

1 A. Two or three.

2 Q. And when you got to Singapore would you spend the night
3 there or a few days in the hotel?

4 A. Yes.

5 Q. Do you remember the hotels you stayed at in Singapore?

6 A. Yes.

7 Q. What hotel was it?

8 A. The Mandarin Oriental.

9 Q. Always the Mandarin Oriental?

10 A. Yes.

11 Q. After this first -- you talked about the first trip you
12 made with Sonya Vacca, when it was just the two of you. After
13 that trip, was it just the two of you transporting money?

14 A. Some of the times, yes. On one or two occasions there
15 were more people.

16 Q. Who were the -- do you know the names of any of those
17 other people that transported money with you and Sonya Vacca?

18 A. Roger was one, and John.

19 Q. Do you know John's last name?

20 A. John Burn.

21 Q. Mr. Horn, did myself along with an FBI agent Billy Weeks
22 interview you in Los Angeles, California last May 25th?

23 A. Yes, I believe so.

24 Q. And did Agent Wilkes and myself show you a photo book?

25 A. Yes.

1 MR. DAVIES: May I approach the witness, Your Honor?

2 THE COURT: Yes, sir.

3 Q. And showing you Government Exhibit 216. Is that the
4 photo book that you were shown?

5 A. Yes.

6 Q. And, Mr. Horn, we've got a scan in here. But those are
7 scanned pictures. We can't rescan them. So if you would, if
8 you would go through this. Are there people in this book that
9 you recognize?

10 A. Yes.

11 Q. If you would go through it right now starting with page
12 1. Is there anyone on page 1 that you recognize?

13 A. Yes.

14 Q. You said there are -- are there two pictures on page one?

15 A. Yes. Lower picture.

16 Q. Do you know that guy's name?

17 A. No, I do not.

18 Q. If you would just put your initials there and write that
19 guy.

20 Do you recognize any of the photographs on page 2?

21 A. No.

22 Q. Do you recognize any of the photographs on page 3?

23 A. The lower photo. I don't know his name.

24 Q. Okay.

25 If you would put your initials by that and just put,

1 I don't know his name.

2 Q. On page 4, do you recognize any of those pictures?

3 A. Yes, Roger.

4 Q. If you would put your initials and write Roger, please.

5 THE COURT: Which one is this?

6 Q. It's the top photograph. You recognize the Roger in both
7 photographs?

8 A. Uh-huh.

9 Q. And page 5 do you recognize anybody?

10 A. Mr. Larkin.

11 Q. Is Mr. Larkin the bottom or top one?

12 A. The top one.

13 Q. If you would put your initials and write Larkin, please?

14 Page 6. Do you recognize anybody?

15 A. No.

16 Q. Page 7 do you recognize anybody?

17 A. The lower photo.

18 Q. Who is that?

19 A. That is John.

20 Q. John Burn?

21 A. John Burn.

22 Q. If you would put your initials and write John Burn?

23 THE COURT: Which one, please?

24 Q. Is he the upper or lower photograph?

25 A. The lower.

1 Q. On page 7. Just for the record, you have identified the
2 lower photograph on page 7 as John Burn?

3 A. Yes.

4 MR. DAVIES: Your Honor, I would offer Government
5 Exhibit 216 into evidence.

6 THE COURT: Without objection.

7 (Government Exhibit No. 216 admitted.)

8 Q. Mr. Horn was there ever a time that you went to Mexico
9 with Sonya Vacca?

10 A. Yes, we did.

11 Q. Do you remember what year that was?

12 A. It was probably late '98, early 9 -- sorry?

13 Q. You mean late '89 early '90?

14 A. Late '89 or '90.

15 Q. Was there anybody that you and Sonya Vacca met in Mexico?

16 A. We met Mr. Larkin.

17 Q. What was the purpose of you and Sonya Vacca meeting
18 Mr. Larkin, as far as you knew?

19 A. To deliver some scanners.

20 Q. What type of scanners?

21 A. They were -- I don't know much about them. Just radio
22 scanners.

23 Q. Were there times on your trip to Mexico that Ms. Vacca
24 and Mr. Larkin went off by themselves?

25 A. Sure.

1 Q. Do you know what Ms. Vacca and Mr. Larkin discussed when
2 they were by themselves?

3 A. No, I do not.

4 Q. And I think you said before there came a time when you
5 and Sonya Vacca house-sat at a house in Canada?

6 A. Yes, we did.

7 Q. Was that after you had gone to Mexico in terms of
8 sequence of events?

9 A. I believe so, yes.

10 MR. DAVIES: May I approach, Your Honor?

11 THE COURT: Uh-huh.

12 Q. Let me show you what is in evidence as Government Exhibit
13 114E and 114F, which are photographs of a house. Do you
14 recognize those photographs?

15 A. Yes, I do.

16 Q. Are those pictures of the house that you and Sonya Vacca
17 house-sat at?

18 A. Yes, they are.

19 MR. DAVIES: Your Honor, I would request to publish
20 114E.

21 THE COURT: You may do so.

22 Q. Can you see from there?

23 MR. DAVIES: May the witness stand down, Your Honor?

24 THE COURT: Surely may.

25 Q. Could you just stand right here. Is this a blowup of the

1 photograph you identified as the house that you and Sonya Vacca
2 house-sat at?

3 A. Yes. It's not a very clear picture, but I believe that
4 is the house.

5 Q. And actually the actual photograph that is in evidence is
6 a little clearer?

7 A. Yes.

8 Q. You can have a seat.

9 MR. DAVIES: Thank you.

10 Q. Did Ms. Vacca say anything to you about that house or why
11 you all were house sitting in it?

12 A. We were there to make the house appear to be lived in.

13 Q. Did she tell you what the house was really used for?

14 A. Yes.

15 Q. What did she say?

16 A. It was used to store hash.

17 Q. Do you remember what type of area it was that you and
18 Sonya Vacca stayed in the house?

19 A. It was around May.

20 Q. And where was this house by the way?

21 A. It was in -- outside of Vancouver, Canada on Vancouver
22 Island.

23 Q. And were you still living in California before you went
24 up to the house?

25 A. Yes, I was.

1 Q. And how did you get to Vancouver?

2 A. Flew.

3 Q. Did anyone meet you when you got to Vancouver?

4 A. Yes.

5 Q. Who met you?

6 A. John.

7 Q. John Burn?

8 A. Yes.

9 Q. And how did you get to the stash house?

10 A. We followed John.

11 Q. Were there any areas or crawl spaces or anything like
12 that in that house where you stayed at?

13 A. There was an area underneath the house where the hot
14 water heaters were.

15 Q. Were there any electronics around the house?

16 A. Computer.

17 Q. Do you know if there was any type of surveillance
18 equipment or anything like that around the house?

19 A. I -- I was told that there was. But actually seeing
20 them, I didn't see them.

21 Q. A few years after you stayed there, did you take Royal
22 Canadian Mounted Police Paul Leffler and Paul Nadeau and point
23 out the house to them?

24 A. Yes, I did.

25 MR. DAVIES: May I approach, Your Honor?

1 THE COURT: Yes, sir.

2 Q. Did you have a passport to travel overseas, Mr. Horn?

3 A. Yes.

4 Q. And showing you Government Exhibit 217, is that a copy of
5 your driver's license and your passport?

6 A. Yes, it is.

7 MR. DAVIES: Your Honor, I would offer Government
8 Exhibit 217 into evidence.

9 THE COURT: Without objection.

10 (Government Exhibit No. 217 admitted.)

11 MR. DAVIES: Your Honor I would request to publish
12 Government Exhibit 216.

13 Q. Turn to page 7 which is the photograph, Mr. Horn,
14 identified as John Burn.

15 THE COURT: You may do so.

16 MR. DAVIES: I have no further questions.

17 THE COURT: Mr. Kennedy.

18 MR. KENNEDY: No questions, Your Honor.

19 THE COURT: Mr. Darr.

20 MR. DAAR: Yes, Your Honor.

21 CROSS-EXAMINATION

22 BY MR. DAAR:

23 Q. Good afternoon, Mr. Horn.

24 A. Good afternoon.

25 Q. You received an immunity agreement from the Gainesville

1 prosecutor, correct?

2 A. I believe so.

3 Q. And it's your understanding that what you say here today
4 cannot be used against you in any prosecution in the United
5 States, correct?

6 A. That is how I understand, yes.

7 Q. Now, were you ever prosecuted for what you did in Canada?

8 A. No.

9 Q. Were you ever given immunity for what you did in Canada?

10 A. I don't know.

11 Q. So to your knowledge you have not been given immunity for
12 that?

13 A. That's correct.

14 Q. Now, the trip to Mexico I believe you said occurred in
15 '89 or 90; is that correct?

16 A. Yes.

17 Q. How do you fix that date?

18 A. Because I graduated in 1990. And I went either shortly
19 before I graduated or shortly after.

20 Q. Okay. And you went down there with scanners; is that
21 correct?

22 A. Yes.

23 Q. And how many scanners did you bring?

24 A. Two.

25 Q. And you were not present when the actual delivery of the

1 scanners took place to Mr. Larkin?

2 A. Yes, I was there.

3 Q. You were part of the negotiation on the scanners?

4 A. No.

5 Q. What did the scanners sell for to Mr. Larkin?

6 A. I don't know.

7 Q. Do you know what the scanners cost you?

8 A. I think they were around five grand. But I didn't buy
9 them.

10 Q. The scanners cost five grand?

11 A. I think so. I don't know.

12 Q. Okay. You weren't involved in the buying of them?

13 A. No, I was not.

14 Q. Why did you go down to Mexico with Sonya Vacca?

15 A. To deliver scanners.

16 Q. Why didn't one of you go deliver the scanners to Mexico?

17 A. Because Sonya had them and she said we needed to go to
18 Mexico to deliver them to Mr. Larkin.

19 Q. What was your function?

20 A. Just going along.

21 Q. You just went along for the ride?

22 A. Pretty much.

23 Q. No other reason for going to Mexico?

24 A. No.

25 Q. Anything else happen down there?

1 A. No.

2 Q. Did you receive a check September 16th, 1988 drawn on
3 Barclay's Bank of California for 18,000 dollars?

4 A. I don't recall that, no.

5 Q. Didn't happen?

6 A. I don't think so.

7 Q. You are not sure?

8 A. I'm not sure.

9 Q. Possibly you may have received an 18,000 dollar check in
10 1988 but you are not sure?

11 A. Well, I don't know when Sonya got the money -- was it in
12 my personal account or a business account?

13 Q. It was a check made out to you for 18,000 dollars from
14 Barclay's Bank?

15 A. To me personally?

16 Q. Yes.

17 A. Well, I -- it wasn't my money so I don't recall it, no.

18 Q. It wasn't your money?

19 A. No.

20 Q. Well, did you cash a check for 18,000 dollars?

21 A. I don't recall.

22 Q. You don't recall. Are you certain that you didn't go to
23 Mexico in 1988?

24 A. Absolutely.

25 Q. And was there any discussion while you were present in

1 Mexico about a boat -- obtaining a boat to import marijuana?

2 A. No. I don't recall.

3 Q. And you don't recall any discussion about the payment of
4 36,000 dollars?

5 A. No.

6 Q. In cash?

7 A. No.

8 Q. Have you ever been furnished a copy of Sonya Vacca's
9 statement?

10 A. No.

11 MR. DAAR: No further questions.

12 THE COURT: Government?

13 REDIRECT EXAMINATION

14 BY MR. DAVIES:

15 Q. Were you personally with Sonya Vacca and Mr. Larkin the
16 whole time that you all were there in Mexico?

17 A. The whole time?

18 Q. Yes.

19 A. No.

20 Q. Do you know what Ms. Vacca and Mr. Larkin talked about
21 when you were not with them?

22 A. No.

23 Q. You were asked about getting immunity and your testimony
24 cannot be used against you. Do you understand the one
25 exception, that if you commit perjury, lie to the Court, that

1 can be used against you?

2 A. Yes.

3 Q. Has anyone from the government suggested anything that
4 you should say?

5 A. No.

6 Q. Have you recounted those events to the jury as best you
7 remember them?

8 A. Yes, I have.

9 MR. DAVIES: No further questions.

10 THE COURT: Thank you, sir. You may step down.
11 Your next witness, please.

12 MR. HANKINSON: Yes, sir. We would call Rick Powell.

13 (Witness sworn.)

14 THE CLERK: Please be seated.

15 And, sir, for the record state your full name and
16 spell your last name.

17 THE WITNESS: Rick L. Powell. P-O-W-E-L-L.

18 DIRECT EXAMINATION

19 BY MR. HANKINSON:

20 Q. Where are you currently living, Mr. Powell?

21 A. In San Diego County in California.

22 Q. And what are you currently doing for a living?

23 A. I'm a developer.

24 Q. And previously did you work in law enforcement?

25 A. I did, sir.

1 Q. And for what period of time did you work in law
2 enforcement from?

3 A. From 1976 until December of '99.

4 Q. And what agency were you with?

5 A. At the time I retired with the U.S. Customs Service.

6 Q. How long did you spend with Customs?

7 A. From 1982 to 1999.

8 Q. Okay. Are you also in the military?

9 A. I am, sir.

10 Q. What is your position in the military?

11 A. I'm a colonel with the 63rd Reserve Support Command.

12 Q. Back in August, specifically August 5th of '94, did you
13 get involved in assisting the Customs office out of San
14 Francisco?

15 A. I did, sir.

16 Q. Okay. And what were you asked to do in this assistance?

17 A. I was asked to be a team leader on a search of a storage
18 facility as a result of the issuance of a search warrant.

19 Q. And whose storage facility do you understand this to be?

20 A. I looked at the paper a little bit earlier. And I
21 verified that it was Berger, Mr. Berger.

22 Q. All right. And where was this storage facility?

23 A. It was Stone Canyon Storage on Marino Boulevard in San
24 Diego.

25 Q. And what -- did you go execute this search warrant at

1 Berger's storage unit?

2 A. I did execute it. Yes.

3 Q. And what did you find in the storage unit?

4 A. I found two bags containing currency, Canadian currency,
5 in the amount of one million dollars.

6 Q. And what kind of money was this?

7 A. Canadian currency.

8 Q. And a million dollars?

9 A. Yes, sir.

10 Q. Tell us how you went about finding this money, if you
11 would?

12 A. I will, sir. We executed a warrant. It was a small
13 storage unit. Guessing from memory, approximately 8-by-8 feet.

14 And there were three or four of us in there. A lot
15 of boat parts, intake manifolds, engine parts, things like
16 that. We had completed the search on it, and there was just
17 one corner to search. And that is my area. And there was a --
18 a flat pan. I removed the pan and saw the two duffel bags
19 stacked one on top of each other in the rear corner from the
20 door.

21 Q. Did you find anything in the storage facility that
22 related to Robert Berger?

23 A. Yes, sir. There was also an envelope with his name on
24 it.

25 MR. HANKINSON: If I might approach, Your Honor?

1 THE COURT: Surely.

2 Q. I've placed before you what has been marked for
3 identification as Government Exhibit, 232A through D.

4 Are you familiar with those photographs?

5 A. I am, sir.

6 Q. All right. And are those photographs of the million
7 dollars Canadian that you found in Berger's storage unit?

8 A. Yes, sir. I took those photos.

9 MR. HANKINSON: I would offer 232A through D.

10 THE COURT: They will be received.

11 (Government Exhibits 232A to 232D admitted.)

12 MR. HANKINSON: I would ask permission to publish one
13 of the photographs, Your Honor.

14 THE COURT: Surely.

15 Q. All right. And do you see reflected on the screen -- is
16 this one of the photographs that was taken?

17 A. Yes, sir, it is.

18 Q. Can you see the screen?

19 A. I can.

20 Q. And stacked up there, that is a million dollars?

21 A. Yes, sir.

22 Q. Okay. Explain what is depicted in the other three
23 photographs that you have there.

24 A. Well, when I originally found the two packages, I
25 unzipped one and the currency was wrapped in plastic bags. The

1 two -- the smaller photos here are -- have the bags unzipped
2 showing a photo of the money still wrapped in plastic.

3 Then, there are two subsequent photos, small ones,
4 which have the bags outside of the canvas.

5 Duffel bags and they are just stacked again in
6 plastic.

7 And then the larger photo which is represented on
8 this slide is after the money was separated and counted and
9 stacked just for a photo.

10 Q. And this was August of 1994 that you seized this money?

11 A. That's correct, sir.

12 Q. And the town where this was seized?

13 A. In San Diego, sir.

14 MR. HANKINSON: That is all I have, Your Honor.

15 I would ask to publish the three -- well, I think I
16 would ask to publish all four of them to the jury, Your Honor.

17 THE COURT: You may do so.

18 MR. HANKINSON: That is all the questions that I
19 have.

20 THE COURT: Mr. Kennedy.

21 MR. KENNEDY: Thank you, Your Honor.

22 CROSS-EXAMINATION

23 BY MR. KENNEDY:

24 Q. Good afternoon, Colonel Powell.

25 A. Good afternoon, sir.

1 Q. Do you have any idea of how long the currency you
2 discovered was in that particular storage facility?

3 A. No, sir, I do not.

4 Q. What was the date of your execution of the search warrant
5 again, please, sir?

6 A. August of 1994.

7 Q. Do you have any idea of how long that particular unit had
8 been rented by Mr. Berger or anyone else?

9 A. Sir, I don't recall that.

10 MR. KENNEDY: Thank you. Nothing further.

11 MR. DAAR: No questions, Your Honor.

12 THE COURT: Government?

13 MR. HANKINSON: Nothing further, Your Honor.

14 THE COURT: Thank you, sir.

15 Call your next witness.

16 MR. HANKINSON: I would call Bonita Bryant. If she
17 isn't there, bring Mike Arnold.

18 (Sworn witness.)

19 THE CLERK: Please be seated.

20 And, sir, for the record state your full name and
21 spell your last name?

22 THE WITNESS: Michael Wayne Arnold. A-R-N-O-L-D.

23 DIRECT EXAMINATION

24 BY MR. HANKINSON:

25 Q. And how are you employed, sir?

1 A. I'm a senior special agent with the US Customs Service.

2 Q. And how long have you been with Customs?

3 A. A little over 10 years.

4 Q. And back in June of 1996, were you asked to assist
5 special Agent Greg Small in a portion of a investigation?

6 A. Yes, I was.

7 Q. And what were you asked to do?

8 A. I was asked to assist in an undercover meeting that would
9 take place in Ontario, California.

10 Q. Where is Ontario?

11 A. It is probably about 60 miles east of Los Angeles.

12 Q. And who did you understand was going to be meeting at
13 this location?

14 A. Agent Small had set up an undercover meeting between his
15 informant and an individual by the name of Carol Nelson.

16 Q. And Mr. Small's informant, who was that?

17 A. I believe her name was Julie Roberts.

18 Q. And were you present when this meeting occurred?

19 A. Yes, I was.

20 Q. And where did this meeting occur?

21 A. It took place at the Red Lion Hotel.

22 Q. And during -- at the end of this meeting, was some money
23 seized?

24 A. Yes, sir.

25 Q. Okay. And approximately how much money was seized?

1 A. Approximately 905,000 in Canadian currency.

2 Mr. HANKINSON: If I might approach, Your Honor.

3 THE COURT: Uh-huh.

4 Q. I've placed before you what has been marked for
5 identification as Government Exhibit 159.

6 THE COURT: Let me -- did he say 9,000 or 900?

7 Q. Say that again.

8 A. 905,000.

9 THE COURT: I wrote it wrong. Thank you.

10 Q. So that would be 905,000?

11 A. Right.

12 Q. Are you familiar with those photographs, 159B through F?

13 A. Yes, I am.

14 Q. And what are those photographs of?

15 A. Those are photographs of the Canadian currency which
16 Carol Nelson had brought to the meeting that day.

17 Q. Okay.

18 MR. HANKINSON: I would offer those into evidence as
19 Government Exhibit 159B through F.

20 THE COURT: Without objection.

21 (Government Exhibit No. 159B through 159F admitted.)

22 Q. Was there also a video set up during the course of this
23 meeting?

24 A. Yes. We had a technician wire the room in which the
25 undercover meeting took place so we could have video.

1 MR. HANKINSON: Your Honor, at this time I would ask
2 to publish what has been previously placed into evidence which
3 is Government Exhibit 159A, which is a video of the meeting.

4 THE COURT: You may do so.

5 MR. HANKINSON: We are going to need to rearrange
6 some things.

7 Where we are starting this is about 20 minutes into
8 the videotape. There are some times that I didn't consider
9 relevant to publish at this point in time. And I'd also ask
10 that while this is playing, to pass the photographs around,
11 159B through F to the jury.

12 THE COURT: You may do so.

13 Can you tell the marker number that you are starting
14 at on the tape?

15 MR. HANKINSON: Yes, sir. Not a hundred percent sure
16 it's going to show up in this same way, but the marker number
17 as I had it before was at 1630. I think it's queued to that
18 point.

19 (Video played.)

20 MR. HANKINSON: That would be the portion that I
21 would request to publish at this time, Your Honor.

22 THE COURT: Just leave it there in case they want to
23 play some other portion of it.

24 Q. Agent Arnold, when they left the room and there was a
25 period of time when no one was there, when they came back into

1 the room, what had they brought back into the room?

2 A. They had brought the 905,000 in Canadian currency which
3 was in four duffel bags.

4 Q. And it was after a little more conversation here that the
5 money was seized?

6 A. Yes, it was.

7 Q. And Ms. Nelson was arrested?

8 A. That's correct.

9 MR. HANKINSON: That is the questions that I have on
10 this witness.

11 MR. KENNEDY: No thank you.

12 THE COURT: Any cross.

13 MR. DAAR: Yes.

14 CROSS-EXAMINATION

15 BY MR. DAAR:

16 Q. Was Carol Nelson arrested that day?

17 A. Yes, she was.

18 Q. And how long was this after her husband and son had been
19 arrested?

20 A. I'm not familiar with the case out of San Francisco
21 wherever they ended up being arrested.

22 Q. But, Julie Roberts was working with the United States
23 Customs Service, correct?

24 A. That's correct.

25 Q. And Greg Small was the person in Customs in charge of

1 handling her, correct?

2 A. As far as I know, yes.

3 Q. Typically a case agent is assigned to a particular
4 informant or cooperating witness, correct?

5 A. Correct. There usually is a handling agent, yes.

6 Q. And as far as you know, Greg Small was the handling agent
7 for Julie Roberts, correct?

8 A. As far as I know, yes.

9 Q. Now, are you aware of whether or not Greg Small is under
10 investigation by the --

11 MR. HANKINSON: Objection. Relevance, Your Honor.

12 THE COURT: Sustained.

13 Q. Is Greg Small with the United States Customs Service
14 still today?

15 A. Yes, he is.

16 MR. DAAR: Thank you.

17 THE COURT: Government.

18 REDIRECT EXAMINATION

19 BY MR. HANKINSON:

20 Q. And Carol Nelson was Dallas Nelson's wife; is that your
21 understanding?

22 A. That is my understanding, yes.

23 MR. HANKINSON: That is all the questions that I
24 have.

25 THE COURT: Thank you, sir. Thank you very much.

1 And you folks take 15 minutes.

2 (Jury out.)

3 (Recess taken.)

4 (Jury in.)

5 THE COURT: Be seated, please.

6 Call your witness, please.

7 MR. HANKINSON: We call Bonita Bryant.

8 (Witness sworn.)

9 THE CLERK: Please be seated.

10 And, ma'am, for the record state your full name and
11 spell your last name.

12 THE WITNESS: Bonita Antoinne Bryant. B-R-Y-A-N-T.

13 DIRECT EXAMINATION

14 BY MR. HANKINSON:

15 Q. What do you do for a living, Ms. Bryant?

16 A. I'm a Realtor. I sell real estate.

17 Q. Where are you currently selling real estate?

18 A. Los Angeles, California.

19 Q. Did you previously sell real estate in the Taos, New
20 Mexico area?

21 A. Yes, I did.

22 Q. Over what period of time?

23 A. 1989. And I left Taos in August of -- August of '89 to
24 August '98.

25 Q. So in the year 1993 you were selling real estate in Taos?

1 A. Yes, I was.

2 Q. And what business were you working with at that time?

3 A. Shotz Realty.

4 Q. Sometime in the late summer early fall of 1993, did you
5 have an occasion to meet Julie Roberts?

6 A. Yes, I did.

7 Q. Okay. And how did you happen to meet Ms. Roberts?

8 A. She was what we call a walk-in. She walked into our
9 office. We were on call, and she came in, and I happened to be
10 there, and she became my client. I showed her the property.

11 Q. Had you known Julie Roberts before this?

12 A. No.

13 Q. Was your only involvement with Julie Roberts helping her
14 buy and later sell some property?

15 A. Yes.

16 Q. Between that time and the -- you know, late summer early
17 fall of '93 and over the next couple of years, did you help
18 Julie Roberts buy a couple of pieces of property and then sell
19 those pieces of property?

20 A. Yes, I did.

21 Q. And those were all in the Taos area?

22 A. Yes, they were.

23 Q. During the course of that time, was Julie Roberts ever in
24 your office with a gentleman that you met?

25 A. Yes, she was.

1 Q. Are you able to help us at all as to when this would have
2 been?

3 A. Sometime early 1994.

4 Q. And do you remember what this person's name was?

5 A. Al.

6 Q. Do you remember a last name?

7 A. No. I never had a last name.

8 Q. But Ms. Roberts introduced you to this fellow named Al?

9 A. Yes.

10 Q. Was that the only time that you saw this fellow named Al
11 was the one time in your office?

12 A. Yes.

13 Q. Yesterday, were you shown a book of photographs of
14 various people?

15 A. Yes, I was.

16 Q. Okay. Did you pick out the person in that book that you
17 believed to be the Al that you met with Julie Roberts?

18 A. Yes, I did.

19 MR. HANKINSON: If I might approach, Your Honor.

20 A. I need to get my glasses or I won't see anything. There.

21 Q. I have put before you a book which has been marked as
22 Government Exhibit for identification Government Exhibit 235.

23 Does that look to be the book you saw yesterday?

24 A. Yes.

25 Q. Okay. And in the front of it there is a list of names.

1 Were you shown the list of names before you started looking
2 through this book?

3 A. No.

4 Q. How was this book presented to you?

5 A. You just gave me the book and opened it, and I started
6 looking through it.

7 Q. And did anybody suggest -- point to a picture and say,
8 hey, pick this guy out or anything?

9 A. No.

10 Q. All right. And you picked it out I think while I was
11 walking back here, I think I heard you say this is the guy?

12 A. Yes.

13 MR. HANKINSON: I would offer that into evidence
14 Government Exhibit 235, the photo book that is before her.

15 THE COURT: Without objection.

16 (Government Exhibit No. 235 admitted.)

17 Q. And the picture that you are pointing to, could you tell
18 us what page of the book that is on?

19 A. It's says 18. Is that it at the bottom?

20 Q. No. Just count the pages off?

21 A. 1. 2.

22 Q. Okay. So it's on the back side?

23 A. Of the first page.

24 Q. Okay.

25 A. Yes.

1 Q. This fellow that you met in your office named Al whose
2 photo is there, are you able to say whether he is present today
3 or not?

4 A. Well, I think so.

5 Q. Okay. And who do you think is the same person?

6 A. Well, it might be that fellow at that table.

7 Q. Okay. Which one of the fellows at that table?

8 A. The one at the end.

9 MR. HANKINSON: I would ask the record to reflect
10 please, that she's referred to the defendant, Mr. Madrid.

11 That is all the questions that I have at this time.

12 MR. KENNEDY: No, thank you.

13 THE COURT: Mr. Daar.

14 CROSS-EXAMINATION

15 BY MR. DAAR:

16 Q. How long were you in the presence of the gentleman with
17 Ms. Roberts?

18 A. Twenty minutes, maybe, you know. I don't know. They
19 came in. They were in the back conference room.

20 Q. Did you get a sense of what their relationship was from
21 your 20 minutes with them?

22 A. They were friends.

23 Q. Okay. Boyfriend-girlfriend?

24 A. I didn't feel that. No.

25 Q. Okay.

1 MR. DAAR: That is all. Thank you.

2 THE COURT: Any further by the government?

3 MR. HANKINSON: No, sir, Your Honor.

4 THE COURT: Thank you, ma'am.

5 You are free to go about your business.

6 Next witness, please.

7 MR. HANKINSON: We would call Marshall Rothman.

8 (Witness sworn.)

9 THE CLERK: Please be seated.

10 And, sir, for the record state your full name and
11 spell your last name.

12 THE WITNESS: My name is Marshall Rothman,
13 R-O-T-H-M-A-N.

14 DIRECT EXAMINATION

15 BY MR. HANKINSON:

16 Q. Where do you live, Mr. Rothman?

17 A. I live in Mill Valley, California.

18 Q. Okay. You probably need to pull that microphone a little
19 bit to you or speak up a little louder, one of those. The
20 chair doesn't move.

21 A. Okay.

22 Q. And what do you do for a living, Mr. Rothman?

23 A. I'm a real estate developer and contractor.

24 Q. And how long have you been involved in that business?

25 A. Twenty-five years.

1 Q. Do you know a person named John Knock?

2 A. Yes, I do.

3 Q. And how did you -- and approximately when did you first
4 meet Mr. Knock?

5 A. I met John Knock in my early 20s. We were diving
6 partners.

7 Q. And did Mr. Knock ever tell you what he did for a living?

8 A. He mentioned that he was in mineral exploration.

9 Q. Did he indicate what area of the world he was involved in
10 that mineral exploration?

11 A. My impression was the Middle East.

12 Q. In 1990, did you get involved in some business
13 transactions with Mr. Knock?

14 A. Yes.

15 Q. Okay. How did that come about?

16 A. I was actively marketing a real estate project in Carmel,
17 California. And I gave him one of the packages. I was sending
18 out a lot of packages. And he brought in a group of investors
19 who bought an option on the property.

20 Q. And through that did he invest some money with you?

21 MR. KENNEDY: Objection.

22 THE COURT: Overruled.

23 Q. Did you receive some money from Mr. Knock in 1990?

24 A. Not from Mr. Knock, no.

25 Q. Did you receive some money that was passed on to you in

1 connection with the transaction you discussed with Mr. Knock?

2 A. Yes.

3 Q. Okay. And over what period of time did this money come
4 in to you?

5 A. On that project, I think it came in within a year, maybe
6 a few months period of time.

7 MR. HANKINSON: If I might approach, Your Honor.

8 Q. Mr. Rothman, I've placed before you some exhibits that
9 have been marked for identification as Government Exhibit 191A.

10 Are those some records that you previously provided
11 to the government?

12 A. Yes.

13 Q. Do those show the initial transactions that you were
14 involved in based on your discussions with Mr. Knock?

15 A. Yes.

16 MR. HANKINSON: I would offer those into evidence
17 Government Exhibit 191A.

18 THE COURT: They will be received.

19 (Government Exhibit No. 191A admitted.)

20 Q. And did I show you during our earlier meeting a summary of
21 those transactions that had occurred?

22 A. Yes, you did.

23 Q. Okay. Based on your review of that listing, did that
24 accurately show the dates and the amounts of the transactions
25 that are reflected in the various documents that you provided

1 to us?

2 A. Yes, it did.

3 Q. Do you think it would assist you to follow along on that
4 summary to explain to the jury the transactions?

5 A. Yes, it would.

6 MR. HANKINSON: I would offer to publish the summary
7 that we've provided of those transactions, Your Honor.

8 THE COURT: Does it have a number?

9 MR. HANKINSON: It has not been marked with a number.
10 At the end of the day, I'll mark it with a number and it will
11 be marked as Government Exhibit 236.

12 THE COURT: Can we just put a B on it, 191B or
13 something else?

14 MR. HANKINSON: It will actually relate to two
15 exhibits. That might confuse things.

16 THE COURT: 236 you say?

17 MR. HANKINSON: Yes, sir.

18 Q. Can you see the screen from where you are?

19 A. Not very well, no.

20 MR. HANKINSON: Is it all right if he steps down to
21 see it better, Your Honor?

22 THE COURT: Surely.

23 Q. You may want to have those records at hand in case you
24 have a question about it.

25 I believe the first record that we did reflect was

1 Government Exhibit 191A. And I believe that would be the first
2 three transactions up there; is that correct?

3 A. I think it is. Yes. Maybe the first four.

4 Q. The first four transactions, I'm sorry. And the first
5 transfer -- and this went into an account, Rothman Investments.
6 What is Rothman Investments?

7 A. Rothman Investments is my company name. I'm doing
8 business as.

9 Q. And the first transfer was on March 7th, 1990, in the
10 amount of 300,000 dollars?

11 A. That's correct.

12 Q. Okay. Will you look at the transfer of the documents
13 that relates to that. Why don't you just hold on to those
14 documents, because I will be referring to them. All right. I
15 think I've numbered them 1 through 4; have I not?

16 A. You sure have. At the top of the page. Right.

17 Q. That may assist you. And you have a deposit slip there
18 that goes with the first one?

19 A. Yes.

20 Q. Okay. That was the deposit slip you got from your bank
21 records?

22 A. That's correct.

23 Q. Who did it indicate this 300,000 dollars was coming from?

24 A. Gulf Development.

25 Q. Okay. Do you know who Gulf Development is?

1 A. No.

2 Q. Okay. Is Mr. Knock the only person that you ever talked
3 to in reference to those transfers?

4 A. Yes.

5 Q. Okay. And in the second transfer referred to there, is
6 300,000 dollars on April 12th, 1990. And that also went into
7 Rothman Investments; is that correct?

8 A. That's correct.

9 Q. Do you know for sure where that transfer came from?

10 A. This one says FRB wire transfer is all it says.

11 Q. I beg your pardon?

12 A. It says FRB wire transfer. That is all it says. I don't
13 know what FRB means.

14 Q. Did you understand that this transfer was part of the
15 transaction you were discussing with Mr. Knock?

16 A. Yes, I did.

17 Q. The next transaction of October 2nd, 1990 is in the
18 amount of \$250,000. Again, into the -- well, this one
19 indicates it's into your account, the Marshall Rothman account;
20 is that correct?

21 A. That's correct.

22 Q. Okay. Is that -- did that one reflect who it's from on
23 the deposit slip?

24 A. This one on my slip has no -- no reference at all where
25 it came from.

1 Q. Okay. But again that was in connection with the
2 transaction you were doing with Mr. Knock?

3 A. Yes.

4 Q. Okay. And then last one, the April 21st, 1992, the --
5 the \$160,000. Is there a slip that reflects where that is
6 from?

7 A. Yes.

8 Q. This one is from where?

9 A. Oman Oil.

10 Q. Oman Oil?

11 A. Yes.

12 Q. Now, the fourth transaction, the \$160,000, this is -- a
13 somewhat of a separate -- why is there a separation in time
14 there?

15 A. My memory is an option has a period of time that it runs.
16 When it expires, the very -- there is a provision for a cash
17 payment to extend that period of time. That is my memory, is
18 that that was a cash payment to extend that option.

19 Q. All right.

20 Why don't you take a seat. Now, clarify for me what
21 Mr. Knock was investing in with these transfers?

22 MR. KENNEDY: Objection to form of the question, Your
23 Honor.

24 Q. The only person you were dealing with was Mr. Knock,
25 correct?

1 A. That's correct.

2 Q. And the transaction that was handled by Mr. Knock, what
3 was that investment for?

4 A. It was -- it was a purchase and option to purchase a
5 development project at a set price at a time to be determined
6 within that option period.

7 Q. Okay. That is not -- that sounds a little confusing to
8 me. What does that mean in kind of lay terms?

9 A. In real estate development very often an investor will
10 purchase an option on a particular piece of property to lock in
11 at a set price the ability to buy that property down the road
12 after certain improvements or entitlements have been acquired.

13 Q. Well, there was -- we are talking about 600 -- 850, over
14 a million dollars there?

15 A. Correct.

16 Q. Did Mr. Knock get anything back from that or is -- from
17 this transaction, the investment of the million dollars?

18 A. No.

19 Q. So this didn't make any money?

20 A. No. This -- that option expired without them ever
21 exercising it.

22 Q. Okay. And who would have had to have exercised it?

23 A. The investment group that had assigned the contract and
24 entered into the purchase option would have had to exercise it.

25 Q. Now, did you get involved in a -- in another series of

1 transactions or another transaction involving a series of
2 transfers that you arranged with Mr. Knock?

3 A. Yes, I did.

4 Q. Okay. Tell us about that.

5 A. I had another project in San Louis Obispo, California, a
6 subdivision, also a real estate subdivision. And I was looking
7 for a joint venture partner to complete the project.

8 And I -- I provided Mr. Knock with a package on his
9 property. And he brought in the group of investors to joint
10 venture that project.

11 Q. You say he brought in a group of investors. Did you ever
12 talk to any other investors?

13 A. No, I didn't.

14 Q. Did you ever see any evidence that there really were
15 other investors?

16 A. No, I didn't.

17 Q. The only person you ever talked to was Mr. Knock,
18 correct?

19 A. Yes.

20 Q. Okay. And in this instance, what was Mr. Knock arranging
21 to buy into?

22 A. The partnership was going to, jointly with myself,
23 install the improvements in the map to create the residential
24 subdivision to be sold and the profits would be split up per
25 the contract.

1 Q. And how much was supposed to be paid for this investment?

2 A. Two million dollars. And then there were provisions also
3 for participation in paying the interest on the underlying debt
4 and also any necessary studies and processing fees.

5 Q. And did you enter into a contract with Mr. Knock about
6 this?

7 A. Well, not with Mr. Knock, no.

8 Q. Did someone sign off on a contract?

9 A. I delivered a contract to Mr. Knock. The moneys arrived.
10 And I presumed that the contract was forthcoming, but it never
11 arrived.

12 Q. Did you prepare a contract then?

13 A. Yes, I did.

14 Q. And who did you send it to?

15 A. John Knock.

16 Q. And you have with you what has been marked for
17 identification Government Exhibit 191B.

18 Do you see that document in front of you?

19 A. Yes, I do.

20 Q. What is that?

21 A. That's the -- well, this is a -- off of my computer disk
22 the contract unsigned.

23 Q. Okay. So you had saved a copy of this contract on a
24 computer disk?

25 A. Correct.

1 Q. Okay. The same contract that was sent to Mr. Knock?

2 A. I believe so.

3 Q. And that is what is marked for identification 191B?

4 A. Yes.

5 MR. HANKINSON: I would offer that into evidence,
6 Government Exhibit 191B.

7 THE COURT: It will be received.

8 (Government Exhibit No. 191B admitted.)

9 Q. Now, you indicated this is not the original contract.
10 But you never got the original contract back, if I understand?

11 A. That's correct.

12 Q. Did you receive some money based on your conversations
13 with Mr. Knock?

14 A. The moneys that -- some of the moneys that were agreed to
15 in the contract did arrive.

16 Q. And how much money did you receive? And I think we've
17 got it listed up here on the board. I believe you have
18 indicated that -- do you want to step down and look at that? I
19 believe you previously looked this over and determined that
20 the -- the dates and the amounts were correct?

21 A. That's correct.

22 Q. So on November 18th of 1993 you received \$500,000?

23 A. Correct.

24 Q. And did you also provide us with some documents? And I
25 believe they are before you as 192B with the record of the wire

1 transfers.

2 A. Yes.

3 Q. Okay. And is that what is before you in 192B?

4 A. Yes.

5 MR. HANKINSON: I would offer that into evidence,
6 Government Exhibit 192B.

7 THE COURT: It will be received.

8 (Government Exhibit No. 192B admitted.)

9 Q. Okay. And take us through these three transactions.

10 A. Well, there are five hundred-thousand-dollar wire
11 transfers. You put the date on it. I don't see it -- on
12 11/18, of '93.

13 Q. Okay.

14 A. There was a \$350,000 transfer on 11/29/93. And a
15 \$650,000 wire transfer on 11/26/93.

16 Q. Okay. And for those -- and those were all received by
17 wire transfer; is that correct?

18 A. Correct.

19 Q. And based on your discussions with Mr. Knock, what --
20 what was being invested in?

21 A. This was for a joint venture development of a subdivision
22 south of San Luis Obispo, California.

23 Q. And I note that the checks are going into an account that
24 is titled Rocky Creek Development?

25 A. Correct.

1 Q. Is that your account?

2 A. That is my corporate account.

3 Q. And had you been using Rocky Creek Development for many
4 years?

5 A. Yes.

6 Q. Okay. Did you have any knowledge that Mr. Knock was
7 using a Rocky Creek Development account in Singapore?

8 A. No.

9 Q. Okay. If -- if that were occurring, was there any
10 connection between this Singapore account and your account in
11 the United States?

12 A. No.

13 MR. KENNEDY: Objection.

14 THE COURT: Overruled.

15 A. No, there wasn't.

16 THE COURT: That is to his knowledge.

17 Q. You have no knowledge of such a thing existing?

18 A. As far as I know it wasn't connected.

19 Q. You indicated -- well, let's see. We've got about 1.5
20 million dollars in these transfers, correct?

21 A. Correct.

22 Q. And you indicated that that was only a portion of the
23 money that was supposed to be paid?

24 A. There was -- the contract allowed for a two million
25 dollar payment total. And also again, allowed for

1 participation in payments of the interest on the underlying
2 debt and also processing fees if they came about.

3 Q. Okay. Now, those transfers came in in November of '93.
4 Can you tell us roughly when it was that you sent this contract
5 to Mr. Knock?

6 A. I think a couple of months before.

7 Q. And you never received that back?

8 A. No.

9 Q. This would have been sometime in the fall of '93?

10 A. Yes.

11 Q. Okay. And he -- there was at least another half million
12 dollars owed, correct?

13 A. Correct.

14 Q. Did you attempt to locate Mr. Knock and find out what the
15 problem was as far as you not receiving the rest of your money
16 and not receiving the signed contract back?

17 A. Yes.

18 Q. Were you able to locate Mr. Knock?

19 A. No.

20 Q. Did he -- did he receive anything in return or did anyone
21 receive anything in return for this 1.5 million dollar
22 investment?

23 A. No.

24 Q. All right. If my math is correct, that would be 2.6
25 million dollars. Is that --

1 A. I think that was the number. Yes.

2 Q. I think that is reflected at the bottom of the diagram?

3 A. Yes.

4 Q. For this 2.6 million dollars, did Mr. Knock or anybody
5 else ever get any part of this investment back?

6 A. These properties were caught up in the savings and loan
7 crisis and they were sold at a loss.

8 Q. Anybody ever come asking you for their 2.6 million
9 dollars back?

10 A. No.

11 Q. Now, I believe you have indicated that you had known
12 Mr. Knock over a number of years; is that correct?

13 A. Yes.

14 Q. And have you had occasion to visit in his home in Hawaii?

15 A. Yes.

16 Q. And you have been there on holiday occasions?

17 A. Yes.

18 Q. What holiday occasions do you remember being at?

19 A. Certainly Thanksgiving at least once.

20 Q. Did you come to know a person named Vincent Mott through
21 Mr. Knock?

22 A. Yes.

23 Q. Did you ever meet an individual named Al Madrid?

24 A. I met an Al.

25 Q. And when was that?

1 A. I'm not sure.

2 Q. Was that through Mr. Knock?

3 A. Yes.

4 Q. Did you meet a person named Sonya Vacca?

5 A. Yes.

6 Q. And where did you meet her?

7 A. In Marin County at a party.

8 Q. Whose party was this?

9 A. I think it was her party.

10 Q. Who introduced you to Sonya Vacca?

11 A. John Knock.

12 Q. And do you remember how many times you met Sonya Vacca?

13 A. Two.

14 Q. Now, I believe you have indicated to me you are a pilot;
15 is that correct?

16 A. That's correct.

17 Q. Were you aware of whether Mr. Knock was a pilot?

18 A. Yes, he is.

19 Q. And how were you aware of that?

20 A. I don't remember how it came up.

21 Q. Have you flown together with him?

22 A. Yeah.

23 Q. So you would know that he was a pilot from flying with
24 him?

25 A. Well, I think I might have been flying at the time.

1 Q. But you are aware from some source that Mr. Knock was a
2 pilot?

3 A. Yes.

4 Q. Did you ever have any discussions with Mr. Knock as to
5 who owned the Hawaiian house, the one on Kahala Avenue?

6 A. In Honolulu?

7 Q. Yes. What did he tell you as to who owned the house?

8 A. He told me that it was owned by a corporation, that he
9 was caretaking it.

10 Q. Now, is the individual you knew as Mr. Knock, is he
11 present here today?

12 A. Yes.

13 Q. Would you identify that person, please?

14 A. Second from the left at the defense table.

15 MR. HANKINSON: I would ask the record reflect,
16 please, that he identified defendant Knock.

17 Q. Were you shown a photographic disk to see if you could
18 identify some people?

19 A. Yes.

20 Q. And in that did you identify the person that you knew as
21 Al?

22 A. Yes.

23 Q. Okay. Did you also identify the person Sonya Vacca that
24 you referred to?

25 A. Yes.

1 Q. Now, prior to meeting with the -- with me and talking
2 with me, did you obtain the services of an attorney?

3 A. Yes.

4 Q. Okay. And through that attorney did you negotiate a use
5 immunity agreement?

6 A. Yes.

7 Q. Okay. And what do you understand that means?

8 A. It means that nothing that I testify to here today can be
9 used against me nor anything developed from what my testimony
10 is here today can be used against me. But, if something is
11 developed independent of my testimony here today or if I
12 perjure myself I can be charged.

13 MR. HANKINSON: If I could have one moment.

14 THE COURT: Uh-huh.

15 MR. HANKINSON: And, Your Honor, pursuant to
16 stipulation, I would offer into evidence Government Exhibit
17 192A which relates to those transactions. But I'm not going to
18 have this witness testify about it.

19 MR. KENNEDY: We do have such a stipulation, Your
20 Honor.

21 THE COURT: It will be received per stipulation.

22 MR. HANKINSON: That is all the questions I have.
23 (Government Exhibit No. 192A admitted.)

24 THE COURT: Cross-examination.

25 MR. KENNEDY: Thank you, Your Honor.

CROSS-EXAMINATION

BY MR. KENNEDY:

Q. Good afternoon. Now, Mr. Rothman, those -- those development projects, contracting projects that you were working on in the early '90s in California, there was nothing illegal about any of them, was there?

A. No.

Q. As a matter of fact, those were, and you had been for years engaging in a number of absolutely legitimate real estate development projects and contracting projects; had you not?

A. Yes.

Q. Indeed you had solicited moneys from a variety of investors, over a long period of time; had you not?

A. Yes.

Q. And as a matter of fact, today you are engaged in essentially the same kind of work, correct?

A. Yes.

Q. Now, the reason that there is no money coming out of those investments is not because the nature of the investment at the time of the investment was itself insubstantial or shady, was it?

A. No.

Q. You believed in them?

A. Oh, yes.

Q. As a matter of fact, those people that you attempted to

1 solicit or to engage in the investments relied, in part, upon
2 your development acumen, your business skill, in terms of those
3 investments, correct?

4 A. That's correct.

5 Q. Around in the early '90s particularly with reference to
6 the Rocky Creek Development, you prepared a prospectus, I think
7 you might have referred to it as a package, that you could use
8 that you actually give to investors and say: Here is the deal:
9 We would like you to invest in it, this is what it is all
10 about; did you not?

11 A. Yes.

12 Q. And John Knock as I gather was among those people to whom
13 you prepared this prospectus or this package, correct?

14 A. Yes.

15 Q. So Mr. Knock is not the only person who was able to find
16 investors for you; is that correct?

17 A. That's correct.

18 Q. Now, Mr. Hankinson kept trying to get you to say this is
19 Mr. Knock's investment. And you kept --

20 MR. HANKINSON: Objection, argumentative.

21 THE COURT: It is argumentative.

22 Q. And you kept saying --

23 THE COURT: Start all over.

24 MR. KENNEDY: Sorry.

25 Q. Did you get any money from Mr. Knock?

1 A. No.

2 Q. And if Mr. Knock or if the -- as far as you understand,
3 Mr. Knock was representing some investors; is that correct?

4 A. That's correct.

5 Q. Frequently in that circumstance, where one finds
6 investors, one is offered what is called in the trade, or in
7 the business, a finder's fee, correct?

8 A. Correct.

9 Q. You offered Mr. Knock a finder's fee; did you not?

10 A. That's correct.

11 Q. Mr. Knock actually said that he was getting his fee on
12 the other end from the investors; did he not?

13 A. That's correct.

14 Q. Now, you have known John Knock for about 20 years,
15 correct?

16 A. That's correct.

17 Q. And there was never a time when, as far as your
18 relationship of 20 years -- strike that.

19 You have known him 20 years. You dove together. You
20 told us about that. That is deep-sea diving, I presume?

21 A. Uh-huh.

22 Q. You have to answer audibly?

23 A. Yes.

24 Q. Thank you. You also hunted together?

25 A. Yes.

1 Q. You socialized together?

2 A. Yes.

3 Q. You knew one another's family?

4 A. Yes.

5 Q. You talked a lot over 20 years?

6 A. Yes.

7 Q. As far as his lifestyle was concerned, would you describe
8 Mr. Knock as someone who lived opulently or extravagantly or
9 how would you describe the way in which you observed him living
10 over those 20 years?

11 A. John was very down to earth. He did not live an
12 extravagant lifestyle. He would fix his own car.

13 Q. What kind of car did he have?

14 A. I remember an old beat up Bronco and a Saab, an older
15 Saab. And some before that, years before that.

16 Q. Now, back in the early -- strike that for a moment.

17 If someone came to you today as one of the investors
18 in these Rocky Creek Developments, the Rothman investments, and
19 said: You know, I put in 2 million plus here, what have I got
20 to show for it? You would have to say that there is no money
21 to be returned; is that correct?

22 A. That's correct.

23 Q. And if I understand the reason for that, it goes back to
24 the savings and loan scandal that we had in the -- began in
25 late '80s, went into the early '90s; is that correct?

1 A. That's correct.

2 Q. Would you describe for His Honor and the ladies and
3 gentlemen how the savings and loan scandal and their flooding
4 the market with properties as I recall it -- or you tell us how
5 that caused this investment to go bad leaving no money to be
6 recouped by the investors, leaving nothing but losses to those
7 investors?

8 A. The savings and loans had been lending money rather
9 easily on property, on real estate projects and properties.
10 And when the loans proved to be -- became insolvent, the
11 savings and loans began to go under. The government created
12 the Resolution Trust which took those defaulted properties back
13 and turned around and dumped them on the market at pennies on
14 the dollar, thereby not only depressing every property in the
15 United States, especially in California, but also scaring any
16 potential investors away, which further depreciated property in
17 California.

18 Q. You lost some of your own money; did you not?

19 A. Quite a bit.

20 Q. And a lot of the investors in your company, not only the
21 group that Mr. Knock represented, but a lot of the investors in
22 companies in your developments lost money as well?

23 A. That's correct.

24 Q. In addition to Rocky Creek Development, there was also a
25 Rocky Creek Ranch Development Corporation; is there not?

1 A. Yes.

2 Q. And a -- a Rocky Creek Ranch itself, correct?

3 A. Rocky Creek Ranch was the subdivision in Carmel.

4 Q. And another entity I understand is Rocky Creek Ranch
5 Associates; is that correct?

6 A. Yes.

7 Q. But the wire transfers came into Rocky Creek Ranch
8 Development Corporation, Inc. if I've got the full name?

9 A. That's correct.

10 Q. And the last thing is that I assume that you have had
11 other investors who have lost money with you. You have made
12 that clear before; have you not?

13 A. Yes.

14 Q. And as a matter of fact some of those investors who have
15 lost money with you have not come to try to dupe you or to
16 squeeze money out of you, correct?

17 A. That's correct.

18 MR. KENNEDY: Thank you. Nothing further.

19 THE COURT: Mr. Daar.

20 CROSS-EXAMINATION

21 BY MR. DAAR:

22 Q. Good afternoon.

23 A. Hi.

24 Q. Did you conduct any business with a gentleman you knew as
25 Al?

1 A. No.

2 MR. DAAR: Thank you.

3 THE COURT: Government.

4 REDIRECT EXAMINATION

5 BY MR. HANKINSON:

6 Q. The defense attorney asked you if there was anything
7 illegal about your involvement in those transactions as you
8 understood it. Do you recall that question?

9 A. Yes.

10 Q. And you indicated there was nothing illegal in your part,
11 correct?

12 A. Correct.

13 Q. Okay. Would your opinion be the same if someone were
14 knowingly using drug proceeds to invest in those developments?

15 MR. DAAR: Objection.

16 THE COURT: You can ask.

17 Q. Would you still say that that was a totally legal
18 transaction if someone was knowingly investing drug proceeds in
19 those developments?

20 A. I'm not -- I'm not a lawyer. I'm not sure if I know the
21 answer to that.

22 Q. Would it make you pretty nervous?

23 A. I wouldn't do it.

24 Q. And why wouldn't you do it?

25 A. I don't -- for ethical and legal reasons I would be

1 concerned.

2 Q. Now, the defense attorney was asking you what Mr. Knock
3 said about a group of investors. You never talked to anybody
4 from those investors, correct?

5 A. No.

6 Q. As I understand the way those transactions occurred, you
7 talked to Mr. Knock, and then you received the money?

8 A. Correct.

9 Q. Did you ever see any kind of, you know, corporate papers
10 of a group of investors?

11 A. No.

12 Q. And if I understand right, the -- the 1993 transactions,
13 the 1.5 million dollars, that wasn't even a full payment,
14 right?

15 A. Correct.

16 Q. Okay. Since they hadn't paid the full 2 million dollars,
17 were they entitled to anything?

18 A. No.

19 Q. Did it strike you as a little unusual that this 1.5
20 million dollars would just be left hanging there?

21 A. Yes.

22 Q. And you never got a contract back?

23 A. No.

24 Q. Okay. You tried to find Mr. Knock and couldn't find him?

25 A. Yes.

1 Q. And before that time, had you known Mr. Knock over how
2 long a period of time?

3 A. I think over 20 years.

4 Q. And, in fact, you indicated you went hunting with him,
5 right?

6 A. Correct.

7 Q. And who paid for your hunting trip?

8 A. He did, I think.

9 Q. Did you pay for it?

10 A. I paid for my plane fare.

11 Q. Where did you go hunting?

12 A. In Canada.

13 Q. Okay. What were they hunting for?

14 A. Elk.

15 Q. And were there hunting licenses involved as you
16 understood?

17 A. I don't remember having to get them. I don't know if
18 they bought tags or how that worked.

19 Q. A lodge and some guides to assist you?

20 A. There were a lodge and a guide.

21 Q. And your food was provided?

22 A. Yes.

23 Q. Okay. You didn't pay for any of that?

24 A. No, sir.

25 Q. Who had invited you along?

1 A. John.

2 Q. And you were asked about Mr. Knock's lifestyle. How
3 about this house in Honolulu on Kahala? What kind of house was
4 that?

5 A. It was a nice house. It was big.

6 Q. And did you understand it went for about two million
7 dollars?

8 A. I don't -- I don't know what it went for.

9 Q. I beg your pardon?

10 A. I don't know how much it went for.

11 Q. So you never discussed how much it sold for? Would that
12 surprise you? I mean, you are in the real estate business.

13 Would that surprise you?

14 A. That figure for that house?

15 Q. Right.

16 A. I'm not familiar with the Hawaiian real estate market.
17 But that wouldn't surprise me.

18 Q. Okay.

19 MR. HANKINSON: That is all the questions I have.

20 THE COURT: Thank you, sir. You may step down.

21 All right. We are going to quit for the day.

22 MR. HANKINSON: I beg your pardon?

23 We've got one --

24 THE COURT: How long? When we finish here we still
25 may have another hour or so without the jury.

1 MR. DAVIES: This is a fine place to stop.

2 THE COURT: We are stopping, folks. You can go home.
3 Remember not to discuss the case among yourselves, with anyone.
4 Don't read, listen to or watch any news accounts. Start at 9
5 o'clock in the morning.

6 (Jury out.)

7 (The remaining portions of proceedings from this day have
8 previously been transcribed and are located in a separate
9 transcript binder.)

10 (Court stood in recess.)

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C E R T I F I C A T E

STATE OF FLORIDA)

COUNTY OF ALACHUA)

I, Mark N. Stuart, RPR, United States Court Reporter
in Gainesville, Florida, do hereby certify as follows:

THAT I correctly reported in computer-aided machine
shorthand the foregoing transcript of proceedings at the time
and place stated in the caption thereof;

THAT I later reduced my shorthand notes to
computer-aided transcription, or under my supervision, and that
the foregoing pages numbered 1 through 112, both inclusive,
contain a full, true and correct transcript of the proceedings
on said occasion;

THAT I am neither of kin nor of counsel to any party
involved in this matter, nor in any manner interested in the
results thereof.

DATED THIS 1st DAY OF June, 2001.



Mark N. Stuart, RPR
United States Court Reporter