AMOUNT LESS THAN THAT."

9 THIS ALL HAD TO DO WITH THE LOAN THAT HAD BEEN  
10 TAKEN OUT TO BUILD THIS PROPERTY; RIGHT?

11 A YES. THIS WAS LOOKING AT WHAT WAS GOING ON  
12 THERE.

13 Q AND YOU WERE TRYING TO SQUEEZE TO THE GET --  
14 PAY LESS THAN WHAT WAS ACTUALLY OWED FOR THE CONSTRUCTION THAT  
15 WAS DONE BY PRECISION; RIGHT?

16 A NO. WE NEVER DISCUSSED THIS WITH HIM. THIS  
17 WAS JUST A POSSIBILITY.

18 Q WELL, IF THIS WASN'T A PRECISION PROPERTY, THEN  
19 WHY WERE YOU DISCUSSING THIS AS A POSSIBILITY?

20 A WE WERE LOOKING AT ALL THE PROPERTIES.

21 Q ALL RIGHT. LET'S TURN TO EXHIBIT 657, PLEASE.

22 DO YOU RECOGNIZE THAT AS A CHECK THAT WAS PAID  
23 BY PRECISION DEVELOPMENT ON ONE OF THE PROPERTIES?

24 A YES.

25 MR. RILEY: MOVE TO ADMIT EXHIBIT 657.

26 MR. CROCKETT: NO OBJECTION.

27 THE COURT: ALL RIGHT.

28 (EXHIBIT 657 WAS ADMITTED INTO EVIDENCE.)

1 Q BY MR. RILEY: DO YOU KNOW WHOSE SIGNATURE IS  
2 ON THIS PRECISION CHECK OF JULY 17 OF 2008?

3 A I DON'T RECOGNIZE IT.

4 Q NOW, THIS WAS FOR INSURANCE ON THE ALONZO  
5 PROPERTY; RIGHT?

6 A IT LOOKS LIKE IT, YES.

7 Q SO AS OF JULY 2008, PRECISION IS PAYING THE  
8 PROPERTY INSURANCE ON THIS PROPERTY; RIGHT?

9 A IT LOOKS LIKE THAT.

10 Q AND YOU WOULDN'T PAY PROPERTY INSURANCE ON  
11 SOMEBODY ELSE'S PROPERTY, WOULD YOU?

12 A WELL, WE INSURED THE LIABILITIES AT THAT POINT.  
13 SO WE HAD BEEN PAYING FOR CERTAIN THINGS TO KEEP UP THE  
14 PROPERTIES THAT WERE UNDER OUR CONTROL AND ALL THE OTHER  
15 PROPERTIES THAT WERE INVOLVED TO MITIGATE ANY LIABILITIES THAT  
16 WOULD BE -- THAT WE COULD BE SUED FOR. SO I KNOW WE ROUTINELY  
17 WOULD MEET AND SAY SHOULD WE PAY THIS, SHOULDN'T WE PAY IT,  
18 WHAT'S THE LIABILITY, COULD WE BE SUED. SOME AT THAT TIME, WE  
19 MUST HAVE THOUGHT THAT THERE WAS A REASON TO PAY THIS, TO KEEP  
20 COVERAGE.

21 Q SEVEN MONTHS AFTER YOU TOOK OVER, YOU'RE PAYING  
22 THE PROPERTY INSURANCE FOR ALONZO; RIGHT?

23 A CORRECT.

24 Q AND YOU KNOW THAT THE TITLE WAS PLACED INTO  
25 MR. PLYAM'S NAME BACK IN, WHAT, OCTOBER 2007, SOMETHING LIKE  
26 THAT?

27 A POSSIBLY.

28 Q BEFORE ANYTHING WAS BUILT BESIDES THE

1 FOUNDATION; RIGHT?

2 A OKAY.

3 Q SO WHAT LIABILITIES ARE WE TALKING ABOUT FOR  
4 PRECISION?

5 A WELL, IF THAT -- IF THE FUNDS WERE -- ALL THE  
6 MONEY AND THE WORKERS AND THE SUPPLIES WERE PUT IN TO BUILD  
7 THIS HOUSE, THAT WAS OUR HOUSE IF IT BURNT DOWN OR SOMETHING  
8 LIKE THAT, YOU KNOW, BASICALLY WE WANT TO PRESERVE ALL THE  
9 ASSETS FOR EVERYTHING.

10 Q SO IT'S YOUR HOUSE IF IT BURNS DOWN BUT IF YOU  
11 DON'T WANT IT, IT'S MR. PLYAM'S HOUSE.

12 A WELL, WE WERE IN LITIGATION AT THAT POINT, SO  
13 WE WANTED TO PRESERVE ALL ASSETS.

14 Q FOR WHAT?

15 A ANY OF THE HOMES OUR CREWS AND MATERIALS WENT  
16 TO BUILDING, WE WANTED TO PRESERVE AND MAKE SURE THEY WERE  
17 COVERED.

18 Q THEN WHY DIDN'T YOU PRESERVE IT WHEN THE  
19 FORECLOSURE NOTICE CAME?

20 A AT THAT POINT, WE DIDN'T HAVE -- LOOKING AT THE  
21 VALUE OF THE PROPERTY AND WE DIDN'T HAVE ANY CONTROL OVER IT,  
22 SO WE JUST LET IT HAPPEN BECAUSE IT DIDN'T LOOK LIKE IT WAS  
23 WORTH IT.

24 Q WHAT DO YOU MEAN YOU DIDN'T HAVE CONTROL OVER  
25 IT?

26 A THE CONSTRUCTION DRAW DOWNS AND THE TITLE  
27 WEREN'T IN OUR NAME.

28 Q ALL YOU HAD TO DO WAS TAKE CARE OF THE LOAN;

1 RIGHT?

2 A THE LOAN WASN'T IN OUR NAME.

3 Q SO WHEN WAS THE DECISION -- STRIKE THAT. WHEN  
4 DID YOU GET THE NOTICE THAT THIS HOUSE WAS GOING TO BE  
5 FORECLOSED ON?

6 A I DON'T REMEMBER WHEN WE RECEIVED THAT.

7 Q AND AT THE TIME YOU GOT THE NOTICE THAT THE  
8 HOUSE WAS GOING TO BE FORECLOSED ON, YOU SAID WE DON'T WANT  
9 IT; RIGHT?

10 A THE VALUE OF IT, THE ACTUAL LOAN AMOUNT THAT IT  
11 WOULD TAKE TO PAY THAT OFF, LOOKING AT THAT, IF WE COULD, WAS  
12 FROM OUR EVALUATORS AND OUR PROFESSIONALS THAT LOOKED AT THE  
13 VALUE OF THE HOMES, SAID IT WASN'T WORTH IT.

14 Q YOU MADE A DECISION THAT YOU DIDN'T WANT THIS  
15 PROPERTY; CORRECT?

16 A AT SOME POINT, WE DID.

17 Q NOW --

18 MR. CROCKETT: YOUR HONOR, COULD I APPROACH?

19 THE COURT: OKAY.

20

21 (WHEREUPON THE FOLLOWING PROCEEDINGS

22 WERE HELD AT SIDEBAR:)

23

24 MR. CROCKETT: I DON'T USUALLY COMPLAIN ABOUT THIS  
25 KIND OF STUFF BUT AT THIS POINT IN TIME, THE JURY CAN HEAR  
26 WHAT MR. PLYAM IS WHISPERING OUT. I WOULD ASK HIM NOT TO  
27 WHISPER SO LOUD. THAT'S ALL I'M ASKING.

28 THE COURT: TELL MR. PLYAM.

1 MR. RILEY: YES.

2 THE COURT: I THINK MR. RILEY WOULD BE JUST AS HAPPY.

3

4 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
5 HELD IN OPEN COURT IN THE PRESENCE OF THE  
6 JURY:)

7

8 Q BY MR. RILEY: APPROXIMATELY WHEN WAS IT  
9 FORECLOSED?

10 A I DON'T RECALL THE DATE OF FORECLOSURE.

11 Q NOT SPECIFICALLY BUT JUST GENERALLY?

12 A MAYBE IN THE LAST YEAR.

13 Q AND IF REAL ESTATE PRICES HAD GONE UP, YOU  
14 WOULD HAVE NOT LET IT GO; RIGHT?

15 A NO.

16 Q ALL RIGHT. LET'S MOVE TO -- LET'S GO TO 658.

17 ALL RIGHT. IS THIS AN E-MAIL COMMUNICATION  
18 BETWEEN YOU AND MS. BRONFMAN?

19 A THE ONE DOWN, YES.

20 Q THE BOTTOM E-MAIL?

21 A YES.

22 MR. RILEY: MOVE TO ADMIT JUST THE BOTTOM E-MAIL.

23 MR. CROCKETT: NO OBJECTION.

24 THE COURT: ALL RIGHT. THE BOTTOM HALF. THE BOTTOM  
25 E-MAIL.

26

27 (EXHIBIT 658, BOTTOM E-MAIL, WAS ADMITTED  
28 INTO EVIDENCE.)

1 Q BY MR. RILEY: OKAY. THIS IS AN E-MAIL FROM  
2 YOU TO CLARE BRONFMAN; CORRECT?

3 A CORRECT.

4 Q AND IT'S TALKING ABOUT HAVING -- PAYING OFF ALL  
5 THESE VENDORS THAT YOU TALKED ABOUT WITH YOUR ATTORNEYS;  
6 RIGHT?

7 A YES.

8 Q SO AS OF JULY 2008, THESE VENDORS STILL HAD NOT  
9 BEEN PAID OFF; RIGHT?

10 A CORRECT.

11 Q AND NATURALLY THEY WERE THREATENING TO SUE OVER  
12 THEIR BILLINGS?

13 A CORRECT.

14 Q AND YOU SAY HERE: "THIS AMOUNT PAID WILL GO TO  
15 PRECISION'S LAWSUITS AGAINST YURI AS CONTRIBUTION;  
16 THEREFORE, IT PUSHES UP YOUR GROSS CONTRIBUTION MAKING  
17 THE FRAUD LARGER."

18 DO YOU SEE THAT?

19 A YES.

20 Q YOU'RE ALL ABOUT TRYING TO CREATE DAMAGES  
21 AGAINST MR. PLYAM AT THIS TIME; RIGHT?

22 A NO. IT WASN'T ABOUT CREATING IT. IT WAS ABOUT  
23 EXPOSING IT.

24 Q PLEASE TAKE A LOOK AT WHAT'S BEEN MARKED AS  
25 EXHIBIT 659.

26 DO YOU RECOGNIZE THOSE INVOICES?

27 A I DON'T RECOGNIZE THEM.

28 Q DO YOU RECOGNIZE THE NAME JPD INVESTIGATIONS?

1           A           YES.

2           Q           OUT OF ROCHESTER, NEW YORK?

3           A           YES, I DO.

4           Q           AND DID YOU HIRE JPD INVESTIGATIONS OUT OF

5 ROCHESTER, NEW YORK, TO DO INVESTIGATION WORK REGARDING

6 MR. PLYAM?

7           A           NOT ME PERSONALLY, I DON'T BELIEVE.

8           Q           WHOSE DECISION WAS IT TO DO THAT?

9           A           IT MIGHT HAVE BEEN KRISTIN KEEFFE. I KNOW SHE

10 WORKS WITH JPD INVESTIGATORS.

11          Q           AND WERE THOSE MONIES PAID OUT OF PRECISION?

12          A           THAT I DON'T KNOW.

13          Q           WELL, TAKE A LOOK AT THE CHECK DETAIL ON THE

14 BOTTOM HALF OF EACH OF THOSE PAGES?

15          A           OKAY.

16          Q           DOES THAT REFRESH YOUR RECOLLECTION THAT JPD

17 INVESTIGATIONS WERE PAID OUT OF THE PRECISION BANK ACCOUNT?

18          A           IT LOOKS LIKE IT.

19          Q           SO THESE INVESTIGATIVE SERVICES ARE AMOUNTS

20 THAT WERE PAID IN THIS AMOUNT OF MONEY THAT YOUR -- MR.

21 CROCKETT ASKED YOU ABOUT; RIGHT?

22          A           NO. I DON'T THINK INVESTIGATIVE SERVICES WOULD

23 BE.

24          Q           WELL, HOW MANY DIFFERENT INVESTIGATORS DID YOU

25 HIRE TO LOOK INTO MR. PLYAM?

26                 MR. CROCKETT: OBJECTION, PRIVILEGED. IF THE WITNESS

27 CAN ANSWER JUST AS TO WHOM HE HIRED AS OPPOSED TO WHO HIS

28 LAWYERS HIRED, I'D APPRECIATE IT.

1 THE COURT: ALL RIGHT. REPHRASE THE QUESTION.

2 Q BY MR. RILEY: LET ME TRY TO ASK IT THIS WAY:  
3 IN PAYING ALL THESE BILLS ON BEHALF OF PRECISION, HOW MANY  
4 DIFFERENT INVESTIGATORS DID PRECISION PAY TO INVESTIGATE  
5 MR. PLYAM?

6 MR. CROCKETT: OBJECTION, PRIVILEGED.

7 THE COURT: I'LL ALLOW THAT. OVERRULED.

8 THE WITNESS: I DON'T KNOW. I KNOW THAT I PERSONALLY  
9 HIRED TWO.

10 Q BY MR. RILEY: AND THEN WE GOT THIS ONE AS A  
11 THIRD; RIGHT?

12 A OKAY.

13 Q ALL RIGHT. LET'S GO TO -- LET'S TAKE A LOOK AT  
14 663.

15 IS 663 AN E-MAIL COMMUNICATION WITH YOU AND  
16 DAZZLE?

17 A CORRECT.

18 MR. RILEY: MOVE TO ADMIT 663.

19 MR. CROCKETT: NO OBJECTION. 663?

20 MR. RILEY: YES.

21 THE COURT: ALL RIGHT.

22

23 (EXHIBIT 663 WAS ADMITTED INTO EVIDENCE.)

24

25 Q ALL RIGHT. THIS IS SEPTEMBER 29, 2008, SUBJECT  
26 CREDIT CHECK, AND YOU'RE WRITING TO DAZZLE; CORRECT?

27 A CORRECT.

28 ///



1 Q (READING:)

2 "I'M GOING THROUGH A CREDIT CHECK. TELL THEM I  
3 MAKE \$60,000 A YEAR AS A CONSULTANT FOR PRECISION IF  
4 THEY ASK. I'VE BEEN WORKING FOR ONE YEAR WITH THE  
5 COMPANY."

6 NOW, THAT WASN'T TRUE, WAS IT?

7 A NO, I WAS GOING TO BE MAKING 60,000 THAT YEAR  
8 TOTAL WITH MY CONSULTING.

9 Q BUT YOU HADN'T BEEN WORKING FOR A YEAR FOR THE  
10 COMPANY, HAD YOU?

11 A AT THAT POINT -- WHAT'S THE DATE? SEPTEMBER  
12 2008. NO, JUST SHY.

13 Q AND SO WHY WERE YOU SETTING UP A PLACE AT THE  
14 OAKWOOD?

15 A AT THAT POINT WE WERE STILL TRYING TO GET A LOT  
16 OF THE BOOKS AND RECORDS AND OFFICE STUFF FROM OUT HERE. SO  
17 WE NEEDED A PLACE TO STAY.

18 Q HOW LONG DID YOU END UP STAYING OUT HERE AT  
19 THAT TIME?

20 A I THINK IT WAS A COUPLE OF MONTHS.

21 Q I WANT TO GO BACK AND READ A QUICK SECTION OF  
22 YOUR DEPOSITION, PAGE 60, LINES ONE THROUGH 11.

23 MR. CROCKETT: NO OBJECTION.

24 MR. RILEY: (READING:)

25 "QUESTION: DID YOU STAY IN CALIFORNIA AFTER  
26 THAT FOR A PERIOD OF TIME?

27 "ANSWER: YES.

28 "QUESTION: FOR HOW LONG?

1                   "ANSWER: I BELIEVE I WAS THERE UNTIL MAYBE  
2                   APRIL AND THEN I CAME BACK. WE WENT BACK TO NEW YORK  
3                   FOR LIKE A WEEK, AND THEN WE CAME BACK TO CALIFORNIA  
4                   AND WERE THERE UNTIL JULY. SO I WAS THERE FROM  
5                   JANUARY 2ND, ROUGHLY, THROUGH JULY.

6                   "JULY OF?

7                   "ANSWER: 2008."

8                   Q           SO THAT TIME THAT YOU WENT HOME IN APRIL WAS  
9                   THAT THE TIME THAT YOU GOT THE THREATENING PHONE CALL FROM  
10                  RANDY HARRIS?

11                  A           I DON'T REMEMBER GETTING A THREATENING CALL  
12                  FROM RANDY HARRIS.

13                  Q           I'M SORRY. WRONG PERSON.

14                                WAS THAT THE TIME THAT YOU GOT THE THREATENING  
15                  PHONE CALL FROM MR. THOMAS?

16                  A           I DON'T THINK SO. BUT I'M NOT SURE HOW THEY  
17                  COINCIDE.

18                  Q           NOW, SO THIS E-MAIL HAS YOU COMING BACK IN  
19                  SEPTEMBER; CORRECT?

20                  A           I BELIEVE I CAME BACK IN SEPTEMBER.

21                  Q           NOW, AT ONE POINT IN TIME, YOU WERE CONDUCTING  
22                  YOUR OWN INVESTIGATION INSIDE OF MR. PHELPS' OFFICE; CORRECT?

23                  A           NO. I WAS CALLING SUPPLIERS AND VENDORS TRYING  
24                  TO GET INVOICES TO MATCH UP, INVOICES FOR THE CHECKS BECAUSE  
25                  WE WERE MAKING PROGRESS ON THE CHECKS THROUGH THE BANKS, BUT  
26                  WE WERE HAVING TROUBLE GETTING INVOICES, WHICH WAS KEY TO THE  
27                  EXPENSES, TYING STUFF OUT.

28                  Q           NOW, THE INFORMATION THAT YOU GOT WHILE YOU

1 WERE IN PHELPS' OFFICE, DID YOU GIVE THAT INFORMATION TO  
2 MR. PHELPS?

3 A YEAH. ACTUALLY, IT DIDN'T COME TO ME. I ASKED  
4 THEM TO FAX IT RIGHT TO PHELPS' OFFICE SO IT WOULDN'T GO  
5 THROUGH MY HANDS; IT WOULD COME DIRECTLY TO HIM. SO ALL THE  
6 PHONE CALLS THAT I MADE WERE -- ALL THE INFORMATION WAS TO GO  
7 DIRECTLY TO MR. PHELPS.

8 MR. RILEY: I WOULD LIKE TO READ FROM THE DEPOSITION  
9 PAGE 89, LINES THREE THROUGH 12.

10 MR. CROCKETT: NON-IMPEACHING.

11 MR. RILEY: PARTY.

12 THE COURT: PARTY. OVERRULED.

13 MR. CROCKETT: YOU'RE RIGHT. SORRY.

14 MR. RILEY: (READING:)

15 "QUESTION: WHAT DID YOU DO IN PHELPS' OFFICE?

16 "ANSWER: I MADE CALLS TO SUPPLIERS TRYING TO  
17 GET INVOICES.

18 "QUESTION: WHAT ELSE?

19 "ANSWER: THAT WAS IT.

20 "QUESTION: WHO WAS WITH YOU?

21 "ANSWER: TRACEY CHRISTOPHER AND ALISON H'LAS.

22 "QUESTION: DID YOU USE THAT -- GIVE THAT  
23 INFORMATION TO MR. PHELPS?

24 "NO."

25 Q NOW, YOU ALSO MENTIONED THIS MORNING ABOUT THIS  
26 MONAGHAN QUICKBOOK FILE; RIGHT? DO YOU RECALL THAT TESTIMONY?

27 A YES.

28 Q AND YOU DIDN'T GIVE THAT INFORMATION TO

1 MR. PHELPS EITHER; CORRECT?

2 A WE DIDN'T, YES. I DIDN'T PERSONALLY.

3 Q NOW, AT SOME POINT IN TIME, MR. PHELPS KICKED  
4 YOU OUT OF HIS OFFICE; RIGHT?

5 A CORRECT.

6 Q HE GOT TIRED OF THE NXIVM PEOPLE CONDUCTING  
7 THEIR INVESTIGATION INSIDE OF AN INVESTIGATION; RIGHT?

8 A NO. HE WAS FRUSTRATED THAT HE COULDN'T GET  
9 INFORMATION.

10 Q WELL, ALL THREE OF YOU, YOURSELF, TRACEY  
11 CHRISTOPHER, AND ALISON H'LAS, ARE ALL ASSOCIATED WITH NXIVM;  
12 CORRECT?

13 A WE'VE ALL BEEN CUSTOMERS FOR NXIVM, CORRECT.

14 Q AND AT THAT POINT IN TIME, MR. PHELPS STARTED  
15 TO LOOK AT NXIVM; RIGHT?

16 A NO. I DON'T BELIEVE THAT. THERE WAS --  
17 MR. PHELPS' ARGUMENT WAS ALWAYS THAT WE WEREN'T GIVING HIM THE  
18 INFORMATION. HE WAS UPSET.

19 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE.

20 THE COURT: SUSTAINED. YOU'VE ANSWERED THE QUESTION.

21 THE WITNESS: OKAY.

22 Q BY MR. RILEY: LET'S GO TO WHAT'S BEEN  
23 PREVIOUSLY MARKED AS 675 -- 675, WHICH IS ALREADY IN EVIDENCE.  
24 AND I'M GOING TO GO TO PAGE FOUR TO START WITH IN THIS NOTE  
25 THAT I HAVE HIGHLIGHTED RIGHT IN THE MIDDLE THERE.

26 IT SAYS: "KRISTIN KEEFFE, NXIVM, STARTED  
27 EXERCISING CONTROL OVER SUBPOENAS WITH JIM DEL NEGRO."

28 DID YOU AND MS. KEEFFE START CONTROLLING THE

1 SUBPOENAS THAT WERE BEING USED BY PHELPS' OFFICE AT THAT POINT  
2 IN TIME?

3 A WE STARTED TRACKING THE ONES THAT WERE GOING  
4 THROUGH AND WHAT THEIR STATUS WAS ALONG WITH OUR LAWYER.

5 Q BECAUSE YOU DIDN'T TRUST PHELPS; CORRECT?

6 A NO. WE WERE ACTUALLY -- WANTED TO TRACK THEM  
7 FOR OUR OWN PROGRESS.

8 Q WHO BACK IN NEW YORK WANTED TO KEEP TRACK OF  
9 WHAT PHELPS WAS DOING?

10 A I WAS JUST KEEPING TRACK OF WHERE THE PROGRESS  
11 WAS ON THE DOCUMENTS THAT MR. PHELPS NEEDED.

12 Q WHO BACK IN NEW YORK WANTED TO KEEP TRACK OF  
13 WHAT PHELPS WAS DOING? THIS IS THE NEXT QUESTION.

14 A OKAY.

15 Q SO THE QUESTION PRESENTED RIGHT NOW IS:

16 WHO BACK IN NEW YORK WANTED TO KEEP TRACK OF  
17 WHAT PHELPS WAS DOING?

18 A NOBODY THAT I KNOW OF.

19 Q NOW, YOU SEE THIS NOTE HERE WHERE IT SAYS:

20 "PHELPS USED BRONFMAN MONEY TO INVESTIGATE NXIVM"?

21 A YES.

22 Q THAT WAS A CONCERN, WASN'T IT?

23 A I REMEMBER BEING CONCERNED WHEN I FOUND OUT  
24 THAT SARAH CARSON HAD FLOWN OUT TO INTERVIEW A BUNCH OF PEOPLE  
25 IN NXIVM OUT IN -- AND SHE ENDED UP WITH A FLAT TIRE IN  
26 MANHATTAN. SO THEY WERE SPENDING MONEY GOING OUT INTERVIEWING  
27 PEOPLE THAT HAD NOTHING TO DO WITH WHAT WAS GOING ON. SO I  
28 WAS CONCERNED ABOUT OUR EXPENSES AND WHAT MR. PHELPS WAS

1 SPENDING HIS MONEY DOING.

2 Q OKAY. SO MR. PHELPS HAD SENT ONE OF HIS PEOPLE  
3 OUT TO INTERVIEW NXIVM PEOPLE IN NEW YORK; RIGHT?

4 A AND THEY ENDED UP IN MANHATTAN ON THIS TRIP  
5 THAT WE WERE PAYING FOR AND THAT'S NOT WHERE WE WERE. WE WERE  
6 CONCERNED THAT THE MONEY WAS BEING SPENT ON SOMETHING THAT  
7 WASN'T RELATED TO US.

8 Q WHERE WERE YOU? ARE YOU TALKING ABOUT THE  
9 NXIVM GROUP?

10 A WELL, IF CLARE WAS UP IN ALBANY AND SHE WAS  
11 INTERVIEWING CLARE, WHAT WAS SHE DOING IN MANHATTAN.

12 Q AND DIDN'T ONE OF THE BRONFMANS HAVE A  
13 PENTHOUSE IN NEW YORK CITY?

14 A SARA DOES, YES.

15 Q OKAY. AND SO WOULDN'T THAT BE A PLACE TO  
16 INTERVIEW SARA?

17 A IT WOULD POTENTIALLY, BUT I DON'T REMEMBER WHY,  
18 BUT WE GOT INFORMATION THAT'S NOT WHAT SHE WAS DOING THERE.

19 Q NOW, YOU HEARD THE TESTIMONY OF MONAGHAN THAT  
20 HE SAYS THAT YOU TOLD HIM THAT THE PLYAMS HAD STOLEN THE  
21 PAYROLL MONEY TO PAY THE EMPLOYEES. DO YOU RECALL THAT  
22 TESTIMONY?

23 A YES.

24 Q YOU TOLD HIM THAT, DIDN'T YOU?

25 A NO, I DIDN'T.

26 Q SO HE'S MAKING THAT UP?

27 A NO. I THINK HE MADE IN HIS HEAD WHAT HE MADE  
28 UP. SO THE INFORMATION THAT I GAVE HIM AND GAVE MOST PEOPLE

1 IS THAT WE WERE IN LITIGATION; WE HAVE A LAWSUIT AGAINST THE  
2 PLYAMS; WE BELIEVE THAT THEY TOOK OUR COMPANY FUNDS AND PUT IT  
3 IN THEIR OWN PROPERTIES; AND WE'RE TRYING TO PAY EMPLOYEES,  
4 WE'RE TRYING TO PAY VENDORS, AND WE'RE TRYING TO GET  
5 INFORMATION; AND ANY INFORMATION YOU HAVE WOULD HELP US PAY  
6 THOSE EMPLOYEES, WOULD HELP US PAY THOSE VENDORS.

7 Q YOU TOLD PEOPLE THAT THE PLYAMS HAD STOLEN  
8 MONEY, DIDN'T YOU?

9 A NO, I DID NOT.

10 Q COME ON. YOU'RE GOING TO ALL THESE VENDORS AND  
11 YOU'RE NOT SAYING THE PLYAMS STOLE THE MONEY?

12 A NO, I'M NOT.

13 Q WHAT DID YOU EXPLAIN HAPPENED TO THE PLYAMS?

14 A I SAID EXACTLY THAT. WE'RE IN LITIGATION --

15 Q LET ME STOP YOU. BEFORE THE LITIGATION WAS  
16 FILED, YOU'RE OUT TALKING TO PEOPLE; RIGHT?

17 A MOSTLY THE CREW.

18 Q AND WHAT ARE YOU TELLING ALL THOSE PEOPLE?

19 A WE'RE SAYING THIS IS THE OWNERS AND THIS IS  
20 FRANK PARLATO, AND HE'S IN CHARGE OF PRECISION AND  
21 BASICALLY --

22 Q AND THE PLYAMS HAD BEEN PUSHED OUT BECAUSE THEY  
23 WERE TAKING MONEY; RIGHT?

24 A NO.

25 Q ALL RIGHT. LET'S TAKE A LOOK AT WHAT'S BEEN  
26 PREVIOUSLY MARKED AS EXHIBIT 684.

27 DO YOU HAVE THAT IN FRONT OF YOU?

28 A YES.

1 Q AND THIS IS AN INVOICE OR AN EXPENSE FORM WITH  
2 A COPY OF A PRECISION STUB PAYING FOR THAT; CORRECT?

3 A YES.

4 MR. RILEY: MOVE TO ADMIT.

5 MR. CROCKETT: NO OBJECTION.

6 THE COURT: ALL RIGHT.

7

8 (EXHIBIT 684 WAS ADMITTED INTO EVIDENCE.)

9

10 Q THIS IS AN EXPENSE FORM FROM KRISTIN KEEFFE;  
11 RIGHT?

12 A IT APPEARS.

13 Q KRISTIN KEEFFE -- WELL, AT THE TOP IT SAYS:  
14 NAME: LISA DERKS." DO YOU SEE THAT?

15 A YES.

16 Q WHY IS LISA DERKS SUBMITTING THIS IF YOU KNOW?

17 A SHE'S THE ONE THAT DOES LEGAL RESEARCH.

18 Q ON DECEMBER 3RD AND 4TH, 2008, IT'S A BILL FOR  
19 A HOTEL ROOM FOR KRISTIN KEEFFE IN LAS VEGAS; RIGHT?

20 A YES.

21 Q WHY IS PRECISION DEVELOPMENT COMPANY PAYING FOR  
22 KRISTIN KEEFFE TO STAY IN A HOTEL IN LAS VEGAS?

23 A THAT I'M NOT SURE.

24 Q ALL RIGHT. PLEASE TAKE A LOOK AT WHAT'S BEEN  
25 MARKED AS 686.

26 A OKAY.

27 Q IS THIS A PRECISION INVOICE THAT WAS PAID?

28 A YES. IT APPEARS THAT WAY.



1 MR. RILEY: MOVE TO ADMIT 686.

2 MR. CROCKETT: NO OBJECTION.

3 THE COURT: ALL RIGHT.

4

5 (EXHIBIT 686 WAS ADMITTED INTO EVIDENCE.)

6

7 Q BY MR. RILEY: NOW, THIS IS AN INVOICE FROM  
8 GEOTECH SERVICES; CORRECT?

9 A CORRECT.

10 Q ALL RIGHT. NOW, THESE ARE FOR SERVICES RELATED  
11 TO ALONZO; RIGHT?

12 A IT APPEARS THAT, YES.

13 Q AND THIS IS IN DECEMBER OF '08 AND JANUARY OF  
14 '09; RIGHT?

15 A CORRECT.

16 Q SO AS LATE AS A YEAR AFTER YOU TOOK OVER THIS  
17 PROJECT, YOU'RE STILL DOING -- TREATING ALONZO AS IT IS A  
18 PRECISION PROPERTY; RIGHT?

19 A I'M NOT SURE WHEN THIS SERVICE WAS PROVIDED.

20 Q WELL, DO YOU SEE RIGHT THERE WHERE IT SAYS,  
21 "12/30/2008, SITE MEETING"?

22 A OKAY.

23 Q AND YOU SEE DOWN BELOW THAT, "JANUARY 7, 2009,  
24 SITE MEETING" FOR TWO HOURS?

25 A OKAY.

26 Q SO AS LATE AS 2009, A YEAR LATER, YOU'RE STILL  
27 TREATING ALONZO LIKE IT'S A PRECISION PROPERTY; RIGHT?

28 A THIS WAS CITIZEN PROPERTIES MEETING. SO THEY

1 WERE TAKING CARE OF THE PROPERTIES.

2 Q TAKING CARE OF THE PRECISION PROPERTIES; RIGHT?

3 A NO. TAKING CARE OF ALL PROPERTIES.

4 Q LET'S TAKE A LOOK AT WHAT'S BEEN PREVIOUSLY

5 MARKED AS EXHIBIT 691.

6 A OKAY.

7 Q THESE ARE INVOICES RELATED TO UHEA; CORRECT?

8 A CORRECT.

9 MR. RILEY: MOVE TO ADMIT 691.

10 MR. CROCKETT: NO OBJECTION.

11 THE COURT: ALL RIGHT.

12

13 (EXHIBIT 691 WAS ADMITTED INTO EVIDENCE.)

14

15 Q BY MR. RILEY: ALL RIGHT. AT THE TOP HERE, WE

16 HAVE THIS PRECISION DEVELOPMENT AT 10 MAXWELL DRIVE, NUMBER

17 201, IN CLIFTON PARK. THAT'S WAS THE OFFICE AT THE TIME;

18 CORRECT?

19 A THAT'S CORRECT.

20 Q AND THE JOBSITE IS LISTED AS 22560 UHEA ROAD;

21 RIGHT?

22 A CORRECT.

23 Q AND THIS IS A BILL FOR THE POWER POLE FOR THE

24 TIMEFRAME OF JANUARY 2009; CORRECT?

25 A CORRECT.

26 Q PLEASE TURN TO PAGE TWO OF EXHIBIT 691.

27 THIS IS A 2009 INVOICE FOR ALONZO; CORRECT?

28 A YES.

1 Q AND SO AS LATE AS 2009, THE ELECTRICITY  
2 BILLS WERE BEING PAID ON UHEA AND ALONZO; CORRECT?

3 A YES.

4 Q AND THAT'S BECAUSE THEY WERE PRECISION  
5 PROPERTIES; RIGHT?

6 A NO.

7 Q WELL, YOU JUST GO PAY SOMEBODY ELSE'S POWER  
8 BILLS?

9 A WELL, WE MIGHT HAVE HAD TO PAY THESE FOR OUR  
10 CONSTRUCTION COMPANY IF THEY WERE DOING ANYTHING OR -- EITHER  
11 THAT OR IT WAS AN OVERSIGHT.

12 Q AN OVERSIGHT TO PAY PEOPLE'S -- OTHER PEOPLE'S  
13 PROPERTIES -- PROPERTY INSURANCE, TECHNICAL SERVICES, POWER  
14 BILLS? THAT'S AN OVERSIGHT?

15 A NO. JUST THIS POWER BILL. I'M NOT SURE.

16 Q NOW, PRECISION DEVELOPMENT ALSO STARTED PAYING  
17 ALL OF KRISTIN KEEFFE'S INVOICES; RIGHT?

18 A WE MAY HAVE PAID HER.

19 Q WELL, TAKE A LOOK AT EXHIBIT 695 AND TELL ME IF  
20 THAT HELPS REFRESH YOUR RECOLLECTION THAT PRECISION WAS PAYING  
21 ALL OF KRISTIN KEEFFE'S INVOICES.

22 A OKAY.

23 Q SO CLARE BRONFMAN MADE THE DECISION THAT  
24 PRECISION WAS ALSO GOING TO PAY THE BILLS OF KRISTIN KEEFFE;  
25 RIGHT?

26 A ACCORDING TO THIS E-MAIL.

27 Q PLEASE TURN TO WHAT'S BEEN MARKED AS EXHIBIT  
28 696. IS THAT ANOTHER INVOICE ON ALONZO?

1 A YES.

2 MR. RILEY: OKAY. MOVE TO ADMIT 696.

3 MR. CROCKETT: NO OBJECTION.

4 THE COURT: ALL RIGHT.

5

6 (EXHIBIT 696 WAS ADMITTED INTO EVIDENCE.)

7

8 Q BY MR. RILEY: SO THIS IS A FEBRUARY 2009 POWER  
9 BILL ON ALONZO PLACE; CORRECT?

10 A CORRECT.

11 Q AND SO YOU WERE STILL PAYING THE BILLS IN  
12 FEBRUARY 2009; CORRECT?

13 A THE POWER BILL, YES.

14 Q ALL RIGHT. PLEASE TURN TO WHAT'S BEEN  
15 PREVIOUSLY MARKED AS 697.

16 IS THIS AN E-MAIL BETWEEN YOU AND AN INSURANCE  
17 BROKER REGARDING INSURANCE FOR THE PRECISION PROPERTIES?

18 A YES.

19 MR. RILEY: MOVE TO ADMIT.

20 MR. CROCKETT: NO OBJECTION.

21 THE COURT: ALL RIGHT.

22

23 (EXHIBIT 697 WAS ADMITTED INTO EVIDENCE.)

24

25 Q BY MR. RILEY: SO IN MARCH 2009, YOU SENT THIS  
26 E-MAIL REGARDING INSURANCE FOR THE PROPERTIES; CORRECT?

27 A CORRECT.

28 Q AND IN THIS E-MAIL, YOU'RE ASKING FOR HIM TO

1 UPDATE THE INSURANCE FOR ALONZO IN MARCH OF 2009; CORRECT?

2 A CORRECT.

3 Q GO DOWN TO PAGE TWO.

4 AND AT PAGE TWO, YOU'RE ALSO REQUESTING

5 INSURANCE FOR KNOBHILL; CORRECT?

6 A YES.

7 Q PLEASE TURN TO PAGE FOUR.

8 YOU'RE ALSO SEEKING INSURANCE FOR ALL THE UHEA

9 ROAD PROPERTIES; CORRECT?

10 A YES. WE WANTED TO MAKE SURE THAT THEY WERE ALL  
11 COVERED, THAT THE ASSETS WERE COVERED.

12 Q PLEASE TURN TO PAGE FIVE, AND THERE WE HAVE  
13 BOTH OF THE WANDA PARKS BEING COVERED BY INSURANCE ALSO;  
14 CORRECT?

15 A CORRECT.

16 Q BECAUSE YOU WANTED TO MAKE SURE THAT ALL THE  
17 ASSETS OF THE COMPANY WERE COVERED; CORRECT?

18 A WELL, ALL THE ASSETS THAT POTENTIALLY WOULD BE  
19 OURS WERE COVERED AFTER LITIGATION.

20 Q OKAY. SO YOU WERE GOING TO LET THESE LADIES  
21 AND GENTLEMEN HERE DECIDE WHOSE THEY WERE; RIGHT?

22 A WELL, IT WAS IN THE PLYAMS' NAME SO WE HAD NO  
23 CHOICE.

24 Q NO CHOICE, IS THAT YOUR TESTIMONY?

25 A YEAH. THERE WAS NO CHOICE UP TILL WHEN THEY  
26 WERE FORECLOSED.

27 Q ALL RIGHT. LET'S GO TO 700, PLEASE.

28 DO YOU RECOGNIZE THAT AS FURTHER INVOICES ON

1 THE PROPERTIES?

2 A YES.

3 MR. RILEY: MOVE TO ADMIT.

4 MR. CROCKETT: NO OBJECTION.

5 THE COURT: ALL RIGHT.

6

7 (EXHIBIT 700 WAS ADMITTED INTO EVIDENCE.)

8

9 Q BY MR. RILEY: AND SO HERE WE HAVE INVOICES  
10 BEING PAID IN APRIL 2009 FOR ALONZO; CORRECT?

11 A YES.

12 Q AND PAGE TWO, WE GOT MAY 2009 FOR ALONZO;  
13 CORRECT?

14 A YES.

15 Q PAGE THREE, WE'VE GOT UHEA ROAD FOR JUNE 2009;  
16 CORRECT?

17 A YES.

18 Q OH. WHILE I'VE GOT A DOCUMENT OUT RIGHT NOW, I  
19 WANT TO HAVE YOU TAKE A LOOK AT EXHIBIT 593 AND NOT THE FIRST  
20 PAGE BUT PAGES TWO THROUGH 22. TAKE A MINUTE AND FLIP THROUGH  
21 THOSE.

22 DO YOU RECOGNIZE THOSE PHOTOGRAPHS?

23 A NO.

24 Q DO YOU RECOGNIZE THAT AS HOW ROXBURY LOOKED IN  
25 JANUARY OF 2008 WHEN YOU CAME OUT?

26 A NO.

27 Q YOU DON'T RECOGNIZE THAT?

28 A NO. THE STRUCTURE THAT I SAW WAS TOTALLY

1 ENCLOSED WITH A ROOF.

2 Q OKAY. LET'S GO TO -- TAKE A LOOK AT WHAT'S  
3 BEEN PREVIOUSLY MARKED AS EXHIBIT 746.

4 DO YOU RECOGNIZE THOSE AS CASH DISBURSEMENTS IN  
5 JANUARY AND FEBRUARY OF 2008 FOR PRECISION RELATED WORK THAT  
6 YOU WERE DOING?

7 A YES.

8 MR. RILEY: MOVE TO ADMIT.

9 MR. CROCKETT: NO OBJECTION.

10 THE COURT: ALL RIGHT.

11

12 (EXHIBIT 746 WAS ADMITTED INTO EVIDENCE.)

13

14 Q BY MR. RILEY: THERE YOU'VE GOT A STIPEND --  
15 WHO'S -- I SEE THE NAME SHELA THERE, S-H-E-L-A, I THINK. DO  
16 YOU RECOGNIZE THAT?

17 A ACTUALLY, I DON'T RECOGNIZE THE NAME. I'M NOT  
18 SURE WHO THAT WOULD BE.

19 Q YOU RECOGNIZE LOU AVINO; RIGHT?

20 A YES.

21 Q WHAT WAS HE PAID FOR?

22 A HE WAS PAID FOR BEING OUT HERE WHILE WE WERE  
23 HERE THROUGH MR. PARLATO.

24 Q WHY DID PRECISION PAY FOR THAT?

25 A HE WAS OUT HERE INVESTIGATING AND WORKING FOR  
26 MR. PARLATO.

27 Q NOW, KEN THOMAS, YOU SEE DOWN THERE, THERE'S  
28 TWO AMOUNTS, 7500 AND \$1200?

1           A           YES.

2           Q           WHAT DID MR. THOMAS DO FOR THE \$8700?

3           A           THAT WAS -- HE WAS UNDER INSTRUCTIONS FROM MR.

4 PARLATO.

5           Q           AND DOWN THERE, SEE DOWN THERE AT THE HOME

6 DEPOT ENTRY?

7           A           YES.

8           Q           BOLT CUTTERS?

9           A           YEAH. THAT WAS JANUARY 29TH OF '08, WHICH WAS

10 AFTER MR. PARLATO HAD TAKEN OVER AND WE HAD TO BUY BOLT

11 CUTTERS TO GET IN BECAUSE THE LOCKS HAD BEEN CHANGED ON THE

12 STORAGE UNITS.

13          Q           WE HAVE SOME LOCKS HERE. I WANTED TO SEE WHERE

14 THOSE WERE.

15           THE COURT: TONY HAS THEM.

16          Q           BY MR. RILEY: DID YOU TELL YOUR PEOPLE TO GO

17 AND CUT THOSE LOCKS THAT ARE THEIR EXHIBIT -- IS THERE AN

18 EXHIBIT NUMBER ON THERE?

19           THE CLERK: I BELIEVE IT'S 802, BUT I'M NOT SURE.

20           MR. RILEY: NO. 810. EXHIBIT 810?

21          THE WITNESS: I'M NOT SURE WHERE THESE LOCKS CAME FROM

22 AND WHEN THEY CAME FROM.

23          Q           BY MR. RILEY: DID YOU TELL YOUR MEN TO GO CUT

24 LOCKS ON THE PROPERTY ALTA MESA?

25          A           NO.

26          Q           WELL, YOU'RE AWARE THAT ALTA MESA WAS A

27 PROPERTY OF MR. PLYAM; CORRECT?

28          A           YES.



1 Q AND YOU'RE AWARE THAT A STORAGE BIN UP THERE  
2 WAS BROKEN INTO AND THE LOCKS CUT; RIGHT?

3 A THAT'S WHAT I'VE BEEN TOLD.

4 Q AND SO WHO DID THIS?

5 A THAT I DON'T KNOW.

6 Q IS THIS MR. PARLATO?

7 A I DON'T KNOW WHO CUT THE LOCKS.

8 THE COURT: MR. RILEY.

9 MR. RILEY: YES. ALL RIGHT.

10 THE COURT: ALL RIGHT. LADIES AND GENTLEMEN, WELL,  
11 COUPLE OF THINGS. YOU'RE EXCUSED.

12 THE WITNESS: THANK YOU.

13 THE COURT: I KNOW MS. ORTEGA HAS TO LEAVE US, SO  
14 WE'RE GOING TO SAY GOODBYE TO YOU. I UNDERSTAND. SORRY WE  
15 COULDN'T FINISH UP BEFORE YOU HAD TO LEAVE, BUT I REMEMBER YOU  
16 HAD TO LEAVE.

17 MR. KLIENKNECHT, WHEN YOU COME BACK THE NEXT  
18 DAY, YOU CAN SIT IN THIS SEAT, NO. 7.

19 NOW -- BUT NOT TO WORRY, I'VE SPOKEN WITH ALL  
20 THE ATTORNEYS. WE STILL ARE ON TRACK. YOU WILL GET THE CASE  
21 TO START DELIBERATING SOMETIME NEXT WEEK, HOPEFULLY, EARLIER  
22 IN THE WEEK THAN LATER, BUT DEFINITELY NEXT WEEK AND PROBABLY  
23 THE MIDDLE OF NEXT WEEK.

24 TOMORROW IS AN OFF DATE. THE COURT HAS THINGS  
25 IT HAS TO ATTEND TO. SO IF YOU NEED TO GO BACK TO WORK,  
26 PLEASE GO BACK TO WORK. OTHERWISE, WE WILL SEE YOU MONDAY  
27 MORNING ABOUT 9:15. WAIT OUTSIDE THE COURTROOM AND WE'LL  
28 CONTINUE ON.

1                   BUT YOU'VE JUST ABOUT HEARD ALL THE EVIDENCE.  
2 THERE WILL BE A FEW MORE WITNESSES LEFT. WE'RE GOING TO WORK  
3 ON THAT TO MAKE SURE EVERYTHING RUNS PRETTY SMOOTHLY TILL  
4 THEN. THE LAWYERS ARE GOING TO WORK ON SOME THINGS TOMORROW  
5 AND WE'LL SEE YOU MONDAY.

6                   AGAIN, DON'T TALK ABOUT THE CASE AMONGST  
7 YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT THE CASE UNTIL  
8 YOU'VE HEARD ALL THE EVIDENCE.

9                   AS I'VE MENTIONED BEFORE, PARTICULARLY THE  
10 WEEKENDS, STAY AWAY FROM THE COMPUTERS, NO RESEARCH, NO  
11 INTERNET SEARCHES AND THE LIKE.

12                   THANK YOU VERY MUCH. HAVE A PLEASANT WEEKEND.  
13 AND THANK YOU, MS. ORTEGA.

14  
15                   (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
16 HELD IN OPEN COURT OUTSIDE THE PRESENCE OF THE  
17 JURY:)

18  
19                   THE COURT: ALL RIGHT. EVERYBODY HAS LEFT. WE CAN GO  
20 OFF THE RECORD.

21  
22                   (AN OFF-THE-RECORD DISCUSSION WAS HELD AT THIS  
23 TIME.)

24  
25                   (WHEREUPON THE MATTER WAS ADJOURNED UNTIL  
26 MONDAY, APRIL 11, 2011, AT 9:15 A.M.)

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 17

HON. RICHARD E. RICO, JUDGE

PRECISION DEVELOPMENT, LLC,	)	
	)	
	PLAINTIFF(S),	)
	)	
VS.	)	NO. BC384285
	)	
YURI PLYAM, ET AL.,	)	REPORTER'S
	)	CERTIFICATE
	DEFENDANT(S).	)
	)	

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I, SYLVIA ALMAGUER-MILLER, OFFICIAL REPORTER OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING PAGES 1 THROUGH 175, INCLUSIVE, COMPRISE A TRUE AND CORRECT TRANSCRIPT OF THE PROCEEDINGS HELD IN DEPARTMENT 17 ON APRIL 7, 2011, IN THE ABOVE-ENTITLED MATTER.

DATED THIS 8TH DAY OF APRIL, 2011.

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SYLVIA ALMAGUER-MILLER, OFFICIAL REPORTER, #8767